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Epicurean and Company, Limited

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

Annual Report 2014/15

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

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

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

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

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Corporate Information

EXECUTIVE DIRECTOR

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

INDEPENDENT NON-EXECUTIVE DIRECTORS

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

COMPANY SECRETARY

Mr. Ho King Yee

COMPLIANCE OFFICER

Mr. Tang Sing Ming Sherman

AUDIT COMMITTEE

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

REMUNERATION COMMITTEE

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

NOMINATION COMMITTEE

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

CORPORATE GOVERNANCE COMMITTEE

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

AUTHORIZED REPRESENTATIVES

Mr. Tang Sing Ming Sherman
Mr. Ho King Yee

LEGAL ADVISERS

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5th Floor, Alexandra House
16-20, Chater Road, Hong Kong

AUDITOR

PKF
Certified Public Accountants
26th Floor, Citicorp Centre
18 Whitfield Road
Causeway Bay, Hong Kong

PRINCIPAL BANKER

The Bank of East Asia Limited

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Butterfield Bank (Cayman) Limited
Butterfield House 68 Fort Street
P.O. Box 705
George Town
Grand Cayman
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Computershare Hong Kong Investor Services Limited
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Hong Kong

REGISTERED OFFICE

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Grand Cayman
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Cayman Islands

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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COMPANY'S WEBSITE ADDRESS

www.eacl.com

GEM STOCK CODE

8213

Chairman's Statement

Dear shareholders,

I am pleased to present to you the annual report of Epicurean and Company, Limited (the "Company") for the year ended 31 March 2015.

Fiscal 2014/2015 is another tough year for Hong Kong retailers. During the year, the industry faced challenges from internal and external fronts. Internally, the growing cross-border tensions and pro-democracy protests have resulted dropping in tourist visiting from China. Externally, the depreciation of foreign currencies have reduced the attractiveness of Hong Kong and therefore, drawing travelers away. Fortunately, our multiple-brand strategy and geographic diversification had helped to hedge away certain business risks arose from these challenges. As at the end of this fiscal year, we operated 73 direct stores and 1 licenced store under 7 core concepts scattered in major Asian cities, including Hong Kong, Shanghai and Taipei. We believe that we are more diverse and resilient than ever.

In fiscal 2014/2015, we grew consolidated revenues to a record $506.0 million, a 22 percent increase over last year. The growth was driven by a rise in store sales and we had a net increase of 8 new stores. However, in terms of profitability, we have underperformed. The bottom line is heavily skewed as a result of the high operating expenses and continuous investments as we built our operating platform for future growth. However, as our facilities and business model start to take shape, we begin to shift our focus to business restructuring and margin improvement. We expect the setback in profit is temporary as we try to balance between business expansion and profitability.

This year, Hong Kong where more than 69% of our stores are located, remained the major revenue contributor. However, competition in our home market has become more and more vigorous. As the competitive leasing landscape, rising prices of raw materials and shortage of labour have become constant challenges to the food and beverage ("F&B") industry, enhancing our operating capability is a core to success. During the year, we tried to improve our efficiency in various fronts. We have tested the lately developed ERP with some of our dining concepts and hope to be apply to the entire group soon. We believe the system will allow us to a better planning and more efficient allocation of resources over the Group. Also, we have further streamlined the production chain to simplify the food preparation and production process in the shop front. We are confident that all these efforts will transform into a better profitability in the future.

Here, I am pleased to report that our development in Mainland China is well underway. During the year under review, we had grown our presence in the Mainland China. We now operate a record of 15 stores in the market. Upcoming, we hope to speed up our pace of development by initiating of success dining concept and rolling out of new stores. Shortly after the reviewing period, we have consummated acquisition of a distribution and food production centre in Shanghai. This strategic acquisition will certainly help to strengthen our production capability and growth potential in Mainland China. Meanwhile, we also are pleased with the progress of development in Taiwan. We expect this region will become positively contributing very soon.

Chairman's Statement

Another business initiative that we have achieved during the fiscal year is the brand licensing and management. We first embarked into this new business adventure with our Japanese curry specialty concept. We are excited about this new business perspective, which we have brought us to a new avenue of growth by directing a more stable income and cash flow into the Group. As at the end of this fiscal year, we had two licensees in Mainland China. We will continue to sharpen our licensing capability and try to replicate to other brand concepts in our portfolio.

In fiscal 2015/2016, we will prudently increase the depth and scope of our reach in face of the challenging business environment and market volatility. We believe that in order to succeed in the highly competitive F&B industry, our competitive advantage should not be only in scale, but also in innovation and quality. In the next fiscal year, we will regularly revamp the menu with new food items to drive customer trial and increase repurchase intent. Upcoming, our efforts will also be focusing on improving dining concepts that have constantly underperformed, and pending the outcome of these efforts, we will evaluate our options with these concepts later this year.

On behalf of the Board, I would like to express my sincere gratitude to all our customers, employees, shareholders and business partners for another year of support, and for your belief in our company.

Tang Sing Ming Sherman
Chairman
Hong Kong, 22 June 2015

Corporate Governance Report

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

The Company has complied with the code provisions ("Code Provisions") set out in the Corporate Governance Code (the "Code") contained in Appendix 15 of the GEM Listing Rules throughout the financial year ended 31 March 2015, except for the deviations from Code Provisions A.2.1 and A.4.2 of the Corporate Governance Code. Details of the deviations are set out in the relevant sections below.

DIRECTORS' SECURITIES TRANSACTIONS

Throughout the financial year ended 31 March 2015, the Company adopted a code of conduct regarding directors' securities transactions on terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Having made specific enquiries of all Directors, the Company confirms that all of the Company's Directors have complied with such required standard of dealings and its code of conduct regarding directors' securities transactions.

THE BOARD

Board of Directors

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

The Company complied at all times during the financial year ended 31 March 2015 with the requirements of the GEM Listing Rules relating to the appointment of at least three independent non-executive directors.

Mr. Bhanusak Asvaintra, one of the independent non-executive Directors possesses the appropriate professional qualifications or accounting or related financial management expertise as required under Rule 5.05(2) of the GEM Listing Rules. All independent non-executive Directors bring their wealth of experience to the Board and serve the important function of advising the management on strategy development to ensure that the Board maintains high standards in financial and other mandatory reporting as well as providing adequate checks for safeguarding the interests of the shareholders and the Company as a whole. Except as otherwise disclosed in this Annual Report, none of the independent non-executive Directors has any business or financial interests with the Group and all independent non-executive Directors confirmed their independence to the Group as at 31 March 2015 in accordance with Rule 5.09 of the GEM Listing Rules.

THE BOARD (cont'd)

Board of Directors (cont'd)

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

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

Executive Director

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

Independent non-executive Directors

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

THE BOARD (cont'd)

Independent non-executive Directors (cont'd)

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

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

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

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

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

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

AUDIT COMMITTEE

The Company had established an Audit Committee with written terms of reference in compliance with Rules 5.28 and 5.29 of the GEM Listing Rules. The Audit Committee comprised three independent non-executive Directors as at 31 March 2015, namely Mr. Bhanusak Asvaintra, Mr. Chan Kam Fai Robert and Mr. Chung Kwok Keung Peter who were appointed on 18 February 2010. The Chairman of the Audit Committee is Mr. Bhanusak Asvaintra, who possesses the appropriate professional qualifications or accounting or related financial management expertise as required under Rule 5.05(2) of the GEM Listing Rules.

AUDIT COMMITTEE (cont'd)

A total of four Audit Committee meetings were held during the financial year ended 31 March 2015 to review and discuss the annual, quarterly and interim results and financial statements of the Group respectively. The adequacy of the Company's policies and procedures regarding financial reporting and internal controls were also discussed. Additional meetings may also be held by the Audit Committee from time to time to discuss special projects or other issues that the Audit Committee considers necessary. The external auditor of the Group may request a meeting with the Audit Committee if they consider necessary.

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

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

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

AUDIT COMMITTEE (cont'd)

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

CORPORATE GOVERNANCE FUNCTION

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

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

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

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

	No. of meetings attended/No. of meetings held					
	Board Meetings	Audit Committee Meetings	Nomination Committee Meetings	Remuneration Committee Meetings	Corporate Governance Committee Meetings	General Meetings
Executive Director						
Mr. Tang Sing Ming Sherman	4/4	N/A	4/4	4/4	4/4	1/1
Independent non-executive Directors						
Mr. Bhanusak Asvaintra	4/4	4/4	4/4	4/4	4/4	1/1
Mr. Chung Kwok Keung Peter	4/4	4/4	4/4	4/4	4/4	1/1
Mr. Chan Kam Fai Robert	4/4	4/4	4/4	4/4	4/4	1/1

CONTINUING PROFESSIONAL DEVELOPMENT

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

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

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

CONTINUING PROFESSIONAL DEVELOPMENT (cont'd)

A summary of training received by the Directors since 1 April 2014 up to 31 March 2015 is as follow:

Board members	Type of training
Executive Director	
Mr. Tang Sing Ming Sherman	reading materials and attending training courses
Independent non-executive Directors	
Mr. Bhanusak Asvaintra	reading materials and attending training courses
Mr. Chan Kam Fai Robert	reading materials
Mr. Chung Kwok Keung Peter	reading materials

REMUNERATION COMMITTEE

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

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

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

REMUNERATION COMMITTEE (cont'd)

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

The Remuneration Committee will meet at least once a year. During the financial year ended 31 March 2015, four meetings were held to review and discuss the remuneration of executive Director and senior management.

NOMINATION COMMITTEE

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

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

- To review the structure, size and composition (including the skills, knowledge and experience required) of the Board at least annually and make recommendations on any proposed changes to the Board to complement the Company's corporate strategy;
- To identify individuals suitably qualified to become Directors and select or make recommendations to the Board in this regard;
- To assess the independence of independent non-executive Directors;
- To ensure that no Director or any of his/her associates is involved in approving his/her or any of his associates' nomination;
- To make recommendations to the Board on the appointment or re-appointment of the Directors and succession planning for Directors, in particular the chairman and chief executive of the Company; and
- To make recommendations to the Board as it deems appropriate on any area within its scope of duties where action or improvement is needed.

NOMINATION COMMITTEE (cont'd)

Board Diversity Policy

Pursuant to the Code, the Board has adopted a board diversity policy in August 2013. The Company recognizes and embraces the benefits of having a diverse Board, and sees increasing diversity at Board level as an essential element in maintaining a competitive advantage. All Board appointments are made on merit and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board.

The Nomination Committee will discuss annually for achieving diversity from a number of aspects, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. The Nomination Committee will review the board diversity policy, as appropriate, to ensure the effectiveness of this policy. The Nomination Committee will discuss any revisions that may be required, and recommend any such revisions to the Board for consideration and approval.

During the year under review, the Nomination Committee reviewed the structure, size, composition and diversity of the Board. It also reviewed the re-election of the Directors by rotation, as well as review of the independency of the independent non-executive Directors.

AUDITOR'S REMUNERATION

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

	Fee amount HK$'000
Audit services	1,294
Audit related services	–
	1,294

FINANCIAL REPORTING

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

The Company's external auditor, without qualifying their opinion, draw the users' attention to note 2(d) to the consolidated financial statements indicating the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern. Please refer to the paragraph headed "Emphasis of Matter" at page 38 of this Annual Report. The Directors, taking into account of the factors setting out in note 2(d) to the consolidated financial statements, are satisfied that the Group will have sufficient financial resources to meet its financial obligations as they fall due in the foreseeable future and consider that it is appropriate for the consolidated financial statements to be prepared on a going concern basis.

INTERNAL CONTROL

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

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

SHAREHOLDERS' RIGHTS

Convening an extraordinary general meeting

Pursuant to article 58 of the Articles of Association of the Company, any one or more shareholders holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the secretary of the Company, to require an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within two months after the deposit of such requisition. If within twenty-one days of such deposit the Board fails to proceed to convene such meeting the requested shareholder(s) ("Requested Shareholders") himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the Requested Shareholders as a result of the failure of the Board shall be reimbursed to the Requested Shareholders by the Company.

Enquires to the Board

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

Putting forward proposals at a general meeting

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

INVESTOR RELATIONS

During the year ended 31 March 2015, there had been no significant change in the Company's constitutional documents.

LOOKING FORWARD

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

Management Discussion and Analysis

INDUSTRY OVERVIEW

In 2014, set against a distinctly mixed global backdrop, world economy performed less than spectacular. In Hong Kong, the economic growth was below expectation and it was also the third consecutive year with a growth rate lower than the annual average percentage over the past decade. Domestic consumption remained the key driver of the economy.

