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

(Incorporated in the Cayman Islands with limited liability)

Stock Code : 8272

華人飲食

Annual Report 2012 / 2013

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

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

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華人飲食

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Ms. Yu Sau Lai
Mr. Too Shu Wing
Mr. Lam Raymond Shiu Cheung

Independent Non-Executive Directors

Mr. Orr Joseph Wai Shing
Mr. Matthew Pau
Mr. Hu Dongguang

COMPANY SECRETARY

Ms. Wu Yu Lim Winnie

COMPLIANCE OFFICER

Ms. Yu Sau Lai

AUDIT COMMITTEE

Mr. Orr Joseph Wai Shing *(Chairman)*
Mr. Matthew Pau
Mr. Hu Dongguang

REMUNERATION COMMITTEE

Mr. Matthew Pau *(Chairman)*
Mr. Orr Joseph Wai Shing
Mr. Hu Dongguang

NOMINATION COMMITTEE

Mr. Matthew Pau *(Chairman)*
Mr. Orr Joseph Wai Shing
Mr. Hu Dongguang

AUDITORS

ZHONGLEI (HK) CPA Company Limited

REGISTERED OFFICE

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

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

4/F, Phase 1
Kaiser Estate
41 Man Yue Street
Hunghom
Kowloon
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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

PRINCIPAL BANKERS

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

WEBSITE ADDRESS

www.cfbgroup.com.hk

STOCK CODE

8272

FIVE-YEAR FINANCIAL SUMMARY

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

	Year ended 30 April 2013 HK$'000	Year ended 30 April 2012 HK$'000 (Restated)	Year ended 30 April 2011 HK$'000	Year ended 30 April 2010 HK$'000	Year ended 30 April 2009 HK$'000
Results					
Continuing operations					
Turnover	**42,507**	14,928	4,851	11,381	13,502
Gross profit (loss)	**7,392**	(3,842)	170	561	635
(Loss) profit for the year from continuing operations	**(25,883)**	(98,314)	(83,366)	12,490	(10,571)
Discontinued operation					
Profit for the year from discontinued operations	**–**	–	–	34,269	10,283
(Loss) profit for the year	**(25,883)**	(98,314)	(83,366)	46,759	(288)
(Loss) profit for the year attributable to:					
– Owners of the Company	**(25,268)**	(97,189)	(83,366)	46,759	(288)
– Non-controlling interest	**(615)**	(1,125)	–	–	–
	(25,883)	(98,314)	(83,366)	46,759	(288)
(Loss) earnings per share					
From continuing and discontinued operations – basic and diluted (HK cents)	**(5.82)**	(30.47)	(3.17)	2.00	(0.01)
From continuing operations – basic and diluted (HK cents)	**(5.82)**	(30.47)	(3.17)	0.53	(0.53)

	At 30 April 2013 HK$'000	At 30 April 2012 HK$'000	At 30 April 2011 HK$'000	At 30 April 2010 HK$'000	At 30 April 2009 HK$'000
Assets and liabilities					
Total assets	**147,557**	106,388	195,753	160,893	31,592
Total liabilities	**72,790**	15,338	20,577	20,303	17,719
Net assets	**74,767**	91,050	175,176	140,590	13,873

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS AND FINANCIAL REVIEW

Revenue

During the year ended 30 April 2013 (the "Reporting Period"), the turnover of the Group was approximately HK$42,507,000 (2012: HK$14,928,000) representing 184.7% increase as compared with the last corresponding year. The increase was mainly contributed by the catering business and the new segment of the business engaging in securities investments. The gross proceeds from the catering business and the securities investments of the Group recorded approximately HK$31,615,000 (2012: HK$11,953,000) and approximately HK$9,911,000 (2012: Nil) respectively.

Loss for the year

The Group recorded a loss of approximately HK$25,883,000 for the Reporting Period, representing a 73.7% decrease as compared with a loss of approximately HK$98,314,000 of the last corresponding year. The decrease in loss for the Reporting Period was mainly due to (i) the significant improvements in the reportable and operating segments of the Group; (ii) the significant decrease in loss on change in fair value of convertible instruments designated as financial assets at fair value through profit or loss and (iii) no impairment loss recognized in respect of loan and loan interest receivable.

Catering Business

The Group has been expanding in the local catering business. At the end of September 2012, the Group commenced cooperation with Guo Fu Lou Management Limited which possesses expertise in the management, food and beverage quality control, production supervision, menu design, service strategy, business development, banquet imaging, market promotion and other matters relating to the operation of premium Chinese restaurants. The Group has been granted the rights to use the brand of Guo Fu Lou (國福樓), a renowned Michelin One Star restaurant tailored to provide premium Chinese banqueting services for corporate and family gatherings. Further, Guo Fu Lou Management Limited has been appointed to manage and operate an entirely new premium Chinese restaurant in the brand name of Guo Fu Lou ("Guo Fu Lou Wanchai") at the former location of East Ocean Dragon Seafood Restaurant (東海龍王海鮮酒家) in Wanchai commenced from the mid of October 2012. During the year ended 30 April 2013, the segmental turnover of the catering business for the Reporting Period was approximately HK$31,615,000 (2012: HK$11,953,000) representing 164.5% increase as compared with the last corresponding year.

Securities Investments

The Group has been principally engaged in the local catering business. It is the Group's corporate strategy to explore other businesses with good business potential and growth prospects. During the year ended 30 April 2013, the Group has been engaged in the business of securities investments and is regarded as a new business segment of the Group. The segmental turnover of the securities investments for the Reporting Period was approximately HK$9,911,000 (2012: Nil). Due to the volatility nature in stock market, the Group recorded a loss on change in fair value of held-for-trading investments of approximately HK$5,119,000 (2012: approximately HK$6,872,000) and gain on disposal of held-for-trading investments of approximately HK$4,611,000 (2012: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

CAPITAL STRUCTURE

During the Reporting Period, the changes of the capital structure of the Company were set out below:

(i) on 5 April 2013, share consolidation became effective, of which, every ten issued and unissued shares of HK$0.001 each in the share capital of the Company were consolidated into one consolidated share of HK$0.01 each, i.e. 4,323,600,000 shares of HK$0.001 each were consolidated into 432,360,000 consolidated shares of HK$0.01 each and change in board lot size from 5,000 shares to 20,000 consolidated shares also became effective from 5 April 2013; and

(ii) on 12 April 2013 and 30 April 2013, totalling 34,500,000 ordinary shares were allotted and issued as the convertible bonds ("Convertible Bonds") holders exercised the conversion rights attaching to the Convertible Bonds into the Company's ordinary shares at HK$0.18 per share.

SIGNIFICANT INVESTMENTS

At 30 April 2013, the Group's investment deposit paid for the investment in Fook Lam Moon amounting to approximately HK$40,000,000 (2012: Nil), trade and other receivables amounted to approximately of HK$46,531,000 (2012: HK$50,686,000), assets classified as held for sale amounted to approximately HK$30,820,000 (2012: approximately HK$32,968,000), convertible instruments designated as financial assets at fair value through profit or loss approximately of HK$11,006,000 (2012: Nil) and held-for-trading investments amounted to HK$8,148,000 (2012: approximately HK$11,528,000.00).

Subscription of Convertible Bonds in holding company of Fook Lam Moon

The Group has been proactively identifying potential investment opportunities for building a stronger business foundation, broadening its source of income and improving its overall financial results. In order to further explore into the local catering industry, the Company entered into a subscription agreement on 18 December 2012 to subscribe for convertible bonds in the principal amount of HK$200,000,000. If the convertible bonds are converted in full at the conversion price of HK$20,000 per SPV conversion share, a total of 10,000 SPV conversion shares will be issued, representing 50% of the issued share capital of the SPV as enlarged by the conversion. All the conditions of the Convertible Bonds Subscription Agreement have been fulfilled or waived, as the case may be, and the Subscription was completed on 4 June 2013. At completion, the Subscriber granted to the SPV the loan in the amount of approximately HK$116 million ("Fook Lam Moon Project"). For details, please refer to the announcements of the Company dated 30 January 2013, 24 May 2013, 31 May 2013, 4 June 2013, 17 June 2013 and the circular of the Company dated 20 April 2013 respectively.

The Directors consider that the Subscription provides an excellent opportunity for the Company to participate in the local high-end catering market with strong earnings potential and create synergy effect with its existing catering business.

Save as reported under the "MANAGEMENT DISCUSSION AND ANALYSIS", at 30 April 2013, the Group did not hold any other significant investments.

LIQUIDITY AND FINANCIAL RESOURCES

The Group has principally financed its operations by internal resources and shareholders equity. The Reporting Period ended with the net current assets of approximately HK$26,099,000 (2012: approximately HK$86,997,000) including the bank balances and cash of approximately HK$2,534,000 (2012: approximately HK$2,025,000).

The Group had other borrowing amounted to approximately HK$3,800,000 (2012: Nil) and obligation under finance lease of approximately HK$98,000 as at 30 April 2013 (2012: approximately HK$154,000). The gearing ratio, computed as other borrowing and obligation under finance lease over total equity, stood at 5.2% at the end of the Reporting Period (2012: 0.2%).

FUND RAISING ACTIVITIES

Placing of convertible bonds in the principal amount of HK$15,480,000

On 1 February 2013, the Company entered into a placing agreement with FT Securities Limited (the "Placing Agent"), pursuant to which the Placing Agent agreed to procure, on a best effort basis, the placee(s) to subscribe in cash for convertible bonds up to a principal amount of HK$15,480,000 (the "Convertible Bonds") at the initial conversion price at HK$0.018 per conversion share before share consolidation and all conditions precedent under the Placing Agreement were fulfilled and the issue of the Convertible Bonds in aggregate principal amount of HK$15,480,000 to not less than six independent placees took place on 18 March 2013.

The estimated net proceeds from the issue of the Convertible Bonds, after deduction of expenses, are approximately HK$14,760,000 million and are intended to be used by the Company as general working capital of the Group.

As a result of the share consolidation effective on 5 April 2013, the initial conversion price of the Convertible Bonds was adjusted from HK$0.018 per share to HK$0.18 per share and the number of shares to be issued upon full conversion of the Convertible Bonds was adjusted from 860,000,000 shares of HK$0.001 each to 86,000,000 consolidated shares of HK$0.01 each.

As at 30 April 2013 and the date of this annual report, totalling 34,500,000 shares and 51,500,000 shares were allotted and issued respectively as the convertible bonds holders exercised the conversion rights attaching to the Convertible Bonds into the Company's ordinary shares at HK$0.18 per share.

Placing of convertible bonds in the principal amount of HK$256,200,000

On 26 March 2013, a placing agreement was entered into by and between the Company and FT Securities Limited (the "Placing Agent") in relation to the placing of the convertible bonds of up to an aggregate amount of HK$240,000,000 on a best-effort basis (the "Placing").

On 8 May 2013, the Company and the Placing Agent entered into a supplemental placing agreement in relation to the Placing in which the Company has conditionally agreed to place and the Placing Agent has conditionally agreed to procure the placees to subscribe for the convertible bonds in the principal amount of up to HK$256,000,000 at the conversion price of HK$0.76 to HK$0.80 per conversion share on a best-effort basis.

On 10 May 2013, the Company and the Placing Agent entered into a second supplemental placing agreement whereby the Company and the Placing Agent have agreed to revise the terms of the Convertible Bonds regarding (i) the change of the aggregate principal amount of the Convertible Bonds from up to HK$256,000,000 to up to HK$256,200,000; and (ii) the change in the number of conversion shares from up to a maximum of 320,000,000 new shares to up to a maximum of 320,250,000 new shares of the Company.

On 6 June 2013, the Company and the Placing Agent entered into a placing termination and funding arranger agreement pursuant to which all the aforesaid agreements in relation to the Placing were terminated forthwith upon the execution of such.

FUND RAISING ACTIVITIES (Continued)

Framework agreement in relation to the proposed subscription and the provision of term loan

On 6 June 2013, the Company, China Merchants Securities (HK) Co., Limited ("CMS") and Sculptor Finance (MD) Ireland Limited, Sculptor Finance (AS) Ireland Limited and Sculptor Finance (SI) Ireland Limited (the "Sculptor Funds") entered into a framework agreement in relation to the provision of a loan in the principal amount of US$20 million and the issue of the convertible bonds by the Company to CMS or any of its affiliates or nominee and the Sculptor Funds and/or their respective affiliates or nominee (the "Subscribers") in the aggregate principal amount of US$25 million (the "Convertible Bonds") (the "Framework Agreement"). Based on an indicative exchange rate of US$1:HK$7.7614, being the market exchange rate at 11:00 a.m. Hong Kong time announced by Treasury Market Association on 6 June 2013, assuming full exercise of the Convertible Bonds on 6 June 2013 at the initial conversion price of HK$0.55 per conversion share by each of the Subscribers, an aggregate of 352,790,908 conversion shares would be allotted and issued to the Subscribers. The market exchange rate of US$1:HK$7.7614 is subject to adjustment at the date of the signing of a formal agreement.

On 5 July 2013, the parties of the Framework Agreement entered into a supplemental framework agreement (the "Supplemental Framework Agreement"), pursuant to which the parties agreed to extend the date of entering into the formal agreement from on or before 6 p.m., 5 July 2013 to 6 p.m., 5 August 2013.

The Company will make further announcement(s) as and when appropriate pursuant to the requirements under the GEM Listing Rules.

HUMAN RESOURCES

At 30 April 2013, the Group employed a total of 70 employees as compared with 74 employees as at 30 April 2012. The decrease in number of employees was mainly due to normal turnover of employees within the Group.

CHARGE ON GROUP ASSETS

There was no charge on the Group's assets during or at the end of the Reporting Period (2012: Nil).

CAPITAL COMMITMENTS

At 30 April 2013, the Group had capital commitments in respect of the acquisition of plant and equipment contracted for but not provided in the consolidated financial statements of approximately HK$769,000 (2012: Nil).

CONTINGENT LIABILITIES

As at 30 April 2013, the Group has contingent liability of approximately HK$1,636,000 (2012: Nil) arising from the claim by a thirty party.

FOREIGN CURRENCY EXPOSURE

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

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES

Disposal of Welford International Industrial Limited

On 2 July 2013, Ocean Well Enterprises Limited ("Ocean Well"), a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of the Company, entered into a sale and purchase agreement with Unicorn Wealth Holdings Limited, a company incorporated in the Republic of Seychelles with limited liability, in relation to the disposal of 10,000 ordinary shares of HK$1.00 each of Welford International Industrial Limited ("Welford International"), a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of Ocean Well, representing the entire issued share capital of Welford International and the loan of HK$22,641,158.26 at the total consideration of HK$30,000,000 (the "Disposal").

As the applicable percentage ratios (as defined in the GEM Listing Rules) in respect of the Disposal are more than 5% but are less than 25%, the Disposal constitutes a discloseable transaction for the Company under Chapter 19 of the GEM Listing Rules, and is only subject to the reporting and announcement requirements under the GEM Listing Rules. For details, please refer to the announcement of the Company date 2 July 2013.

Save as disclosed in the "MANAGEMENT DISCUSSION AND ANALYSIS", the Group has no material acquisitions and disposals of subsidiaries during the Reporting Period and up to the date of this annual report.

ADVANCE TO ENTITY

(i) Advance to entity in the amount of HK$44,000,000

An earnest deposit in the amount of HK$44,000,000 was paid by Red Bloom Limited (the "Proposed Purchaser"), an indirect wholly-owned subsidiary of the Company, to Key Ally Limited (the "Proposed Vendor"), a company incorporated in the British Virgin Islands with limited liability, pursuant to the memorandum of understanding dated 17 August 2011 (the "MOU") in relation to the proposed equity investment with controlling interest in Excel Time Holdings Limited (the "Target Company"), which in turn entered into a framework agreement for the acquisition of equity interest in 太原市漢波食品工業有限公司 (Taiyuan Hanbo Food Industrial Limited*) ("Taiyuan Hanbo") (collectively, the "Earnest Deposit"). As the amount of the Earnest Deposit exceeded 8% of the total assets of the Company as defined under Rule 19.07(1) of the GEM Listing Rules, the entering of the MOU constituted an advance to an entity pursuant to Rule 17.15 of the GEM Listing Rules. Pursuant to the MOU, the Proposed Purchaser shall conduct due diligence review of the assets, liabilities, operations and affairs of the Target Company and Taiyuan Hanbo within a period of 180 calendar days from the date of signing of the MOU (the "Exclusivity Period") (collectively, the "DD Review"). The Proposed Vendor shall supply the Proposed Purchaser with information on, including but not limited to, the financial and business position of the Target Company and any of its subsidiaries or associated companies and information relating to Taiyuan Hanbo. Mr. Ng Wai Huen (as the guarantor) undertakes to guarantee the performance of all obligations of the Proposed Vendor under the MOU.

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

On 7 May 2012, the Group had agreed with the Proposed Vendor to amend the repayment terms of the Earnest Deposit, such that the Earnest Deposit shall be repaid by 16 monthly instalments and carry fixed interest at the rate of 5% per annum which shall be charged on the outstanding amount of the Earnest Deposit. Up to the date of this annual report, the Earnest Deposit has not yet been fully repaid.

ADVANCE TO ENTITY (Continued)

(ii) Advance to entity in the amount of HK$20,000,000 on 18 December 2012

On 4 December 2012, the Company, Rich Paragon Limited (an indirect wholly-owned subsidiary of the Company) (the "Subscriber"), Mr. Chui Pui Kun ("CPK") and Coqueen Company Limited ("Coqueen") entered into a framework agreement dated 4 December 2012 (the "Framework Agreement") in respect of the incorporation of Professional Guide Enterprise Limited, a wholly-owned subsidiary of Coqueen, (the "SPV") to facilitate and carry into effect the investment in the operations of Fook Lam Moon Restaurant Limited and the operations of Fook Lam Moon (Kowloon) Restaurant Limited by the Subscriber. While on 18 December 2012, the Company, the Subscriber, Coqueen, the SPV, CPK and Mr. Chui Tak Keung, Duncan (collectivelly, the "Parties" and each individually as a "Party") entered into a convertible bonds subscription agreement dated 17 December 2012 (the "Convertible Bonds Subscription Agreement") to which the Subscriber has conditionally agreed to subscribe for convertible bonds in the principal amount of HK$200,000,000 (the "Subscription").

The Convertible Bonds Subscription Agreement superseded the Framework Agreement as well as all and any previous agreements, arrangements or understandings between the parties relating to the matters referred to in the Convertible Bonds Subscription Agreement (save and except the non-disclosure agreement executed in August 2012 between Coqueen and Able Wind Limited, a nominee of the Subscriber), and all previous agreements, understandings or arrangement shall cease and determine with effect from the date of the Convertible Bonds Subscription Agreement.

The Subscriber has paid to the SPV a sum of HK$20,000,000 as a deposit (the "Deposit"). At completion of the Subscription ("Completion"), the Deposit shall be applied as partial payment of the subscription price of HK$200,000,000. If the Convertible Bonds Subscription Agreement is rescinded or terminated in accordance with the terms of the Convertible Bonds Subscription Agreement, or if Completion does not occur simultaneously with and on the same day as the SPV Assets Acquisition (as defined in the Company's announcement dated 30 January 2013), the entire amount of the Deposit shall be refunded to the Subscriber (without interest) within ten business days of the Subscriber's issuance of the demand for refund in writing.

The amount of the Deposit exceeds 8% of the total asset of the Company as defined under Chapter 19 of the GEM Listing Rules and it constitutes an advance to an entity pursuant to Rule 17.15 of the GEM Listing Rules. For details, please refer to the announcements of the Company dated 30 January 2013, 22 March 2013, 9 April 2013 and the circular of the Company dated 20 April 2013 respectively.

