NEW WISDOM HOLDING COMPANY LIMITED

(Formerly known as Epicurean and Company, Limited 惟膳有限公司)

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 8213

ANNUAL REPORT 2016/17

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.

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

Contents

Corporate Information

EXECUTIVE DIRECTORS

Mr. Chan Kin Chun Victor *(Chairman)*
(appointed on 8 November 2016)
Mr. Zheng Hua (appointed on 8 November 2016)
Mr. Tang Sing Ming Sherman
(resigned on 8 November 2016)

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Chan Yee Ping Michael
(appointed on 8 November 2016)
Mr. Yip Tai Him (appointed on 8 November 2016)
Mr. Deng Guozhen (appointed on 8 November 2016)
Mr. Bhanusak Asvaintra (resigned on 8 November 2016)
Mr. Chan Kam Fai Robert
(resigned on 8 November 2016)
Mr. Chung Kwok Keung Peter
(resigned on 8 November 2016)

COMPANY SECRETARY

Ms. Lam Kit Yan *FCPA* (appointed on 8 November 2016)
Mr. Ho King Yee (resigned on 8 November 2016)

COMPLIANCE OFFICER

Mr. Chan Kin Chun Victor

AUDIT COMMITTEE

Mr. Yip Tai Him *(Chairman)*
Mr. Chan Yee Ping Michael
Mr. Deng Guozhen

REMUNERATION COMMITTEE

Mr. Deng Guozhen *(Chairman)*
Mr. Chan Kin Chun Victor
Mr. Chan Yee Ping Michael

NOMINATION COMMITTEE

Mr. Chan Kin Chun Victor *(Chairman)*
Mr. Chan Yee Ping Michael
Mr. Yip Tai Him

CORPORATE GOVERNANCE COMMITTEE

Mr. Chan Yee Ping Michael *(Chairman)*
Mr. Chan Kin Chun Victor
Mr. Yip Tai Him

AUTHORIZED REPRESENTATIVES

Mr. Chan Kin Chun Victor
Ms. Lam Kit Yan *FCPA*

PRINCIPAL BANKER

The Bank of East Asia Limited

AUDITOR

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

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

SMP Partners (Cayman) Limited
Royal Bank House – 3rd Floor
24 Shedden Road, P.O. Box 1586
Grand Cayman, KY1-1110, Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Computershare Hong Kong Investor Services Limited
Shops 1712-1716, 17th Floor, Hopewell Centre
183 Queen's Road East, Wanchai
Hong Kong

REGISTERED OFFICE

PO Box 309
Ugland House
Grand Cayman KY1-1104
Cayman Islands

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

6th Floor
Southland Building
48 Connaught Road Central
Central,
Hong Kong

COMPANY'S WEBSITE ADDRESS

www.nwhcl.com

GEM STOCK CODE

8213

Note: Information in this section is as at the date of this report

Chairman's Statement

Dear shareholders,

I am pleased to present to you the annual report of New Wisdom Holding Company Limited (the "Company") for the year ended 31 March 2017.

The fiscal year 2016/2017 remained challenging for the food and beverage industry and the Company. As geopolitical risks continued to be amplified, coupled with a prolonged slowdown in China's economic growth, domestic retail market was adversely affected. As regards Hong Kong, political atmosphere was complicated and highly charged with imminent assumption of the Government of Hong Kong Special Administrative Region by new officials. Sluggish economy, reduced salary growth and slack retail market contributed to weakened consumption sentiment, thereby further lowering profits for the food and beverage industry.

Inevitably, we were faced with pressure from intensified competition, as well as rising rentals, labour and raw material costs. To maintain our competitive edge, the Company remained committed to developing brands of Japanese-related concepts, including Italian Tomato, Ginza Bairin, Shirokuma Curry and Enmaru; whilst extending our business footprints to Shanghai, Shenzhen, Guangzhou and Taiwan to diversify income sources.

We have stepped up efforts in menu engineering, marketing strategies and customer relationships on the foundation of our brand tradition. We are also devoted to offering the food and services of the best quality and enhancing our brand image, seeking steady development in vigorous competition of the food and beverage industry.

The name of the Company has been changed from "Epicurean and Company, Limited" to "New Wisdom Holding Company Limited", and that will help establish a fresh corporate image identity. The new management team aspires to lead the Company to further success through diversifying our business, exploring high-growth investment opportunities and improving long-term growth potential. We will look into market opportunities in terms of smart society and big data, in order to maximise value for shareholders. We believe, with concerted efforts of management and employees, that the change will further enrich the dynamics of the Company.

At last, I would like to express my sincere gratitude to all of our employees for their hard work and dedication in the past year, and our customers for their continued support. I also hope that our shareholders will continue to support and show care to the Company's development.

Chan Kin Chun Victor
Chairman
Hong Kong, 27 June 2017

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 (the "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 2017, except for the deviations from Code Provisions A.2.1, A.4.2 and A.6.7 of the Corporate Governance Code. Details of the deviations and the considered reasons are set out in the relevant sections below.

DIRECTORS' SECURITIES TRANSACTIONS

Throughout the financial year ended 31 March 2017, 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 five members including two executive Directors and three independent non-executive Directors.

The Company complied at all times during the financial year ended 31 March 2017 with the requirements of the GEM Listing Rules relating to the appointment of at least three independent non-executive Directors.

Mr. Bhanusak Asvaintra (resigned on 8 November 2016), Mr. Yip Tai Him and Mr. Chan Yee Ping Michael, being the independent non-executive Directors possess 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 2017 in accordance with Rule 5.09 of the GEM Listing Rules.

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.