Fiscal 2014/2015 is no doubt, a challenging year for the food and beverage ("F&B") sector. Similar to the previous years, we continued to face difficulties arising from rising operating costs, acute labour shortage and high employee turnover rate. Rentals, another major element in the cost structure recorded a mild fall amid a drop in Chinese tourist numbers. Despite of the cooling down in the leasing market, we still observed keen competition in the F&B sector for good locations at reasonable rate. The Occupy Central Campaign in late September 2014 and the outbreak of waves of protests targeting cross-border parallel-goods traders in early 2015 have put further pressure to the retail sector. Under such operating landscape, disciplined execution to enhance operating efficiency is particularly important for the sector.

Another feature of the F&B industry in Hong Kong is the raising food safety concerns in the public. The outbreak of illegal cooking oil incidents in Hong Kong and Taiwan in 2014 and the increasing frequency of food scandals in the PRC have grown the demand of safe food by our customers. Apart from dining experience, consumers are now looking for trusted brand names. Building and reinforcing positive consumer perceptions have always topped in our agenda, no matter before or after all these incidents. We will continue to strengthen our supply chain to maintain a high standard of food quality and safety.

Stepping into 2015, retail sales have been weak. Potential increase in interest rate in late 2015 as foreseen by the economists has dampen private consumption and driven down retail sales. The strong US dollar and strong Hong Kong dollar due to the peg have made other tourism destinations more attractive relative to Hong Kong. China's slowing economy has further deteriorated Hong Kong's retail sales. With our mass market multiple brand strategy, the negative impact on our business should be less drastic.

BUSINESS REVIEW

During the fiscal year 2014/2015, the Group has continued to apply multi-brand strategy in diverse geographies to drive its business growth. The Group's revenue recorded another year of double digit growth of 22%, to HK$506.0 million. The profitability, however, is below our standards for performance. The net loss for the year amounted to HK$36.9 million which was mainly due to investments on operating infrastructures, new store openings and closing down of some profit-making stores during the year.

Management Discussion and Analysis

After years of rapid business expansion, our dedication during the year was to take a step back, re-evaluate and strengthen different aspects of the business so that we could come out stronger and better prepared going forward. Admittedly, this is a long term promise that requires tremendous efforts, but we believe our persistence will finally pay off.

The revenue growth of the year was mainly driven by increase in number of stores, faster traffic flow and also increased operating efficiency. In Hong Kong, the total store count reached 73 by the end of the fiscal year as we had a net increase of 8 new stores under our core concepts. The store expansion rate was slowed down this year. However, this is our strategy to improve operating capabilities while expanding our business network in a prudent manner under the backdrop of mixed economic outlook.

Given our long-term positive outlook for Mainland China, we opened 4 direct stores across the country in fiscal 2014/2015. During the year, we have strengthened our operational foundation in the region by undergoing acquisition of a logistic and production center in Shanghai. The acquisition was completed soon after the review period. This 1,000 square meters distribution and food production centre is expected to substantially improve the productivity and efficiency of our PRC business arm and help to facilitate our future growth to surrounding areas of Shanghai.

Another important highlight of the year is initiation of our partnership with local experts for licensing our dining concept in the PRC. As of today, we have already been engaged with 2 licencees to operate Japanese curry specialty stores in the PRC. Upcoming, we will continue to refine our licence capability and to recruit new partners.

Our iconic brand, the restaurants, café and cake shops concept is on a track for stable growth. In Hong Kong, instead of rapid network expansion, we put more efforts on brand reinforcement, product innovation and customer relationships. During the year, a new product line, “Cake Petit”, cup cakes composite of tender and moist chiffon cakes outside and creamy custard inside was launched. The new innovation has been warmly accepted by the market. Apart from regularly expansion of menu with new products, we also celebrated with our customers with seasonal specials. For example, “Sakura Sweet Fair”, “Strawberry Sweet Fair”, “Mid-autumn Specials”, Valentine’s Day and White Day Specials. Also, we have started our initial rollout of all-day breakfast at some stores located in commercial districts. Apart from product offerings, connection with customers is another core to the brand. With this in mind, we continue to strengthen our platform in customer relations by leveraging a combination of social and digital media and our online membership system, “Tomato Club Member Zone”. This new platform gives the opportunities to further enhance how we connect with our customers. Beyond Hong Kong, the performance of this concept in Mainland China and Taiwan was below our expectation. We do see room for improvement in various fronts, including our ability in the areas of operation efficiency, cost control and production infrastructure. We believe the enhancement in these capabilities will help to drive profitability going forward.

The Japanese tonkatsu brand continues to be an important source of revenue for the Group, though setbacks were observed mainly attributable to closing down of two stores upon lease expiry. We believe the impact will be temporary as we are working hard to identify new store locations for this brand. In Shanghai, the revenue of the IFC store remained strong. However, sales of the two other stores were softer than we expected mainly due to insufficient flow of traffic in the region they located. We anticipate that the pickup of customer flow in the area takes time, but we remain optimistic about this dining concept in the PRC.

This year, we are proud of the development of our Taiwanese Beef Noodle concept in the region. Not only because had this brand outperformed other concepts in terms of both sales and profitability, but also the fact that it has become a leading brand of Taiwanese dining chain in Hong Kong. In 2015, we will continue to increase the shop number of this concept.

Apart from these 3 iconic brands, sales of other concepts operated by the Group remained stable. Our focus on these brands continues to be brand building, menu management and operation capability enhancement. Again, we are on the course of reviewing the performance of those stores that have consistently underperformed, and solutions will be formulated to tackle with each situation.

FUTURE PROSPECTS

In fiscal 2014/2015, the Group has experienced a challenging year and we foresee that fiscal 2015/2016 will be another hard year for our sector. We will continue to expand and develop prudently and disciplinely by maintaining a balanced approach to allocate our resources between the existing business and the acquisition of new concepts to enhance our value. In light of the tough operating environment and the increasing competition in the F&B industry, we will continue to refine our business model through revamping the dining concepts and portfolio restructuring. In particular, we may also consider realizing brand value by disposal when opportunities arise. We know that all these reforms are not going to be easy, however, we do believe it is an essential move to bring the Company to the next level.

Our PRC business division, though still at a comparatively small scale, will be an important market to power our growth in the future. Upcoming, apart from new store openings, we will grow in this market with a combination of new concepts, menu variety and strong value offers. We believe that our tremendous effort will pay back in the near future.

Management Discussion and Analysis

FINANCIAL REVIEW

Consolidated results of operations

For the year ended 31 March 2015, the Group recorded a total turnover of HK$506.0 million (2014: HK$414.6 million), representing an increase of 22% compared with the previous year.

Net loss attributable to owners of the Company was HK$36.6 million (2014: HK$27.7 million).

Gross profit

The gross profit margin from the operations of the Group was 68% (2014: 67%).

Expenses

Total operating expenses for the operations increased by 24% to HK$372.8 million (2014: HK$301.2 million) due to the fact that the Group operated more stores compared with corresponding period last year and pre-operating expenses were incurred for tapping into new markets during the year.

Financial resources and liquidity

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

As at 31 March 2015, current assets amounted to HK$108.0 million (2014: HK$83.2 million) of which HK$49.6 million (2014: HK$27.8 million) was cash and bank deposits, HK$51.8 million (2014: HK$49.6 million) was debtors, deposits and prepayments. The Group's current liabilities amounted to HK$260.7 million (2014: HK$122.7 million), including creditors, accruals and deposits received in the amount of HK$69.5 million (2014: HK$57.0 million). As at 31 March 2015, the convertible bonds amounted to HK$79.6 million (2014: HK$78.7 million) will be repayable within twelve months, so it was treated as current liabilities in this financial year whereas it was included in non-current liabilities in last financial year.

Current ratio and quick assets ratio as at 31 March 2015 were 0.41 and 0.39 respectively (2014: 0.68 and 0.64 respectively). As the Company incurred net liabilities as at 31 March 2015, there was no debt-to-equity ratio, which is expressed as a ratio of total debts less pledged bank deposit, and cash and bank balances to total equity, to be calculated. As at 31 March 2014, the debt-to-equity ratio was 5.68.

Foreign exchange

The Group received income from sales in the PRC, Taiwan and Japan denominated in Renminbi, Taiwan Dollar and Yen respectively. Fluctuations in exchange rates of Renminbi, Taiwan Dollar and Yen against Hong Kong Dollar could affect the Group's results of operations. During the years ended 31 March 2015 and 31 March 2014, no hedging transactions or other exchange rate arrangements were made.

Charges on the Group's assets

Except for the assets pledged as security for obligations under finance lease at 31 March 2015 as well as pledged bank deposit and assets pledged as security for obligations under finance lease at 31 March 2014, no Group's assets which had been pledged or charged as at 31 March 2015 and 31 March 2014.

Capital commitments

As at 31 March 2015 and 31 March 2014, the Group did not have material capital commitment.

Contingent liabilities

As at 31 March 2015 and 31 March 2014, the Group did not have material contingent liabilities.

Subsequent events

(a) On 13 February 2015, Corehigh Limited ("Purchaser"), a wholly-owned subsidiary of the Company, as purchaser entered into a sale and purchase agreement (the "Agreement") with an independent third party, CMC Holdings Group Limited ("Vendor") as vendor, Ip Chun Bong as Vendor's guarantor and Epicurean Management (Asia) Limited as Purchaser's guarantor, pursuant to which the Purchaser agreed to acquire the entire share capital of Cookie Man China (BVI) Limited ("Cookie Man") and the interest in the outstanding loan owed by Cookie Man to the Vendor calculated up to the completion date of the Agreement, at a total consideration of HK$6 million, subject to adjustments as provided in the Agreement. The transaction was completed on 2 April 2015. Cookie Man is principally engaged in manufacturing and sale of fresh-baked cookies, frozen dough, Chinese and Western bakery products, cakes and related products in China, and carrying on business under a franchise agreement.

(b) On 11 February 2015, a potential purchaser (the "Potential Purchaser"), which is a third party independent of the Company and its connected persons, entered into a sale and purchase agreement (the "Sale and Purchase Agreement") with First Glory Holdings Limited ("First Glory"), pursuant to which the Potential Purchaser conditionally agreed to purchase and First Glory conditionally agreed to sell the entire interest held by First Glory in the Company, representing approximately 74.63% of the total issued share capital of the Company as at 11 February 2015. On 19 May 2015, the Sale and Purchase Agreement was terminated by the parties.

(c) On 11 February 2015, the Company entered into a disposal agreement (the "Disposal Agreement") with Simply Global Investments Limited ("Simply Global"), a company which is wholly-owned by Mr. Tang Sing Ming Sherman ("Mr. Tang"), the executive Director and chairman of the Company, pursuant to which the Company conditionally agreed to (i) sell to Simply Global the entire issued share capital of Marvel Success Limited ("Marvel Success"), which is a wholly-owned subsidiary of the Company; and (ii) assign to Simply Global the outstanding loans owed by Marvel Success to the Company accrued up to the completion date of the Disposal Agreement. On 19 May 2015, the Disposal Agreement was terminated by the parties.

Employees and remuneration policies

As at 31 March 2015, the Group had 1,103 employees in Hong Kong, the PRC, Taiwan and Japan (2014: 1,021). Remuneration is determined by reference to market terms and in accordance with the performance, qualification and experience of each individual employee. Discretionary bonuses, based on each individual's performance, are paid to employees as recognition and in reward of their contributions. Other fringe benefits such as medical subsidy, medical insurance, education/training subsidies and pension fund plans are offered to most employees. Share options are granted at the discretion of the Board under the terms and conditions of the new share option scheme adopted on 20 July 2012 as well as the previous share option scheme adopted on 26 February 2003 (collectively referred to as the "Share Option Schemes").

Directors and Senior Management

EXECUTIVE DIRECTOR

Mr. Tang Sing Ming Sherman, aged 58, is the Chairman of the Board of Directors and the Chief Executive Officer of the Company. Mr. Tang is also an independent non-executive director of i-Cable Communications Limited, a company listed on the Stock Exchange (Stock Code: 1097). He holds a Master degree in Electrical Engineering and a degree of Doctor in Medicine from the University of Southern California, the United States of America. Mr. Tang is a seasoned entrepreneur in the hospitality industry and currently owns a well-established management and consultancy group in Hong Kong which creates and operates a wide variety of food and beverage concepts. He has over 20 years experience in investment and operation of restaurants, cafes and bars.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Bhanusak Asvaintra, aged 70, obtained degrees from University of Pennsylvania and University of Chicago. Mr. Asvaintra held senior executive positions with the Chase Manhattan Bank group in New York, Hong Kong and Singapore in the 1970s. In 1980, Mr. Asvaintra joined the Charoen Pokphand group of companies (the "Pokphand Group") and retired as the Chief Executive Officer of the Pokphand Group in 1998. Mr. Asvaintra is currently an Independent non-Executive Director of Dickson Concepts (International) Limited, a company listed on the Stock Exchange (Stock Code: 113), since he was appointed to the post in September 2004.