(iii) Advance to entity in the amount of HK$20,000,000 on 24 April 2013

On 23 January 2013, the Parties entered into the second framework agreement (the "Second Framework Agreement") and supplemented by the supplemental second framework agreement dated 30 January 2013 (the "Supplemental Second Framework Agreement") in relation to, inter alia, the adjustment with relevant parties of the Convertible Bonds Subscription Agreement concerning the acquisition of a portion of Coqueen's entire shareholding in the SPV from Coqueen by the Subscriber pursuant to the Second Framework Agreement (the "Further Investment").

ADVANCE TO ENTITY (Continued)

(iii) Advance to entity in the amount of HK$20,000,000 on 24 April 2013 (Continued)

In addition, the Parties entered into the third framework agreement on 24 April 2013 (the "Third Framework Agreement") in relation to, inter alia, (i) supersede the Second Framework Agreement and Supplemental Second Framework Agreement; and (ii) replace the Further Investment (together, the "Revised Further Transaction"). Subject to the fulfillment of such conditions precedent to be agreed by the Parties, including, inter alia, the completion of the Subscription and entering into a formal agreement which sets out the definitive terms and conditions for, and which governs and regulates, the Revised Further Transaction by the Parties on or before 30 June 2014 (or such later date as the Parties may agree in writing), the Subscriber shall, after completion of the FLM HK Restructuring, the FLM Kowloon Restructuring and forming a subsidiary of the SPV shall be the sole ultimate beneficial owner of the "Fook Lam Moon" and "福臨門" trademarks which are registered in Hong Kong, Macau and PRC, carry out and complete the Revised Further Transaction by acquiring from Coqueen.

Pursuant to the Third Framework Agreement, the Subscriber shall, forthwith upon execution of the Third Framework Agreement, pay HK$20,000,000 to Coqueen by way of internal resources of the Group as refundable deposit (the "Framework Deposit"). The Framework Deposit shall be refunded by Coqueen (without interest) within 14 days of the Subscriber's written demand issued at any time after (i) 24 May 2013, or (ii) the Subscriber's issuance of any written notice to Coqueen to terminate negotiation on the terms of the such further formal agreement, whichever shall be later.

The amount of the Framework Deposit exceeds 8% of the total asset of the Company as defined under Chapter 19 of the GEM Listing Rules and it constitutes an advance to an entity pursuant to Rule 17.15 of the GEM Listing Rules. For details, please refer to the announcement of the Company dated 24 April 2013.

LITIGATIONS

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

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

* *for identification purpose only*

LITIGATIONS (Continued)

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

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

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

After due and careful consideration of the Proposal, with reference to further information obtained from Cheong Tat and legal advices from the Company's legal consultant, Megamillion did not agree to the Proposal and on 27 April 2012 initiated High Court Action No. 682/2012 in the Court of First Instance of the High Court of Hong Kong (the "Action") against Cheong Tat for, among others, repayment of the Second Loan outstanding and the interest accrued thereon, other relief and costs of the Action and demanded, also by way of the Action, that Cheong Tat redeem the principal amount of the Convertible Bonds.

Given the uncertainty in the progress of the abovementioned matters and in view of the current market conditions, including, among others, the prevailing unstable global economic conditions and their potential impact on business environment, the Board has resolved to discontinue the Proposed Conversion.

The Group had fully impaired the Second Loan amount and the interest accrued thereon and fully written down the value of the Convertible Bonds during the financial year ended 30 April 2012. As the Second Loan amount and the interest accrued thereon and the value of the Convertible Bonds had been provided for, the Board considers that the discontinuation of the Proposed Conversion has no material adverse impact on the existing business, operation and financial position of the Group. The Directors are of the view that the discontinuation of the Proposed Conversion is fair, reasonable and in the interests of the Company and the shareholders as a whole.

Final judgment against Cheong Tat was granted by the Court of First Instance of the High Court of Hong Kong on 14 January 2013 under and pursuant to which it was adjudged, inter alia, that Cheong Tat shall pay Megamillion (1) the sum of HK$35,154,000 for redemption of the Convertible Bonds; (2) the sum of HK$31,777,808 for repayment of the Second Loan; (3) interest at the rate of 4.2% per annum on the principal amount of the Second Loan (in the sum of HK$30,000,000) from 28 April 2012 to the date hereof and thereafter at judgment rate until payment; (4) interest on the sum of HK$35,154,000 at judgment rate from the date hereof until payment; and (5) fixed costs in the sum of HK$1,550.

LITIGATIONS (Continued)

(a) Since then, Cheong Tat has made proposals to Megamillion for recovery of deposit paid to the vendor of the operating companies. Megamillion is still considering such proposal and other alternatives to recover the amount due from Cheong Tat (the "Case of Cheong Tat").

(b) Joyful Grace Trading Limited ("Joyful Grace") was the tenant of a street-level premises situate at the juncture of Marsh Road and Lockhart Road (the "Premises"). On 1 February 2013, the Company acquired the entire issued share capital of Joyful Grace.

After the acquisition, Joyful Grace initially intended to operate a pub and restaurant at the Premises, but due inter alia to the dilapidated state of the Premises and the existence of unauthorized building works therein, Joyful Grace can hardly operate a pub and restaurant at the Premises. Disputes therefore ensued between Joyful Grace and the landlord of the Premises, culminated subsequently to the landlord's institution of proceedings against Joyful Grace. The litigation is still ongoing, and development of the same will be disclosed as and where appropriate (the "Case of Joyful Grace").

Save as disclosed above, the Board is not aware of any other litigations of the Group as at the date of this annual report.

DIVIDEND

The Board does not recommend the payment of dividend for the year ended 30 April 2013 (2012: Nil).

PROSPECT AND OUTLOOK

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

Guo Fu Lou

Guo Fu Lou Wanchai targets the top tier premium market and can accommodate up to 180 customers. The cooperation has drawn a lot of market attention and received very good market response and Guo Fu Lou Wanchai was praised for its innovative cuisines, superior food quality and services. The Group will continue to grow the restaurant's business by enhancing its public recognition and providing top of the town services and cuisines.

MANAGEMENT DISCUSSION AND ANALYSIS

PROSPECT AND OUTLOOK (Continued)

Investment in Fook Lam Moon

For the Fook Lam Moon Project as discussed at the section under "Significant Investments", the Board is taking into consideration (i) the Company's corporate strategy at exploring the feasibility of further expansion in catering business, (ii) the basis for the subscription price, (iii) the development potential of the local high-end catering industry, (iv) the preliminary financial results of Fook Lam Moon Restaurant Limited and Fook Lam Moon (Kowloon) Restaurant Limited as at 31 March 2013, as far as the Directors believe, will continue to perform well in the coming years, the Directors are of the view that the Subscription and the terms of the convertible bonds are fair and reasonable and in the interests of the Company and the shareholders as a whole. The Board would discuss to determine the possible exercise of the conversion rights attaching to the Convertible Bonds issued by the SPV and/or the terms and feasibility of the Revised Further Transaction and/or the terms and feasibility of the Subscription and the Term Loan as defined in the announcement of the Company dated 7 June 2013 in the upcoming board meetings of the Company. After completion of the Subscription, the Group is focusing on business development of Fook Lam Moon Restaurant Limited and Fook Lam Moon (Kowloon) Restaurant Limited and intends to maintain the operations of all the existing business segments.

Investment in a food manufacturing plant

On 6 May 2013, a wholly-owned subsidiary of the Company entered into a formal tenancy agreement in relation to setting up of a food manufacturing plant with floor area of approximately 35,000 sq. ft. for the development of branded bakery, cooked and packaged food business. The production lines will commence the operations very soon. The Directors consider that the production lines would broaden the income base and improve the financial performance of the Company.

The Board is still looking for other investment opportunities aiming at exploring the feasibility of further expansion in catering business.

APPRECIATION

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

EXECUTIVE DIRECTORS

Ms. Yu Sau Lai, aged 50, joined the Group on 1 August 2011 as an executive Director. She is also a director of certain subsidiaries of the Group. Ms. Yu has 30 years of experience in administrating different kinds of companies and also has extensive exposure in information technology and business management in trading, wholesale and retail businesses. She is currently an executive director of Asia Energy Logistics Group Limited (Stock Code: 351), a company listed on the Main Board of the Stock Exchange. Ms. Yu was an executive director of New Environmental Energy Holdings Limited (Stock Code: 3989), a company listed on the Main Board of the Stock Exchange, for the period from August 2010 to May 2011.

Mr. Too Shu Wing, aged 54, joined the Group on 4 September 2009 as an executive Director. He is also a director of certain subsidiaries of the Group. Mr. Too graduated from The Chinese University of Hong Kong with a Bachelor Degree in Science. He had held various positions in Conti Chia Tai Group and acted as a general manager in its subsidiaries from 1993 to 2003. He has substantial experience in market development of various products, marketing & sales management, production management and cost control in the PRC.

Mr. Lam Raymond Shiu Cheung, aged 47, joined the Group on 3 May 2010 as an independent non-executive Director, a member of the Audit Committee and the Remuneration Committee and the chairman of the Nomination Committee. He was appointed as the chairman of the Remuneration Committee with effect from 1 July 2012. He has been re-designated from an independent non-executive Director to an executive Director and has simultaneously ceased to be a member of the Audit Committee and the chairman of the Nomination Committee and the Remuneration Committee with effect from 17 April 2013. He graduated from the Victoria University of Melbourne, Australia, with a Bachelor of Business Degree majoring in banking and finance. He also earned a Master Degree in Applied Finance from Macquarie University of Australia. He has 21 years' extensive experience in business development and corporate finance. He started his career in corporate banking, after which he joined one of the biggest oil companies in the USA specializing in the area of business development. He is currently an independent non-executive director of China Assurance Finance Group Limited (Stock Code: 8090), a company listed on GEM of the Stock Exchange. He also is currently an independent non- executive director of The Hong Kong Building and Loan Agency Limited (Stock Code: 145), a company listed on the Main Board of the Stock Exchange. He was an independent non-executive director of China Oriental Culture Group Limited (Stock Code: 2371) for the period from January 2008 to September 2010, a company listed on the Main Board of the Stock Exchange.

DIRECTORS' AND SENIOR MANAGEMENT'S PROFILE

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Orr Joseph Wai Shing, aged 53, joined the Group on 7 September 2007 as an independent non-executive Director, the chairman of the Audit Committee and a member of the Remuneration Committee and the Nomination Committee. Mr. Orr is a Certified Public Accountant in Washington, USA and serves as the chairman of "Joseph Orr & Associates, CPA" in the USA. He is a member of the American Institute of Certified Public Accountants, the Hong Kong Institute of Certified Public Accountants and CPA Australia. He graduated with an MBA from the Kellogg School of Management, Northwestern University and the Hong Kong University of Science and Technology, a Master of Arts Degree in International Business and International Financial Management from the University of Reading, a Bachelor of Arts (Hons) Degree in Accounting and Finance from Middlesex University, a Diploma in Business and Finance in China from Tsinghua University and a Professional Diploma in Accounting and Auditing in China from Zhongshan University. Mr. Orr has over 22 years of experience in corporate finance, including private placement, IPO, cross border merger and acquisition as well as strategic investment and financial management. He currently holds a license to carry out Type 4 (advising on securities) and Type 9 (asset management) regulated activities under the Securities and Futures Ordinance in Hong Kong. Mr. Orr is currently as chief executive of Chinese Global Investors Group Limited (formerly known as Auswin Holdings Limited), a company listed on the Catalist of Singapore Exchange Securities Trading Limited, and an independent non-executive director of Grand T G Gold Holdings Limited (Stock Code: 8299), a company listed on GEM of the Stock Exchange.

Mr. Matthew Pau, aged 48, joined the Group on 27 September 2012 as an independent non-executive Director, a member of the Audit Committee, the Remuneration Committee and the Nomination Committee. He has been appointed as the chairman of the Nomination Committee and Remuneration Committee with effect from 17 April 2013. He graduated from the University of Oxford in United Kingdom with bachelor's and master's degrees in Engineering, Economics and Management. He is a Certified Public Accountant in Hong Kong and a Fellow Chartered Accountant in England. He has over 25 years of experience in finance, auditing and accounting fields. He is currently a chief financial officer of a financial institution.

INDEPENDENT NON-EXECUTIVE DIRECTORS (Continued)

Mr. Hu Dongguang, aged 64, joined the Group on 17 April 2013 as an independent non-executive Director, a member of the Audit Committee, the Remuneration Committee and the Nomination Committee. He is a senior economist in the PRC. He holds a bachelor's degree in economics from Beijing Economics Institute (now Capital University of Economics and Business) (北京經濟學院(現首都經貿大學)). He has more than 30 years extensive experience in development planning, capital operations, administration management and sales management. Mr. Hu also served as the deputy secretary for Food Industries, the Ministry of Light Industries (輕工業部食品工業司), the managing director of 香港穗華公司, a window company of the Ministry of Light Industries in Hong Kong, the chairman of the Council of China Beverage Industry Association (中國飲料工業協會), a deputy director of Economic and Trade Division, the Ministry of Light Industries of the PRC (中國輕工業部經濟貿易部), the assistant to the head of Light Weaving Office of Ningxia Province (寧夏省輕紡廳), the director of Legal Regulation Office (法規處), the deputy division chief of Survey and Investigations Division (調研處), a consultant in the Sixth Specialist Consultant Team of the People's Government of Beijing (北京人民政府第六屆專家顧問團) and a vice chairman of Chinese Cultural Industries Development Fund (及中國文化產業發展基金). He was an executive director and the chief executive officer of Long Success International (Holdings) Limited (Stock Code: 8017), a company listed on the Growth Enterprise Market of the Stock Exchange, from 18 January 2010 to 28 February 2013.

SENIOR MANAGEMENT

Ms. Wu Yu Lim Winnie, age 38, joined the Group on 1 January 2013 as a financial controller of the Company and has subsequently been appointed as the company secretary of the Company with effect from 1 February 2013. She holds a Bachelor of Accountancy awarded from the University of South Australia. She is a member of the Hong Kong Institute of Certified Public Accountants and the CPA Australia. She has over 18 years of experience in accounting and financial management.

CORPORATE GOVERNANCE REPORT

COMPLIANCE OF THE CODE PROVISIONS

Throughout the year ended 30 April 2013, the Company applied the principles and complied with the code provisions on Corporate Governance Practices as set out in Corporate Governance Code and Corporate Governance Report (Appendix 15) to the Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange (the "GEM Listing Rules") (the "CG Code") for the year ended 30 April 2013 except for the following deviations:

Under code provision A.2.1 of the CG Code, the roles of chairman and chief executive should be separate and should not be performed by the same individual. The Company did not appoint a chairman or a chief executive during the year ended 30 April 2013. The functions of the chairman and chief executive are performed by the executive Directors. The Board is of the view that there existed a balance of power and authority and will review the current practice from time to time and make appropriate changes if considered necessary.

Under code provision A.2.7 of the CG Code, the chairman of the board should at least annually hold meetings with the non-executive directors (including independent non-executive directors) without the executive directors present. As the Company does not have a Chairman, no such meeting was held in this regard for the year ended 30 April 2013.

Under code provision A.6.7 of the CG Code, independent non-executive directors and other non-executive directors should attend general meetings and develop a balanced understanding of the views of shareholders. One independent non-executive Director was absent from the last annual general meeting and extraordinary general meeting of the Company held on 31 August 2012 and 3 April 2013 respectively due to his other important business engagement.

Under code provision A.4.1 of the CG Code, non-executive directors should be appointed for a specific term, subject to re-election. The existing non-executive Directors were not appointed for a specific term but are subject to retirement by rotation and re-election provisions in accordance with the articles of association of the Company (the "Articles") and each of their office may be terminated by either the Company or the non-executive Director by giving the other party one-month written notice. As such, the Company considers that there are sufficient measures in place to ensure that the Company has good corporate governance practices.

Under code provision D.1.4 of the CG Code, the Company should have formal letters of appointment for directors setting out the key terms and conditions of their appointment, while each of executive Directors, except Mr. Too Shu Wing, has not entered into any service contract or appointment letter with the Company. The Board will consider arranging service contract or letter of appointment for all Directors in due course.

Under the Rule 5.05(1) of the GEM Listing Rules, it provides that every board of directors of a listed issuer must include at least three independent non-executive directors. Under Rule 5.28 of the GEM Listing Rules, the audit committee must comprise a minimum of three members. Subsequent to the resignation of Mr. Chan Tak Yan ("Mr. Ian Chan") on 1 July 2012, the number of independent non-executive Directors and audit committee members had fallen below the minimum number required under Rules 5.05(1) and 5.28 of the GEM Listing Rules. In this regard, the Company immediately informed the Stock Exchange and made proper disclosure in its announcements containing the relevant details and reasons for the Company's failure to meet the requirements. On 27 September 2012, the Company appointed Mr. Matthew Pau as an independent non-executive Director and a member of the audit committee of the Company. Hence, the requirements under Rules 5.05 (1) and 5.28 of the GEM Listing Rules were fulfilled since then.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding securities transaction by the Directors on terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules. The Company had also made specific enquiry to all the Directors and the Company was not aware of any non-compliance with the required standard of dealings regarding securities transactions by the Directors during the financial year ended 30 April 2013.

BOARD OF DIRECTORS

As at 30 April 2013, the Board comprised six Directors, including three executive Directors, namely Ms. Yu Sau Lai, Mr. Too Shu Wing and Mr. Lam Raymond Shiu Cheung; and three independent nonexecutive Directors, namely Mr. Orr Joseph Wai Shing, Mr. Matthew Pau and Mr. Hu Dongguang.

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

The day-to-day management, administration and operation of the Company are delegated to the executive Directors and the senior management of the Company. The delegated functions and work tasks are periodically reviewed. Approval has to be obtained from the Board prior to any significant transactions entered into by the executive Director(s) and senior management.

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

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

BOARD OF DIRECTORS (Continued)

Details of backgrounds and qualification of the Directors are set out in the "DIRECTORS' AND SENIOR MANAGEMENT'S PROFILE" of this annual report.

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

The Board meets regularly to discuss the Company's affairs and operations. During the year ended 30 April 2013, the Board held 4 regular Board meetings (within the meaning of the CG Code) at approximately quarterly interval and 16 Board meetings which were convened when board-level decisions on particular matters were required in person, by phone or through other electronic means of communication. Details of the attendance record of each member of the Board are as follows:

Name of Directors	Attendance of Board meetings	Annual general meeting	Extraordinary general meeting
Executive Directors			
Ms. Yu Sau Lai	20/20	1/1	1/1
Mr. Too Shu Wing	19/20	1/1	1/1
Mr. Lam Raymond Shiu Cheung *(re-designated from an independent non-executive Director to an executive Director on 17 April 2013)*	19/20	1/1	1/1
Independent Non-executive Directors			
Mr. Orr Joseph Wai Shing	16/20	0/1	0/1
Mr. Chan Tak Yan *(resigned on 1 July 2012)*	1/2	0/0	0/0
Mr. Matthew Pau *(appointed on 27 September 2012)*	12/13	1/1	1/1
Mr. Hu Dongguang *(appointed on 17 April 2013)*	1/1	0/0	0/0

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

INDEPENDENT NON-EXECUTIVE DIRECTORS

Each of the independent non-executive Director has confirmed in writing his annual confirmation on independence as required by Rule 5.09 of the GEM Listing Rules. The Company considers all of the independent non-executive Directors to be independent.

APPOINTMENT AND RE-ELECTION OF DIRECTORS

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

CONTINUOUS PROFESSIONAL DEVELOPMENT

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

The Company provides regular updates and presentations on changes and developments relating to the Group's business and the legislative and regulatory environments to the Directors at the Board meetings.