THE BOARD (cont'd)

Board of Directors (cont'd)

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, at the annual general meeting held on 5 August 2016, Mr. Tang Sing Ming Sherman being the Chairman of the Board at that time, is not subject to retirement by rotation. The management of the Company is of the view that the membership of the Board represents rich and diversified background and industry expertise and as such, the management considers that there is no imminent need to amend the relevant provisions of the Articles of Association of the Company.

Executive Directors

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

Independent non-executive Directors

Independent non-executive Directors serve an 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.

Each of the independent non-executive Directors of the Company who was appointed on 8 November 2016 has signed a letter of appointment for a term of one year ending on 7 November 2017 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. Chan Yee Ping Michael	8 November 2016
Mr. Yip Tai Him	8 November 2016
Mr. Deng Guozhen	8 November 2016

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.

During the year ended 31 March 2017, Mr. Tang Sing Ming Sherman was the Chairman of the Board and the Chief Executive Officer of the Company until he resigned with effective from 8 November 2016, on the same date, Mr. Chan Kin Chun Victor was appointed as the Chairman of the Board. 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 was relatively small and thus does not justify the separation of the roles of the Chairman and Chief Executive Officer;

- the Company had 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 was responsible for ensuring that all Directors act in the best interests of the shareholders. He was 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.

Mr. Tang Sing Ming Sherman ceased to hold any positions with the Company with effect from 8 November 2016 and the office of the chief executive is vacated since then. The Board will keep reviewing the current structure of the Board from time to time and should a candidate with suitable knowledge, skill and experience be identified, the Company will make appointment to fill the post as and when appropriate.

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 of three independent non-executive Directors. With effect from 8 November 2016, Mr. Yip Tai Him has been appointed as the chairman of the Audit Committee of the Company and Mr. Chan Yee Ping Michael and Mr. Deng Guozhen have been appointed as members of the Audit Committee. Mr. Bhanusak Asvaintra has resigned as chairman of the Audit Committee; and Mr. Chan Kam Fai Robert and Mr. Chung Kwok Keung Peter have resigned as members of the Audit Committee. Mr. Bhanusak Asvaintra, Mr. Yip Tai Him, and Mr. Chan Yee Ping Michael possess 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 2017 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 risk management, 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, risk management, 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. With effect from 8 November 2016, Mr. Chan Yee Ping Michael has been appointed as the chairman of the Corporate Governance Committee of the Company and Mr. Chan Kin Chun Victor and Mr. Yip Tai Him have been appointed as members of the Corporate Governance Committee. Mr. Tang Sing Ming Sherman has resigned as chairman of the Corporate Governance Committee; and Mr. Bhanusak Asvaintra, Mr. Chan Kam Fai Robert and Mr. Chung Kwok Keung Peter have resigned as members of the Corporate Governance Committee.

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 MEETINGS AND GENERAL MEETINGS

Set out below are the attendance records of all the Directors at the Company's board meetings, board committee meetings and general meetings held during the year:

	No. of meetings attended/No. of meetings held					
	Board Meetings	Audit Committee Meetings	Nomination Committee Meetings	Remuneration Committee Meetings	Corporate Governance Committee Meetings	General Meetings
Executive Directors						
Mr. Chan Kin Chun Victor *(Chairman)* (appointed on 8 November 2016)	1/1	N/A	0/0	0/0	0/0	0/1
Mr. Zheng Hua (appointed on 8 November 2016)	1/1	N/A	0/0	0/0	0/0	1/1
Mr. Tang Sing Ming Sherman (resigned on 8 November 2016)	4/4	N/A	3/3	3/3	3/3	1/1
Independent non-executive Directors						
Mr. Yip Tai Him (appointed on 8 November 2016)	1/1	1/1	0/0	0/0	0/0	0/1
Mr. Chan Yee Ping Michael (appointed on 8 November 2016)	1/1	1/1	0/0	0/0	0/0	0/1
Mr. Deng Guozhen (appointed on 8 November 2016)	1/1	1/1	0/0	0/0	0/0	1/1
Mr. Bhanusak Asvaintra (resigned on 8 November 2016)	4/4	3/3	3/3	3/3	3/3	1/1
Mr. Chung Kwok Keung Peter (resigned on 8 November 2016)	4/4	3/3	3/3	3/3	3/3	0/1
Mr. Chan Kam Fai Robert (resigned on 8 November 2016)	4/4	3/3	3/3	3/3	3/3	1/1

Code Provision A.6.7 stipulates that independent non-executive directors should attend general meetings. Mr. Yip Tai Him, Mr. Chan Yee Ping Michael and Mr. Chung Kwok Keung Peter were unable to attend the general meetings of the Company held during the year ended 31 March 2017 due to other prior or unexpected business engagements.

The independent non-executive Directors will endeavor to attend all future general meetings of the Company unless unexpected or special circumstances preventing them from doing so. The board will continuously review and improve the corporate governance practices and standards of the Company to ensure that business activities and decision-making processes are properly regulated.

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 updates 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.

A summary of training received by the Directors since 1 April 2016 up to 31 March 2017 is as follow:

Board members	Type of training
Executive Directors	
Mr. Chan Kin Chun Victor (appointed on 8 November 2016)	A, B
Mr. Zheng Hua (appointed on 8 November 2016)	A, B
Mr. Tang Sing Ming Sherman (resigned on 8 November 2016)	A, B
Independent non-executive Directors	
Mr. Yip Tai Him (appointed on 8 November 2016)	A, B
Mr. Chan Yee Ping Michael (appointed on 8 November 2016)	A, B
Mr. Deng Guozhen (appointed on 8 November 2016)	A, B
Mr. Bhanusak Asvaintra (resigned on 8 November 2016)	A, B
Mr. Chung Kwok Keung Peter (resigned on 8 November 2016)	B
Mr. Chan Kam Fai Robert (resigned on 8 November 2016)	B

A: attending training courses
B: 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. With effect from 8 November 2016, Mr. Deng Guozhen has been appointed as the chairman of the Remuneration committee of the Company and Mr. Chan Kin Chun Victor and Mr. Chan Yee Ping Michael have been appointed as members of the Remuneration Committee. Mr. Chan Kam Fai Robert has resigned as chairman of the Remuneration Committee; and Mr. Tang Sing Ming Sherman, Mr. Bhanusak Asvaintra and Mr. Chung Kwok Keung Peter have resigned as members of the Remuneration Committee.