Mr. Chung Kwok Keung Peter, aged 60, has over 20 years' experience in manufacturing business. He was a Director of Racing Champions Corporation, the shares of which are listed on the NASDAQ Stock Market in the United States of America, from April 1996 to May 2008. Mr. Chung is currently an operating partner of a private equity business.

Mr. Chan Kam Fai Robert, aged 58, has over 30 years' experience in international advertising agencies and multimedia operations, both in Hong Kong and mainland China. He is currently a director of an outdoor media specialist company.

Directors and Senior Management

SENIOR MANAGEMENT

Ms. Cheung Nga Kuen, aged 52, joined the Group in 2010. She is responsible for the overall operations and store development of Shanghainese cuisine restaurants and Taiwanese beef noodle concept. She also oversees the leasing affairs of the Group. Prior to joining the Group, she has been engaged in corporate development and management for over 10 years in different businesses. Ms. Cheung holds a Master of Business Administration degree and is a graduate member of The Hong Kong Institute of Chartered Secretaries.

Mr. Lam Yiu Chung Billy, aged 46, joined the Group in 2010. He is responsible for the Group's operation of overseas business and development as well as the operation and development of Group's Japanese cuisines. Prior to joining the Group, he has acquired substantial experience in the operation and management of hospitality industry especially in franchise operations and development. Mr. Lam holds a Higher Diploma in Hotel and Catering Management from The Hong Kong Polytechnic.

Mr. Chan Wai Wong, aged 50, joined the Group in 2010. He is the Head of Corporate Affairs Department. He obtained a Bachelor of Commerce degree from the University of New South Wales, Australia and a Master of Business Administration degree from The Chinese University of Hong Kong. Mr. Chan has over 20 years of experience in auditing, consulting, financial management and business development and is responsible for overseeing the corporate development of the Group. Professionally, Mr. Chan is a member of the Hong Kong Institute of Certified Public Accountants and the CPA Australia.

Mr. Ho King Yee, aged 39, joined the Group in 2006. He is the Financial Controller and Company Secretary of the Group. Mr. Ho is responsible for financial management, compliance reporting and company secretarial affairs of the Group. He is a member of the Hong Kong Institute of Certified Public Accountants. He has more than 10 years of auditing and accounting experiences. Prior to joining the Group, he has worked in international certified public accountants firms. Mr. Ho holds a Bachelor of Arts degree in Accountancy from The Hong Kong Polytechnic University.

Directors' Report

The Directors are pleased to present to the shareholders their annual report together with the audited consolidated financial statements for the year ended 31 March 2015.

PRINCIPAL ACTIVITIES

The principal activity of the Company during the year was investment holding and those of the subsidiaries are set out in note 13 to the consolidated financial statements.

RESULTS AND DIVIDEND

The results of the Group for the year ended 31 March 2015 and the state of affairs of the Group as at that date are set out in the consolidated financial statements on pages 39 to 104.

The Directors do not recommend the payment of any dividend in respect of the year ended 31 March 2015.

FINANCIAL SUMMARY

The summary of the results of the Group for each of the five years ended 31 March 2015 and the assets and liabilities of the Group as at 31 March 2011, 2012, 2013, 2014 and 2015 are set out on pages 105 and 106.

PLANT AND EQUIPMENT

The Group purchased and disposed of plant and equipment in the amount of approximately HK$32,978,000 and HK$12,848,000, respectively, during the year ended 31 March 2015. Detailed movements in plant and equipment of the Group are set out in note 12 to the consolidated financial statements.

CONVERTIBLE BONDS

Details of the convertible bonds are set out in note 26 to the consolidated financial statements.

RESERVES

Details of movements in reserves of the Group and the Company during the year are set out in the consolidated statement of changes in equity on page 43 and note 22 to the consolidated financial statements respectively.

DIRECTORS' INTERESTS IN CONTRACTS

Except for the transactions disclosed in note 31 to the consolidated financial statements, no other contracts of significance to which the Company or any of its subsidiaries was a party and in which a Director of the Company had a material interest subsisted at the end of the year or at any time during the year.

CONNECTED TRANSACTIONS

The details of connected transactions during the year under the GEM Listing Rules are set out in note 31 to the consolidated financial statements. These connected transactions fall under the definition of "connected transaction" in Chapter 20 of the GEM Listing Rules and the Company confirmed that it had complied with the disclosure requirements in accordance with Chapter 20 of the GEM Listing Rules.

DIRECTORS AND DIRECTORS' SERVICE CONTRACTS

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

Executive Director:

Mr. Tang Sing Ming Sherman *(Chairman)*

Independent non-executive Directors:

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

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

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

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

DIRECTORS AND DIRECTORS' SERVICE CONTRACTS (cont'd)

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

Each of the independent non-executive Directors has confirmed his independence to the Company pursuant to Rule 5.09 of the GEM Listing Rules as at 31 March 2015 and the Company still considers the independent non-executive Directors to be independent.

DIRECTORS' AND SENIOR MANAGEMENT'S BIOGRAPHIES

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

SHARE OPTIONS

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

Share Option Schemes

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

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

SHARE OPTIONS (cont'd)

Share Option Schemes (cont'd)

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

The maximum entitlement for any one participant (including exercised, cancelled and outstanding options) granted or to be granted in any twelve months period shall not exceed 1% of the total number of shares in issue, provided that options may be issued in excess of such limit if the new grant exceeding 1% of the total number of shares in issue shall have been approved by shareholders of the Company in a general meeting at which the proposed grantee and his associates shall have abstained from voting.

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

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

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

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

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

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

As at 31 March 2015, Share Options to subscribe for an aggregate of 67,500,000 shares (representing approximately 2.9% of the enlarged issued share capital of the Company) have been granted to the directors and employees of the Group.

Detailed movements of share options granted under the Share Option Schemes are set out in note 27 to the consolidated financial statements.

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

As at 31 March 2015, the interests or short positions of the Directors or chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO"), Chapter 571 under the Laws of Hong Kong), which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by directors to be notified to the Company and the Stock Exchange, were as follows:

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

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

Notes:

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

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

   (b) Pursuant to a sale and purchase agreement (the "Sale and Purchase Agreement") dated 11 February 2015 entered into between First Glory and a potential purchaser (the "Potential Purchaser", which is an independent third party), the Potential Purchaser conditionally agreed to purchase and First Glory conditionally agreed to sell the said 1,673,810,083 shares held by First Glory in the Company, subject to the terms and conditions therein.

   The transactions contemplated under the Sale and Purchase Agreement did not materialise. Subsequently on 19 May 2015, First Glory and the Potential Purchaser entered into a termination agreement (the "Termination Agreement") pursuant to which the Sale and Purchase Agreement was duly terminated.

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

3. Based on 2,242,950,000 shares of the Company in issue as at 31 March 2015.

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

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

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

Outstanding options granted according to the Share Option Schemes:

Name	Date of grant	Exercise price per share HK$	Exercisable period	Approximate percentage of the issued share capital (Note 3)	Number of share options outstanding
Mr. Tang (Note 2)	23 December 2011	0.062	From 23 December 2012 to 22 December 2021	0.22%	5,000,000
	23 December 2011	0.062	From 23 December 2013 to 22 December 2021	0.22%	5,000,000
	23 December 2011	0.062	From 23 December 2014 to 22 December 2021	0.22%	5,000,000
	19 April 2013	0.090	From 19 April 2014 to 18 April 2023	0.22%	5,000,000
	19 April 2013	0.090	From 19 April 2015 to 18 April 2023	0.22%	5,000,000
Mr. Bhanusak Asvaintra	13 August 2010	0.138	From 13 August 2011 to 12 August 2020	0.04%	1,000,000
	23 December 2011	0.062	From 23 December 2012 to 22 December 2021	0.02%	500,000
	19 April 2013	0.090	From 19 April 2014 to 18 April 2023	0.02%	500,000

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

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

Name	Date of grant	Exercise price per share HK$	Exercisable period	Approximate percentage of the issued share capital (Note 3)	Number of share options outstanding
Mr. Chan Kam Fai Robert	13 August 2010	0.138	From 13 August 2011 to 12 August 2020	0.04%	1,000,000
	23 December 2011	0.062	From 23 December 2012 to 22 December 2021	0.02%	500,000
	19 April 2013	0.090	From 19 April 2014 to 18 April 2023	0.02%	500,000
Mr. Chung Kwok Keung Peter	13 August 2010	0.138	From 13 August 2011 to 12 August 2020	0.04%	1,000,000
	23 December 2011	0.062	From 23 December 2012 to 22 December 2021	0.02%	500,000
	19 April 2013	0.090	From 19 April 2014 to 18 April 2023	0.02%	500,000
					31,000,000

Notes:

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

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

3. Based on 2,242,950,000 shares of the Company in issue as at 31 March 2015.

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

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

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

Note:

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

(d) Interests in debentures of the Company

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

Notes:

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

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

Save as disclosed herein, as at 31 March 2015, none of the Directors of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were required pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by directors to be notified to the Company and the Stock Exchange.

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

Save as disclosed under the section headed "Directors' interests in the securities of the Company or any associated corporations", so far as is known to the Directors and chief executive of the Company, as at 31 March 2015, no other persons or companies had interests or short positions in the shares and underlying shares of the Company which were required to be disclosed under provisions of Divisions 2 and 3 of Part XV of the SFO or were interested in, directly or indirectly, 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company, except the following:

Name	**Type of interests**	**Number of shares (Long positions ("L")/ Short positions ("S"))**	**Approximate percentage of the issued capital** (Note 4)
HSBC Trustee (Cook Islands) Limited (Note 1)	Interest in corporation	1,673,810,083 (L) 1,673,810,083 (S)	74.63% 74.63%
Glory Sunshine (Note 1)	Interest in corporation	1,673,810,083 (L) 1,673,810,083 (S)	74.63% 74.63%
Eternity Investment Limited (Note 1(b))	Interest in corporation	1,673,810,083 (L)	74.63%
First Glory (Note 1)	Beneficial owner	1,673,810,083 (L) 1,673,810,083 (S)	74.63% 74.63%
Strong Venture (Note 2)	Beneficial owner	1,000,000,000 (L)	44.58%
Ms. Ho (Note 3)	Interest in spouse	2,698,810,083 (L) 1,673,810,083 (S)	120.32% 74.63%

Notes:

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

   (b) Pursuant to the Sale and Purchase Agreement, the Potential Purchaser conditionally agreed to purchase and First Glory conditionally agreed to sell the said 1,673,810,083 shares held by First Glory in the Company, subject to the terms and conditions therein. Eternity Investment Limited indirectly held as to 100% interests in the Potential Purchaser.

   The transactions contemplated under the Sale and Purchase Agreement did not materialise. Subsequently on 19 May 2015, First Glory and the Potential Purchaser entered into the Termination Agreement pursuant to which the Sale and Purchase Agreement was duly terminated.

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

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

4. Based on 2,242,950,000 shares of the Company in issue as at 31 March 2015.

SHARE OPTIONS

As at 31 March 2015, options under Share Option Schemes to subscribe for an aggregate of 67,500,000 shares have been granted to a total of 11 directors and employees of the Group, details as follows:

	Date of grant	Exercisable period	Exercise price per share HK$	Outstanding at 1.4.2014	Lapsed during the year	Outstanding at 31.3.2015
Category 1:						
Directors						
Mr. Tang	23.12.2011	23.12.2012 – 22.12.2021	0.062	5,000,000	–	5,000,000
	23.12.2011	23.12.2013 – 22.12.2021	0.062	5,000,000	–	5,000,000
	23.12.2011	23.12.2014 – 22.12.2021	0.062	5,000,000	–	5,000,000
	19.4.2013	19.4.2014 – 18.4.2023	0.090	5,000,000	–	5,000,000
	19.4.2013	19.4.2015 – 18.4.2023	0.090	5,000,000	–	5,000,000
Mr. Bhanusak Asvaintra	13.8.2010	13.8.2011 – 12.8.2020	0.138	1,000,000	–	1,000,000
	23.12.2011	23.12.2012 – 22.12.2021	0.062	500,000	–	500,000
	19.4.2013	19.4.2014 – 18.4.2023	0.090	500,000	–	500,000
Mr. Chan Kam Fai Robert	13.8.2010	13.8.2011 – 12.8.2020	0.138	1,000,000	–	1,000,000
	23.12.2011	23.12.2012 – 22.12.2021	0.062	500,000	–	500,000
	19.4.2013	19.4.2014 – 18.4.2023	0.090	500,000	–	500,000

	Date of grant	Exercisable period	Exercise price per share HK$	Outstanding at 1.4.2014	Lapsed during the year	Outstanding at 31.3.2015
Mr. Chung Kwok Keung Peter	13.8.2010	13.8.2011 – 12.8.2020	0.138	1,000,000	–	1,000,000
	23.12.2011	23.12.2012 – 22.12.2021	0.062	500,000	–	500,000
	19.4.2013	19.4.2014 – 18.4.2023	0.090	500,000	–	500,000
Category 2: Employees	23.3.2010	23.3.2011 – 22.3.2020	0.210	2,000,000	–	2,000,000
	13.8.2010	13.8.2011 – 12.8.2020	0.138	5,000,000	–	5,000,000
	13.8.2010	13.8.2012 – 12.8.2020	0.138	5,000,000	–	5,000,000
	23.12.2011	23.12.2012 – 22.12.2021	0.062	3,400,000	–	3,400,000
	23.12.2011	23.12.2013 – 22.12.2021	0.062	4,500,000	–	4,500,000
	23.12.2011	23.12.2014 – 22.12.2021	0.062	5,600,000	–	5,600,000
	19.4.2013	19.4.2014 – 18.4.2023	0.090	6,500,000	(1,000,000)	5,500,000
	19.4.2013	19.4.2015 – 18.4.2023	0.090	6,500,000	(1,000,000)	5,500,000
Total of all categories				69,500,000	(2,000,000)	67,500,000

SUFFICIENCY OF PUBLIC FLOAT

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

COMPETING INTERESTS

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

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

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

MAJOR CUSTOMERS AND SUPPLIERS

Sales to the Group's five largest customers accounted for approximately 1.3% of the total sales for the year and sales to the largest customer included therein amounted to approximately 0.5%. Purchase from the Group's five largest suppliers accounted for approximately 20.8% of the total purchase for the year and purchase from the largest supplier included therein amounted to approximately 6.2%.