During the year ended 30 April 2013, all relevant Directors had participated in continuous professional development in the following manner:

Name of Directors	Type of continuous professional development programmes
Executive Directors	
Ms. Yu Sau Lai	A,B
Mr. Too Shu Wing	B
Mr. Lam Raymond Shiu Cheung *(re-designated from an independent non-executive Director to an executive Director on 17 April 2013)*	A,B
Independent Non-executive Directors	
Mr. Orr Joseph Wai Shing	A,B
Mr. Matthew Pau *(appointed on 27 September 2012)*	A,B
Mr. Hu Dongguang *(appointed on 17 April 2013)*	A,B

Notes:

A: attending seminars/forums/workshops/conferences relevant to the business on directors' duties

B: reading regulatory updates

AUDIT COMMITTEE

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

The Audit Committee currently consists of three independent non-executive Directors. The chairman of the Audit Committee is Mr. Orr Joseph Wai Shing, who has appropriate professional qualifications and experience in accounting matters.

AUDIT COMMITTEE (Continued)

The Audit Committee is mainly responsible for the followings:

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

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

(iii) to monitor integrity of the Company's financial statements and the annual report and accounts, half-year report and quarterly reports, and to review significant financial reporting judgments contained in them;

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

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

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

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

During the year ended 30 April 2013, the Audit Committee held seven meetings to consider and approve the following:

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

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

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

(iv) to discuss the resignation and appointment of external auditors of the Group.

AUDIT COMMITTEE (Continued)

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

Name of Directors	Attended/Eligible to attend
Mr. Orr Joseph Wai Shing *(Chairman)*	7/7
Mr. Lam Raymond Shiu Cheung *(ceased as a member of Audit Committee on 17 April 2013)*	5/6
Mr. Matthew Pau *(appointed on 27 September 2012)*	4/4
Mr. Hu Dongguang *(appointed on 17 April 2013)*	1/1
Mr. Chan Tak Yan *(resigned on 1 July 2012)*	1/1

The Group's unaudited quarterly and interim results and audited annual results in respect of the year ended 30 April 2013 have been reviewed by the Audit Committee.

There was no disagreement between the Board and the Audit Committee on the selection, appointment of the external auditors during the year ended 30 April 2013.

REMUNERATION COMMITTEE

The Company established a remuneration committee (the "Remuneration Committee") on 10 September 2004 with latest revised written terms of reference adopted on 26 July 2013 which deal clearly with its authority and duties, in accordance with the requirement of the CG Code. In accordance with provisions set out in the CG Code which are available on the websites of the Stock Exchange and the Company.

The Remuneration Committee currently consists of three independent non-executive Directors and the chairman is Mr. Matthew Pau.

The role and function of the Remuneration Committee includes:

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

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

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

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

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

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

REMUNERATION COMMITTEE (Continued)

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

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

During the year ended 30 April 2013, the Remuneration Committee held four meetings to consider and approve the following:

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

(ii) to recommend to the Board the Directors' remuneration; and

(iii) to recommend the remuneration of the newly-appointed Directors.

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

Name of Directors	Attended/Eligible to attend
Mr. Matthew Pau *(appointed on 27 September 2012 and as the chairman of Remuneration Committee on 17 April 2013)*	2/2
Mr. Orr Joseph Wai Shing	4/4
Mr. Lam Raymond Shiu Cheung *(ceased as the chairman of Remuneration Committee on 17 April 2013)*	4/4
Mr. Hu Dongguang *(appointed on 17 April 2013)*	0/0
Mr. Chan Tak Yan *(resigned on 1 July 2012)*	0/0

NOMINATION COMMITTEE

The Company established a nomination committee (the "Nomination Committee") on 15 March 2012 with latest written terms of reference adopted on 26 July 2013 which deal clearly with its authority and duties, in accordance with the requirement of the CG Code. In accordance with provisions set out in the CG Code which are available on the websites of the Stock Exchange and the Company.

During the year ended 30 April 2013, the Nomination Committee currently consists of three independent non-executive Directors and the chairman is Mr. Matthew Pau.

The role and function of the Nomination Committee includes:

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

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

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

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

NOMINATION COMMITTEE (Continued)

During the year ended 30 April 2013, the Nomination Committee held three meetings to consider and approve the following:

(i) to review the structure, size and composition of the Board and the independence of independent non-executive Directors;

(ii) to make recommendation to the Board on the appointment of independent non-executive Directors; and

(iii) to make recommendation to the Board on the re-designation of Director.

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

Name of Directors	Attended/Eligible to attend
Mr. Matthew Pau *(appointed as the chairman of Nomination Committee on 17 April 2013)*	1/1
Mr. Orr Joseph Wai Shing	3/3
Mr. Lam Raymond Shiu Cheung *(resigned as the chairman of Nomination Committee on 17 April 2013)*	3/3
Mr. Hu Dongguang *(appointed on 17 April 2013)*	0/0
Mr. Chan Tak Yan *(resigned on 1 July 2012)*	0/0

CORPORATE GOVERNANCE FUNCTION

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

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

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

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

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

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

COMMUNICATION WITH SHAREHOLDERS

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

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

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

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

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

Procedures for Shareholders to convene an Extraordinary General Meeting

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

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

(ii) Eligible Shareholders who wish to convene an EGM must deposit a written requisition (the "Requisition") signed by the Eligible Shareholder(s) concerned to the head office and principal place of business of the Company in Hong Kong at 4/F, Phase 1, Kaiser Estate, 41 Man Yue Street, Hunghom, Kowloon, Hong Kong, or Hong Kong branch share registrar and transfer office of the Company, Union Registrations Limited, 18/F., Fook Lee Commercial Centre, Town Place, 33 Lockhart Road, Wanchai, Hong Kong for the attention of the Board and/or the Company Secretary;

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

COMMUNICATION WITH SHAREHOLDERS (Continued)

Procedures for Shareholders to convene an Extraordinary General Meeting (Continued)

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

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

Procedures for Shareholders to put forward proposals at Shareholders' meetings

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

Procedures for sending enquiries to the Board

Shareholders may send their enquiries and concerns to the Board by addressing them to the head office and principal place of business of the Company in Hong Kong at 4/F, Phase 1, Kaiser Estate, 41 Man Yue Street, Hunghom, Kowloon, Hong Kong by post or by fax to (852) 3106 3281 for the attention of the Board and/or the Company Secretary.

COMPANY SECRETARY

As at 30 April 2013, the Company Secretary is Ms. Wu Yu Lim Winnie ("Ms. Wu") is responsible in supporting the Board by ensuring good information flow within the Board and that Board policy and procedures are followed and advising the Board on governance matters and should also facilitate induction and professional development of Directors.

Details of backgrounds and qualification of the Company Secretary are set out in the "DIRECTORS' AND SENIOR MANAGEMENT'S PROFILE" of this annual report.

A written confirmation had been received by the Company from Ms. Wu to confirm she took not less than 15 hours of relevant professional training during the financial year ended 30 April 2013. The Company is on the view that Ms. Wu complies with Rule 5.15 of the GEM Listing Rules.

DIRECTORS' RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibilities for preparing the financial statements which give a true and fair view of the state of affairs of the Group and in presenting the quarterly, interim and annual financial statements, and announcements to the shareholders of the Company. The Directors aim to present a balanced and understandable assessment of the Group's position and prospects with timely publication of the financial statements of the Group. As at 30 April 2013, the Directors were not aware of any material uncertainties relating to events or conditions which may cast significant doubt upon the Group's ability to continue as a going concern.

The statements of the external auditor of the Company, ZHONGLEI (HK) CPA COMPANY LIMITED, about their reporting responsibilities on the financial statements of the Group are set out in the Independent Auditor's Report from pages 34 to 35 of this annual report.

INTERNAL CONTROL

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

DIRECTORS' AND OFFICERS' LIABILITIES INSURANCE AND INDEMNITY

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

AUDITORS' REMUNERATION

The auditors' remuneration in respect of the Group's audit services and non-audit services for the Company for the year ended 30 April 2013 are as follow:

	2013 HK$'000	2012 HK$'000
Audit services	**450**	470
Non-audit services	**–**	180

INVESTORS RELATIONS

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

The terms of reference of the Nomination Committee and the Remuneration Committee were revised in accordance to the amendments of the GEM Listing Rules on 26 July 2013, respectively. The revised terms of reference of the Nomination Committee and the Remuneration Committee are available on the websites of the Stock Exchange and the Company.

SIGNIFICANT CHANGES IN THE COMPANY'S CONSTITUTIONAL DOCUMENTS

(1) An the annual general meeting of the Company held on 31 August 2012, proposals have been put forward to the Shareholders to consider amending the Memorandum and Articles of Association of the Company in response to various amendments made to the GEM Listing Rules that came into effect on 1 January 2012 and 1 April 2012 respectively and have been approved by the Shareholders on the same date. Details of the amendments were set out in a circular of the Company dated 31 July 2012.

(2) At the extraordinary general meeting of the Company held on 3 April 2013, proposals were put forward to the Shareholders to consider, among other things, every ten issued and unissued shares of HK$0.001 each in the share capital of the Company being consolidated into one share of HK$0.01 in the share capital of the Company (the "Share Consolidation") have been approved by the Shareholders and came into effect on 5 April 2013.

    In order to reflect the new authorized share capital of the Company arising from the Share Consolidation, updates to the Company's constitutional documents have been made in the Memorandum and Articles of Association of the Company and it have been published on the websites of the Stock Exchange and the Company on 5 April 2013.

REPORT OF DIRECTORS

The Directors present this report together with the audited financial statements of the Group for the year ended 30 April 2013.

PRINCIPAL ACTIVITIES

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

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 30 April 2013 are set out in the consolidated income statement on page 36 of this annual report.

The Directors do not recommend the payment of a final dividend for the year ended 30 April 2013 (2012: Nil).

SEGMENT INFORMATION

An analysis of the Group's performance by the principal activities and geographical locations of operations for the year ended 30 April 2013 is set out in note 9 to the consolidated financial statements.

PLANT AND EQUIPMENT

Details of movements in plant and equipment during the year ended 30 April 2013 are set out in note 16 to the consolidated financial statements.

SHARE CAPITAL AND SHARE OPTIONS

Details of movements in the Company's share capital and share options during the year, together with the reasons thereof, are set out in notes 32 and 34, respectively, to the consolidated financial statements.

SHARE OPTION SCHEME

Share options have been granted to eligible participants under the share option scheme of the Company adopted on 10 June 2003 (the "Share Option Scheme"), details of movements in the share options during the year ended 30 April 2013 are shown below:

Name or category of participant	Date of grant	Effective exercise price HK$ (Note 1)	Exercise period	Movement of share options (adjusted) during the year (Note 2)				
				As at 01.05.2012	Exercised	Granted	Lapsed	As at 30.04.2013
Directors								
Mr. Too Shu Wing	11.09.2009	0.5076	11.09.2009–10.09.2012	1,379,000	–	–	(1,379,000)	–
Others								
Staff	11.09.2009	0.5076	11.09.2009–10.09.2012	1,379,000	–	–	(1,379,000)	–
Total				2,758,000	–	–	(2,758,000)	–

Notes:

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

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

As the Share Option Scheme has been expired on 10 June 2013, the Directors therefore consider to adopt a new share option scheme at the forthcoming annual general meeting of the Company, so that the Company can continue to provide incentives and/or rewards to the participants, by way of granting options, after the expiry of the Share Option Scheme.

RESERVES

Details of movements in the reserves of the Group during the year ended 30 April 2013 are set out in the consolidated statement of changes in equity on page 40 of this annual report.

DISTRIBUTABLE RESERVES

As at 30 April 2013, the Company's reserve available for distribution to the shareholders amounted to approximately HK$20,525,000 (2012: approximately HK$37,396,000).

FIVE-YEAR FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last five financial years ended 30 April 2013 is set out on page 2 of this annual report.

DIRECTORS

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

Executive Directors

Ms. Yu Sau Lai
Mr. Too Shu Wing
Mr. Lam Raymond Shiu Cheung *(re-designated from an independent non-executive Director to an executive Director on 17 April 2013)*

Independent Non-executive Directors

Mr. Orr Joseph Wai Shing
Mr. Matthew Pau *(appointed on 27 September 2012)*
Mr. Hu Dongguang *(appointed on 17 April 2013)*
Mr. Chan Tak Yan *(resigned on 1 July 2012)*

Pursuant to Article 86(3) of the Articles, the Directors shall have the power from time to time and at any time to appoint any person as a Director either to fill a casual vacancy on the Board or as an addition to the existing Board. Any Director so appointed by the Board shall hold office only until the next following general meeting of the Company and shall then be eligible for re-election.

Pursuant to Article 87(1) of the Articles, at each annual general meeting one-third of the Directors for the time being (or, if their number is not a multiple of three (3), the number nearest to but not less than one-third) shall retire from office by rotation provided that every Director, including those appointed for a specific term, shall be subject to retirement at least once every three years.

INDEPENDENCE CONFIRMATION

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

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Brief biographical details of the Directors and the senior management of the Group are set out on pages 13 to 15 of this annual report.

DIRECTORS' SERVICE CONTRACTS

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

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

DIRECTORS' AND THE FIVE HIGHEST PAID INDIVIDUAL EMOLUMENTS

Details of the emoluments of the Directors and of the five highest paid individuals of the Group are set out in note 14 to the consolidated financial statements.

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

As at 30 April 2013, none of the Directors or the chief executive 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 Securities and Future Ordinance (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 have taken or deemed to have under such provisions of the SFO), or which were required to be entered in the register maintained by the Company pursuant to Section 352 of the SFO or which were required to be notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by the Directors.

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

Save as disclosed under section "DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATION" above, as at 30 April 2013, neither the Company nor any of its subsidiaries was a party to any arrangements whose objects are, or one of whose objects is, to enable the Directors and the chief executive of the Company to acquire benefits by means of the acquisition of Shares in, or debt securities, including debentures, of the Company or any other body corporate, or there have, at any time during the year ended 30 April 2013, subsisted such arrangement(s) as aforesaid and none of the Directors and the chief executive of the Company or their spouses or children under the age of 18, had any right to subscribe for the securities of the Company, or had exercised any such rights.

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

As at 30 April 2013, the following parties, other than Directors and the chief executive of the Company, held interests or short positions (directly or indirectly) in the Company's Shares or underlying Shares were recorded in the register kept by the Company pursuant to Section 336 of the SFO:

Name of shareholder	Nature of interests/ holding capacity	Number of Shares/ Underlying Shares	Approximate total percentage of interests in the Company's issued share capital (Note 1)
Upper Run Investments Limited ("Upper Run")	Beneficial Owner	101,909,990 Shares (Note 2)	21.83%
Ms. Chan Yuen Fan Winky ("Ms. Winky Chan")	Interest through controlled corporation	101,909,990 Shares (Note 2)	21.83%
Major Ally Investments Limited ("Major Ally")	Beneficial Owner	43,000,000 Underlying Shares (Note 3)	9.21%

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

Name of shareholder	Nature of interests/ holding capacity	Number of Shares/ Underlying Shares	Approximate total percentage of interests in the Company's issued share capital (Note 1)
Fook Lam Moon Holdings Limited ("FLM Holdings")	Interest through controlled corporation	43,000,000 Underlying Shares (Note 3)	9.21%
Mr. Chui Pui Kun ("Mr. CPK")	Interest through controlled corporation	43,000,000 Underlying Shares (Note 4)	9.21%
Mrs. Chui Chan Oi Lin Eileen ("Mrs. Eileen Chui")	Interest of spouse	43,000,000 Underlying Shares (Note 5)	9.21%
Mr. So Chi Ming ("Mr. SCM")	Beneficial Owner	2,552,250 Shares	9.76%
	Interest through controlled corporation	43,000,000 Underlying Shares (Note 3)	
Ms. Yeung Sau Han Agnes ("Ms. Agnes Yeung")	Interest of spouse	2,552,250 Shares	9.76%
	Interest of spouse	43,000,000 Underlying Shares (Note 6)	

Notes:

1. As at 30 April 2013, the Company's issued ordinary share capital was HK$4,668,600 divided into 466,860,000 Shares of HK$0.01 each.

2. These Shares were beneficially owned by Upper Run, a company incorporated in the British Virgin Islands, whose entire issued share capital is wholly and beneficially owned by Ms. Winky Chan. By virtue of the SFO, Ms. Winky Chan is deemed to be interested in the Shares held by Upper Run. Kingston Finance Limited ("Kingston") had a security interest in 1,010,000,000 Shares owned by Upper Run as at 31 January 2013, which related to the same block of the Shares held by Upper Run abovementioned. Based on disclosure of interest filed by Kingston on 6 February 2013, Kingston has no interests in the Company.

3. These underlying shares represent a maximum of 43,000,000 new Shares that may be issued to satisfy the conversion rights attached to the convertible bonds issued by the Company on 18 March 2013 (the "Underlying Shares") are beneficially owned by Major Ally, a company incorporated in the British Virgin Islands, whose entire issued share capital is beneficially owned by FLM Holdings and Mr. SCM respectively, 50% each. By virtue of the SFO, FLM Holdings and Mr. SCM are deemed to be interested in the Underlying Shares held by Major Ally.

4. 50% issued share capital of Major Ally is owned by FLM Holdings which is in turn wholly owned by Mr. CPK. By virtue of the SFO, Mr. CPK is deemed to be interested in the Underlying Shares held by Major Ally as mentioned in Note 3 above.

5. Mrs. Eileen Chui is the spouse of Mr. CPK. By virtue of the SFO, Mrs. Eileen Chui is also deemed to be interested in the Underlying Shares held by Major Ally in which Mr. CPK is deemed to be interested as mentioned in Note 4 above.

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

Notes: (Continued)

6. Ms. Agnes Yeung is the spouse of Mr. SCM. By virtue of the SFO, Ms. Agnes Yeung is also deemed to be interested in (i) the 2,552,250 Shares personally held by Mr. SCM and (ii) the 43,000,000 Underlying Shares held by Major Ally in which Mr. SCM is deemed to be interested as mentioned in Note 3 above.

Save as disclosed above, the Directors were not aware of any other persons, other than the Directors or the chief executive of the Company who held an interest or short positions in the shares and underlying shares of the Company as at 30 April 2013 which required to be recorded pursuant to Section 336 of SFO.

RELATED PARTY TRANSACTIONS

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

DIRECTORS' INTERESTS IN CONTRACTS

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

MAJOR CUSTOMERS AND SUPPLIERS

For the year ended 30 April 2013, turnover from the five largest customers of the Group's catering business accounted for was less than 10% (2012: 24.6%) of the Group's total sales and the five largest suppliers in this segment accounted for approximately 43.6% (2012: 57.6%) of the Group's total purchases. In addition, no largest customer of the Group's total sales in the segment of the catering business can be accounted for the Reporting Period (2012: 19.9%) whilst the largest supplier accounted for approximately 11.7% (2012: approximately 27.1%) of the Group's total purchases.

COMPETING INTERESTS

For the year ended 30 April 2013, the Directors are not aware of any business or interest of the Directors, the substantial shareholders of the Company or any of their respective associates (as defined in the GEM Listing Rules) that compete or may compete with the business of the Group and any other conflicts of interest which any such person has or may have with the Group.

SUBSEQUENT EVENTS

Details of the subsequent events after the year ended 30 April 2013 are set out in note 44 to the consolidated financial statements.

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

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

PRE-EMPTIVE RIGHTS

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

SUFFICIENCY OF PUBLIC FLOAT

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

CORPORATE GOVERNANCE

A report on the principal corporate governance practices adopted by the Company is set out on pages 16 to 26 of this annual report.