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.

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

The Remuneration Committee will meet at least once a year. During the financial year ended 31 March 2017, three meetings were held to review and discuss the remuneration of the executive Directors and senior management.

NOMINATION COMMITTEE

The Company has established the Nomination Committee on 23 April 2010 with written terms of reference in compliance with Code Provision A.5.2 under Appendix 15 of the GEM Listing Rules. With effect from 8 November 2016, Mr. Chan Kin Chun Victor has been appointed as the chairman of the Nomination Committee and Mr. Yip Tai Him and Mr. Chan Yee Ping Michael have been appointed as members of the Nomination Committee. Mr. Chung Kwok Keung Peter has resigned as chairman of the Nomination Committee; and Mr. Tang Sing Ming Sherman, Mr. Bhanusak Asvaintra and Mr. Chan Kam Fai Robert have resigned as members of the Nomination Committee.

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.

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 reviewed 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	939
Non-audit services	100
	1,039

FINANCIAL REPORTING

The Board is responsible for presenting a balanced, clear and understandable assessment of annual, quarterly and interim reports and other disclosures required under the Listing Rules and other regulatory requirements. The Directors acknowledge their responsibilities for preparing the financial statements of the Company for the year ended 31 March 2017. 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 48 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.

COMPANY SECRETARY

During the reporting period, Mr. Ho King Yee served as the company secretary of the Company until his resignation on 8 November 2016. He has duly complied with the relevant professional training requirement of the Listing Rules. Following his resignation, Ms. Lam Kit Yan was appointed as the company secretary of the Company and one of its authorized representatives. She has complied with all training requirements of the Listing Rules during the year under review. The biographical details of Ms. Lam Kit Yan are set out on page 36 of this annual report.

INTERNAL CONTROL

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

The Directors have reviewed and considered the adequacy of the resources, qualifications and experience of the 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 and send to the Company's head office and principal place of business in Hong Kong (details of which are set out in the section headed "Corporate Information" of this annual report) 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.

Enquiries to the Board

Shareholders may at any time make a request in writing with his/her/its detailed contact information and send to the Company's head office and principal place of business in Hong Kong (details of which are set out in the section headed "Corporate Information" of this annual report) for the Company's information to the extent such information is publicly available to the company secretary of the Company who is responsible for forwarding communications relating to matters within the Board and communication relating to ordinary business matters, such as suggestions, inquiries and customer complaints, to the Board.

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' meetings. The proposals shall be sent to the company secretary of the Company by a written requisition with his/her/its detailed contact information to the Company's head office and principal place of business in Hong Kong (details of which are set out in the section headed "Corporate Information" of this annual report). 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 financial year ended 31 March 2017, 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.

Environmental, Social and Governance Report

GENERAL

The Group's Principal Activities and Scope of this Report

This report covers the Group's material environmental and social impacts during the period from 1 April 2016 to 31 March 2017.

The Group's principal activities during the reporting period are provision of food and beverage services. Further information about the Group's principal activities is available in section headed "Management Discussion and Analysis" of this annual report.

As at 31 March 2017, the Group employed 638 full-time staff.

This report covers operations of all the Group's principal subsidiaries set out in note 12 of the Group's consolidated financial statements for the year ended 31 March 2017 included in this annual report.

The Group's Stakeholders and Stakeholder Engagement

The Group's stakeholders are entities or individuals that can reasonably be expected to be significantly affected by the Group's activities, or whose actions can reasonably be expected to affect the ability of the Group to implement its strategies or achieve its objectives.

The Group's principal stakeholders include its shareholders, loan and debt holders, customers, employees and suppliers. The Group's other stakeholders include government agencies, regulatory bodies, trade associations, public media and local communities etc.

When making decisions about the content of this report, as well as our approach to a topic with material environmental and social impacts, the Group's management considered the reasonable expectations and interests of the Group's stakeholders, an understanding of which was obtained through engaging our stakeholders.

Our engagements with the principal stakeholder include our annual general meeting of the shareholders, interactive web page for investor relations, regular meetings with our loans and debts providers, on-going customer satisfaction surveys, standing customer feedback and complaint channels, regular employee interviews and job satisfaction surveys, and regular meetings and communications with our suppliers. Our understanding of the reasonable expectations and interests of other stakeholders of the Group is mainly obtained through ad hoc communications with them and the monitoring of the public media.

Dispute resolution

It is our policy to resolve disputes with stakeholders through negotiations first, aiming at reaching a legally binding agreement of mutual interests. Had this informal grievance procedures fail, we will seek assistance from independent arbitrators. For example, in the case of disputes with customers, had informal grievance procedures fail, we will seek assistance from relevant consumer rights agencies to reach a settlement with the customers.

ENVIRONMENTAL ASPECTS

Emissions

Greenhouse gases (GHG) include carbon dioxide (CO_2), methane (CH_4), nitrous oxide (N_2O) and fluorinated gases, including hydrofluorocarbons (HFCs), perfluorocarbons (PFCs), sulphur hexafluoride (SF_6) and nitrogen trifluoride (NF_3). GHG emissions are a major contributor to climate change.