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

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

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

PRE-EMPTIVE RIGHTS

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

AUDITOR

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

On behalf of the Board

Tang Sing Ming Sherman
Chairman
Hong Kong, 22 June 2015

Independent Auditor's Report

大信梁學濂(香港)會計師事務所

Accountants & business advisers

26/F, Citicorp Centre
18 Whitfield Road
Causeway Bay
Hong Kong

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF EPICUREAN AND COMPANY, LIMITED
(Incorporated in the Cayman Islands with limited liability)

We have audited the consolidated financial statements of Epicurean and Company, Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 39 to 104, which comprise the consolidated statement of financial position as at 31 March 2015, the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

AUDITOR'S RESPONSIBILITY

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

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

AUDITOR'S RESPONSIBILITY (cont'd)

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

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

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the Group's financial position as at 31 March 2015 and of the Group's financial performance and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirement of the Hong Kong Companies Ordinance.

EMPHASIS OF MATTER

Without qualifying our opinion, we draw attention to note 2(d) to the consolidated financial statements which indicates that the Group incurred a net loss of HK$36,912,000 for the year ended 31 March 2015 and as of that date, the Group had net current liabilities and net liabilities of HK$152,627,000 and HK$4,422,000 respectively. These conditions, along with other matters as set forth in note 2(d) to the consolidated financial statements, indicate the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern.

PKF
Certified Public Accountants
Hong Kong, 22 June 2015

Consolidated Statement of Profit or Loss

For the year ended 31 March 2015

	Note	2015 HK$'000	2014 HK$'000
Turnover	4	**505,991**	414,613
Cost of sales		**(159,999)**	(135,411)
Gross profit		**345,992**	279,202
Other income	5	**1,851**	2,522
Impairment loss on plant and equipment	12	**(2,185)**	(1,670)
Operating expenses		**(372,840)**	(301,206)
Operating loss		**(27,182)**	(21,152)
Finance costs	6(a)	**(7,709)**	(6,749)
Loss before income tax	6	**(34,891)**	(27,901)
Income tax expense	8(a)	**(2,021)**	(289)
Loss for the year	9	**(36,912)**	(28,190)
Loss for the year attributable to:–			
Owners of the Company		**(36,643)**	(27,712)
Non-controlling interests		**(269)**	(478)
		(36,912)	(28,190)
Loss per share (HK cents)	11		
– Basic		**(1.63)**	(1.24)
– Diluted		**N/A**	N/A

The notes on pages 39 to 104 form part of these consolidated financial statements.

Consolidated Statement of Comprehensive Income

For the year ended 31 March 2015

	Note	2015 HK$'000	2014 HK$'000
Loss for the year	9	**(36,912)**	(28,190)
Other comprehensive income/(loss):–			
Items that may be subsequently reclassified to profit or loss:–			
Exchange gain/(loss) arising from translation of financial statements of foreign operations		**279**	(291)
Other comprehensive income/(loss) for the year, net of tax		**279**	(291)
Total comprehensive loss for the year		**(36,633)**	(28,481)
Total comprehensive loss for the year attributable to:–			
Owners of the Company		**(36,364)**	(28,003)
Non-controlling interests		**(269)**	(478)
		(36,633)	(28,481)

The notes on pages 39 to 104 form part of these consolidated financial statements.

Consolidated Statement of Financial Position

As at 31 March 2015

	Note	2015 HK$'000	2014 HK$'000
NON-CURRENT ASSETS			
Plant and equipment	12	**56,761**	62,220
Goodwill on consolidation	14	**60,031**	60,031
Other intangible assets	15	**26,468**	27,446
Deferred tax assets	16	**11,235**	9,092
		154,495	158,789
CURRENT ASSETS			
Inventories	17	**6,434**	5,281
Debtors, deposits and prepayments	18	**51,847**	49,586
Income tax recoverable		**120**	467
Pledged bank deposit	29	**–**	614
Cash and cash equivalents	19	**49,628**	27,233
		108,029	83,181
DEDUCT:			
CURRENT LIABILITIES			
Convertible bonds	26	**79,625**	–
Loan from a director	25	**81,700**	44,500
Obligations under finance lease	23	**698**	741
Bank loans, secured	24 & 29	**26,293**	19,788
Creditors, accruals and deposits received	20	**69,500**	56,996
Income tax payable		**2,840**	718
		260,656	122,743
NET CURRENT LIABILITIES		**(152,627)**	(39,562)

Consolidated Statement of Financial Position (cont'd)

As at 31 March 2015

	Note	2015 HK$'000	2014 HK$'000
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,868**	119,227
NON-CURRENT LIABILITIES			
Convertible bonds	26	**–**	78,682
Deferred tax liabilities	16	**2,788**	3,144
Other payables	20	**3,502**	4,653
Obligations under finance lease	23	**–**	698
		6,290	87,177
NET (LIABILITIES)/ASSETS		**(4,422)**	32,050
REPRESENTING:			
EQUITY ATTRIBUTABLE TO OWNER OF THE COMPANY			
Share capital	21	**22,430**	22,430
Reserves	22	**(27,508)**	8,793
		(5,078)	31,223
NON-CONTROLLING INTERESTS		**656**	827
TOTAL EQUITY		**(4,422)**	32,050

The notes on pages 39 to 104 form part of these consolidated financial statements.

Approved and authorized for issue by the Board of Directors on 22 June 2015

Tang Sing Ming Sherman
Director

Bhanusak Asvaintra
Director

Consolidated Statement of Changes in Equity

For the year ended 31 March 2015

	Attributable to owners of the Company										
	Share capital HK$'000	Accumulated losses HK$'000	Share premium HK$'000	Special reserve HK$'000	Exchange reserve HK$'000	Employee share-based compensation reserve HK$'000	Convertible bonds equity reserve HK$'000	Other reserve HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total HK$'000
At 1.4.2013	22,430	(106,724)	135,200	3,801	104	1,289	2,521	–	58,621	1,380	60,001
Acquisition of non-controlling interests	–	–	–	–	–	–	–	(75)	(75)	(75)	(150)
Recognition of equity-settled share-based payment expenses – Note 27	–	–	–	–	–	680	–	–	680	–	680
Share options lapsed	–	149	–	–	–	(149)	–	–	–	–	–
Comprehensive loss											
Loss for the year	–	(27,712)	–	–	–	–	–	–	(27,712)	(478)	(28,190)
Other comprehensive loss:–											
Exchange loss arising from translation of financial statements of foreign operations	–	–	–	–	(291)	–	–	–	(291)	–	(291)
Total comprehensive loss for the year	–	(27,712)	–	–	(291)	–	–	–	(28,003)	(478)	(28,481)
At 31.3.2014 and 1.4.2014	22,430	(134,287)	135,200	3,801	(187)	1,820	2,521	(75)	31,223	827	32,050
Acquisition of non-controlling interests	–	–	–	–	–	–	–	(183)	(183)	98	(85)
Recognition of equity-settled share-based payment expenses – Note 27	–	–	–	–	–	246	–	–	246	–	246
Share options lapsed	–	46	–	–	–	(46)	–	–	–	–	–
Comprehensive loss											
Loss for the year	–	(36,643)	–	–	–	–	–	–	(36,643)	(269)	(36,912)
Other comprehensive income:–											
Exchange gain arising from translation of financial statements of foreign operations	–	–	–	–	279	–	–	–	279	–	279
Total comprehensive loss for the year	–	(36,643)	–	–	279	–	–	–	(36,364)	(269)	(36,633)
At 31.3.2015	**22,430**	**(170,884)**	**135,200**	**3,801**	**92**	**2,020**	**2,521**	**(258)**	**(5,078)**	**656**	**(4,422)**

The notes on pages 39 to 104 form part of these consolidated financial statements.

Consolidated Statement of Cash Flows

For the year ended 31 March 2015

	Note	2015 HK$'000	2014 HK$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before income tax		**(34,891)**	(27,901)
Adjustments for:			
Foreign exchange loss		**798**	352
Interest income		**(3)**	(7)
Interest income from other financial assets		**–**	(439)
Interest on secured bank loans, repayable within five years		**726**	689
Interest expense on convertible bonds		**1,600**	1,600
Imputed interest expense on convertible bonds		**943**	913
Finance charges on obligations under finance lease		**37**	4
Depreciation of plant and equipment		**35,025**	24,810
Gain on disposal of plant and equipment		**(769)**	(290)
Amortization of other intangible assets		**1,476**	984
Equity-settled share-based payment expenses		**246**	680
Bad debts written off		**–**	160
Impairment loss on plant and equipment		**2,185**	1,670
Operating profit before working capital changes		**7,373**	3,225
Increase in inventories		**(1,153)**	(886)
Increase in debtors, deposits and prepayments		**(2,261)**	(12,459)
Increase in creditors, accruals and deposits received		**7,168**	9,153
Cash generated from/(used in) operations		**11,127**	(967)
Income tax paid		**(2,031)**	(6,278)
Interest received		**3**	7
Interest received from other financial assets		**–**	546
Interests paid on bank loans, repayable within five years		**(686)**	(628)
Interest paid on convertible bonds		**(802)**	(1,205)
Finance charges on obligations under finance lease		**(37)**	(4)
NET CASH FROM/(USED IN) OPERATING ACTIVITIES		**7,574**	(8,529)

Consolidated Statement of Cash Flows (cont'd)

For the year ended 31 March 2015

	Note	2015 HK$'000	2014 HK$'000
CASH FLOWS FROM INVESTING ACTIVITIES			
Repayment from other financial assets		**–**	15,550
Payment for purchase of plant and equipment		**(27,682)**	(42,722)
Decrease/(increase) in pledged bank deposit		**614**	(1)
Sales proceeds from disposal of plant and equipment		**–**	470
Payment for acquisition of other intangible assets		**(522)**	(2,472)
Payment for acquisition of additional non-controlling interests		**(85)**	(150)
NET CASH USED IN INVESTING ACTIVITIES		**(27,675)**	(29,325)
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase in loan from a director		**37,200**	34,500
Capital element of finance lease rentals paid		**(741)**	(61)
Repayments of secured bank loans		**(64,477)**	(5,671)
Proceeds from new secured bank loans		**70,982**	4,000
Decrease in amount due to a related company		**–**	(1,289)
NET CASH FROM FINANCING ACTIVITIES		**42,964**	31,479
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**22,863**	(6,375)
CASH AND CASH EQUIVALENTS AS AT THE BEGINNING OF THE YEAR		**27,233**	34,012
EFFECT OF EXCHANGE RATES CHANGES		**(468)**	(404)
CASH AND CASH EQUIVALENTS AS AT THE END OF THE YEAR	19	**49,628**	27,233

The notes on pages 39 to 104 form part of these consolidated financial statements.

1. GENERAL INFORMATION

Epicurean and Company, Limited (the "Company") was incorporated in the Cayman Islands on 13 November 2001 as an exempted company with limited liability under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The principal place of its business is 8/F., Pedder Building, 12 Pedder Street, Central, Hong Kong. The Company and its subsidiaries (collectively referred to as the "Group") is engaged in the provision of food and beverage services.