AUDITORS

The consolidated financial statements for the preceding three years were audited by Messrs. SHINEWING (HK) CPA Limited ("SHINEWING"). With effect from 17 April 2013, SHINEWING have resigned as auditors of the Company as they were not able to reach an agreement in respect of the audit fee for the Group's financial year ended 30 April 2013 with the Company. The Board has appointed ZHONGLEI (HK) CPA Company Limited ("ZHONGLEI") as new auditors of the Company with effect from 29 April 2013 to fill the casual vacancy occasioned by the resignation of SHINEWING. The consolidated financial statements for the year ended 30 April 2013 have been audited by ZHONGLEI who will retire and, being eligible, offer themselves for re-appointment upon conclusion of the AGM. A resolution for the re-appointment of ZHONGLEI as auditors of the Company to hold office until conclusion of the next annual general meeting at a fee to be agreed with the Directors will be proposed at the AGM.

By order of the Board
Yu Sau Lai
Executive Director

Hong Kong, 26 July 2013

INDEPENDENT AUDITOR'S REPORT

中磊（香港）會計師事務所有限公司
ZHONGLEI (HK) CPA Company Limited

TO THE MEMBERS OF
CHINESE FOOD AND BEVERAGE GROUP LIMITED

(Incorporated in the Cayman Islands with limited liability)

We have audited the consolidated financial statements of Chinese Food and Beverage Group Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 34 to 112, which comprise the consolidated statement of financial position as at 30 April 2013, and the consolidated income statement, 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 International Financial Reporting Standards issued by the International Accounting Standards Board and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

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

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

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Group as at 30 April 2013, and of the Group's loss and cash flows for the year then ended in accordance with International Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

ZHONGLEI (HK) CPA Company Limited
Certified Public Accountants (Practising)
Lam Chik Tong
Practising Certificate Number: P05612

Suites 313-317, 3/F.,
Shui On Centre,
6-8 Harbour Road,
Wan Chai,
Hong Kong

26 July 2013

CONSOLIDATED INCOME STATEMENT

For the year ended 30 April 2013

	Notes	2013 HK$'000	2012 HK$'000 (Restated)
Turnover	7	**42,507**	14,928
Revenue	9	**37,207**	14,928
Cost of sales		**(29,815)**	(18,770)
Gross profit (loss)		**7,392**	(3,842)
Other operating income	8	**3,559**	1,032
Gain on disposal of subsidiaries	35	**–**	3,529
Change in fair value of held-for-trading investments		**(5,119)**	(6,872)
Change in fair value of convertible instruments designated as financial assets at fair value through profit or loss	21	**1,506**	(36,014)
Change in fair value of derivative financial assets	22	**327**	–
Impairment loss recognised in respect of derivatives financial assets	22	**(50)**	–
Impairment loss recognised in respect of assets classified as held for sale	26	**(2,967)**	–
Impairment loss recognised in respect of loan and loan interest receivable		**–**	(30,528)
Administrative expenses		**(29,821)**	(25,604)
Finance costs	10	**(710)**	(15)
Loss before tax		**(25,883)**	(98,314)
Income tax expense	11	**–**	–
Loss for the year	12	**(25,883)**	(98,314)
Loss for the year attributable to:			
Owners of the Company		**(25,268)**	(97,189)
Non-controlling interest		**(615)**	(1,125)
		(25,883)	(98,314)
Loss per share – basic and diluted	13	**HK(5.82) cents**	HK(30.47) cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 April 2013

	2013 HK$'000	2012 HK$'000 (Restated)
Loss for the year, represented total comprehensive expenses for the year	**(25,883)**	(98,314)
Total comprehensive expenses attributable to:		
Owners of the Company	**(25,268)**	(97,189)
Non-controlling interest	**(615)**	(1,125)
	(25,883)	(98,314)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 April 2013

	Notes	2013 HK$'000	2012 HK$'000
Non-current assets			
Plant and equipment	16	**3,438**	3,651
Available-for-sale financial assets	17	**500**	500
Deposits paid	18	**40,000**	–
Convertible instruments designated as financial assets at fair value through profit or loss	21	**11,006**	–
		54,944	4,151
Current assets			
Inventories	19	**620**	243
Trade and other receivables	20	**46,531**	50,686
Convertible instruments designated as financial assets at fair value through profit or loss	21	**–**	–
Derivative financial assets	22	**1,460**	–
Loans receivables	23	**2,500**	4,787
Held-for-trading investments	24	**8,148**	11,528
Bank balances and cash	25	**2,534**	2,025
		61,793	69,269
Assets classified as held for sale	26	**30,820**	32,968
		92,613	102,237
Current liabilities			
Trade and other payables	27	**52,175**	5,523
Other borrowing	28	**3,800**	–
Obligation under finance lease	29	**58**	56
Income tax payable		**9,661**	9,661
		65,694	15,240
Liabilities classified as held for sale	26	**820**	–
		66,514	15,240
Net current assets		**26,099**	86,997
Total assets less current liabilities		**81,043**	91,148

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 April 2013

	Notes	2013 HK$'000	2012 HK$'000
Non-current liabilities			
Convertible bonds	30	**6,236**	–
Obligation under finance lease	29	**40**	98
		6,276	98
Net assets		**74,767**	91,050
Capital and reserves			
Share capital	32	**4,669**	4,324
Reserves		**71,238**	87,251
Equity attributable to owners of the Company		**75,907**	91,575
Non-controlling interest		**(1,140)**	(525)
Total equity		**74,767**	91,050

The consolidated financial statements on pages 36 to 112 were approved and authorised for issue by the board of directors on 26 July 2013 and are signed on its behalf by:

Yu Sau Lai
Director

Too Shu Wing
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 April 2013

	Attributable to owners of the Company								
	Share capital HK$'000	Share premium HK$'000	Share options reserve HK$'000	Translation reserve HK$'000	Convertible bonds reserve HK$'000	Accumulated losses HK$'000	Total HK$'000	Non-controlling interest HK$'000	Total HK$'000
At 1 May 2011	2,882	214,289	2,034	1,529	–	(45,558)	175,176	–	175,176
Loss and total comprehensive expenses for the year	–	–	–	–	–	(97,189)	(97,189)	(1,125)	(98,314)
Capital contributions from non-controlling interest of a subsidiary (Note 41(i))	–	–	–	–	–	–	–	600	600
Issue of shares upon an open offer (Note 32(ii))	1,442	12,970	–	–	–	–	14,412	–	14,412
Transaction costs attributable to open offer	–	(824)	–	–	–	–	(824)	–	(824)
Transfer upon lapse of share options (Note 34)	–	–	(1,220)	–	–	1,220	–	–	–
At 30 April 2012	4,324	226,435	814	1,529	–	(141,527)	91,575	(525)	91,050
Loss and total comprehensive expenses for the year	–	–	–	–	–	(25,268)	(25,268)	(615)	(25,883)
Issue of convertible bonds (Note 30)	–	–	–	–	6,364	–	6,364	–	6,364
Transaction costs attributable to convertible bonds (Note 30)	–	–	–	–	(290)	–	(290)	–	(290)
Issue of shares upon exercise of convertible bonds (Note 30)	345	5,617	–	–	(2,436)	–	3,526	–	3,526
Transfer upon lapse of share options (Note 34)	–	–	(814)	–	–	814	–	–	–
At 30 April 2013	4,669	232,052	–	1,529	3,638	(165,981)	75,907	(1,140)	74,767

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 30 April 2013

	2013 HK$'000	2012 HK$'000
OPERATING ACTIVITIES		
Loss before tax	(25,883)	(98,314)
Adjustments for:		
Change in fair value of held-for-trading investments	5,119	6,872
Change in fair value of convertible instruments designated as financial assets at fair value through profit or loss	(1,506)	36,014
Change in fair value of derivative financial assets	(327)	–
Depreciation of plant and equipment	1,164	1,045
Finance costs	710	15
Interest income	(3,160)	(19)
Gain on disposal of subsidiaries	–	(3,529)
Gain on disposal of held-for-trading investments	(4,611)	–
Loss (gain) on disposal of plant and equipment	370	(832)
Impairment loss recognised in respect of loan and loan interest receivable	–	30,528
Loss on written-off of plant and equipment	630	–
Impairment loss recognised in respect of derivatives financial assets	50	–
Impairment loss recognised in respect of deposit paid	30	–
Impairment loss recognised in respect of assets classified as held for sale	2,967	–
Gain on bargain purchase	(31)	–
Operating cash flows before movements in working capital	(24,478)	(28,220)
Increase in inventories	(377)	(243)
Increase in trade and other receivables	(4,585)	(1,153)
Increase in trade and other payables	6,750	619
Decrease in held-for-trading investments	2,872	–
NET CASH USED IN OPERATING ACTIVITIES	(19,818)	(28,997)

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 30 April 2013

	2013 HK$'000	2012 HK$'000
INVESTING ACTIVITIES		
Earnest money received for potential equity investments	40,000	–
Repayment of earnest money	6,541	–
Proceeds from repayment of loan receivables	4,787	–
Deposits paid for potential equity investment	(40,000)	(47,000)
Proceeds from disposal of plant and equipment	3	4,429
Interest received on bank deposits	1	19
Acquisition of convertible bonds	(6,500)	–
Increase in loans receivables	(2,500)	(4,787)
Purchase of plant and equipment	(1,954)	(2,949)
Purchase of derivative financial assets	(245)	–
Acquisition of a subsidiary	(30)	–
Deposit refunded for set-up of a factory	–	35,000
Proceeds from disposal of subsidiaries	–	755
Interest received on other receivables	2,067	–
Purchase of held-for-trading investments	–	(1,000)
NET CASH FROM (USED IN) INVESTING ACTIVITIES	2,170	(15,533)
FINANCING ACTIVITIES		
Proceeds from issue of convertible bonds	15,480	–
Proceeds from other borrowing	3,800	–
Convertible bonds issuance cost	(703)	–
Interest paid on non-convertible bonds	(301)	–
Repayment of obligation under finance lease	(56)	(39)
Interest paid on finance lease	(5)	–
Proceeds from an open offer, net of issuance cost	–	13,588
Capital contributions received from non-controlling interest of a subsidiary	–	600
Repayment of other borrowing	–	(2,495)
Interest paid on other borrowing	–	(15)
NET CASH FROM FINANCING ACTIVITIES	18,215	11,639
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	567	(32,891)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	2,028	34,919
CASH AND CASH EQUIVALENTS AT THE END THE YEAR	2,595	2,028
Represented by:		
Bank balances and cash	2,534	2,025
Bank balances and cash included in assets classified as held for sale	61	3
	2,595	2,028

1. GENERAL

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

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

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

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

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

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

Amendments to IAS 12	Deferred Tax: Recovery of Underlying Asset
Amendments to IFRS 7	Financial Instruments: Disclosures – Transfers of Financial Assets

The application of the new and revised IFRSs and IASs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

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

New and revised IFRSs and IASs issued but not yet effective

The Group has not early applied the following new and revised IFRSs and IASs that have been issued but are not yet effective:

Amendments to IFRSs	Annual Improvements to IFRSs 2009 – 2011 Cycle[1]
Amendments to IFRS 1	Government Loans[1]
Amendments to IFRS 7	Disclosures – Offsetting Financial Assets and Financial Liabilities[1]
Amendments to IFRS 9 and IFRS 7	Mandatory Effective Date of IFRS 9 and Transition Disclosures[3]
Amendments to IFRS 10, IFRS 11 and IFRS 12	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance[1]
Amendments to IFRS 10, IFRS 12 and IAS 27(2011)	Investment Entities[2]
IFRS 9	Financial Instruments[3]
IFRS 10	Consolidated Financial Statements[1]
IFRS 11	Joint Arrangements[1]
IFRS 12	Disclosure of Interests in Other Entities[1]
IFRS 13	Fair Value Measurement[1]
IAS 19 (as revised in 2011)	Employee Benefits[1]
IAS 27 (as revised in 2011)	Separate Financial Statements[1]
IAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures[1]
Amendments to IAS 1	Presentation of Items of Other Comprehensive Income[4]
Amendments to IAS 32	Offsetting Financial Assets and Financial Liabilities[2]
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine[1]

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

Annual Improvements to IFRSs 2009 – 2011 Cycle issued in May 2012

The *Annual Improvements to IFRSs 2009 – 2011 Cycle* includes a number of amendments to various IFRSs. The amendments are effective for annual periods beginning on or after 1 January 2013. Amendments to IFRSs include the amendments to IAS 16 *Property, Plant and Equipment* and the amendments to IAS 32 *Financial Instruments: Presentation.*

The amendments to IAS 16 clarify that spare parts, stand-by equipment and servicing equipment should be classified as property, plant and equipment when they meet the definition of property, plant and equipment in IAS 16 and as inventory otherwise. The directors of the Company (the "Directors") do not anticipate that the application of the amendments will have material effect on the Group's consolidated financial statements.

The amendments to IAS 32 clarify that income tax on distributions to holders of an equity instrument and transaction costs of an equity transaction should be accounted for in accordance with IAS *12 Income Taxes.* The Directors anticipate that the amendments to IAS 32 will have no effect on the Group's consolidated financial statements.

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

Amendments to IFRS 7 and IAS 32 Offsetting Financial Assets and Financial Liabilities and related disclosures

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

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

The amendments to IFRS 7 are effective for annual periods beginning on or after 1 January 2013 and interim periods within those annual periods. The disclosures should also be provided retrospectively for all comparative periods. However, the amendments to IAS 32 are not effective until annual periods beginning on or after 1 January 2014, with retrospective application required.

The Directors anticipate that the application of these amendments to IAS 32 and IFRS 7 may result in more disclosures being made with regard to offsetting financial assets and financial liabilities in the future.

IFRS 9 Financial Instruments

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

Key requirements of HKFRS 9 are described as follows:

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

– with regard to the measurement of financial liabilities designated as at fair value through profit or loss, IFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value of financial liabilities attributable to changes in the financial liabilities' credit risk are not subsequently reclassified to profit or loss. Previously, under IAS 39, the entire amount of the change in fair value of financial liability designated as fair value through profit or loss was presented in profit or loss.

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

IFRS 9 Financial Instruments (Continued)

IFRS 9 is effective for annual periods beginning on or after 1 January 2015, with earlier application permitted.

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

New and revised standards on consolidation, joint arrangements, associates and disclosures

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

Key requirements of these five standards are described below.

IFRS 10 replaces the parts of IAS 27 *Consolidated and Separate Financial Statements* that deal with consolidated financial statements. SIC-Int 12 *Consolidation – Special Purpose Entities* will be withdrawn upon the effective date of IFRS 10. Under IFRS 10, there is only one basis for consolidation, that is, control. In addition, IFRS 10 includes a new definition of control that contains three elements: (a) power over an investee, (b) exposure, or rights, to variable returns from its involvement with the investee, and (c) the ability to use its power over the investee to affect the amount of the investor's returns. Extensive guidance has been added in IFRS 10 to deal with complex scenarios.

IFRS 11 replaces IAS 31 *Interests in Joint Ventures*. IFRS 11 deals with how a joint arrangement of which two or more parties have joint control should be classified. SIC-Int 13 *Jointly Controlled Entities – Non-monetary Contributions by Venturers* will be withdrawn upon the effective date of IFRS 11. Under IFRS 11, joint arrangements are classified as joint operations or joint ventures, depending on the rights and obligations of the parties to the arrangements. In contrast, under IAS 31, there are three types of joint arrangements: jointly controlled entities, jointly controlled assets and jointly controlled operations. In addition, joint ventures under IFRS 11 are required to be accounted for using the equity method of accounting, whereas jointly controlled entities under IAS 31 can be accounted for using the equity method of accounting or proportionate consolidation.

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

In July 2012, the amendments to IFRS 10, IFRS 11 and IFRS 12 were issued to clarify certain transitional guidance on the application of these five IFRSs for the first time.

These five standards, together with the amendments relating to the transitional guidance, are effective for annual periods beginning on or after 1 January 2013 with earlier application permitted provided that all of these standards are applied at the same time. The Directors anticipate that the application of these five standards would not have a significant impact on amounts reported in the consolidated financial statements.

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

Amendments to IFRS 10, IFRS 12 and IAS 27 Investment Entities

The amendments to IFRS 10 introduce an exception to consolidating subsidiaries for an investment entity, except where the subsidiaries provide services that relate to the investment entity's investment activities. Under the amendments to IFRS 10, an investment entity is required to measure its interests in subsidiaries at fair value through profit or loss.

To qualify as an investment entity, certain criteria have to be met. Specifically, an entity is required to:

– obtain funds from one or more investors for the purpose of providing them with professional investment management services;

– commit to its investor(s) that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both; and

– measure and evaluate performance of substantially all of its investments on a fair value basis.

Consequential amendments to IFRS 12 and IAS 27 have been made to introduce new disclosure requirements for investment entities.

The amendments to IFRS 10, IFRS 12 and IAS 27 are effective for annual periods beginning on or after 1 January 2014, with early application permitted. The Directors anticipate that the application of the amendments will have no effect on the Group as the Company is not an investment entity.

IFRS 13 Fair Value Measurement

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

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

The Directors anticipate that the application of the new standard may affect certain amounts reported in the consolidated financial statements and result in more extensive disclosures in the consolidated financial statements.

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

Amendments to IAS 1 Presentation of Items of Other Comprehensive Income

The amendments to IAS 1 *Presentation of Items of Other Comprehensive Income* introduce new terminology for the statement of comprehensive income and income statement. Under the amendments to IAS 1, a "statement of comprehensive income" is renamed as a "statement of profit or loss and other comprehensive income" and an "income statement" is renamed as a "statement of profit or loss". The amendments to IAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to IAS 1 require items of other comprehensive income to be grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss; and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis – the amendments do not change the option to present items of other comprehensive income either before tax or net of tax.

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

3. SIGNIFICANT ACCOUNTING POLICIES

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

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

The principal accounting policies are set out below.

Basis of consolidation

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

Income and expenses of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition and up to the effective date of disposal, as appropriate.

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Allocation of total comprehensive income to non-controlling interest

Total comprehensive income and expense of subsidiaries is attributed to the owners of the Company and to the non-controlling interest even if this result in the non-controlling interest having a deficit balance.

Change in the Group's ownership interests in existing subsidiaries

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

When the Group loses control of a subsidiary, it (i) derecognises the assets (including any goodwill) and liabilities of the subsidiary at their carrying amounts at the date when control is lost, (ii) derecognises the carrying amount of any non-controlling interests in the former subsidiary at the date when control is lost (including any components of other comprehensive income attributable to them), and (iii) recognises the aggregate of the fair value of the consideration received and the fair value of any retained interest, with any resulting difference being recognise as a gain or loss in profit or loss attributable to the Group. When assets of the subsidiary are carried at revalued amounts or fair values and the related cumulative gain or loss has been recognised in other comprehensive income and accumulated in equity, the amounts previously recognised in other comprehensive income and accumulated in equity are accounted for as if the Group had directly disposed of the related assets (i.e. reclassified to profit or loss or transferred directly to accumulated losses as specified by applicable IFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IAS 39 *Financial Instruments: Recognition and Measurement* or, when applicable, the cost on initial recognition of an investment in an associate or a jointly controlled entity.

Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition related costs are generally recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:

– deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with IAS 12 *Income Taxes* and IAS 19 *Employee Benefits* respectively;

– liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with IFRS 2 *Share-based Payment* at the acquisition date (see the accounting policy below); and

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Business combinations (Continued)

– assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after re-assessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at their fair value or, when applicable, on the basis specified in another standard.

When the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with the corresponding adjustments made against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the "measurement period" (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with IAS 39, or IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*, as appropriate, with the corresponding gain or loss being recognised in profit or loss.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date (i.e. the date when the Group obtains control), and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), and additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments in subsidiaries

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

Non-current assets held for sale

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

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

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

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

Revenue recognition

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

i) Catering services

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

ii) Sales of goods

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue recognition (Continued)

iii) Interest income

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

iv) Dividend income

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established (provided that it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably).

v) Income from trading of security

Realised fair value gains or losses on securities trading are recognised on a trade date basis whilst unrealised fair value gains or losses are recognised on change in fair value at the end of the reporting period.