According to a 2014 report of Intergovernmental Panel on Climate Change (IPCC), 76% of the global GHG emissions was CO_2, 16% was CH_4, 6% was N_2O and the remaining 2% was fluorinated gases. The principal sources of CO_2 emissions are burning of fossil fuels (coal, natural gas, and oil), solid waste, trees and wood products, and also as a result of certain chemical reactions (e.g., manufacture of cement). The principal sources of CH_4 emissions are agricultural activities, waste management and biomass burning. The principal sources of N_2O emissions are agricultural activities and biomass burning. The principal sources of fluorinated gases emissions are industrial processes and refrigeration.

According to the 2014 IPCC report, the electricity and heat production and other energy related sector accounted for 35% of the global GHG emission; agriculture, forestry and other land use accounted for 24%; industries that involving burning fossil fuels on site, involving chemical, metallurgical, and mineral transformation processes, and involving waste management activities accounted for 21%; the transportation sector accounted for 14%; and the remaining 6% came from onsite energy generation and burning fuels for heat in buildings or cooking in homes.

Other air pollutants mainly include gaseous sulfur oxides (SO_x) and nitrogen oxides (NO_x), which have adverse effects on climate, ecosystems, air quality, habitats, agriculture, and human and animal health. Sulfur dioxide (SO_2) and nitrogen dioxide (NO_2) are normally used as the indicators for the larger groups of sulfur oxides and nitrogen oxides respectively. The principal sources of SO_2 emissions are from fossil fuel combustion at power plants and industrial facilities, and by cars, trucks, buses and other transportation means. The principal sources of N_2O emissions are agricultural activities and biomass burning.

The Group's principal business operations do not involve activities that directly emit GHG or other air pollutants. The Group's GHG emission through fuel consumption of vehicles is not material. The Group indirectly emits GHG or other air pollutants principally through its' electricity and heat consumptions and transportation activities during its business processes to produce and deliver products to customers and in the Group's general administration. The Group's efficient use of electricity, heat and transportation would contribute to combating global climate change through reducing GHG emission, improving health conditions for workers and local communities through reducing emission of air pollutants.

To mitigate the impact of the Group's environmental footprint, it is the Group's policy to minimize its indirect emission of GHG and other air pollutants through controlling the electricity and heat consumptions, as well as local and long distance travelling of business executives, so far as it is economically and operationally feasible.

The Board is responsible for monitoring and evaluating the Group's efficiency of electricity, heat and fuel consumptions, and considers the existing policy appropriate.

All of the Group's operations comply with the relevant laws and regulations that have a significant impact relating to air and greenhouse gas emissions.

Discharge of Wastes

Wastes are considered hazardous if they may pose a substantial harm to human health or the environment when improperly treated, stored, transported. They are usually toxic, corrosive or persistent in the environment. Examples include wastes with a high content of chemicals or heavy metals, such as discarded vehicle batteries, plating wastes, pesticides, paints, solvents, fluorescent bulbs, lubricant oil, lead, mercury or zinc etc.; biological waste such as microbiological, animal, human blood and blood products; and radioactive wastes.

The Group does not discharge hazardous wastes. The Group discharges non-hazardous wastes in the forms of papers, packaging, plastics and sewage water etc., during its business processes to produce and deliver products to customers and in the Group's general administration. The Group's efficiency in reduction of waste discharge and opting for disposal methods that reuse or recycle the discharged wastes would contribute to conservation of the environment.

To mitigate the Group's environmental impacts, it is the Group's policy to minimize the generation of wastes and to select disposal methods or contractors that reuse or recycle the Group's non-hazardous wastes according to the laws, rules and regulations stipulated in the Group's operating regions, so far as it is economically and operationally feasible.

The Board is responsible for monitoring and evaluating the Group's efficiency in waste reduction and the method of waste disposal, and considers the existing policy appropriate.

During the reporting period, the Group did not have any non-compliance with relevant environmental laws and regulations that have a significant impact on the Group in respect of waste disposals.

Use of Energy, Water and Other Natural Resources

Use of Energy

The Group consumes energy in the forms of electricity consumed and fuels purchased from external suppliers, mainly during its business processes to produce and deliver products to customers and in the Group's general administration. The Group's efficient use of energy and opting for renewable energy sources would contribute to combating global climate change.

To mitigate the impact of the Group's environmental footprint, it is the Group's policy to minimize consumption of electricity and fuels during its business processes, and to select electricity suppliers which use renewable sources of solar, wind or hydro energy etc., so far as it is economically and operationally feasible.

The Board is responsible for monitoring and evaluating the Group's efficiency in the consumption of energy and the use of renewable energy, and considers the existing policy appropriate.

Use of Water

The Group obtains water from public utilities, and consumes water mainly during its business processes to produce and deliver products to customers and in the Group's general administration. The Group does not withdraw water directly from the ecosystem and has no operation in water-stressed area. The Group's efficient use of water would contribute to preserving local communities or indigenous peoples' access to fresh water.

To mitigate the Group's impact on fresh water resources, it is the Group's policy to minimize water consumption and maximize the use of recycled water during its business processes, and to avoid select water suppliers which withdraw water from sources that have high biodiversity value, have been proclaimed as conservation areas, or of great important to local communities or indigenous people, so far as it is economically and operationally feasible.

The Board is responsible for monitoring and evaluating the Group's efficiency in the consumption of water and the use of re-cycled water, and considers the existing policy appropriate.