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

2. BASIS OF PREPARATION

(a) Compliance with Hong Kong Financial Reporting Standards

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

(b) Initial application of HKFRSs

In the current year, the Group initially applied the following new and revised standards, amendments and interpretations ("new HKFRSs") issued by the HKICPA, which are effective for the Group's financial year beginning on 1 April 2014:–

HK(IFRIC) – Int 21	Levies
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities
Amendments to HKAS 36	Recoverable amount disclosures for non-financial assets
Amendments to HKAS 39	Novation of Derivatives and Continuation of Hedge Accounting
Amendments to HKFRS 10	Investments Entities
Annual improvements (2010 – 2012)	Amendments to HKAS 2 and HKFRS 3

The initial application of these new HKFRSs have no significant impact in the current year financial information and did not necessitate retrospective adjustments of the comparatives presented in the consolidated financial statements.

2. BASIS OF PREPARATION (cont'd)

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

The following Hong Kong Financial Reporting Standards in issue at 31 March 2015 have not been applied in the preparation of the Group's consolidated financial statements for the year then ended since they were not yet effective for the annual period beginning on 1 April 2014:–

HKFRS 9 (2014)	Financial instruments[1]
HKFRS 14	Regulatory Deferral Amounts[3]
HKFRS 15	Revenue from contracts with customers[2]
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment entities: Applying the consolidation exception[3]
Amendments to HKFRS 10 and HKAS 28	Sale or contribution of assets between an investor and its associate or joint venture[3]
Amendments to HKFRS 11	Accounting for acquisitions of interests in joint operations[3]
Amendments to HKAS 1	Disclosure initiative[3]
Amendments to HKAS 16 and HKAS 38	Clarification of acceptable methods of depreciation and amortization[3]
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer plants[3]
Amendments to HKAS 19	Defined benefit plans: Employee contributions[4]
Amendments to HKAS 27	Equity method in separate financial statements[3]
Amendments to HKFRSs	Annual improvements to HKFRSs 2010–2012 cycle[4]
Amendments to HKFRSs	Annual improvements to HKFRSs 2011–2013 cycle[4]
Amendments to HKFRSs	Annual improvements to HKFRSs 2012–2014 cycle[3]

1 Effective for annual periods beginning on or after 1 April 2018.
2 Effective for annual periods beginning on or after 1 April 2017.
3 Effective for annual periods beginning on or after 1 April 2016.
4 Effective for annual periods beginning on or after 1 April 2015.

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

2. BASIS OF PREPARATION (cont'd)

(d) Adoption of the going concern basis

When preparing the consolidated financial statements, the Group's ability to continue as a going concern has been assessed. These consolidated financial statements have been prepared by the Directors on going concern basis notwithstanding that the Group incurred a loss of HK$36,912,000 for the year ended 31 March 2015 and as of that date, the Group had net current liabilities and net liabilities of HK$152,627,000 and HK$4,422,000 respectively as the Directors considered that:–

(1) Mr. Tang Sing Ming Sherman ("Mr. Tang"), who, as at 31 March 2015, provided a loan to the Group of HK$81,700,000 and is the sole beneficial owner of Strong Venture Limited ("Strong Venture") which held all the convertible bonds issued by the Company in the aggregate principal amount of HK$80,000,000, will provide continuing financial support to the Group. Mr. Tang is the executive director of the Company and one of the beneficiaries of a family trust which holds 74.63% interest in the Company; and

(2) The Group had unutilized banking facilities of HK$18,707,000 as at 31 March 2015. Given the Group maintained strong business relationship with its bankers and based on the past experiences, the Directors considered that the Group is able to renew when the facilities expire.

After taking into consideration of above factors, the Directors are satisfied that the Group will have sufficient financial resources to meet its financial obligations as they fall due in the foreseeable future and consider that it is appropriate for the consolidated financial statements to be prepared on a going concern basis.

3. SIGNIFICANT ACCOUNTING POLICIES

(a) Measurement basis

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

(b) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries controlled by the Company.

Subsidiaries are all entities controlled by the Group. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. When assessing whether the Group has power, only substantive rights (held by the Group and other parties) are considered.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(b) Basis of consolidation (cont'd)

An investment in a subsidiary is consolidated into the consolidated financial statements from the date that control commences until the date that control ceases. Intra-group balances, transactions and cash flows and any unrealized profits arising from intra-group transactions are eliminated in full in preparing the consolidated financial statements. Unrealized losses resulting from intra-group transactions are eliminated in the same way as unrealized gains but only to the extent that there is no evidence of impairment.

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

When the Group loses control of a subsidiary, it is accounted for as a disposal of the entire interest in that subsidiary, with a resulting gain or loss being recognized in profit or loss. Any interest retained in that former subsidiary at the date when control is lost is recognized at fair value and this amount is regarded as the fair value on initial recognition of a financial asset or, when appropriate, the cost on initial recognition of an investment in an associate or joint venture.

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

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

Non-controlling interests represent the equity in a subsidiary not attributable directly or indirectly to the company, and in respect of which the Group has not agreed any additional terms with the holders of those interests which would result in the Group as a whole having a contractual obligation in respect of those interests that meets the definition of a financial liability. For each business combination, the Group can elect to measure any non-controlling interests either at fair value or at the non-controlling interests' proportionate share of the subsidiary's net identifiable assets.

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

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(c) Business combination and goodwill

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

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

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

Any contingent consideration to be transferred by the acquirer is recognized at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability is recognized in accordance with HKFRS 13 either in profit or loss or as a change to other comprehensive income. If the contingent consideration is classified as equity, it shall not be remeasured until it is finally settled within equity.

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

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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

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

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

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

(d) Revenue recognition

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

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

Franchise fee income is recognized at the time when the initial services are rendered.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(e) Plant and equipment

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

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

Furniture, fixtures and equipment	10% to 50% or over the lease term whichever is shorter
Leasehold improvement	10% to 33.33% or over the lease term whichever is shorter
Motor vehicles	20% to 33.33%

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

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

(f) Intangible assets (Other than goodwill)

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

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

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

Trade mark acquired	5 to 20 years
Franchise rights acquired	5 to 20 years
Brand name	10 to 15 years

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(g) Interests in subsidiaries

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

(h) Investments

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

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

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

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

(ii) Loans and receivables

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

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(h) Investments (cont'd)

(iii) Held-to-maturity investments

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

(iv) Available-for-sale financial assets

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(h) Investments (cont'd)

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

(i) Derivative financial instruments

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

(j) Financial guarantees issued, provisions and contingent liabilities

(i) Financial guarantees issued

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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

(i) Financial guarantees issued (cont'd)

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

(ii) Contingent liabilities assumed in business combinations

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

(iii) Other provisions and contingent liabilities

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(k) Borrowings and payables

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

(l) Convertible bonds that contain an equity component

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(m) Employee benefits

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

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

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

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

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

(n) Impairment of assets

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

(o) Borrowing costs

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

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(o) Borrowing costs (cont'd)

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

(p) Inventories

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

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

(q) Income tax

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(r) Cash and cash equivalents

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

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

(s) Leases

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

(i) Classification of assets leased to the Group

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

(ii) Assets acquired under finance leases

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

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(s) Leases (cont'd)

(iii) Operating lease charges

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

(t) Related parties

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

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

(u) Foreign currency translation

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

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(u) Foreign currency translation (cont'd)

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

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

(v) Segment reporting

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(v) Segment reporting (cont'd)

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

The Group has only one business segment for current year.

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

(i) Non-current assets held for sale

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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

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

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

(ii) Discontinued operations

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

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(x) Critical accounting estimate and judgements

Key sources of estimation uncertainty

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

(i) Estimated useful lives of tangible and intangible assets

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

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

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

(iii) Deferred tax assets

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

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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

Key sources of estimation uncertainty (cont'd)

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

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

(v) Fair values of share options granted

The Group appointed an independent professional valuer to assess the fair values of the share options granted. In determining the fair values, the valuer has utilized a method of valuation which involves certain estimates. The directors have exercised their judgements and are satisfied that the method of valuation is reflective of the current market conditions. Any change in estimates may affect the fair values of the share options granted significantly.

(vi) Going concern

Management makes an assessment of the Group's ability to continue as a going concern when preparing the consolidated financial statements. As disclosed in Note 2(d), the validity of the going concern assumptions depends upon the continuing financial support from Mr. Tang Sing Ming Sherman, who is the sole beneficial owner of Strong Venture which held all the convertible bonds issued by the Company, the executive director of the Company and one of the beneficiaries of a family trust which holds 74.63% interest in the Company and those unutilized banking facilities of the Group.

Should the Group be unable to continue in business as a going concern, adjustments would have to be made to restate the value of assets to their recoverable amounts, to reclassify non-current assets and non-current liabilities as current assets and current liabilities respectively and to provide for any further liabilities which might arise.

4. TURNOVER

Turnover represents revenue recognized in respect of provision of food and beverage services, net of discounts and business tax, during the year. An analysis of the turnover recorded for the year is set out below:–

	2015	2014
	HK$'000	HK$'000
Provision of food and beverage services and others	**505,991**	414,613

5. OTHER INCOME

	2015	2014
	HK$'000	HK$'000
Interest income from other financial assets	**–**	439
Interest income	**3**	7
Service fee income	**1,410**	1,208
Franchise income	**51**	–
Miscellaneous items	**387**	868
	1,851	2,522

6. LOSS BEFORE INCOME TAX

	2015 HK$'000	2014 HK$'000
Loss before income tax is arrived at after charging/(crediting):		
(a) Finance costs:–		
Interest expenses on secured bank loans, repayable within five years	**726**	689
Interest expense on convertible bonds	**1,600**	1,600
Imputed interest expense on convertible bonds – Note 26	**943**	913
Finance charge on obligations under finance lease	**37**	4
Other bank charges	**4,403**	3,543
	7,709	6,749
(b) Other items:–		
Amortization of other intangible assets	**1,476**	984
Bad debts written off	**–**	160
Depreciation	**35,025**	24,810
Auditor's remuneration	**1,294**	1,195
Exchange loss	**798**	352
Operating lease rentals for properties	**103,551**	82,172
Directors' remuneration – Note 7(a)	**602**	794
Other staff salaries and benefits	**145,727**	119,838
Retirement scheme contributions	**6,600**	4,545
Equity-settled share-based payment expenses	**130**	372
Other staff costs	**152,457**	124,755
Cost of inventories sold	**159,999**	135,411
Gain on disposal of plant and equipment	**(769)**	(290)

7. DIRECTORS' REMUNERATION AND EMPLOYEES' EMOLUMENTS

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

	Fees HK$'000	Basic salaries, allowances and other benefits HK$'000	Retirement scheme contributions HK$'000	Equity-settled share-based payment expenses HK$'000	Total HK$'000
2014					
Executive Director:					
Mr. Tang	–	120	6	272	398
Independent non-executive Directors:					
Mr. Bhanusak Asvaintra	120	–	–	12	132
Mr. Chan Kam Fai Robert	120	–	–	12	132
Mr. Chung Kwok Keung Peter	120	–	–	12	132
	360	–	–	36	396
	360	120	6	308	794

No Directors waived any emoluments during the year.

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

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

	Fees HK$'000	Basic salaries, allowances and other benefits HK$'000	Retirement scheme contributions HK$'000	Equity-settled share-based payment expenses HK$'000	Total HK$'000
2015					
Executive Director:					
Mr. Tang	–	120	6	113	239
Independent non-executive Directors:					
Mr. Bhanusak Asvaintra	120	–	–	1	121
Mr. Chan Kam Fai Robert	120	–	–	1	121
Mr. Chung Kwok Keung Peter	120	–	–	1	121
	360	**–**	**–**	**3**	**363**
	360	**120**	**6**	**116**	**602**

No directors waived any emoluments during the year.

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

(b) Five highest paid individuals

The remuneration of employees who were not Directors during the year and who were amongst the five (2014: five) highest paid individuals of the Group were as follows:–

	2015 HK$'000	2014 HK$'000
Basic salaries, allowances and benefits in kind	**4,071**	3,871
Equity-settled share-based payment expenses	**106**	219
Retirement scheme contributions	**90**	75
	4,267	4,165

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

	2015	2014
Nil – HK$1,000,000	**5**	5

8. INCOME TAX EXPENSE

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

	2015 HK$'000	2014 HK$'000
Current tax	**4,500**	3,963
Deferred tax – Note 16	**(2,479)**	(3,674)
Income tax expense	**2,021**	289

8. INCOME TAX EXPENSE (cont'd)

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

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

(ii) The Company's subsidiaries incorporated/established in Hong Kong, the People's Republic of China ("PRC"), Taiwan and Japan are subject to Hong Kong Profits Tax, PRC Enterprise Income Tax, Taiwan Profit-Seeking-Enterprise Income Tax and Japan Corporate Income Tax at the rates of 16.5%, 25%, 17% and 15% respectively (2014: Hong Kong – 16.5%, PRC – 25%, Taiwan – 17% and Japan – 15% respectively).