Plant and equipment

Plant and equipment are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and accumulated impairment losses, if any.

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

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

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

Leasing

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

The Group as lessor

Amounts due from lessees under finance leases are recognised as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leasing (Continued)

The Group as leasee

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

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognised immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's general policy on borrowing costs (see the accounting policy below). Contingent rentals are recognised as expenses in the periods in which they are incurred.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Foreign currencies

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

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

Borrowing costs

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Retirement benefit costs and short-term employee benefits

(a) Retirement benefit costs

Payments to Mandatory Provident Fund Scheme (the "MPF Scheme") are charged as an expense when employees have rendered service entitling them to the contributions.

The Group operates the MPF Scheme for all qualifying employees in Hong Kong. The assets of the MPF Scheme are held separately from those of the Group, in funds under the control of trustees. The Group contributes 5% or HK$1,250 in maximum of relevant payroll costs to the MPF Scheme, which contribution is matched by employees.

(b) Short-term employee benefits

Employees' entitlements to annual leave are recognised when they are accrued to employees. A provision is made for the estimated liabilities for annual leave as a result of services rendered by employees up to the end of the reporting period.

Non-accumulating compensated absences such as sick leave and maternity leave are not recognised until the time of leave.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from "loss before tax" as reported in the consolidated income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Taxation (Continued)

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

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

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. When current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Inventories

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

Financial instruments

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

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

Financial assets

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

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Effective interest method

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

Interest income is recognised on an effective interest basis for debt instruments other than those financial assets classified as FVTPL, of which interest income is included in net gains or losses.

Financial assets at FVTLP

Financial assets at FVTPL have two subcategories, including financial assets held-for-trading and those designated as at FVTPL on initial recognition.

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

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

A financial asset other than a financial asset held-for-trading maybe designated as at FVTPL upon initial recognition if:

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

Financial assets at FVTPL are measured at fair value, with changes in fair value arising from remeasurement recognised directly in profit or loss in the period in which they arise. The net gain or loss recognised in profit or loss excludes any dividend or interest earned on the financial assets and is included in the changes in fair value of held-for-trading investments and changes in fair value of convertible instruments designated as financial assets at fair value through profit or loss in the consolidated income statement.

Convertible instruments acquired by the Group (including related embedded derivatives) are designated at financial assets at fair value through profit or loss on initial recognition. Subsequent to initial recognition, the entire convertible bonds are measured at fair value, with changes in fair value recognised directly in profit or loss in the period in which they arise.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Loans and receivables

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

AFS financial assets

AFS financial assets are non-derivatives that are either designated or not classified as financial assets at FVTPL, loans and receivables or held-to-maturity investments. The Group designated unlisted equity securities as AFS financial assets on initial recognisation of those items.

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

Impairment loss on financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been affected.

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Impairment loss on financial assets (Continued)

For financial assets carried at amortised cost, the amount of the impairment loss is the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial assets' original effective interest rate.

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

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

When an AFS financial asset is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss in the period in which the impairment takes place.

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

Impairment losses on AFS equity investments will not be reversed through profit or loss. Any increase in fair value subsequent to impairment loss is recognised directly in other comprehensive income and accumulated in investment revaluation reserve. For AFS debt investments, impairment losses are subsequently reversed through profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

Financial liabilities and equity instruments

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

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial liabilities and equity instruments (Continued)

Effective interest method

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

Interest expense is recognised on an effective interest basis.

Other financial liabilities

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

Convertible bonds

Convertible bonds issued by the Group that contain the liability component, conversion option components, and redemption option which is not closely related to the host liability component are classified separately into respective items on initial recognition in accordance with the substance of the contractual arrangements and the definitions of a financial liability, an equity instrument and a derivative financial instrument. Conversion option that will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments is classified as an equity instrument.

On initial recognition, the liability component and the redemption option component are measured at fair value. The difference between the gross proceeds of the issue of the convertible bonds and the fair value assigned to the liability component and the redemption option, representing the conversion option for the holder to convert the bonds into equity, is included in equity (convertible bonds reserve).

In subsequent periods, the liability component of the convertible bonds is carried at amortised cost using the effective interest method. The redemption option is measured at fair value with changes in fair value recognised in profit or loss. The equity component, representing the option to convert the liability component into ordinary shares of the Company or its subsidiary, will remain in convertible bonds reserve until the embedded option is exercised (in which case the balance stated in convertible bonds reserve will be transferred to share premium). Where the option remains unexercised at the expiry date, the balance stated in convertible bonds reserve will be released to the accumulated losses. No gain or loss is recognised in profit or loss upon conversion or expiration of the option.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial liabilities and equity instruments (Continued)

Convertible bonds (Continued)

Transaction costs that relate to the issue of the convertible bonds are allocated to the liability, equity and redemption option components in proportion to the allocation of the gross proceeds. Transaction costs relating to the equity component are charged directly to equity. Transaction costs relating to the liability component are included in the carrying amount of the liability portion and amortised over the period of the convertible bonds using the effective interest method. Transaction costs relating to the redemption option are charged to profit or loss immediately.

Derivative financial instruments and hedging

Derivatives are initially recognised at fair value at the date when a derivative contract is entered into and are subsequently remeasured to their fair value at the end of the reporting period. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

Derecognition

The Group derecognises a financial asset only when the contractual rights to the cash flows from the assets expired, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group continues to recognise the asset to the extent of its continuing involvement and recognises as associated liability. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

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

On derecognition of a financial asset other than in its entirety, the Group allocates the previous carrying amount of the financial asset between the part it continues to recognise, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in profit or loss. A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts.

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and cash equivalents

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

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are measured at the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

Equity-settled share-based payment transactions

Share options granted to directors and employees

The fair value of services received which determined by reference to the fair value of share options granted at the grant date is recognised as an expense in full at the grant date when the share option granted vest immediately, with a corresponding increase in equity (share options reserve).

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

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

Impairment losses on tangible assets

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

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Impairment losses on tangible assets (Continued)

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

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

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

Related parties

A party is considered to be related to the Group if:

(a) the party is a person or a close member of that person's family and that person:

- (i) has control or joint control over the Group;
- (ii) has significant influence over the Group;
- (iii) is a member of the key management personnel of the Group or of a parent of the Group; or

(b) the party is an entity where any of the following conditions applies:

- (i) the entity and the Group are members of the same group;
- (ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);
- (iii) the entity and the Group are joint ventures of the same third party;
- (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
- (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;
- (vi) the entity is controlled or jointly controlled by a person identified in (a); or
- (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with entity.

4. KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

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

Depreciation of plant and equipment

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

Impairment loss recognised in respect of plant and equipment

The impairment loss for plant and equipment are recognised for the amounts by which the carrying amounts exceed their recoverable amounts, in accordance with the Group's accounting policy. The recoverable amounts of plant and equipment have been determined based on value-in-use calculations. These calculations require the use of estimates such as the future revenue and discount rates. No impairment loss has been recognised during the two years ended 30 April 2013 and 2012.

Impairment loss recognised in respect of trade receivables

The Group performs ongoing credit evaluations of its customers and adjusts credit limits based on payment history and the customer's current credit-worthiness, as determined by the review of their current credit information. Credit losses have historically been within the Group's expectations and the Group will continue to monitor the collections from customers and maintain an appropriate level of estimated credit losses. At 30 April 2013, the carrying amount of trade receivables was approximately HK$1,829,000 (2012: HK$1,255,000). No impairment loss has been recognised during the two years ended 30 April 2013 and 2012.

Impairment loss recognised in respect of other receivables, prepayments and deposits paid and loans receivables

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

At 30 April 2013, the carrying amount of other receivables, prepayments and deposits paid was approximately HK$44,702,000 (2012: HK$49,431,000), net of impairment loss of HK$558,000 (2012: HK$528,000).

At 30 April 2013, the carrying amount of loans receivables was approximately HK$2,500,000 (2012: HK$4,787,000), net of impairment loss of HK$30,000,000 (2012: HK$30,000,000).

4. KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

Fair value of convertible instruments designated as financial assets at fair value through profit or loss

Convertible instruments designated as financial assets at fair value through profit or loss is carried in the consolidated statement of financial position at the end of the reporting period at their estimated fair value of approximately HK$11,006,000 (2012: Nil). As described in Note 21 to the consolidated financial statements, the Directors use their judgment in selecting an appropriate valuation technique for financial instruments not quoted in an active market. Valuation techniques commonly used by market practitioners are applied. The estimation of fair value of unlisted convertible instruments designated as financial assets at fair value through profit or loss includes some assumptions not supported by observable market prices or rates. Favourable or unfavourable changes to these assumptions would result in changes in the fair value of the Group's convertible instruments designated as financial assets at fair value through profit or loss and corresponding adjustments to the amount of gain or loss reported in the consolidated income statement.

Fair value of derivative financial assets and convertible bonds

The fair value of derivative financial assets and convertible bonds are determined using valuation techniques. The Directors has used its judgement to select an appropriate valuation method and make assumption, that are mainly based on market conditions existing at the transaction date and each reporting date with reference to the valuation performed by Grant Sherman Appraisal Limited ("Grant Sherman"), an independent professional valuers not connected to the Group. Changes in subjective input assumptions can materially affect the fair value estimate. Details of the assumptions used are disclosed in Notes 22 and Note 30 to the consolidated financial statements respectively. The Directors believe that the chosen valuation techniques and assumptions are appropriate in determining the fair value of financial instruments.

The carrying amount of derivative financial assets is approximately HK$1,460,000 as at 30 April 2013 (2012: Nil). Change in fair value of the derivative financial assets of approximately HK$327,000 (2012: Nil) is recognsied in the consolidated income statement.

The carrying amount of convertible bonds is approximately HK$6,236,000 as at 30 April 2013 (2012: Nil).

5. CAPITAL RISK MANAGEMENT

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

The capital structure of the Group consists of net debts, which include other borrowing, convertible bonds, obligation under finance lease, net of bank balances and cash and equity attributable to owners of the Company, comprising issued share capital and reserves. Details of which are disclosed in respective notes.

The Directors review the capital structure on a regular basis. As part of this review, the Directors consider the cost of capital and the associated risks, and take appropriate actions to adjust the Group's capital structure. Based on the recommendations of the Directors, the Group will balance its overall capital structure through the issue of new shares and share buy-backs as well as the issue of new debt. The Group's overall strategy remains unchanged from prior periods.

6. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	2013 HK$'000	2012 HK$'000
Financial assets		
AFS financial assets	500	500
Fair value through profit or loss		
– Convertible instruments designated as financial assets at fair value through profit or loss	11,006	–
– Derivative financial assets	1,460	–
– Held-for-trading investments	8,148	11,528
	20,614	11,528
Loans and receivables (including bank balances and cash)		
– Trade receivables	1,829	1,255
– Deposits and other receivables	44,342	49,306
– Loan receivables	2,500	4,787
– Bank balances and cash	2,534	2,025
	51,205	57,373
Financial liabilities		
At amortised cost		
– Trade payables	3,643	332
– Other payables and accruals	48,532	5,191
– Other borrowing	3,800	–
– Obligation under finance lease	98	154
– Convertible bonds	6,236	–
	62,309	5,677
Receivables designated at fair value through profit or loss		
Carrying amount of receivables designated at fair value through profit or loss	11,006	36,014
Changes in fair value and cumulative changes in fair value attributable to changes in credit risk recognised during the year		
– Convertible instruments designated as financial assets at fair value through profit or loss	1,506	(36,014)

6. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies

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

Interest rate risk

The Directors consider the Group's exposure to fair value interest rate risk in relation to interest-bearing bank deposits, loan receivable and interest-bearing borrowings is not significant as interest-bearing bank deposits at fixed rate are within short maturity periods in general and interest-bearing borrowings and loan receivables are arranged at fixed rates. The interest rate and repayment terms of the outstanding interest-bearing borrowings and loan receivables at the year end are disclosed in Notes 23 and 28 to the consolidated financial statements respectively.

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

Other price risk

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

Sensitivity analysis

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

If the prices of the respective equity instruments had been 10% (2012: 10%) higher/lower, post-tax loss for the year ended 30 April 2013 would decrease/increase by approximately HK$680,000 (2012: HK$963,000) as a result of the changes in fair values of held-for-trading investments.

Credit risk

At 30 April 2013 and 2012, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to the failure to discharge an obligation by the counterparties is arising from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position.

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

6. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

Credit risk (Continued)

The Group's credit risk is primarily attributable to loans receivables as mention in Note 23. During the year ended 30 April 2013, except for several loans receivables were impaired, the management has considered the strong financial background of the borrower of the loans receivables, and therefore the management is satisfied with credit quality of financial assets.

At 30 April 2013, the Group has concentration of credit risk as 100% (2012: 86%) of its loans receivables was due from the Group's largest debtor.

At 30 April 2013, the Group has concentration of credit risk as 54% (2012: 79%) of its trade receivables was due from a single customer located in Hong Kong.

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

Liquidity risk

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

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

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

6. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

Liquidity risk (Continued)

	Weighted average interest rate %	Within one year or on demand HK$'000	More than one year but less than two years HK$'000	More than two years but less than five years HK$'000	Total undiscounted cash flow HK$'000	Carrying amount HK$'000
At 30 April 2013						
Non-derivative financial liabilities						
Trade and other payables	–	52,175	–	–	52,175	52,175
Other borrowings	10	3,897	–	–	3,897	3,800
Convertible bonds (Note)	11.94	6,981	834	1,110	8,925	6,236
Obligation under finance lease	1.72	61	41	–	102	98
		63,114	**875**	**1,110**	**65,099**	**62,309**
At 30 April 2012						
Non-derivative financial liabilities						
Trade and other payables	–	5,523	–	–	5,523	5,523
Obligation under finance lease	1.72	61	61	41	163	154
		5,584	61	41	5,686	5,677

Note: The undiscounted cash flow of the convertible bonds represents the redemption amount at maturity date on the assumption that there would be no coversion prior its maturity.

(c) Fair value

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

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

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

– the fair value of derivative financial assets is calculated with reference to the valuation made by professional valuer by using the Binominal Option Pricing Model and considering the present value of future cash flows discounted at the interest rate from 11.94% to 13.23%.

6. FINANCIAL INSTRUMENTS (Continued)

(c) Fair value (Continued)

The Directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate to their fair values due to their short-term maturities or with market interest rate.

Fair value measurements recognised in the consolidated statement of financial position

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

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

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

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

	At 30 April							
	Level 1		Level 2		Level 3		Total	
	2013 HK$'000	2012 HK$'000	**2013 HK$'000**	2012 HK$'000	**2013 HK$'000**	2012 HK$'000	**2013 HK$'000**	2012 HK$'000
Financial assets:								
Held-for-trading investments	**8,148**	11,528	**–**	–	**–**	–	**8,148**	11,528
Convertible instruments designated as financial assets at fair value through profit or loss	**–**	–	**–**	–	**11,006**	–	**11,006**	–
Derivative financial assets	**–**	–	**1,460**	–	**–**	–	**1,460**	–
Total	**8,148**	11,528	**1,460**	–	**11,006**	–	**20,614**	11,528

There are no transfers between levels 1 and 2 during both reporting period.

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

	2013 HK$'000	2012 HK$'000
At 1 May	**–**	36,014
Purchase	**9,500**	–
Total gain (loss) recognised in profit or loss	**1,506**	(36,014)
At 30 April	**11,006**	–

6. FINANCIAL INSTRUMENTS (Continued)

(c) Fair value (Continued)

Fair value measurements recognised in the consolidated statement of financial position (Continued)

Included in the consolidated income statement is a gain of HK$1,506,000 (2012: loss of HK$36,014,000) which relates to change in fair value of convertible instruments designated as financial assets at fair value through profit or loss at the end of the reporting period.

7. TURNOVER

Turnover represents the gross proceeds received and receivable from catering business, sales of electronic products and securities trading during the year.

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

	2013 HK$'000	2012 HK$'000
Turnover		
Chinese restaurant operation	**31,615**	11,953
Sales of electronic products	**981**	2,975
Gross proceeds from disposal of held-for-trading investments	**9,911**	–
	42,507	14,928

8. OTHER OPERATING INCOME

	Note	**2013 HK$'000**	2012 HK$'000
Exchange gain (net)		**–**	27
Gain on disposal of plant and equipment		**–**	832
Interest income from:			
– bank deposits		**1**	19
– loans receivables		**101**	–
– other receivables		**2,265**	–
– convertible instruments designated as financial assets at fair value through profit or loss		**793**	–
Gain on bargain purchase	36	**31**	–
Others		**368**	154
		3,559	1,032

9. SEGMENT INFORMATION

Information reported to the board of directors (the "Board") of the Company, being the chief operating decision maker ("CODM"), for the purposes of resource allocation and assessment of segment performance focuses on types of goods or services delivered or provided. This is also the basis upon which the Group is organised and specifically focuses on the Group's operating divisions. No operating segments identified by the CODM have been aggregated in arriving at the reportable segments of the Group.

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

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

During the year ended 30 April 2013, the Group has been engaged in the business of securities investment and is regarded as a new business segment of the Group.

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

9. SEGMENT INFORMATION (Continued)

(a) Segment revenues and results

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

	Catering business		Electronic products		Securities investments		Total	
	2013	2012	**2013**	2012	**2013**	2012	**2013**	2012
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Turnover – gross proceeds	**31,615**	11,953	**981**	2,975	**9,911**	–	**42,507**	14,928
Segment revenue – from external customers	**31,615**	11,953	**981**	2,975	**4,611**	–	**37,207**	14,928
Segment result	**(3,171)**	(5,680)	**(535)**	(646)	**(24)**	–	**(3,730)**	(6,326)
Interest income							**3,160**	11
Change in fair value of convertible instruments designated as financial assets at fair value through profit or loss							**1,506**	(36,014)
Impairment loss recognised in respect of loan and loan interest receivables							**–**	(30,528)
Change in fair value of derivative financial assets							**(583)**	–
Change in fair value of held-for-trading investments							**–**	(6,872)
Impairment loss recognised in respect of assets classified as held for sale							**(2,967)**	–
Gain on disposal of subsidiaries							**–**	3,529
Gain on disposal of plant and equipment							**–**	832
Loss on written-off of plant and equipment							**(630)**	–
Gain on bargain purchase							**31**	–
Finance costs							**(705)**	(15)
Unallocated corporate income							**368**	1,013
Unallocated corporate expenses							**(22,333)**	(23,944)
Loss before tax							**(25,883)**	(98,314)

9. SEGMENT INFORMATION (Continued)

(a) Segment revenues and results (Continued)

The accounting policies of the operating segments are the same as the Group's accounting policies described in Note 3. Segment results represents the results of each segment without allocation of certain interest income, change in fair value of convertible instruments designated as financial assets at fair value through profit or loss and derivative financial assets, impairment loss recognised in respect of loan and loan interest receivables and assets classified as held for sale, gain on disposal of plant and equipment, loss on written-off of plant and equipment, gain on disposal of subsidiaries, gain on bargain purchase, certain finance costs, certain other income, central administration costs and directors' emoluments. This is the measure reported to the Board for the purposes of resources allocation and performance assessment.