Use of Other Natural Resources

Natural resources are considered renewable if they are replenished by the environment over relatively short periods of time or are almost of unlimited supply. Examples include solar, wind, forests, biomass and most plants and animals. Natural resources are considered non-renewable resources if cannot be easily replenished by the environment or of limited supply. Examples include most minerals, metal ores, fossil fuels, natural gas and groundwater.

The Group consumes renewable natural resources mainly in the forms of paper and non-renewable natural resources in the forms of glass, metal and plastic purchased from external suppliers, mainly during its business processes to produce and deliver products to customers and in the Group's general administration. The Group's efficient use of natural resources and opting for recycling, reusing or reclaiming materials, products, and packaging would contribute to the conservation of natural resources.

To mitigate the impact of the Group's operations to natural resources, it is the Group's policy to minimize wastage in consumption of natural resources during its business processes, to select suppliers which use recycled or reused materials, and to reclaim packaging from customers for recycling or reuse, so far as it is economically and operationally feasible.

The Board is responsible for monitoring and evaluating the Group's efficiency in the consumption of natural resources and the practices of recycling/reuse of materials, and considers the existing policy appropriate.

Impact on Biosphere

Biodiversity is important for ensuring the survival of plant and animal species, genetic diversity, and natural ecosystems, which in turn contributes directly to local livelihoods and sustainable development.

The Group does not have operations located in or adjacent to protected areas or areas of high biodiversity value, and the Group is not engaged in activities that have significant adverse biodiversity impacts, such as species reduction or habitat conversion.

SOCIAL ASPECTS

Customer Health and Safety

The consumers' right to safety is defined by Consumers International, a world federation of consumer groups, as the right to be protected against products, production processes and services that are hazardous to health or life. The Guideline for Consumer Protection issued by the United Nations also recognizes the right of access to non-hazardous products as one of the core consumer rights. Various laws and regulations administered by government agencies and voluntary standards advocated by non-government organizations are in place to ensure product safety.

The Group has the duty to respect customers' right for product safety. The Group's competence and adherence to relevant laws, regulations and standards would contribute to the protection of customers' right for product safety.

To mitigate the Group's exposure to product safety issue, it is the Group's policy to require staff at all levels to always be alert of product safety issues, report and communicate all product safety concerns on a timely basis, and adhere to all applicable product safety laws, regulations and standards.

The Board is responsible for monitoring and evaluating the Group's effectiveness in protecting customers' right for produce safety, and considers the existing policy appropriate.

During the reporting period, the Group did not have any non-compliance with laws and regulations in respect of product safety.

Marketing and labelling

Customers have right to access to accurate and adequate information of the products and services they obtained from the Group, mainly through marketing communications and product labeling. Fair and responsible marketing communications, as well as access to accurate and adequate information about the composition of products, and their proper use and disposal, can help customers to make informed choices.

The Group has the duty to respect customers' right to be informed. The Group's competence and adherence to relevant laws, regulations and standards would contribute to the protection of customers' right to be informed.

To mitigate the Group's exposure to marketing and labelling issues, it is the Group's policy that all marketing materials should not overstate products' performance or make unsubstantiated claims, and all product labels or services descriptions should adhere to all applicable laws, regulations and standards.

The Board is responsible for monitoring and evaluating the Group's effectiveness in protecting customers' right to be informed, and considers the existing policy appropriate.

During the reporting period, the Group did not have any non-compliance with laws and regulations in respect of product marketing and labelling.

Customer privacy

Various laws and regulations administered by government agencies and voluntary standards advocated by non-government organizations are in place to protect personal information and promote individuals' right to privacy.

The Group has the duty to respect customers' right to privacy. The Group's competence and adherence to relevant laws, regulations and standards would contribute to the protection of customers' right to privacy.

To mitigate the Group's exposure to customer privacy issue, it is the Group's policy to require staff at all levels to always be alert of customer privacy issues, report and communicate all customer privacy concerns on a timely basis, and adhere to all applicable privacy laws, regulations and standards.

The Board is responsible for monitoring and evaluating the Group's effectiveness in protecting customers' right for privacy, and considers the existing policy appropriate.

During the reporting period, the Group did not have any non-compliance with laws and regulations in respect of customer privacy.

Employment

The Group's relationship with employees is a legal relationship which confers rights and obligations to both parties, and is subject to applicable labor or employment laws and regulations. Conditions of work specified in an employment contract normally include compensation, working time, rest periods, holidays, disciplinary and dismissal practices, maternity protection, equal opportunity, diversity, anti-discrimination, the workplace environment, occupational health and safety and other benefits and welfare etc.

The Group has the duty to respect employees' rights set out in the employment contracts as well as in relevant labour and employment laws and regulations. The Group's competence and adherence to contractual obligations, relevant laws, regulations and standards would contribute to the protection of employees' rights.

To mitigate the Group's exposure to labor issues, it is the Group's policy that all the employees' rights set out in the employment contracts as well as in relevant labour and employment laws and regulations should be upheld, and to ensure that all the employees are adequately remunerated, in the sense that their remunerations are sufficient to meet their basic needs, and to provide them with some discretionary income.

The Board is responsible for monitoring and evaluating the Group's effectiveness in protecting workers' employment rights, and considers the existing policy appropriate.

During the reporting period, the Group did not have any non-compliance with laws and regulations in respect of labor and employment.

Employee Health and Safety

Employees' right to a healthy and safe workplace is widely recognized and various laws and regulations administered by government agencies and voluntary standards advocated by non-government organizations are in place to protect employee health and safety. Employee health and safety impacts can arise over the use of unsafe equipment, machinery, processes, and practices. They can also arise with the use of dangerous substances, such as chemical, physical and biological agents.