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

	2015 **HK$'000**	2014 HK$'000
Loss before income tax	**(34,891)**	(27,901)
Tax effect at the Hong Kong profits tax rate of 16.5% (2014: 16.5%)	**(5,757)**	(4,604)
Tax rates differential	**1,483**	1,031
Tax effect of income that is not taxable	**(21)**	(215)
Tax effect of expenses that are not deductible	**1,236**	2,456
Tax effect of unused tax losses not recognized	**5,261**	1,742
Tax refund	**(181)**	(121)
Income tax expense	**2,021**	289

8. INCOME TAX EXPENSE (cont'd)

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

(i) The unutilized tax losses accumulated in the Hong Kong subsidiaries of the Company amounted to approximately HK$29,508,000 (2014: approximately HK$10,309,000) can be carried forward indefinitely. The unutilized tax losses accumulated in PRC subsidiaries amounted to approximately HK$6,728,000 (2014: HK$Nil) can be carried forward for five years. The unutilized tax losses accumulated in Japan subsidiaries amounted to approximately HK$4,935,000 (2014: HK$2,191,000) can be carried forward for seven years. Deductible temporary differences have not been recognized owing to the absence of objective evidence in respect of the availability of sufficient taxable profits that are expected to arise to offset against the deductible temporary differences.

(ii) Pursuant to the Corporate Income Tax Law of the PRC and its implementation rules, the gross amount of dividends received by the Company's subsidiary incorporated in Hong Kong from its PRC subsidiaries in respect of their profits generated since 1 January 2008 is subject to withholding tax at a rate of 5%. Under the Caishui (2008) No. 1, the undistributed profits of the PRC subsidiaries as at 31 December 2007 determined based on the relevant PRC tax rules and regulations are exempted from withholding tax. Since the Group can control the quantum and timing of distribution of profits of the Group's subsidiaries in the PRC, no deferred tax liability was provided as no profit is expected to be distributed by the PRC subsidiaries in the foreseeable future. As at 31 March 2015, the undistributed profits of the PRC subsidiaries amounted to approximately HK$1,709,000 (2014: approximately HK$1,670,000). The corresponding unrecognized deferred tax liabilities were amounted to approximately HK$85,450 (2014: approximately HK$83,500).

9. LOSS ATTRIBUTABLE TO OWNERS OF THE COMPANY

Loss attributable to owners of the Company includes a loss of approximately HK$46,385,000 (2014: approximately HK$4,637,000) which has been dealt with in the financial statements of the Company.

10. DIVIDEND

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

11. LOSS PER SHARE

The calculation of basic loss per share is based on the loss attributable to owners of the Company of HK$36,643,000 (2014: HK$27,712,000) and the weighted average number of ordinary shares of 2,242,950,000 (2014: 2,242,950,000 ordinary shares) in issue during the year ended 31 March 2015.

Diluted loss per share has not been disclosed as no dilutive potential equity shares in existence as at 31 March 2014 and 2015.

12. PLANT AND EQUIPMENT

	Leasehold improvement HK$'000	Furniture, fixtures and equipment HK$'000	Motor vehicles HK$'000	Total HK$'000
Cost:				
At 1.4.2013	40,094	28,612	955	69,661
Exchange adjustment	40	89	–	129
Additions	30,040	18,547	–	48,587
Disposals	(1,010)	(1,232)	–	(2,242)
At 31.3.2014	69,164	46,016	955	116,135
Accumulated depreciation:				
At 1.4.2013	14,767	9,568	258	24,593
Exchange adjustment	81	47	1	129
Charge for the year	15,607	9,009	194	24,810
Written back on disposals	(893)	(1,169)	–	(2,062)
At 31.3.2014	29,562	17,455	453	47,470
Impairment loss:				
At 1.4.2013	3,004	1,771	–	4,775
Charge for the year	732	938	–	1,670
At 31.3.2014	3,736	2,709	–	6,445
Net book value:				
At 31.3.2014	35,866	25,852	502	62,220
Cost:				
At 1.4.2014	69,164	46,016	955	116,135
Exchange adjustment	6	18	–	24
Additions	17,376	15,602	–	32,978
Disposals	(7,945)	(4,903)	–	(12,848)
At 31.3.2015	**78,601**	**56,733**	**955**	**136,289**
Accumulated depreciation:				
At 1.4.2014	29,562	17,455	453	47,470
Exchange adjustment	7	64	–	71
Charge for the year	22,326	12,512	187	35,025
Written back on disposals	(4,897)	(3,375)	–	(8,272)
At 31.3.2015	**46,998**	**26,656**	**640**	**74,294**
Impairment loss:				
At 1.4.2014	3,736	2,709	–	6,445
Charge for the year	782	1,403	–	2,185
Written back on disposals	(2,036)	(1,360)	–	(3,396)
At 31.3.2015	**2,482**	**2,752**	**–**	**5,234**
Net book value:				
At 31.3.2015	**29,121**	**27,325**	**315**	**56,761**

12. PLANT AND EQUIPMENT (cont'd)

At 31 March 2015, the carrying amount of plant and equipment held under finance lease was approximately HK$680,000 (2014: approximately HK$1,184,000).

The directors considered that there was an indication of impairment for plant and equipment as the Group's certain operation result was worse than expected. As a result, a full impairment loss of HK$2,185,000 (2014: HK$1,670,000) was made for the year ended 31 March 2015.

13. INTERESTS IN SUBSIDIARIES

	2015 **HK$'000**	2014 HK$'000
Unlisted shares – Note 13(a)	**–**	–
Amounts due from subsidiaries – Note 13(c)	**139,846**	142,650
	139,846	142,650
Less: Impairment loss on amounts due from subsidiaries	**(41,759)**	–
	98,087	142,650

(a) The carrying value of the Company's interests in the subsidiaries as at 31 March 2015 is determined by the Directors on the basis of the underlying assets of the subsidiaries at the time they were acquired by the Company pursuant to the reorganization which took place on 6 December 2001.

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

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

13. INTERESTS IN SUBSIDIARIES (cont'd)

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

Name of company	Place of incorporation/ establishment	Attributable equity interest % Direct	Indirect	Issued/ registered capital	Principal activities
意紅(上海)餐飲管理有限公司	PRC	–	100	RMB6,500,000	Provision of food and beverage services
意紅(上海)食品有限公司	PRC	–	100	RMB1,800,000	Provision of food and beverage services
大利紅(深圳)餐飲管理有限公司	PRC	–	100	RMB3,000,000	Provision of food and beverage services
Ginza Bairin (Greater China) Holdings Limited	Hong Kong	–	100	HK$2,000,000	Franchise and investment holding
Seton Limited	Hong Kong	–	100	HK$500,000	Provision of food and beverage services
Albright Limited	Hong Kong	–	100	HK$500,000	Provision of food and beverage services
Everblooming Limited	Hong Kong	–	100	HK$1	Provision of food and beverage services
銀林(上海)餐飲有限公司	PRC	–	100	US$1,000,000	Provision of food and beverage services
Qualifresh Catering Limited	Hong Kong	–	70	HK$3,350,000	Provision of food and processing solution and catering services
Origin Limited	Hong Kong	–	100	HK$100	Provision of food and beverage services
Broadwill Limited	Hong Kong	–	100	HK$1	Provision of food and beverage services
Broadease Limited	Hong Kong	–	100	HK$1	Provision of food and beverage services
Broadone Limited	Hong Kong	–	100	HK$1	Provision of food and beverage services

13. INTERESTS IN SUBSIDIARIES (cont'd)

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

Name of company	Place of incorporation/ establishment	Attributable equity interest %		Issued/ registered capital	Principal activities
		Direct	Indirect		
Shirokuma (TM) Limited	Hong Kong	–	98	HK$1	Provision of food and beverage services
Shirokuma (TY) Limited	Hong Kong	–	98	HK$1	Provision of food and beverage services
Shirokuma (STC) Limited	Hong Kong	–	98	HK$1	Provision of food and beverage services
Shirokuma (YTW) Limited	Hong Kong	–	98	HK$1	Provision of food and beverage services
Shirokuma (TF) Limited	Hong Kong	–	98	HK$1	Provision of food and beverage services
白熊(上海)餐飲管理有限公司	PRC	–	98	US$1,000,000	Provision of food and beverage services
Xiao Wang (CL) Limited	Hong Kong	–	100	HK$1	Provision of food and beverage services
Xiao Wang (HW) Limited	Hong Kong	–	100	HK$1	Provision of food and beverage services
Xiao Wang (TF) Limited	Hong Kong	–	100	HK$1	Provision of food and beverage services
Xiao Wang (WTC) Limited	Hong Kong	–	100	HK$1	Provision of food and beverage services
Xiao Wang (TWP) Limited	Hong Kong	–	100	HK$1	Provision of food and beverage services
Enmaru (CWB) Limited	Hong Kong	–	90	HK$1	Provision of food and beverage services

13. INTERESTS IN SUBSIDIARIES (cont'd)

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

Name of company	Place of incorporation/ establishment	Attributable equity interest % Direct	Attributable equity interest % Indirect	Issued/ registered capital	Principal activities
炎丸(上海)餐飲管理有限公司	PRC	–	100	US$700,000	Provision of food and beverage services
香港商大利紅有限公司台灣分公司	Taiwan	–	100	TWD1,000,000	Provision of food and beverage services

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

14. GOODWILL ON CONSOLIDATION

	2015 HK$'000	2014 HK$'000
Cost:		
At the beginning and end of the year	**60,031**	60,031
Impairment:		
At the beginning of the year	**–**	–
Charge for the year	**–**	–
At the end of the year	**–**	–
Carrying amount:		
At the end of the year	**60,031**	60,031

14. GOODWILL ON CONSOLIDATION (cont'd)

Impairment tests for cash-generating units ("CGU") contain the measurement of goodwill. Goodwill is allocated to the Group's CGU identified according to the following operations:–

	2015 **HK$'000**	2014 HK$'000
Japanese restaurants, café and cake shops	**56,823**	56,823
Shanghainese dining restaurants	**2,141**	2,141
Food processing solutions and catering services	**1,067**	1,067
	60,031	60,031

The recoverable amount of the CGU is determined based on value-in-use calculations. These calculations use cash flow projections based on financial budgets approved by the management covering a five-year period. Cash flows beyond the five-year period are extrapolated. The cash flows are discounted using pre-tax discount rates ranging from 13.11% to 21.23% (2014: 18.36%).

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

– *Budgeted turnover*

The basis used to determine the budgeted turnover is the expected growth rate of the market based on past history and experience.

– *Budgeted gross margins*

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

– *Business environment*

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

Management determines that no impairment on goodwill based on a value in use is considered necessary. Management believes that any reasonably possible change in any of these assumptions would not cause the aggregate carrying amount of units to exceed its aggregate recoverable amount.