(b) Segment assets and liabilities

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

	Catering business		Electronic products		Securities investments		Total	
	2013 HK$'000	2012 HK$'000	**2013 HK$'000**	2012 HK$'000	**2013 HK$'000**	2012 HK$'000	**2013 HK$'000**	2012 HK$'000
ASSETS								
Segment assets	**43,486**	1,867	**1,130**	1,178	**10,700**	–	**55,316**	3,045
Unallocated corporate assets								
– AFS financial assets							**500**	500
– Convertible instruments designated as financial assets at fair value through profit or loss							**11,006**	–
– Derivative financial assets							**355**	–
– Held-for-trading investments							**–**	11,528
– Assets classified as held for sale							**30,820**	32,968
– Others							**49,560**	58,347
Consolidated assets							**147,557**	106,388
LIABILITIES								
Segment liabilities	**43,643**	332	**–**	–	**5**	–	**43,648**	332
Unallocated corporate liabilities								
– Income tax payable							**9,661**	9,661
– Convertible bonds							**6,236**	–
– Liabilities classified as held for sale							**820**	–
– Others							**12,425**	5,345
Consolidated liabilities							**72,790**	15,338

9. SEGMENT INFORMATION (Continued)

(b) Segment assets and liabilities (Continued)

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

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

- all liabilities are allocated to reportable and operating segments other than other borrowing, obligation under finance lease, convertible bonds, income tax payable and liabilities classified as held for sale and certain other payables. Liabilities for which reportable segments are jointly liable are allocated in proportion to segment assets.

9. SEGMENT INFORMATION (Continued)

(c) Other segment information

	Catering business		Electronic products		Securities investments		Unallocated		Total	
	2013	2012	**2013**	2012	**2013**	2012	**2013**	2012	**2013**	2012
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Amount included in the measure of segment results or segment assets:										
Additions to plant and equipment	**1,463**	1,593	**–**	194	**491**	–	**–**	1,355	**1,954**	3,142
Depreciation of plant and equipment	**430**	234	**39**	8	**94**	–	**601**	803	**1,164**	1,045
Loss (gain) on disposal of plant and equipment	**370**	–	**–**	–	**–**	–	**–**	(832)	**370**	(832)
Loss on written-off of plant and equipment	**–**	–	**–**	–	**–**	–	**630**	–	**630**	–
Amount regularly provided to the CODM but not included in the measure of segment results or segment assets:										
Change in fair value of held-for-trading investments	**–**	–	**–**	–	**5,119**	–	**–**	6,872	**5,119**	6,872
Change in fair value of convertible instruments designated as financial assets at fair value through profit or loss	**–**	–	**–**	–	**–**	–	**(1,506)**	36,014	**(1,506)**	36,014
Impairment loss recognised in respect of loan and loan interest receivables	**–**	–	**–**	–	**–**	–	**–**	30,528	**–**	30,528
Impairment loss recognised in respect of assets classified as held for sale	**–**	–	**–**	–	**–**	–	**2,967**	–	**2,967**	–
Impairment loss on derivative financial assets	**–**	–	**–**	–	**50**	–	**–**	–	**50**	–
Change in fair value of derivative financial assets	**–**	–	**–**	–	**(910)**	–	**583**	–	**(327)**	–
Finance costs	**–**	–	**5**	–	**–**	–	**705**	15	**710**	15
Gain on disposal of subsidiaries	**–**	–	**–**	–	**–**	–	**–**	(3,529)	**–**	(3,529)
Interest income	**–**	–	**–**	(8)	**–**	–	**(3,160)**	(11)	**(3,160)**	(19)
Gain on bargain purchase	**–**	–	**–**	–	**–**	–	**(31)**	–	**(31)**	–

9. SEGMENT INFORMATION (Continued)

(d) Geographical information

For the year ended 30 April 2013, all of the Group's revenue and assets are derived from external customers and operations based in Hong Kong (2012: based in Hong Kong) and accordingly, no further analysis of the Group's geographical information is disclosed.

(e) Information about major customers

Turnover from major customers of the corresponding years contributing over 10% of total turnover of the Group is as follows:

	Segment	Year ended 30 April 2013 HK$'000	2012 HK$'000
Customer A	Electronic products	**N/A[1]**	2,975

[1] The corresponding turnover did not contribute over 10% of the total turnover of the Group in the respective year.

10. FINANCE COSTS

	2013 HK$'000	2012 HK$'000
Interest expenses on:		
– other borrowing wholly repayable within five years	**283**	15
– non-convertible bonds	**301**	–
– convertible bonds	**121**	–
– finance lease	**5**	–
	710	15

11. INCOME TAX EXPENSE

	2013 HK$'000	2012 HK$'000
Hong Kong Profits Tax		
– current year	**–**	–

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

No provision for Hong Kong Profits Tax has been made as the Group did not have any assessable profits subject to Hong Kong Profits Tax for the year ended 30 April 2013 (2012: Nil).

11. INCOME TAX EXPENSE (Continued)

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

	2013 HK$'000	2012 HK$'000
Loss before tax	**(25,883)**	(98,314)
Tax at the domestic income tax rate of 16.5% (2012: 16.5%)	**(4,271)**	(16,221)
Tax effect of income not taxable for tax purposes	**(516)**	(858)
Tax effect of expenses not deductible for tax purpose	**2,107**	11,761
Tax effect of unused tax losses and deductible temporary differences not recognised	**2,680**	5,318
Income tax expense for the year	**–**	–

Details of the deferred taxation are set out in Note 33 to the consolidated financial statements.

12. LOSS FOR THE YEAR

Loss for the year has been arrived at after charging (crediting):

	2013 HK$'000	2012 HK$'000
Staff cost (including directors' and chief executives' emoluments (Note 14))		
– salaries, bonuses and allowances	**18,876**	12,873
– retirement benefit scheme contributions	**955**	387
	19,831	13,260
Auditor's remuneration		
– Audit service	**450**	470
– Non-audit service	**–**	180
Cost of inventories recognised as expenses	**11,056**	6,817
Depreciation of plant and equipment	**1,164**	1,045
Loss (gain) on disposal of plant and equipment	**370**	(832)
Loss on written-off plant and equipment	**630**	–
Impairment loss recognised in respect of deposit paid	**30**	–
Operating lease rentals in respect of rented premises	**6,501**	5,721

13. LOSS PER SHARE

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

	2013 HK$'000	2012 HK$'000
Loss for the year attributable to owners of the Company for the purposes of basic and diluted loss per share	**(25,268)**	(97,189)

	Number of shares 2013 '000	2012 '000 (Restated)
Weighted average number of ordinary shares for the purposes of basic and diluted loss per share	**434,057**	318,954

Notes: (1) The computation of diluted loss per share for the year ended 30 April 2013 does not assume the conversion of the Company's outstanding share options and convertible bonds since their exercise would result in a decrease in loss per share for the year which is regarded as anti-dilutive.

(2) The computation of diluted loss per share for the year ended 30 April 2012 does not assume the conversion of the Company's outstanding share options since their exercise would result in a decrease in loss per share for the year which is regarded as anti-dilutive.

The weighted average number of ordinary shares for the purpose of basic and diluted loss per share has been adjusted for the share consolidation on 5 April 2013. Details of the share consolidation are set out in Note 32(i) to the consolidated financial statements.

The denominator for the purpose of calculating basic and diluted loss per share in 2012 has been restated to effect of the share consolidation during the year ended 30 April 2013.

14. DIRECTORS', CHIEF EXECUTIVES' AND EMPLOYEES' EMOLUMENTS

(a) Directors' and chief executives' emoluments

The emoluments paid or payable to each of the seven (2012: eight) directors were as follow:

	For the year ended 30 April 2013				
	Fees HK$'000	Salaries, bonuses and allowances HK$'000	Equity-settled share-based payments HK$'000	Retirement benefit scheme contributions HK$'000	Total HK$'000
Executive directors					
Mr. Too Shu Wing	494	–	–	15	509
Ms. Yu Sau Lai	1,160	–	–	15	1,175
Mr. Lam Raymond Shiu Cheung[5]	30	–	–	–	30
Independent non-executive directors					
Mr. Lam Raymond Shiu Cheung[5]	101	–	–	–	101
Mr. Chan Tak Yan[4]	18	–	–	–	18
Mr. Orr Joseph Wai Shing	106	–	–	–	106
Mr. Hu Dongguang[6]	4	–	–	–	4
Mr. Pau Matthew[7]	63	–	–	–	63
	1,976	–	–	30	2,006

14. DIRECTORS', CHIEF EXECUTIVES' AND EMPLOYEES' EMOLUMENTS (Continued)

(a) Directors' and chief executives' emoluments (Continued)

	For the year ended 30 April 2012				
	Fees HK$'000	Salaries, bonuses and allowances HK$'000	Equity-settled share-based payments HK$'000	Retirement benefit scheme contributions HK$'000	Total HK$'000
Executive directors					
Ms. Wong Yuet May, Jeremy[1]	116	–	–	3	119
Ms. Chan Lai Kwan, Rainbow[1]	299	–	–	3	302
Mr. Chan Fu Kei[2]	212	–	–	10	222
Mr. Too Shu Wing	494	–	–	12	506
Ms. Yu Sau Lai[3]	565	–	–	9	574
Independent non-executive directors					
Mr. Lam Raymond Shiu Cheung[5]	106	–	–	–	106
Mr. Chan Tak Yan[4]	106	–	–	–	106
Mr. Orr Joseph Wai Shing	106	–	–	–	106
	2,004	–	–	37	2,041

There were no arrangements under which a director waived or agreed to waive any emoluments during the year ended 30 April 2013 and 2012. Apart from Directors, the Group has not classified any other person as chief executives during the year ended 30 April 2013 and 2012.

1 Resigned on 1 August 2011
2 Resigned on 19 February 2012
3 Appointed on 1 August 2011
4 Resigned on 1 July 2012
5 Re-designated from independent non-executive director to executive director on 17 April 2013
6 Appointed on 17 April 2013
7 Appointed on 27 September 2012

14. DIRECTORS', CHIEF EXECUTIVES' AND EMPLOYEES' EMOLUMENTS (Continued)

(b) Employees' emoluments

Of the five individuals with the highest emoluments in the Group, one (2012: three) were Directors whose emoluments are set out above. The emoluments of the remaining four (2012: two) highest paid individual were as follows:

	2013 HK$'000	2012 HK$'000
Salaries, bonuses and allowances	**3,067**	1,462
Retirement benefit scheme contributions	**59**	26
	3,126	1,488

Their emoluments were within the following bands:

	2013 No. of individuals	2012 No. of individuals
Nil to HK$1,000,000	**3**	2
HK$1,000,000 – HK$2,000,000	**1**	–

(c) No emolument have been paid by the Group to the Directors or the five highest paid individuals as an inducement to join or upon joining the Group, or as compensation for loss of office during the year ended 30 April 2013 and 2012.

15. DIVIDENDS

No dividend was paid or proposed during the year ended 30 April 2013, nor has any dividend been proposed since the end of the reporting period (2012: Nil).

16. PLANT AND EQUIPMENT

	Leasehold improvements HK$'000	Furniture, fixtures and office equipment HK$'000	Motor vehicles HK$'000	Total HK$'000
COST				
At 1 May 2011	10,039	3,338	2,419	15,796
Additions	858	1,386	898	3,142
Disposals	(9,731)	(2,422)	(1,208)	(13,361)
At 30 April 2012	1,166	2,302	2,109	5,577
Additions	1,633	171	150	1,954
Disposals	(385)	(101)	–	(486)
Written-off	–	(838)	–	(838)
At 30 April 2013	**2,414**	**1,534**	**2,259**	**6,207**
ACCUMULATED DEPRECIATION				
At 1 May 2011	8,949	866	830	10,645
Provided for the year	257	259	529	1,045
Eliminated on disposals	(8,866)	(380)	(518)	(9,764)
At 30 April 2012	340	745	841	1,926
Provided for the year	502	254	408	1,164
Eliminated on disposals	(90)	(23)	–	(113)
Written-off	–	(208)	–	(208)
At 30 April 2013	**752**	**768**	**1,249**	**2,769**
CARRYING VALUES				
At 30 April 2013	**1,662**	**766**	**1,010**	**3,438**
At 30 April 2012	826	1,557	1,268	3,651

Notes:

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

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

(ii) The carrying values of motor vehicles at 30 April 2013 included an amount of approximately HK$149,000 (2012: HK$187,000) in respect of assets held under finance leases.

(iii) Depreciation charge of approximately HK$430,000 (2012: HK$234,000) with respect of furniture, fixtures and office equipment and leasehold improvements has been included in cost of sales in the consolidated income statement during the year ended 30 April 2013.

17. AVAILABLE-FOR-SALE FINANCIAL ASSETS

Available-for-sale financial assets comprise:

	2013 **HK$'000**	2012 HK$'000
Unlisted equity securities, at cost	**500**	500

Available-for-sale financial assets represent the Group's 5% interests in the share capital of a private limited liability company incorporated in Hong Kong whose principal activity is investment holding.

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

18. DEPOSITS PAID

(a) On 4 December 2012, the Company, Rich Paragon Limited (the "Subscriber"), a wholly-owned subsidiary of the Company, Mr. Chui Pui Kun ("CPK") and Coqueen Company Limited ("Coqueen") entered into a framework agreement (the "Framework Agreement") in respect of the incorporation of Professional Guide Enterprise Limited (the "SPV"), a company incorporated in the British Virgin Islands and will become a wholly-owned subsidiary of Coqueen, and the proposed investment in operations of Fook Lam Moon Restaurant Limited ("FLM HK") and Fook Lam Moon (Kowloon) Restaurant Limited ("FLM KLN") by the Subscriber.

On 18 December 2012, the Company, the Subscriber, CPK, Coqueen, the SPV and Mr. Chui Tak Keung, Duncan ("Duncan") (collectively, the "Parties") entered into a convertible bonds subscription agreement (the "CB Subscription Agreement") dated 17 December 2012, in which the Subscriber has conditionally agreed to subscribe for the convertible bonds issued by the SPV in the principal amount of HK$200 millions (the "SPV Convertible Bonds"). Pursuant to the CB Subscription Agreement, in the event that the SPV Convertible Bonds are converted in full at the conversion price of HK$20,000 per each share of the SPV (the "SPV Conversion Share"), a total of 10,000 SPV Conversion Shares will be issued, representing 50% of the issued share capital of the SPV as enlarged by the conversion.

The CB Subscription Agreement superseded the Framework Agreement with effect from the date of the CB Subscription Agreement. During the year ended 30 April 2013, the refundable earnest deposit of HK$20,000,000 without interest bearing was paid by the Subscriber to the SPV as partial payment of the consideration for the subscription of the SPV Convertible Bonds.

Subsequent to the year ended 30 April 2013, the Group has acquired 10,000 SPV Convertible Bonds on 4 June 2013. The earnest deposit of HK$20,000,000 was untilised as the partial settlement of the consideration for the subscription of the SPV Convertible Bonds. Details are set out in Note 44(d) to the consolidated financial statements.

18. DEPOSITS PAID (Continued)

(b) On 24 April 2013, the Parties entered into another framework agreement which supersede all the previously signed agreement between the parties, pursuant to which the Subscriber was interested to acquire the entire interest of Coqueen in and over (i) the properties of FLM HK ("FLM HK Properties"), (ii) the property of FLM KLN ("FLM KLN Property"), (iii) the operation of FLM HK, (iv) the operation of FLM KLN, and (v) the trademarks of Fook Lam Moon (collectively referred to as "Subscriber Further Acquisitions"). During the year ended 30 April 2013, the refundable deposit of HK$20,000,000 without interest bearing was paid to Coqueen as partial payment of the consideration which would not exceeds HK$200,000,000 in aggregate for the Subscriber Further Acquisitions.

19. INVENTORIES

	2013 **HK$'000**	2012 HK$'000
Food and beverages	**620**	243

20. TRADE AND OTHER RECEIVABLES

	2013 **HK$'000**	2012 HK$'000
Trade receivables	**1,829**	1,255
Other receivables *(Note d)*	**40,129**	653
Prepayments and deposits	**5,131**	2,306
Deposits paid *(Notes d and e)*	**–**	47,000
	45,260	49,959
Less: impairment loss recognised in respect of other receivables and deposits	**(558)**	(528)
Other receivables, prepayments and deposits and deposits paid, net	**44,702**	49,431
	46,531	50,686

The Group allows a general credit period of 30 to 60 days to its customers of electronic products.

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

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

20. TRADE AND OTHER RECEIVABLES (Continued)

(a) An aged analysis of trade receivables, net of impairment loss recognised was presented based on invoice date as the end of the reporting period, which approximated the respective revenue recognition dates is as follow:

	2013 HK$'000	2012 HK$'000
0 - 30 days	**476**	253
31 - 60 days	**196**	–
61 - 90 days	**37**	6
91 - 120 days	**35**	6
Over 120 days but less than one year	**1,085**	990
	1,829	1,255

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

	2013 HK$'000	2012 HK$'000
At 1 May	**528**	–
Recognised during the year	**30**	528
At 30 April	**558**	528

At 30 April 2013, included in impairment loss are individually impaired other receivables with an aggregate balance of approximately HK$528,000 (2012: HK$528,000) recognised due to the financial difficulties of Cheong Tat International Limited ("Cheong Tat") and details are set out in Note 23 to the consolidated financial statements.

20. TRADE AND OTHER RECEIVABLES (Continued)

(c) At 30 April 2013 and 2012, the aging analysis of trade receivables that was past due but not impaired as follows:

			Past due but not impaired			
	Total HK$'000	Neither past due nor impaired HK$'000	30 days HK$'000	31-60 days HK$'000	61-90 days HK$'000	91-180 days HK$'000
At 30 April 2013	1,829	476	196	37	35	1,085
At 30 April 2012	1,255	253	–	6	6	990

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

(d) Included in other receivables was amount of approximately HK$37,459,000 (2012: deposit paid of approximately HK$44,000,000) due from Key Ally Limited ("Key Ally"), an independent third party not connected with the Group.

On 17 August 2011, Red Bloom Limited ("Red Bloom"), an indirect wholly-owned subsidiary of the Company, entered into a memorandum of understanding with Key Ally (the "MOU 1") in relation to the proposed acquisition of equity interest in 太原市漢波食品工業有限公司 ("Taiyuan Hanbo") to explore the food and beverage industry in PRC. Pursuant to the terms of the MOU 1, the earnest deposit of HK$44,000,000 without interest bearing was paid as deposit and partial payment of the consideration for the proposed investment. The MOU 1 had been expired on 13 February 2012.

On 7 May 2012, the Group had agreed with Key Ally to refund the entire earnest deposit and entered into a repayment agreement with Key Ally. Pursuant to the repayment agreement, the earnest deposit would be refunded to the Group by 16 monthly installments and carry a fixed interest rate of 5% per annum from 8 March 2012 to 31 August 2013. The outstanding balance was therefore reclassified from "deposits paid" to "other receivables" accordingly.

As at 30 April 2013, the principal amounting to approximately HK$37,459,000 and corresponding interest receivables amounting to approximately HK$198,000 are still outstanding as Key Ally default payment after repayment of three installments during the year. Subsequent to the year ended 30 April 2013, Key Ally has repaid HK$1,200,000 and HK$7,000,000, on 6 May 2013 and 16 July 2013 respectively. On 16 July 2013, due to further repayment by Key Ally, the Group entered into a revised repayment schedule with Key Ally. According to the revised repayment schedule, the outstanding balance amounting to approximately HK$29,838,000 as at 16 July 2013 will be extended for further one year with the interest rate remains unchanged. After assessing the creditworthiness of Key Ally and in view of the repayment received after year end, the Directors are of the opinion that no impairment on this receivable is required.

20. TRADE AND OTHER RECEIVABLES (Continued)

(e) As at 30 April 2012, included in deposits paid was amount of approximately HK$3,000,000 paid to Teamedics Enterprise (Holdings) Company Limited ("Teamedics"), a private limited liability company in Hong Kong which is an independent third party not connected to the Group.