The Group is exposed to employee health and safety issues mainly in its production processes. The Group's competence and adherence to relevant laws, regulations and standards would contribute to the protection of employees against health and safety impacts.

To prevent employee health and safety impacts, it is the Group's policy to require staff at all levels to always be alert of health and safety concerns in the workplace, report and communicate all health and safety concerns in the workplace on a timely basis, and adhere to all applicable safety laws, regulations and standards.

The Board is responsible for monitoring and evaluating the Group's effectiveness in ensuring employees' health and safety, and considers the existing policy appropriate.

During the reporting period, the Group did not have any non-compliance with laws and regulations in respect of employees' health and safety.

Employee Training and Development

Employee training and development refer to programs aiming at upgrading employee skills and knowledge to equip them in a fast changing work environment. More skilled and well trained employees enhance the Group's human capital and contribute to employee satisfaction, which correlates strongly with improved performance.

The Group has the duty to assist employees in their career advancement. The Group's investment in training and development contribute to employee satisfaction and career advancement.

To promote employee satisfaction, it is the Group's policy to provide employees with sufficient in-house or external training hours, and require that all employees are regularly appraised through performance and career development reviews.

The Board is responsible for monitoring and evaluating the Group's effectiveness in ensuring employees' training and development, and considers the existing policy appropriate.

Child and Forced Labor

Child labor is work that deprives children of their childhood, their potential and their dignity and is harmful to their physical or mental development, including by interfering with their education. Organizations are normally not allowed to hire children below the age of 15 for full-time work, and children under the age of 18 for works which are likely to harm the health, safety or morals of children.

Forced labor refers to all work or service which is exacted from any person under the menace of any penalty and for which the said person has not offered himself voluntarily. Indicators of forced labor can include withholding identity papers, requiring compulsory deposits, and compelling workers, under threat of firing, to work extra hours to which they have not previously agreed. Debts can also be used as a means of maintaining workers in a state of forced labor.

The Group has the duty to eliminate child and forced labour since they are serious violations of fundamental human rights. The Group's avoidance in engaging child or forced labor is to meet a legitimate expectation of the society.

To avoid violation of fundamental human rights, it is the Group's policy to strictly prohibit all forms of child labor and forced labor, and no employees should be required to work extra hours involuntarily.

The Board is responsible for monitoring and evaluating the Group's effectiveness in eliminating child and forced labour, and considers the existing policy appropriate.

During the reporting period, the Group did not have any non-compliance with laws and regulations in respect of child and forced labor.

Supplier Assessment

The Group might be indirectly involved with environmental or social impacts as a result of its business relationships with its suppliers.

The Group not only has the duty not to be involved in negative environmental and social impacts directly in the Group's own activities, but also a duty not to indirectly induce or encourage negative environmental and social impacts in the Group's supply chain. The Group's assessment of suppliers' actual or potential environmental and social impacts contributes to minimum those impacts in the supply chain.

To prevent negative environmental and social impact in the Group's supply chain, it is the Group's policy that selecting suppliers which have considerations on the social and environment protections as well as comply with the laws, rules and regulations stipulated in the Group's operating regions.

The Board is responsible for monitoring and evaluating the Group's effectiveness in preventing negative environmental and social impacts in Group's supply chain, and considers the existing policy appropriate.

Anti-corruption

Corruption refers to practices such as bribery, facilitation payments, fraud, extortion, collusion, and money laundering; the offer or receipt of gifts, loans, fees, rewards, or other advantages as an inducement to do something that is dishonest, illegal, or represents a breach of trust. Corruption is broadly linked to negative environmental and social impacts, such as damage to the environment, abuse of democracy, misallocation of government investments, and undermining the rule of law.

The Group is expected by the marketplace, international norms, and stakeholders to demonstrate its adherence to integrity, governance, and responsible business practices. The Group's resistance to corruption contributes to minimum those negative environmental and social impacts linked to corruptions.

To prevent negative environmental and social impacts linked to corruption, it is the Group's policy that all forms of corruption such as bribery, extortion, illegal inducement, offering or accepting disallowed gifts, kickbacks or other advantages and money laundering are strictly prohibited, and all employees of the Group must comply with all applicable anti-corruption laws and regulations.

The Board is responsible for monitoring and evaluating the Group's effectiveness in preventing corruption, and considers the existing policy appropriate.

During the reporting period, the Group did not have any non-compliance with laws and regulations in respect of anti-corruption.

Local Community

Local communities refer to persons or groups of persons living and/or working in any areas that are economically, socially or environmentally impacted (positively or negatively) by the Group's operations. The local community can range from persons living adjacent to the Group's operations, to those living at a distance who are still likely to be impacted by these operations. Due to the heterogeneous nature of local communities, vulnerabilities of local communities with differentiated nature to the Group's operations are specific and distinct.

The Group is expected by the society to anticipate and avoid negative impacts on local communities. The Group's timely and effective stakeholder identification and engagement process are important to help the Group understand the vulnerability of local communities to the Group's activities.

To prevent negative environmental and social impacts to local communities, it is the Group's policy that staff at all levels to always be alert of potential impacts of the Group's activities to the local communities, report and communicate all concerns or complaints over the impacts of Group's activities to the local communities on a timely basis.

The Board is responsible for monitoring and evaluating the Group's effectiveness in preventing negative environmental and social impacts to local communities, and considers the existing policy appropriate.

The Group's audited revenue for the year ended 31 March 2017 amounted to HK$336.4 million (2016: HK$442.9 million), representing a decrease of 24% compared with the last financial year. Net loss attributable to owners of the Company increased by HK$8.6 million to HK$47.3 million compared with the last financial year.