15. OTHER INTANGIBLE ASSETS

	Trademark HK$'000	Franchise rights HK$'000	Brand name HK$'000	Total HK$'000
Cost:				
At 1.4.2013	244	23,022	3,636	26,902
Additions	813	1,659	–	2,472
Disposals	–	(154)	–	(154)
At 31.3.2014	1,057	24,527	3,636	29,220
Accumulated amortization:				
At 1.4.2013	–	437	507	944
Charge for the year	42	583	359	984
Written back on disposals	–	(154)	–	(154)
At 31.3.2014	42	866	866	1,774
Net book value:				
At 31.3.2014	1,015	23,661	2,770	27,446
Cost:				
At 1.4.2014	1,057	24,527	3,636	29,220
Additions	189	333	–	522
Exchange adjustment	–	(24)	–	(24)
At 31.3.2015	**1,246**	**24,836**	**3,636**	**29,718**
Accumulated amortization:				
At 1.4.2014	42	866	866	1,774
Charge for the year	118	987	371	1,476
At 31.3.2015	**160**	**1,853**	**1,237**	**3,250**
Net book value:				
At 31.3.2015	**1,086**	**22,983**	**2,399**	**26,468**

16. DEFERRED TAX

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

	Tax losses HK$'000	(Decelerated)/ accelerated depreciation allowances HK$'000	Brand name HK$'000	Total HK$'000
At 1.4.2013	(4,370)	1,536	560	(2,274)
Credit for the year – Note 8(a)	(2,062)	(1,566)	(46)	(3,674)
At 31.3.2014 and 1.4.2014	(6,432)	(30)	514	(5,948)
Credit for the year – Note 8(a)	(817)	(1,617)	(45)	(2,479)
Exchange adjustments	(20)	–	–	(20)
At 31.3.2015	**(7,269)**	**(1,647)**	**469**	**(8,447)**

Represented by:–

	2015 HK$'000	2014 HK$'000
Deferred tax liabilities	**2,788**	3,144
Deferred tax assets	**(11,235)**	(9,092)
	(8,447)	(5,948)

17. INVENTORIES

	2015 HK$'000	2014 HK$'000
Raw materials	**4,877**	4,370
Work in progress	**150**	118
Finished goods	**1,407**	793
	6,434	5,281

18. DEBTORS, DEPOSITS AND PREPAYMENTS

Debtors, deposits and prepayments comprise:–

	2015 HK$'000	2014 HK$'000
Trade debtors	**8,469**	8,134
Rental and utility deposits	**38,631**	36,493
Prepayments	**4,156**	4,604
Other debtors	**591**	355
	51,847	49,586

(a) Aging analysis

The trading terms with the Group's customers are mainly on cash and credit card settlements, except for well established corporate customers who entitled credit term of 30-60 days. For credit card settlements, the banks normally settle the balances within 2-3 days. The following was an aging analysis of trade debtors, which included outstanding balances for credit card settlements, (net of allowance for doubtful debts) at the end of reporting period:–

	2015 HK$'000	2014 HK$'000
0 – 30 days	**7,084**	7,274
31 – 60 days	**709**	489
61 – 90 days	**345**	9
91 – 180 days	**11**	25
181 – 365 days	**320**	337
	8,469	8,134

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

(b) Trade debtors that are not impaired

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

	2015 HK$'000	2014 HK$'000
Neither past due nor impaired	**7,062**	7,037
Past due but not impaired:		
1 – 30 days	**823**	691
31 – 60 days	**262**	35
61 – 90 days	**6**	9
91 – 180 days	**7**	20
181 – 365 days	**309**	342
	1,407	1,097
	8,469	8,134

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

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

19. CASH AND CASH EQUIVALENTS

	2015 HK$'000	2014 HK$'000
Cash and bank balances	**49,628**	27,233

20. CREDITORS, ACCRUALS AND DEPOSITS RECEIVED

Creditors, accruals and deposits received comprise:–

	2015 HK$'000	2014 HK$'000
Trade creditors	**28,010**	27,157
Accruals and provisions	**30,598**	25,928
Other creditors	**14,394**	8,564
	73,002	61,649
Less: Classified in non-current liabilities	**(3,502)**	(4,653)
Classified in current liabilities	**69,500**	56,996

20. CREDITORS, ACCRUALS AND DEPOSITS RECEIVED (cont'd)

The following was an aging analysis of trade creditors:–

	2015 HK$'000	2014 HK$'000
0 – 30 days	**16,107**	21,643
31 – 60 days	**10,432**	4,706
61 – 90 days	**288**	658
91 – 180 days	**573**	101
Over 180 days	**610**	49
	28,010	27,157

21. CAPITAL AND RESERVES ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY

(a) Share capital

Ordinary shares of HK$0.01 each

	2015		2014	
	Number of shares	**HK$'000**	Number of shares	HK$'000
Authorized:				
At the beginning and end of the year	**5,000,000,000**	**50,000**	5,000,000,000	50,000
Issued and fully paid:				
At the beginning and end of the year	**2,242,950,000**	**22,430**	2,242,950,000	22,430

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

(b) Capital management

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

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

22. RESERVES

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

	Share premium HK$'000	Accumulated losses HK$'000	Employee share-based compensation reserve HK$'000	Convertible bonds equity reserve HK$'000	Total HK$'000
The Company					
At 1.4.2013	145,186	(104,250)	1,289	2,521	44,746
Recognition of equity-settled share-based payment expenses – Note 27	–	–	680	–	680
Share option lapsed	–	149	(149)	–	–
Loss and total comprehensive loss for the year	–	(4,637)	–	–	(4,637)
At 31.3.2014 and 1.4.2014	145,186	(108,738)	1,820	2,521	40,789
Recognition of equity-settled share-based payment expenses – Note 27	–	–	246	–	246
Share options lapsed	–	46	(46)	–	–
Loss and total comprehensive loss for the year	–	(46,385)	–	–	(46,385)
At 31.3.2015	**145,186**	**(155,077)**	**2,020**	**2,521**	**(5,350)**

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

(b) As at 31 March 2015, in the opinion of the Directors, the Company had no reserve available for distribution to the shareholders. As at 31 March 2014, in the opinion of the Directors, the reserves of the Company available for distribution to the shareholders amounted to approximately HK$40,789,000, subject to the restrictions stated in note 22(a) above.

23. OBLIGATIONS UNDER FINANCE LEASE

As at 31 March 2015, the Group had obligations under finance lease repayable as follows:–

	Minimum lease payments		Present value of minimum lease payments	
	2015 HK$'000	2014 HK$'000	**2015 HK$'000**	2014 HK$'000
Amounts payable:				
Within one year	**710**	778	**698**	741
In the second to fifth year	**–**	710	**–**	698
	710	1,488	**698**	1,439
Less: Future finance charges	**12**	49	**–**	–
Present value of lease obligations	**698**	1,439	**698**	1,439

The lease term is two years. No arrangement has been entered into for contingent rental payments.

24. BANK LOANS – SECURED

	2015 HK$'000	2014 HK$'000
Bank loans, secured		
– within one year	**26,293**	19,788

At 31 March 2015, the secured bank loans denominated in Hong Kong Dollar were bearing variable interest rates of HIBOR plus 2.5% to 3.0% (2014: HIBOR plus 2.5% to 3.0%) per annum. The weighted average effective interest rate on the bank loans was 3.1% per annum. The bank loans were secured by corporate guarantee provided by the Company and two subsidiaries.

The banking facilities granted to ITHK require it to maintain a net worth of no less than HK$13,000,000 at any time. In the opinion of the Board of Directors, none of the covenants, relating to the secured bank loans had been breached during the years ended 31 March 2015 and 2014.

25. LOAN FROM A DIRECTOR

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

26. CONVERTIBLE BONDS

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

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

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

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

Movement of liability component for the years ended 31 March 2015 and 2014 was as follow:–

	HK$'000
At 1.4.2013	77,769
Imputed interest expense – Note 6(a)	913
At 31.3.2014 and 1.4.2014	78,682
Imputed interest expense – Note 6(a)	943
At 31.3.2015	**79,625**

27. SHARE OPTIONS

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

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

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

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

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

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

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

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

The closing price of the Company's share immediately before 19 April 2013, being the grant date of the share options was HK$0.090.

Except for 2,000,000 (2014: 5,500,000) share options lapsed, no other share options were granted, exercised, lapsed or cancelled during the year ended 31 March 2015 under the Share Option Schemes. There were 26,500,000 share options granted during the year ended 31 March 2014 under the Share Option Schemes.

27. SHARE OPTIONS (cont'd)

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

	Date of grant	Exercisable period	Exercise price per share HK$	Outstanding at 1.4.2013	Granted during the year	Lapsed during the year	Outstanding at 31.3.2014 and 1.4.2014	Granted during the year	Lapsed during the year	Outstanding at 31.3.2015
Category 1: Directors										
Mr. Tang	23.12.2011	23.12.2012 – 22.12.2021	0.062	5,000,000	–	–	5,000,000	–	–	5,000,000
	23.12.2011	23.12.2013 – 22.12.2021	0.062	5,000,000	–	–	5,000,000	–	–	5,000,000
	23.12.2011	23.12.2014 – 22.12.2021	0.062	5,000,000	–	–	5,000,000	–	–	5,000,000
	19.4.2013	19.4.2014 – 18.4.2023	0.090	–	5,000,000	–	5,000,000	–	–	5,000,000
	19.4.2013	19.4.2015 – 18.4.2023	0.090	–	5,000,000	–	5,000,000	–	–	5,000,000
Mr. Bhanusak Asvaintra	13.8.2010	13.8.2011 – 12.8.2020	0.138	1,000,000	–	–	1,000,000	–	–	1,000,000
	23.12.2011	23.12.2012 – 22.12.2021	0.062	500,000	–	–	500,000	–	–	500,000
	19.4.2013	19.4.2014 – 18.4.2023	0.090	–	500,000	–	500,000	–	–	500,000
Mr. Chan Kam Fai Robert	13.8.2010	13.8.2011 – 12.8.2020	0.138	1,000,000	–	–	1,000,000	–	–	1,000,000
	23.12.2011	23.12.2012 – 22.12.2021	0.062	500,000	–	–	500,000	–	–	500,000
	19.4.2013	19.4.2014 – 18.4.2023	0.090	–	500,000	–	500,000	–	–	500,000
Mr. Chung Kwok Keung Peter	13.8.2010	13.8.2011 – 12.8.2020	0.138	1,000,000	–	–	1,000,000	–	–	1,000,000
	23.12.2011	23.12.2012 – 22.12.2021	0.062	500,000	–	–	500,000	–	–	500,000
	19.4.2013	19.4.2014 – 18.4.2023	0.090	–	500,000	–	500,000	–	–	500,000
Category 2: Employees	23.3.2010	23.3.2011 – 22.3.2020	0.210	2,000,000	–	–	2,000,000	–	–	2,000,000
	13.8.2010	13.8.2011 – 12.8.2020	0.138	6,000,000	–	(1,000,000)	5,000,000	–	–	5,000,000
	13.8.2010	13.8.2012 – 12.8.2020	0.138	6,000,000	–	(1,000,000)	5,000,000	–	–	5,000,000
	23.12.2011	23.12.2012 – 22.12.2021	0.062	3,800,000	–	(400,000)	3,400,000	–	–	3,400,000
	23.12.2011	23.12.2013 – 22.12.2021	0.062	5,000,000	–	(500,000)	4,500,000	–	–	4,500,000
	23.12.2011	23.12.2014 – 22.12.2021	0.062	6,200,000	–	(600,000)	5,600,000	–	–	5,600,000
	19.4.2013	19.4.2014 – 18.4.2023	0.090	–	7,500,000	(1,000,000)	6,500,000	–	(1,000,000)	5,500,000
	19.4.2013	19.4.2015 – 18.4.2023	0.090	–	7,500,000	(1,000,000)	6,500,000	–	(1,000,000)	5,500,000
Total of all categories				48,500,000	26,500,000	(5,500,000)	69,500,000	–	(2,000,000)	67,500,000

The share options outstanding as at 31 March 2015 had a weighted average exercise price of HK$0.090 (2014: HK$0.090) and a weighted average remaining contractual life of 6.86 years (2014: 7.89 years).

27. SHARE OPTIONS (cont'd)

(b) Fair value of share options granted during the year ended 31 March 2014:–

The fair value of services received in return for share options granted are measured with reference to the fair value of share options granted. The estimate of the fair value of the share option granted is measured based on Black-Scholes option pricing model. The major inputs into the model were as follows:–

	2014
Fair value at measurement date	HK$737,832
Share price	HK$0.090
Exercise price	HK$0.090
Expected volatility	33.671% – 38.409%
Expected dividend	Nil
Expected option period	4.3 – 5.3 years
Risk-free interest rate	0.303% – 0.393%

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

For the years ended 31 March 2014 and 2015, total equity settled share-based payment expenses recognized were as follows:–

	HK$'000
At 1.4.2013	234
Total equity-settled share-based payment expenses	738
Recognized in profit or loss for the year – Note 22	(680)
At 31.3.2014 and 1.4.2014	292
Recognized in profit or loss for the year – Note 22	(246)
At 31.3.2015	**46**

28. CONTINGENT LIABILITIES

Financial guarantees issued by the Company

During the year ended 31 March 2015, the Company has issued guarantees to banks in respect of banking facilities of approximately HK$13,000,000, HK$4,000,000, HK$25,000,000 and HK$3,000,000 granted to wholly-owned subsidiaries, ITHK, Truth Limited ("Truth"), EMAL and Portman Limited ("Portman") respectively.

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

As at the end of the reporting period, the Directors of the Company do not consider there is possibility that a claim will be made against the Company under any of the guarantees. The maximum liability of the Company at the end of the reporting period under the guarantees issued is the outstanding amount of the facilities drawn down by ITHK, Truth, EMAL and Portman which are approximately HK$8,000,000, HK$2,607,000, HK$13,250,000 and HK$2,436,000 respectively. Since the fair value of financial guarantees issued at inception date is immaterial, no provision and amortization on financial guarantees issued has been recognized in the Company's statement of profit or loss.

29. BANKING FACILITIES

As at 31 March 2015, the Group's bank facilities to the extent of HK$45,000,000 (2014: HK$41,000,000) were secured by corporate guarantees provided by the Company and two subsidiaries (Note 24).

As at 31 March 2015, pledged bank deposit of HK$Nil (2014: HK$614,000) represented the amount pledged to a bank for a guarantee issued for rental deposit to a landlord of the Group's restaurant held under operating lease.