On 5 April 2012, the Group entered into a memorandum of understanding ("MOU2") with Teamedics, pursuant to which the Group was interested to acquire the interest in Teamedics to expand the trading of electricity products business through its indirect wholly-owned subsidiary, Crown Century Investment Limited ("Crown Century"). The earnest deposit of HK$3,000,000 without interest bearing was paid as a deposit and partial payment of the consideration for the proposed investment. On 8 May 2012, Crown Century entered into a supplemental MOU2 and paid additional earnest deposit of HK$5,000,000 without interest bearing. The MOU2 was expired on 8 August 2012 and on 6 July 2012, the Group had entered into a second supplemental MOU2 with Teamedics and agreed to extend the contract expiry date to 6 October 2012 in order to carry out due diligence and other investigations. On 20 August 2012, total earnest deposits paid amounted to HK$8,000,000 have been utilised as partial settlement of the consideration for the acquisition of the convertible bonds issued by Teamedics with a total principle amount of HK$9,500,000. Details of the transactions are set out in Note 21 to the consolidated financial statements.

21. CONVERTIBLE INSTRUMENTS DESIGNATED AS FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2013 HK$'000	2012 HK$'000
Unlisted instrument issued by a Hong Kong private company		
– Convertible bonds mature over one year	**11,006**	–
Analysed for reporting purpose, at fair value, as follows:		
– Non-current assets	**11,006**	–
– Current assets	**–**	–
	11,006	–

The movement of the convertible instruments designated as financial assets at fair value through profit or loss are as follows:

	2013 HK$'000	2012 HK$'000
At 1 May (Note a)	**–**	36,014
Additions (Note b)	**9,500**	–
Fair value gain (loss)	**1,506**	(36,014)
At 30 April	**11,006**	–

21. CONVERTIBLE INSTRUMENTS DESIGNATED AS FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Continued)

The details of the convertible instruments designated as financial assets at fair value through profit and loss are stated as follows:

	Convertible Bonds A (Note a)	Convertible Bonds B (Note b)
Date of issue	8 November 2010	20 August 2012
Coupon rate	0%	12%
Maturity date	8 November 2013	31 August 2015
Principal amount	HK$35,154,000	HK$9,500,000

(a) On 8 November 2010, the Group subscribed convertible bonds, with total principal amount of HK$35,154,000 with zero interest, issued by Cheong Tat at the subscription price of HK$35,154,000 (the "Convertible Bonds A").

Fair values of the Convertible Bonds A of HK$36,014,000 as at 30 April 2011 had been determined with reference to the valuation performed by Avista Valuation Advisory Limited, an independent qualified professional valuer not connected with the Group, using the Binominal Option Pricing Model (the "Binominal Model").

On 27 April 2012, the Group had requested Cheong Tat to redeem the entire outstanding principal amount of the Convertible Bonds A as Cheong Tat failed to repay the loan which constitutes an event of default under the terms of the Convertible Bonds A. Details are set out in Note 23 to the consolidated financial statements. The Directors considered that the likelihood of recovery of the outstanding principal amount of the Convertible Bonds A was very remote and fair value loss of HK$36,014,000 relates to the Convertible Bonds A has been recognised during the year ended 30 April 2012.

(b) On 30 July 2012, the Group entered into a subscription agreement with Teamedics in subscribing convertible bonds, with total principal amount of HK$9,500,000 with interest rate at 12% per annum, issued by Teamedics at the subscription price of HK$9,500,000 (the "Convertible Bonds B"). The subscription was completed and the Convertible Bonds B was issued to the Company on 20 August 2012.

The Convertible Bonds B can be converted into new ordinary shares of Teamedics, up to approximately 16.6% of the enlarged equity interest in Teamedics, at any time within a period from the date of issue to fifth business day before maturity date on 31 August 2015 (the "Conversion Period"), at a conversion price of HK$9.5 per share.

21. CONVERTIBLE INSTRUMENTS DESIGNATED AS FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Continued)

(b) (Continued)

During the Conversion Period and on the maturity date, the Company shall be able to request Teamedics to redeem in cash at redemption amount equal to 100% of the principal amount of its entirely or any part of the outstanding principal amount of the Convertible Bonds B.

The Company has not converted any Convertible Bonds B into new ordinary shares of Teamedics during the year ended 30 April 2013.

At 30 April 2013, the Directors are of the opinion that the fair value of the Convertible Bonds B was approximately HK$11,006,000 with reference to the valuation performed by Grant Sherman using the Binomial Model and the fair value gain of approximately HK$1,506,000 was recognised in profit or loss for the year ended 30 April 2013.

22. DERIVATIVE FINANCIAL ASSETS

The movement of the derivative financial assets for the year are as follows:

	Convertible Bonds Option A HK$'000 (Note a)	Convertible Bonds Option B HK$'000 (Note b)	Derivative financial asset of Convertible Bonds C HK$'000 (Note 30)	Total HK$'000
1 May 2012	–	–	–	–
Issued/subscribed during the year	195	50	1,567	1,812
Conversion to shares during the year	–	–	(629)	(629)
Fair value gain (loss)	910	–	(583)	327
Impairment loss recognised during the year	–	(50)	–	(50)
At 30 April 2013	**1,105**	**–**	**355**	**1,460**

22. DERIVATIVE FINANCIAL ASSETS (Continued)

(a) On 8 October 2012, the Group, acquired 25 options at the premium of HK$7,830 each from the issuer, The Hong Kong Building and Loan Agency Limited ("HKBLA"), in which its shares are listed on the Stock Exchange, conferring the rights to the holders of the options thereof to subscribe for convertible bonds of the HKBLA in the principal amount of HK$156,600 each (the "HKBLA CB") at any time during the period from the date of issuance up to and including 31 July 2014 (the "Convertible Bonds Option A").

The fair value of the Convertible Bonds Option A as at 30 April 2013 is approximately HK$1,105,000 and the fair value gain of approximately HK$910,000, has been recognised in profit or loss during the year ended 30 April 2013.

The fair value of the Convertible Bonds Option A on 30 April 2013 is determined by Grant Sherman using the Binomial Model with the following key attributes:

Volatility	70.60%
Time to maturity (year)	1.25
Share price of HKBLA	HK$0.17 *(Note)*
Dividend yield	0%
Risk free rate	0.16%

Note: The share price of HKBLA was adjusted for the impact of the capital reorganisation of HKBLA.

The principal terms of the HKBLA CB are as follows:

Principal amount of each HKBLA CB	HK$156,000
Coupon rate	10% per annum, payable annually in arrears
Conversion price	Before capital reorganisation of HKBLA, the conversion price is the higher of HK$0.018 or the par value of the shares of HKBLA; after capital reorganisation of HKBLA, the conversion price is the higher of HK$0.18 or the par value of the shares of HKBLA
Maturity date	31 December 2015

During the period and up to maturity date 31 December 2015, the holders of the HKBLA CB shall be able to convert in their entirety or any part of the outstanding principal amount of the HKBLA CB. HKBLA may, on the maturity date, at its absolute discretion, redeem all HKBLA CB which have not been redeemed or converted on maturity date at 100% of their principal amount or convert into shares of HKBLA.

During the year ended 30 April 2013, no Convertible Bonds Option A was exercised by the Company.

22. DERIVATIVE FINANCIAL ASSETS (Continued)

(b) On 21 June 2012, the Group, as the subscriber, acquired an option at the premium of HK$50,000 each from the issuer, Chinese Strategic Holdings Limited (formerly known as China Railway Logistics Limited) ("CSHL"), in which its shares are listed on the GEM of Stock Exchange, conferring the rights to the holders of the options thereof to subscribe for convertible bonds of CSHL in the principal amount of HK$1,000,000 each at any time during the period from the date of completion of the subscription of the option by the subscriber and valid for a period of one month (the "Convertible Bonds Option B"). On 20 July 2012, the Group and CSHL entered into the supplemental agreement to extend the option exercise period to 30 June 2013.

During the year ended 30 April 2013, no Convertible Bonds Option B was exercised by the Group.

The Directors are of the opinion that the market price of CSHL's share at 30 April 2013 is at a prolonging low level than the exercise price of the convertible bonds of CSHL, and the likelihood of exercise of the Convertible Bonds Option B is very remote and the Directors determine to fully impaired the carrying amount of the Convertible Bonds Option B of HK$50,000 at the end of the reporting period.

23. LOANS RECEIVABLES

	2013 HK$'000	2012 HK$'000
Loan receivables	**32,500**	34,787
Less: accumulated impairment loss	**(30,000)**	(30,000)
Loan receivable, net	**2,500**	4,787

(a) On 29 November 2010, Megamillion Asia Limited ("Megamillion"), a wholly-owned subsidiary of the Company, entered into a loan agreement with Cheong Tat, pursuant to which the Group agreed to advance a loan of HK$30,000,000 to Cheong Tat (the "Loan") at an interest rate of 4.2% per annum. The Loan was unsecured and repayable with 12 months.

On 30 November 2011, the Loan was expired and Cheong Tat failed to repay the Loan and the interests accrued thereon.

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

23. LOANS RECEIVABLES (Continued)

(a) (Continued)

On 14 January 2013, a final judgment against Cheong Tat was granted by the Court of First Instance of the High Court of Hong Kong. It was adjudged, inter alia, that Cheong Tat shall pay Megamillion (i) the sum of HK$35,154,000 for redemption of the Convertible Bonds A as stated in Note 21(a) to the consolidated financial statements; (ii) the sum of approximately HK$31,778,000 for repayment of the loan receivable amounting to HK$30,000,000; (iii) interest at the rate of 4.2% per annum on the principal amount of the loan receivable from 28 April 2012 to the date hereof and thereafter at judgment rate until payment; (iv) interest on the sum of HK$35,154,000 at judgment rate from the date hereof until payment; and (v) fixed costs in the sum of HK$1,550 (the "Final Judgment").

Subsequent to the year ended 30 April 2013, on 5 July 2013, Megamillion entered into an agreement with Cheong Tat and its wholly-owned subsidiary, being the acceptor (the "Acceptor"), regarding the repayment ordered by the Final Judgment. Details are disclosed in Note 44(a) to the consolidated financial statements.

(b) On 26 March 2012, the Group entered into a loan agreement with Host Luck Limited ("Host Luck"), an independent third party not connected with the Group, pursuant to which the Group agreed to advance a loan to Host Luck which is interest free and repayable on demand. During the year ended 30 April 2012, the Group had advanced of approximately HK$4,787,000 to Host Luck. The loan had been fully settled on 4 May 2012.

(c) On 18 December 2012 and 16 January 2013, the Group entered into two loan agreements amounted to HK$1,500,000 and HK$1,000,000 respectively with Teamedics, pursuant to which the Group agreed to advance loans to Teamedics with interest rate 12% per annum, and repayable in one year and six months, respectively. As at 30 April 2013, the Group had advanced of HK$2,500,000 in total to Teamedics.

According to the loan agreement entered into on 16 January 2013, Teamedics should repay the loan amounting to HK$1,000,000 on or before 15 July 2013. Before the maturity date, management negotiated with Teamedics to revise the repayment schedule for the loan amounting to HK$1,000,000, repayment schedule dated 11 July 2013 has been signed. According to the revised repayment schedule, the loan will be extended for 3 months to 15 October 2013 at the interest rate of 12% per annum. The Directors are of the opinion that no impairment should be provided for the year ended 30 April 2013.

(d) The Group does not hold any collateral over these loans receivables.

(e) The movements of the accumulated impairment loss recognised in respect of loans receivables are as follows:

	2013 HK$'000	2012 HK$'000
At 1 May	**30,000**	–
Recognised during the year	**–**	30,000
At 30 April	**30,000**	30,000

At 30 April 2013, included in impairment loss is individually impaired loan receivable with an aggregate balance of approximately HK$30,000,000 (2012: HK$30,000,000) recognised due to the financial difficulties of Cheong Tat.

24. HELD-FOR-TRADING INVESTMENTS

	2013 HK$'000	2012 HK$'000
Listed securities:		
– Equity securities listed in Hong Kong	**8,148**	11,528

The fair values of above listed securities are determinated based on quoted market bid prices available at the Stock Exchange at the end of the reporting period.

25. BANK BALANCES AND CASH

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

(b) The effective interest rate on bank balances and bank deposits was 0.03% (2012: 0.03%) per annum.

(c) At 30 April 2013, the Group's bank balances and cash denominated in RMB amounted to approximately RMB3,000, equivalent to approximately HK$4,000 (2012: RMB6,000 equivalent to approximately HK$7,000). Conversion of RMB to foreign currencies is subject to the PRC's Foreign Exchange Control Regulations and Administration of Settlement, Sales and Payment of Foreign Exchange Regulations.

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

	2013 '000	2012 '000
USD	**3**	1
RMB	**3**	6

26. ASSETS/LIABILITIES CLASSIFIED AS HELD FOR SALE

On 30 September 2010, the Group entered into a memorandum of understanding with Best Fortress Limited ("Best Fortress"), an independent third party not connected with the Group, for the potential disposal of the entire equity interests in Welford International Industrial Limited ("Welford"), a wholly-owned subsidiary of the Group. An earnest money of HK$1,000,000 was received by the Group during the year ended 30 April 2011. The assets and liabilities attributable from Welford, which was expected to be sold within twelve months at the reporting date, have been classified as assets and liabilities held for sale respectively and are presented separately in the consolidated statement of financial position.

In order to grant an additional negotiation right to Best Fortress to carry out due diligence and other investigations, the Group entered into four revised memorandum of understandings with Best Fortress on 30 September 2011, 31 March 2012, 30 September 2012 and 31 March 2013 and agreed to further extend the contract expiry dates from 30 September 2011 to 31 March 2012, from 31 March 2012 to 30 September 2012, from 30 September 2012 to 31 March 2013 and from 31 March 2013 to 30 September 2013, respectively.

Subsequent to the year ended 30 April 2013, on 3 July 2013, the Group entered into the termination agreement with Best Fortress to early terminate the memorandum of understanding and the earnest money of HK$1,000,000 has been returned to Best Fortress on 10 July 2013.

On 2 July 2013, the Group entered into sale and purchase agreement with Unicorn Wealth Holdings Limited ("Unicorn Wealth"), an independent third party not connected with the Group, for the disposal of the entire equity interests in Welford at the consideration of HK$30,000,000. Details of the transaction are disclosed in Note 44(b) to the consolidated financial statements.

The major assets and liabilities of Welford classified as held for sale at 30 April 2013 are as follow:

	2013 HK$'000	2012 HK$'000
Interest in an associate	**32,965**	32,965
Finance lease receivable	**757**	–
Other receivables	**4**	–
Bank balances	**61**	3
	33,787	32,968
Less: impairment loss recognised	**(2,967)**	–
Assets classified as held for sale	**30,820**	32,968
Other payables	**820**	–
Liabilities classified as held for sale	**820**	–

27. TRADE AND OTHER PAYABLES

	2013 HK$'000	2012 HK$'000
Trade payables	**3,643**	332
Other payables (Notes a and b)	**48,532**	5,191
	52,175	5,523

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

	2013 HK$'000	2012 HK$'000
Within 30 days	**1,126**	332
31 – 60 days	**907**	–
61 – 90 days	**862**	–
91 – 120 days	**156**	–
More the 120 days but less than one year	**592**	–
	3,643	332

Payment terms granted by suppliers are generally 30 to 90 days (2012: 30 days) after the end of the month in which the relevant purchases are made. The Group has financial risk management policies in place to ensure that all payables are settled within the credit timeframe.

Notes:

(a) On 13 December 2012, the Group entered into a memorandum of understanding ("MOU3") with Magic Alliance Investment Limited ("Magic Alliance"), an independent third party not connected with the Group, pursuant to which Magic Alliance was interested to invest in FLM HK properties and FLM KLN properties to expand its property investment scope. The earnest deposit of HK$20,000,000 without interest bearing was received as a refundable deposit for future business opportunity in FLM HK properties and FLM KLN properties. The MOU3 will be expired in 6 months after the execution date of MOU3.

On 25 April 2013, the Group entered into a supplemental MOU3 and received additional refundable earnest deposit of HK$20,000,000 without interest bearing. As at 30 April 2013, the Group has received deposits of HK$40,000,000 in total from Magic Alliance. Upon signing the supplemental MOU3, the Group extended the contract expiry date to 14 June 2014 in order to carry out due diligence and other investigations.

(b) Included in other payables is the earnest money of HK$1,000,000 (2012: HK$1,000,000) received from Best Fortress for the potential disposal of Welford. Details are set out in Note 26 to the consolidated financial statements.

28. OTHER BORROWING

	2013 HK$'000	2012 HK$'000
Loan from independent third party payable within one year or on demand – unsecured	3,800	–

The other borrowing was unsecured and carried interest at 10% per annum.

29. OBLIGATION UNDER FINANCE LEASE

Analysed for reporting purposes as:

	2013 HK$'000	2012 HK$'000
Current liabilities	58	56
Non-current liabilities	40	98
	98	154

The Group leases a motor vehicles under finance lease arrangement. The lease term of the lease is 3 years (2012: 3 years). Interest rate underlying the obligation under finance lease fixed at 1.72% per annum during the year ended 30 April 2013 (2012: 1.72% per annum).

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

	Minimum lease payments		Present value of minimum lease payments	
	2013 HK$'000	2012 HK$'000	2013 HK$'000	2012 HK$'000
Amounts payable under finance lease:				
Within one year	61	61	58	56
More than one year, but not more than two years	41	61	40	58
More than two years, but not more than five years	–	41	–	40
	102	163	98	154
Less: Future finance charges	(4)	(9)	–	–
Present value of lease obligation	98	154	98	154
Less: Amounts due within one year shown under current liabilities			(58)	(56)
Amounts due after one year			40	98

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

30. CONVERTIBLE BONDS

On 18 March 2013, the Company issued convertible bonds (the "Convertible Bonds C") to several independent third parties in the aggregate principal amount of HK$15,480,000, conferring the rights to the holders of the Convertible Bonds C thereof to subscribe for up to 86,000,000 (after share consolidation) new ordinary shares of the Company at conversion price of HK$0.18 (after share consolidation) per share at any time during the period from date of issuance to fifth business day before maturity date on 30 June 2016.

During the year ended 30 April 2013, the Convertible Bonds C in the principal amount of HK$6,210,000 was exercised by the holders and 34,500,000 ordinary shares of the Company at HK$0.01 were issued. Included in the outstanding principal amount of HK$9,270,000, HK$7,740,000 is held by Major Ally Investments Limited ("Major Ally"), a shareholder of the Company.

A share consolidation in which every ten existing issued and unissued ordinary shares of par value of HK$0.001 each in the share capital of the Company has been consolidated into one ordinary share of par value of HK$0.01 each ("Share Consolidation") on 5 April 2013. Details of the Share Consolidation are disclosed in Note 32(i) to the consolidated financial statements.

The principal terms of the Convertible Bonds C are as follows:

Principal amount	HK$15,480,000
Coupon rate	0%
Conversion price	Before Share Consolidation, the conversion price is HK$0.018; after Share Consolidation, the conversion price is HK$0.18.
Maturity Date	16 June 2016

During the conversion period and up to maturity date, the holders of Convertible Bonds C shall be able to convert in their entirety or any part of the outstanding principal amount of the Convertible Bonds C. The Company may, on the maturity date, at its absolute discretion, redeem all Convertible Bonds C at 100% of their principal amount or convert into the shares (the "Issuer's Option").

The Convertible Bonds C contained three components: liability component, equity component and derivative component. The equity component is presented in equity heading "Convertible bonds reserve". The Issuer's Option embedded in the Convertible Bonds C was accounted for as "Derivative financial assets" and was measured in fair value with changes at fair value recognised in profit or loss.