INDUSTRY OVERVIEW

China's economy was dragged by the continued incubation of global financial crisis in year 2016, as the national gross domestic products grew by 6.7%, the lowest rate in 26 years. With U.S. President Donald Trump officially taking office in early 2017, market was concerned about the possible impact from his policy on Sino-US trade. The toughened anti-corruption measures from Chinese government further hit the already weak retail sector.

The operating environment of local food and beverage sector remained cautious. Total retail sales value in Hong Kong decreased by 8.1% year-on-year in 2016, while visitor numbers to the city slumped 4.5%. Minimum Wage Commission had reached a consensus in late-2016 to raise Hong Kong's minimum wage by HK$2 to HK$34.5, putting higher labour cost and turnover pressure to the food and beverage sector. Rental expenses and raw material costs stood at a high level and further squeezed the sector's profit margins. Industry competition intensified against the difficult backdrop.

At a local level, the new Legislative Council of the Hong Kong Special Administrative Region further added pressure on the unfavorable operating environment faced by the food and beverage industry of Hong Kong. On the one hand, the competition in the local food and beverage sector remained intense as the Group has to compete with other operators for labour, rental locations and customers. On the other hand, the Group continues to face shortage of manpower, high turnover rate in labour and burden from high rent rate and food and beverage industry continues to face the pressures from rising costs in raw materials and utilities.

The majority of the Group's revenue is derived from the provision of food and beverage services in Hong Kong, however, the growth trend in Hong Kong has been slowing down due to the close linkage with Mainland China. Hong Kong's travel service exports also slowed down as the tourism sector faced a structural downtrend led by the loss of Hong Kong's appeal to Mainland China tourists and greater competition from surrounding destinations. The Hong Kong retail sector is struggling to cope with these economic headwinds. Such factors have squeezed margins in the food and beverage sector.

With respect to the food and beverage market in Mainland China, while there is growth potential in the food and beverage catering market, the food and beverage industry as a whole is also facing pressure on operating costs for labour, rental and raw materials. Further, the economic slowdown and the anti-corruption campaign launched by the Chinese government have affected the market negatively.

BUSINESS REVIEW

Hong Kong is renowned as a gourmet paradise due to its provision of wide variety of cuisines, but it is also renowned as one of the most expensive cities to live because of its high rental and labour costs. Intense competition plus poor market sentiment further squeeze profit margin in the food and beverage industry. Amid this unfavorable business environment in recent years, we continue to strive for survival and growth, through strengthening our appeal to new and old customers and hence retaining loyal customers, by frequent revamp of our menu and consistent provision of quality food and services.

In order to streamline the Group's operation, the Group had undergone a business restructuring in fiscal year 2015/2016 and is now focusing on the Japanese food-related concepts in the Greater China region, including the restaurants, café and cake shops under the Japanese brand of Italian Tomato, the Japanese Tonkatsu restaurants under the brand of Ginza Bairin, the Japanese curry specialty stores under the brand of Shirokuma Curry and the Japanese Izakaya restaurants under the brand of Enmaru. As at 31 March 2017, we operated 61 stores under the above mentioned 4 core concepts in major Asian cities, including Hong Kong, Shanghai and Taipei.

Italian Tomato, our flagship brand of restaurants, café and cake shops, is still the main contributor to the Group's revenue. Through years of effort on product innovation, menu engineering and customer relationships, Italian Tomato has already become a well-recognized brand in Hong Kong. Leveraging on our success in Hong Kong, we expanded Italian Tomato's network to the PRC and Taiwan. Despite the tough operating environment in Hong Kong, the number of shops of Italian Tomato has increased by 2 shops to 34 shops in Hong Kong during this financial year and continuous growth is expected. However, shops in the PRC were reduced to 4 as at this financial year end date, The management is therefore considering new marketing strategies for its market re-positioning. On the other side of Taiwan Strait, the Group has acquired adequate market knowledge in Taiwan after stepping into this market for a few years, Italian Tomato has increased its presence from 4 shops to 5 shops in Taiwan during this financial year and reasonable contribution is expected in the near future.

Ginza Bairin, the Japanese Tonkatsu restaurants, continues to provide moderate contribution to the Group. As the Group's first dinning concept, this is the time for the management to review its brand image and pricing with menu revamping. As at the financial year end, Ginza Bairin has 2 shops and 3 shops in Hong Kong and the PRC respectively. Great news to Ginza Bairin is that the first franchise shop has opened in the PRC subsequent to this financial year end. Hopefully, it is a fresh start for the establishment of franchise network of Ginza Bairin in the PRC.

Shirokuma Curry has had a good year of development in terms of shop number growth, increasing from 7 shops to 9 shops during this financial year, including 2 shops in Hong Kong and 7 shops in the PRC. Meanwhile, its licensing business has also made good progress. Shirokuma Curry has 4 franchise shops as at this financial year end, and 1 franchise shop has opened subsequent to the financial year end. Although the history of Shirokuma Curry franchise operation is still short, its long term growth is expected to have great potential.

Enmaru, the Japanese Izakaya restaurants, encounters stiff competition and its contribution to the Group was not satisfactory during this financial year. However, the number of shops of Enmaru has increased from 3 shops to 4 shops by an additional shop in the PRC during this financial year. The management is reviewing its brand image, market position and pricing in order to overcome the stiff competition.

FUTURE PROSPECTS

It is hard to foresee when the sluggish market will take a turn for the better or when the economy will revive, however, our management and front line staff are hand in hand to weather the gloomy economy.