As at 31 March 2015, the facilities were utilized to the extent of HK$26,293,000 (2014: HK$19,788,000) by the Group.

30. OPERATING LEASE ARRANGEMENTS

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

	2015 HK$'000	2014 HK$'000
Within one year	**73,239**	85,623
More than one year but within five years	**59,433**	92,765
	132,672	178,388

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

31. RELATED PARTY AND CONNECTED TRANSACTIONS

Except for loan from a director as disclosed in note 25, the Group had the following material transactions with its related parties as defined in HKAS 24 and/or connected person as defined in the GEM Listing Rules during the year:–

		Note	2015 HK$'000	2014 HK$'000
(i)	Rental expense to Epicurean Management Limited#	(a)	**–**	240
(ii)	Interest expense on convertible bonds to Strong Venture#	(b)	**1,600**	1,600
(iii)	Rental expense to Joint Allied Limited##	(c)	**1,371**	1,267
(iv)	Rental expense to Assets Partner Limited##	(c)	**1,404**	–
(v)	Rental expense to Jebson Development Limited##	(c)	**552**	–

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

\## Joint Allied Limited, Assets Partner Limited and Jebson Development Limited are owned by a family trust in which Mr. Tang is one of the beneficiaries.

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

Notes:

(a) The amounts were predetermined by both parties.

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

(c) The transactions were entered based on the normal commercial terms.

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

Key management compensation	2015 HK$'000	2014 HK$'000
Fees for key management personnel	360	360
Salaries, allowances and other benefits in kind	5,105	4,532
Retirement scheme contributions	112	96
Equity-settled share-based payment expenses	221	574
	5,798	5,562

32. RETIREMENT BENEFIT COSTS

The Company's subsidiaries in Hong Kong had participated in the Mandatory Provident Fund Scheme ("MPF Scheme"). The assets of the MPF Scheme are held separately in an independently managed and administered fund. Contributions to the MPF Scheme are made by both the employer and employees at 5% on the employees' salaries or HK$1,250 whichever is the lower for the period from 1 April 2014 to 31 May 2014 and HK$1,500 for the period from 1 June 2014 to 31 March 2015.

The Company's subsidiaries in Taiwan and Japan had participated in respective retirement schemes. Contributions to the schemes in Taiwan and Japan are made at 6% and 8.7% respectively by both the employers and employees based on the employees' salaries.

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

33. NATURE AND EXTENT OF FINANCIAL INSTRUMENT RISKS

(a) Credit risk

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

The carrying amounts of financial assets as at 31 March 2015, which represented the Group's significant exposure to credit risks, were as follows:–

	2015 HK$'000	2014 HK$'000
Debtors and deposits	**47,691**	44,982
Pledged bank deposit	**–**	614
Cash and bank balances	**49,628**	27,233
	97,319	72,829

In respect of trade debtors, individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and may take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. Payments by customers are mainly on cash and credit card except for well established corporate customers who entitled credit term of 30-60 days. Normally, the Group does not obtain collateral from customers.

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

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

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

(a) Credit risk (cont'd)

The default risk of the industry and country in which customers operate also has an influence on credit risk but to a lesser extent. At the end of reporting period, the Group has a certain concentration of credit risk as 6.9% (2014: 5.1%) and 17.2% (2014: 8.6%) of the total trade debtors was due from the largest customer and five largest customers respectively.

(b) Liquidity risk

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

Maturities of the financial liabilities of the Group as at 31 March 2015 were as follows:–

	2015 **HK$'000**	2014 HK$'000
Total amounts of contractual undiscounted obligations:–		
Loan from a director	**81,700**	44,500
Obligations under finance lease	**710**	1,488
Bank and other loans, secured	**26,361**	19,838
Convertible bonds		
– liability component	**80,629**	82,229
Creditors and accruals	**62,525**	60,287
	251,925	208,342
Due for payment:–		
Within one year or on demand	**251,925**	127,003
In the second to fifth year	**–**	81,339
	251,925	208,342

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

(c) Currency risk

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

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

	2015				2014			
	United Stated Dollar US$'000	**Renminbi RMB'000**	**Yen YEN'000**	**Taiwan Dollar TWD'000**	United Stated Dollar US$'000	Renminbi RMB'000	Yen YEN'000	Taiwan Dollar TWD'000
Cash and bank balances	**354**	**5**	**354**	**3**	161	2	238	3
Gross exposure arising from recognized assets	**354**	**5**	**354**	**3**	161	2	238	3

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

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

It is estimated that a fluctuation of 5% in foreign exchange rates with all other variables held constant would not have a material impact on the Group's loss for the years ended 31 March 2015 and 2014 and accumulated losses as at those dates.

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

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

(d) Interest rate risk

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

(i) Effective interest profile

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

	2015		2014	
	Effective interest rate %	**HK$'000**	Effective interest rate %	HK$'000
Fixed rate financial assets				
– Pledged bank deposit	**–**	**–**	0.20	614
Fixed rate financial liabilities				
– Obligations under finance lease	**3.50**	**(698)**	3.50	(1,439)
– Convertible bonds				
– liability component	**2.00**	**(79,625)**	2.00	(78,682)
Variable rate financial liability				
– Bank and other loans, secured	**2.73-3.24**	**(26,293)**	2.73-3.13	(19,788)
Variable rate financial assets				
– Bank balances	**0.01-0.05**	**3,025**	0.01-0.05	19,762
Net financial liabilities		**(103,591)**		(79,533)

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

(d) Interest rate risk (cont'd)

(ii) It is estimated that a general increase of 100 basis points in interest rates, with all other variables held constant, would not have a material impact on the Group's loss for the years ended 31 March 2015 and 2014 and accumulated losses as at those dates.

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

(e) Market price risk

Market price risk is the risk that the fair value or future cash flows of a financial instrument traded in the market will fluctuate because of changes in market prices. As at 31 March 2015 and 2014, the Group did not have any financial instrument which is subject to market price risk.

(f) Fair values

The carrying amounts of the Group's financial instruments carried at cost or amortized cost were not materially different from their values as at 31 March 2015 and 2014.

34. SEGMENT AND ENTITY-WIDE INFORMATION

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

(a) The Group operates in one business unit, and has one reportable and operating segment: food and beverage. Accordingly, the Group does not have any identifiable segment or any discrete information for segment reporting purpose.

(b) Geographical information

	PRC		Hong Kong/overseas		Consolidated	
	2015	2014	**2015**	2014	**2015**	2014
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Revenue from external customers	**68,510**	39,976	**437,481**	374,637	**505,991**	414,613
Other revenue	**373**	236	**1,478**	2,286	**1,851**	2,522
Total revenue	**68,883**	40,212	**438,959**	376,923	**507,842**	417,135
Non-current assets	**19,759**	18,859	**123,501**	130,838	**143,260**	149,697

The geographical location of customers is based on the location at which the services were provided or the goods delivered. The geographical location of the non-current assets (excluding deferred tax assets) is based on the physical location of the assets, in the case of plant and equipment, and inventories, the location of the operation to which they are allocated, in the case of intangible assets and goodwill, and the location of operation, in the case of debtors, deposits and prepayments, income tax recoverable and cash and bank balances.

(c) Major customers

The Group's customer base is diversified and no individual customer with whom transactions exceeded 10% of the Group's revenue for the years ended 31 March 2015 and 2014.

35. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	Note	2015 HK$'000	2014 HK$'000
NON-CURRENT ASSETS			
Interests in subsidiaries	13	**98,087**	142,650
		98,087	142,650
CURRENT ASSETS			
Debtors, deposits and prepayments		**113**	118
Cash and cash equivalents		**42**	82
		155	200
DEDUCT:			
CURRENT LIABILITIES			
Convertible bonds	26	**79,625**	–
Creditors, accruals and deposits received		**1,537**	949
		81,162	949
NET CURRENT LIABILITIES		**(81,007)**	(749)
TOTAL ASSETS LESS CURRENT LIABILITIES		**17,080**	141,901
NON-CURRENT LIABILITIES			
Convertible bonds	26	**–**	78,682
		–	78,682
NET ASSETS		**17,080**	63,219
REPRESENTING:			
Share capital	21(a)	**22,430**	22,430
Reserves	22	**(5,350)**	40,789
TOTAL EQUITY		**17,080**	63,219

36. SUBSEQUENT EVENTS

(a) On 13 February 2015, Corehigh Limited ("Purchaser"), a wholly-owned subsidiary of the Company, as purchaser entered into a sale and purchase agreement (the "Agreement") with an independent third party, CMC Holdings Group Limited ("Vendor") as vendor, Ip Chun Bong as Vendor's guarantor and EMAL as Purchaser's guarantor, pursuant to which the Purchaser agreed to acquire the entire share capital of Cookie Man China (BVI) Limited ("Cookie Man") and the interest in the outstanding loan owed by Cookie Man to the Vendor calculated up to the completion date of the Agreement, at a total consideration of HK$6 million, subject to adjustments as provided in the Agreement. The transaction was completed on 2 April 2015. Cookie Man is principally engaged in manufacturing and sale of fresh-baked cookies, frozen dough, Chinese and Western bakery products, cakes and related products in China, and carrying on business under a franchise agreement. Details of disclosure for the acquisition of Cookie Man in accordance with HKFRS 3 (Revised) could not be made as the initial accounting for business combination was incomplete at the time the consolidated financial statements are authorized for issue.

(b) On 11 February 2015, a potential purchaser (the "Potential Purchaser"), which is a third party independent of the Company and its connected persons, entered into a sale and purchase agreement (the "Sale and Purchase Agreement") with First Glory Holdings Limited ("First Glory"), pursuant to which the Potential Purchaser conditionally agreed to purchase and First Glory conditionally agreed to sell the entire interest held by First Glory in the Company, representing approximately 74.63% of the total issued share capital of the Company as at 11 February 2015. On 19 May 2015, the Sale and Purchase Agreement was terminated by the parties.

(c) On 11 February 2015, the Company entered into a disposal agreement (the "Disposal Agreement") with Simply Global Investments Limited ("Simply Global"), a company which is wholly-owned by Mr. Tang Sing Ming Sherman, the executive Director and chairman of the Company, pursuant to which the Company conditionally agreed to (i) sell to Simply Global the entire issued share capital of Marvel Success, which is a wholly-owned subsidiary of the Company; and (ii) assign to Simply Global the outstanding loans owed by Marvel Success to the Company accrued up to the completion date of the Disposal Agreement. On 19 May 2015, the Disposal Agreement was terminated by the parties.

37. ULTIMATE HOLDING COMPANY

The Directors consider the ultimate holding company as at 31 March 2015 to be Glory Sunshine Holding Limited, a company incorporated in BVI.

Financial Summary

RESULTS

	For the year ended 31 March				
	2011 HK$'000	2012 HK$'000	2013 HK$'000	2014 HK$'000	**2015** **HK$'000**
CONTINUING OPERATIONS					
Turnover	32,226	89,272	255,065	414,613	**505,991**
Loss before income tax	(5,007)	(6,929)	(12,539)	(27,901)	**(34,891)**
Income tax expense	(658)	(34)	(409)	(289)	**(2,021)**
Loss for the year from continuing operations	(5,665)	(6,963)	(12,948)	(28,190)	**(36,912)**
DISCONTINUED OPERATIONS					
Loss for the year from discontinued operations	(21,976)	(8,943)	(4,752)	–	**–**
Loss for the year	(27,641)	(15,906)	(17,700)	(28,190)	**(36,912)**
Attributable to:					
Owners of the Company	(27,641)	(16,021)	(17,922)	(27,712)	**(36,643)**
Non-controlling interests	-	115	222	(478)	**(269)**
Loss for the year	(27,641)	(15,906)	(17,700)	(28,190)	**(36,912)**

Financial Summary (cont'd)

ASSETS AND LIABILITIES

	At 31 March				
	2011 HK$'000	2012 HK$'000	2013 HK$'000	2014 HK$'000	**2015** **HK$'000**
NON-CURRENT ASSETS	12,785	35,456	131,912	158,789	**154,495**
CURRENT ASSETS	64,852	77,521	92,454	83,181	**108,029**
DEDUCT:					
CURRENT LIABILITIES	17,326	70,763	80,397	122,743	**260,656**
NET CURRENT ASSETS/(LIABILITIES)	47,526	6,758	12,057	(39,562)	**(152,627)**
TOTAL ASSETS LESS CURRENT LIABILITIES	60,311	42,214	143,969	119,227	**1,868**
NON-CURRENT LIABILITIES	(36,714)	(2,019)	(83,968)	(87,177)	**(6,290)**
NET ASSETS/(LIABILITIES)	23,597	40,195	60,001	32,050	**(4,422)**