The fair value of derivative component of the Convertible Bonds C was determined by the Directors with reference to a valuation report issued by Grant Sherman using the Binomial Model with the following key attributes:

	18 March 2013	30 April 2013
Volatility	63.03%	71.01%
Share price of the Company (Note)	HK$0.21	HK$0.56
Time to maturity (year)	3.29	3.17
Coupon rate	0%	0%
Dividend yield	0%	0%
Risk free rate	0.25%	0.17%

Note: The share price of the Company was adjusted for the impact of the Share Consolidation

30. CONVERTIBLE BONDS (Continued)

The movements of the liability, equity and derivatives components of Convertible Bonds C for the year ended 30 April 2013 are set out below:

	Liability HK$'000	Derivative financial asset HK$'000 (Note 22)	Equity HK$'000	Total HK$'000
At 1 May 2012	–	–	–	–
Issued during the year	10,683	(1,567)	6,364	15,480
Transaction costs attributable to convertible bonds *(Note 30)*	(413)	–	(290)	(703)
Conversion to shares during the year	(4,155)	629	(2,436)	(5,962)
Imputed interest expense *(Note 10)*	121	–	–	121
Change in fair value	–	583	–	583
At 30 April 2013	6,236	(355)	3,638	9,519

31. NON-CONVERTIBLE BONDS

On 12 December 2012, the Group issued non-convertible bonds with a principal amount of HK$11,670,000 to a company incorporated in the British Virgin Islands, an independent third party not connected with the Group. On 20 February 2013, 26 February 2013, 7 March 2013 and 13 March 2013, The bondholder had requested the Group to redeem the entire outstanding principal amount of the bonds. As at 30 April 2013, the Group had no outstanding non-convertible bonds.

The key terms of the non-convertible bonds are as follow:

Date of Issue	12 December 2012
Aggregate principal amount	HK$11,670,000
Denomination in multiple of	HK$1,167,000
Interest rate	12% per annum
Maturity date	31 December 2013
Redemption at request by the bondholder	The Company shall, within five business days of the issue of a redemption notice by a bondholder, redeem part or all of the outstanding principal amount of the bonds, in cash at a redemption amount equal to the aggregate of 100% of the principal amount.

31. NON-CONVERTIBLE BONDS (Continued)

The movement of the non-convertible bonds for the year is as follow:

	2013 HK$'000	2012 HK$'000
At 1 May	–	–
Issued during the year	11,670	–
Interest expenses charged for the year *(Note 10)*	301	–
Interest expenses paid for the year	(301)	–
Redeemed during the year	(11,670)	–
At 30 April	–	–

32. SHARE CAPITAL

	Par value per share HK$	Number of shares '000	Amount HK$'000
Authorised:			
Ordinary shares			
At 1 May 2011 and 30 April 2012	0.001	50,000,000	50,000
Share consolidation *(Note i)*	N/A	(45,000,000)	–
At 30 April 2013	0.01	5,000,000	50,000
Issued and fully paid:			
Ordinary shares			
At 1 May 2011	0.001	2,882,400	2,882
Issue of share upon an open offer *(Note ii)*	0.001	1,441,200	1,442
At 30 April 2012	0.001	4,323,600	4,324
Share consolidation *(Note i)*	N/A	(3,891,240)	–
Issue of share upon conversion of Convertible Bonds C *(Note 30)*	0.01	34,500	345
At 30 April 2013	0.01	466,860	4,669

Notes:

(i) Pursuant to an extraordinary general meeting held on 3 April 2013, Share Consolidation was duly passed in which every ten existing issued and unissued ordinary shares of par value of HK$0.001 each in the share capital of the Company be consolidated into one ordinary share of par value of HK$0.01 each with effective from 5 April 2013.

(ii) On 20 January 2012, the Group had offered 1,441,200,000 new ordinary shares of HK$0.001 each at the price of HK$0.01 per offer share. The net proceeds from the open offer after deducting all related expenses was approximately HK$13,588,000 which was used to provide additional general working capital for the Company and/or for future possible investment opportunities. The open offer was completed on 9 February 2012.

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

33. DEFERRED TAXATION

At the end of the reporting period, the Group had unused tax losses of approximately HK$132,942,000 (2012: HK$116,698,000) available for offset against future profits. No deferred tax asset had been recognised in relation to such tax losses for the years ended 30 April 2013 and 2012 due to the unpredictability of future profit streams. The unrecognised tax losses may be carried forward indefinitely.

At the end of the reporting period, the Group had deductible temporary difference of approximately HK$1,181,000 (2012: HK$1,181,000). No deferred tax asset has been recognised in relation to such deductible temporary differences as it is not probable that taxable profit will be available against which the deductible temporary differences can be utilised.

34. EQUITY-SETTLED SHARE BASED PAYMENT

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

(a) Purpose of the Employee Share Option Scheme

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

(b) Participants of the Employee Share Option Scheme

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

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

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

34. EQUITY-SETTLED SHARE BASED PAYMENT (Continued)

(d) Maximum entitlement of each participant

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

(e) Time of exercise of options

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

(f) Acceptance of option

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

(g) Basis of determining the subscription price

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

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

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

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

(h) Remaining life of the Employee Share Option Scheme

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

34. EQUITY-SETTLED SHARE BASED PAYMENT (Continued)

Movements of the Group's share options held by the Directors and employees of the Group during the two years ended 30 April 2013 and 2012 are as follows:

				Number of share options					
Category of Participant	Date of grant	Exercise price per share HK$	Exercise period	Outstanding at 1 May 2011	Adjusted upon open offer *(Note i)*	Lapsed during the year *(Note ii)*	Outstanding at 30 April 2012	Lapsed during the year *(Note iii)*	Outstanding at 30 April 2013
Directors	11 September 2009	0.5076	11 September 2009 to 10 September 2012	4,000,000	758,000	(3,379,000)	1,379,000	(1,379,000)	–
Employees	11 September 2009	0.5076	11 September 2009 to 10 September 2012	1,000,000	379,000	–	1,379,000	(1,379,000)	–
				5,000,000	1,137,000	(3,379,000)	2,758,000	(2,758,000)	–
Exercisable at the end of the year									–
Weighted average exercise price (HK$)				0.7		0.6215	0.5076	0.5076	Nil

No share option was granted during the year ended 30 April 2013 and 30 April 2012.

Notes:

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

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

(iii) The exercise period of the share options was expired during the year ended 30 April 2013 and the relevant outstanding share options were lapsed.

35. DISPOSAL OF SUBSIDIARIES

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

Consideration received

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

Analysis of assets and liabilities over which control was lost:

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

Gain on disposal of a subsidiary:

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

Net cash inflow arising on disposal of Best Miracle Limited

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

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

35. DISPOSAL OF SUBSIDIARIES (Continued)

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

Consideration received

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

Analysis of assets and liabilities over which control was lost:

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

Gain on disposal of a subsidiary:

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

Net cash inflow arising on disposal of Happy Capital Investment Limited

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

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

36. ACQUISITION OF A SUBSIDIARY

On 1 February 2013, the Group acquired 100% of the issued share capital of Joyful Grace Trading Limited ("Joyful Grace") from Wide Graceful Holdings Limited (the "Vendor") at a consideration of HK$30,001. This acquisition has been accounted for using the purchase method. The gain on bargain purchase arising as a result of the acquisition was approximately HK$31,000. Joyful Grace is engaged in catering business and was acquired so as to continue the expansion of the Group's catering business.

	HK$'000
Consideration satisfied by:	
Cash paid (Note)	30

	Carrying amount HK$'000	Fair value HK$'000
Assets acquired and liabilities recognised at the date of acquisition		
Deposit paid	500	500
Other creditors	(439)	(439)
Current accounts with former shareholder and subsidiaries	(681)	(681)
		(620)
Waiver of loans granted by former shareholders *(Note)*		681
Net assets acquired		61
Gain on bargain purchase		(31)
Consideration paid		**30**
Net cash outflow arising on acquisition:		
Cash consideration paid		(30)
Add: Cash and cash equivalent acquired		–
		(30)

Note: Joyful Grace is indebted to the Vendor for approximately HK$681,000 and the amount is to be settled as a sales loan (the "Sales Loan") to the Group as part of consideration. Pursuant to the sales and purchase agreement dated 1 February 2013, the Vendor has the right, power and authority to assign the Sales Loan to the Group free from any encumbrances and the Vendor has agreed to assign to the Group, and the Group has agreed to accept the assignment of Sales Loan. As agreed by the Vendor and the Group, the Sales Loan shall be settled at HK$1 in cash which form part of the cash consideration at completion date.

Included in the loss for the year is the loss of approximately HK$535,000 attributable to the additional business generated by Joyful Grace. No revenue was generated from Joyful Grace during the year.

Had the acquisition been completed on 1 May 2012, the Group's total revenue for the year would have been approximately HK$37,207,000, and loss for the year would have been approximately HK$25,944,000. The pro forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 May 2012, nor is it intended to be a projection of future results.

37. NON-CASH TRANSACTION

During the year ended 30 April 2012, the Group entered into finance lease arrangements in respect of a motor vehicle with a total capital value at the inception of the lease of HK$193,000.

38. OPERATING LEASE COMMITMENT

The Group as leasee

The Group leases a restaurant, office premises, guest accommodations and staff quarter under operating lease arrangement. Leases are negotiated for terms ranging from two to three years (2012: from two to three years). Rental arrangements were fixed at the inception of the leases.

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

	2013 HK$'000	2012 HK$'000
Within one year	**8,067**	6,109
In the second to fifth years inclusive	**2,233**	7,012
	10,300	13,121

39. CAPITAL COMMITMENTS

At 30 April 2013, the Group had capital commitments in respect of the acquisition of plant and equipment contracted for but not provided in the consolidated financial statements of approximately HK$769,000 (2012: Nil).

40. RELATED PARTY TRANSACTIONS

The Group had related party transactions for the two years ended 30 April 2013 and 2012 as follows:

(a) Key management compensation

The remuneration of the Directors and other key executives during the two years ended 30 April 2013 and 2012 were as follows:

	2013 HK$'000	2012 HK$'000
Short-term employment benefit	**1,976**	2,004
Post employment benefits	**30**	37
	2,006	2,041

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

(b) Included in liabilities classified as held for sale was amount due to a company, with common director of the Company. Details are set out in Note 26 to the consolidated financial statements.

	2013 HK$'000	2012 HK$'000
Other payables	**820**	–

41. PRINCIPAL SUBSIDIARIES

Details of the principal subsidiaries at 30 April 2013 and 2012 are as follows:

Name of subsidiaries	Class of shares held	Place of incorporation/ operations	Paid up issued share capital	Percentage of equity interest attributable to the Group 2013	2012	Principal activities
Hola Far East Limited	Ordinary	Hong Kong	HK$100	**100%**	100%	Trading of electronic products
Magic Charming Investments Limited	Ordinary	British Virgin Islands ("BVI")	US$1	**100%**	100%	Securities investments
Million Spring Limited	Ordinary	BVI	US$1	**100%**	100%	Securities investments
Able Wind Limited	Ordinary	Hong Kong	HK$100	**80%**	80% (Note i)	Catering business
Able Treasure (Hong Kong) Limited	Ordinary	Hong Kong	HK$1	**80%**	80% (Note ii)	Provision of management service
Rich Paragon Limited	Ordinary	BVI	US$1	**100%**	100%	Investment holding
Rich Metropolitan Limited	Ordinary	Hong Kong	HK$1	**100%**	Nil (Note iv)	Provision of management service
Loyal Wealth Enterprise Limited	Ordinary	Hong Kong	HK$1	**100%**	Nil (Note v)	Food business
Megamillion Asia Limited	Ordinary	BVI	US$1	**100%**	100%	Investment
Red Bloom Limited	Ordinary	BVI	US$1	**100%**	100%	Investment holding
Crown Century Investment Limited	Ordinary	BVI	US$1	**100%**	100%	Investment holding

The above table lists the subsidiaries of the Group were indirectly held by the Company and which, in the opinion of the Director, principally affected the results or assets of the Group. To give details of other subsidiaries would, in the opinion of the Directors, result in particulars of excessive length.

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

41. PRINCIPAL SUBSIDIARIES (Continued)

Notes:

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

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

(iii) On 1 February 2013, the Company acquired 1 share, represented 100% equity interests in Joyful Grace from an independent third party for a consideration of HK$30,001. Details of Acquisition are disclosed in Note 36 to the consolidated financial statement.

(iv) Rich Metropolitan Limited was established on 22 November 2012. The registered capital and paid up capital of Rich Metropolitan Limited was HK$1.

(v) Loyal Wealth Enterprise Limited was established on 9 January 2013. The registered capital and paid up capital of Loyal Wealth Enterprise Limited was HK$1.

42. LITIGATION

On 2 April 2013, A.V.C. Property Development Company Limited issued a writ of summons (the "Writ") against Joyful Grace, for the sum of approximately HK$473,000, which comprises the outstanding rental, management fees and overdue interest of the premises located at Shops A, B, C and D on the ground floor of Paul Yee Mansion, Number 340, 342 and 348 Jaffe Road, and Number 1, 3 and 5 Marsh Road, Wanchai, Hong Kong (the "Premises"), mesne profits at the rate of HK$150,000 per month until vacant possession of the Premises; and rates for the Premises until vacant possession of the Premises. The total claim amounted to approximately HK$1,636,000.

In the opinion of the legal adviser of the Group, it is difficult to render any advice at this juncture on the likely outcome of the Writ. The Directors cannot reliably measure the financial impact of the Writ on the Group until the judgment of the Writ is pronounced or handed down.

Save as the aforementioned, so far as the Directors are aware, as at the reporting date, neither the Company nor any of its subsidiaries was engaged in any litigation or claims of material importance and no litigation or claims of material importance was pending or threatened against the Company or any of its subsidiaries.

43. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	Notes	2013 HK$'000	2012 HK$'000
Non-current assets			
Plant and equipment		**2**	13
Investments in subsidiaries		**8**	8
		10	21
Current assets			
Other receivables		**1,639**	–
Derivative financial assets		**355**	–
Amounts due from subsidiaries	(a)	**54,598**	70,992
Bank balances and cash		**212**	383
		56,804	71,375
Current liabilities			
Other payables		**1,370**	341
Other borrowings		**3,800**	–
Amounts due to subsidiaries	(a)	**20,214**	29,335
		25,384	29,676
Net current assets		**31,420**	41,699
Total assets less current liabilities		**31,430**	41,720
Non-current liability			
Convertible bonds		**6,236**	–
Net assets		**25,194**	41,720
Capital and reserves			
Share capital		**4,669**	4,324
Reserves	(b)	**20,525**	37,396
Total equity		**25,194**	41,720

43. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (Continued)

Notes:

(a) The amount due from subsidiaries totaling of approximately HK$2,974,000 (2012: HK$70,992,000) are unsecured, interest-free and have no fixed repayment terms and the amounts due from subsidiaries totaling of approximately HK$51,624,000 (2012: Nil) are unsecured, bear interest at rates ranging from 3% to 10% per annum and have no fixed repayment terms.

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

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

	Share premium HK$'000	Share options reserve HK$'000	Convertible bonds reserve HK$'000	Accumulated losses HK$'000	Total HK$'000
At 1 May 2011	214,289	2,034	–	(28,010)	188,313
Loss and total comprehensive income for the year	–	–	–	(163,063)	(163,063)
Issue of share upon an open offer	12,970	–	–	–	12,970
Transaction costs attributable to open offer	(824)	–	–	–	(824)
Cancellation of share options	–	(1,220)	–	1,220	–
At 30 April 2012	226,435	814	–	(189,853)	37,396
Loss and total comprehensive income for the year	–	–	–	(26,126)	(26,126)
Issue of convertible bonds	–	–	6,364	–	6,364
Transaction costs attributable to Convertible Bonds C	–	–	(290)	–	(290)
Issue of share upon exercise of Convertible Bonds C	5,617	–	(2,436)	–	3,181
Cancellation of share options	–	(814)	–	814	–
At 30 April 2013	**232,052**	**–**	**3,638**	**(215,165)**	**20,525**

44. EVENTS AFTER THE REPORTING PERIOD

(a) As mentioned in Note 23(a) to the consolidated financial statements, on 5 July 2013, Megamillion entered into the agreement with Cheong Tat and the Acceptor for the repayment terms on the Final Judgment. The Acceptor had prepaid amounting to RMB53,850,000 and RMB11,450,000 to its two potential suppliers previously, in which these amounts will be refunded. Pursuant to the agreement, the Acceptor agreed to repay any refund at any time it received the refund from its two potential suppliers as the settlement of the Final Judgment. Up to this report date, no repayment has been received by the Group.

(b) As mentioned in Note 26 to the consolidated financial statements, on 2 July 2013, the Group entered into sale and purchase agreement with Unicorn Wealth for the disposal of the entire equity interests in Welford at the consideration of HK$30,000,000, which included purchase of the shareholder's loan amounting to approximately HK$22,641,000 as at the agreement date. Up to this report date, this disposal has not been completed.

44. EVENTS AFTER THE REPORTING PERIOD (Continued)

(c) On 26 March 2013, the placing agreement was entered into by and between the Company and the placing agent in relation to the placing of the convertible bonds of up to an aggregate amount of HK$240,000,000 on a best-effort basis.

On 8 May 2013, the Company and the placing agent entered into the supplementary placing agreement in relation to the placing in which the Company has conditionally agreed to place and the placing agent has conditionally agreed to procure the placees to subscribe for the convertible bonds in the principal amount of up to HK$256,000,000 at the conversion price of the lowest of HK$0.76 and the highest of HK$0.8 on a best-effort basis.

On 10 May 2013, the Company and the Placing Agent entered into a second supplemental placing agreement whereby the Company and the Placing Agent have agreed to revise the terms of the Convertible Bonds regarding (i) the change of the aggregate principal amount of the Convertible Bonds from up to HK$256,000,000 to up to HK$256,200,000; and (ii) the change in the number of conversion shares from up to a maximum of 320,000,000 new shares to up to a maximum of 320,250,000 new shares of the Company.

On 6 June 2013, the Company and the placing agent entered into a placing termination and funding arranger agreement pursuant to which the placing agreements were terminated forthwith upon the execution of such funding arranger agreement.

(d) As mentioned in Note 18(a) to the consolidated financial statements, the Group entered into a very substantial acquisition involving the subscription of the SPV Convertible Bonds. On 4 June 2013, the Board announced that all the conditions of the CB Subscription Agreement having been fulfilled or waived, as the case may be, the subscription was completed on 4 June 2013. Upon completion, the Subscriber granted a loan in the amount of approximately HK$116 million to the SPV.

(e) On 6 June 2013, the Company entered into a framework agreement with China Merchants Securities (HK) Co., Limited, a company incorporated in Hong Kong with limited liability and Sculptor Finance (MD) Ireland Limited, Sculptor Finance (AS) Ireland Limited and Sculptor Finance (SI) Ireland Limited (the "CB Subscribers"), each with its registered address at Ireland. Pursuant to which the Company will issue convertible bonds in the aggregate principal amount of US$25,000,000 to the CB Subscribers. Assuming full conversion of the convertible bonds at the initial conversion price of HK$0.55 per conversion share, an aggregate of 352,790,908 conversion shares will be allotted and issued. For details, please refer to the announcement of 7 June 2013.

45. COMPARATIVE FIGURES

In order to conform with the current year presentation, certain items in the consolidated income statement for the year ended 30 April 2012 have been reclassified. Adjustment is made to reclassify cost of sales amounting to approximately HK$140,000 to administrative expenses and such reclassification has no impact on the Group's loss for the year ended 30 April 2012.

Details of the restatement are provided as follows:

	Amount original stated HKD'000	**Restatement/ Reclassification** HKD'000	**Amount as restated** HKD'000
Items on consolidated income statement for the year ended 30 April 2012			
Cost of sales	(18,630)	(140)	(18,770)
Administrative expenses	(25,744)	140	(25,604)