While the Company intends to continue the existing principal businesses of the Group in the food and beverage industry, the management is reviewing the existing businesses and the financial positions of the Group for the purpose of formulating business plans and strategies for the future business development of the Group. In this regard, the management may explore business opportunities and consider whether any asset disposals, asset acquisitions, business rationalization, business divestment, fund raising, restructuring of the business and/or business diversification will be appropriate in order to diversify the Group's existing business, broaden the Group's income stream and enhance the long-term growth potential of the Company.

FINANCIAL REVIEW

Consolidated results of operations

For the year ended 31 March 2017, the Group recorded a total revenue of HK$ 336.4 million (2016: HK$442.9 million), representing a decrease of 24% compared with the previous year. The decrease was mainly resulting from the disposal of entire interests in the Shanghainese dining concept and Taiwanese beef noodle chain stores during last financial year.

Net loss attributable to owners of the Company was HK$47.3 million (2016: HK$38.7 million). The deterioration in the results was mainly due to increased in loss incurred by existing restaurants as affected by the sluggish economy.

Gross profit

The gross profit margin from the operations of the Group was 66% (2016: 67%).

Expenses

Total operating expenses for the operations decreased by 20.0% to HK$ 263.3 million (2016: HK$329.0 million) due to the fact that the number of operating subsidiaries were fewer than that of the corresponding period last year resulting from the disposal of certain business operations during last financial year.

Financial resources and liquidity

The Group generally relies on internal funds and facilities granted by its bankers; the sole beneficial owner of the convertible bonds issued by the Company (who is also a former executive Director of the Company); and the executive Director of our Company to finance its operation.

As at 31 March 2017, the Group's current assets amounted to HK$61.1 million (2016: HK$81.6 million) of which HK$22.2 million (2016: HK$40.0 million) was cash and bank deposits, HK$33.1 million (2016: HK$35.5 million) was debtors, deposits and prepayments. The Group's current liabilities amounted to HK$173.4 million (2016: HK$148.9 million), including creditors, accruals and deposits received in the amount of HK$49.1 million (2016: HK$51.8 million).

As at 31 March 2017, as the convertible bonds amounted to HK$39.3 million (2016: HK$38.6 million) will not be repayable within twelve months, it was treated as non-current liabilities in this financial year whereas it was included in current liabilities in last financial year.

The current ratio and quick assets ratio as at 31 March 2017 were 0.35 and 0.32 respectively (2016: 0.55 and 0.52 respectively). As the Company incurred net liabilities as at 31 March 2017 and 2016, there is 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.

Foreign exchange

During the year ended 31 March 2017, the Group conducted commercial transactions in the PRC and Taiwan denominated in Renminbi and New Taiwan Dollar respectively. Fluctuations in exchange rates of Renminbi and New Taiwan Dollar against Hong Kong Dollar could affect the Group's results of operations.

During the year ended 31 March 2016, the Group conducted commercial transactions in the PRC, Taiwan and Japan denominated in Renminbi, New Taiwan Dollar and Yen respectively. Fluctuations in exchange rates of Renminbi, New Taiwan Dollar and Yen against Hong Kong Dollar could affect the Group's results of operations.

During the years ended 31 March 2017 and 31 March 2016, 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 the finance leases at 31 March 2017 and 31 March 2016, no Group's assets which had been pledged or charged as at 31 March 2017 and 31 March 2016.

Capital commitments

As at 31 March 2017 and 31 March 2016, the Group did not have material capital commitment.

Contingent liabilities

As at 31 March 2017 and 31 March 2016, the Group did not have material contingent liabilities.

Employees and remuneration policies

As at 31 March 2017, the Group had 638 employees in Hong Kong, the PRC and Taiwan (2016: 743 employees in Hong Kong, the PRC, Taiwan and Japan). The remuneration of employees of the Group 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 subsidies, 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").

MANDATORY UNCONDITIONAL CASH OFFERS

References are made to the joint announcement of the Company and Win Union Investment Limited (the "Offeror" or "Win Union") dated 14 September 2016 and the composite offer and response document (the "Composite Document") jointly issued by the Company and the Offeror dated 5 October 2016 in relation to the mandatory unconditional cash offers made by Pacific Foundation Securities Limited for and on behalf of the Offeror to acquire all the issued shares of the Company (other than those already owned by the Offeror and parties acting in concert with it) (the "Share Offer") and to cancel all the then outstanding share options of the Company (the "Option Offer") (together with "Share Offer", the "Offers").

The Company was informed by Mr. Tang Sing Ming Sherman and First Glory Holdings Limited (the then controlling shareholders of the Company) (the "Vendors") that, on 7 September 2016 (after trading hours), the Offeror as purchaser and the Vendors as vendors, entered into a sale and purchase agreement, pursuant to which the Offeror conditionally agreed to purchase and the Vendors conditionally agreed to sell a total of 1,403,810,083 shares, representing approximately 50.54% of the then total issued share capital of the Company for a total consideration of HK$170,000,000 (equivalent to approximately HK$0.1211 per share) (the "Acquisition"). The completion of the Acquisition (the "Completion") took place on 8 September 2016.

Following the Completion, the Offeror and the parties acting in concert with it were interested in, held, and/or controlled 1,403,810,083 shares, representing approximately 50.54% of the total issued share capital of the Company. Accordingly, pursuant to Rule 26.1 and Rule 13 of the Hong Kong Code on Takeovers and Mergers, the Offeror was required to make the Offers.

As at 4:00 p.m. on Friday, 4 November 2016, being the latest time and date for acceptance of the Offers as set out in the Composite Document, the Offeror received valid acceptances in respect of (i) a total of 468,210 shares under the Share Offer; and (ii) a total of 33,000,000 share options under the Option Offer.

Upon the close of the Offers at 4:00 p.m. on Friday, 4 November 2016, taking into account the valid acceptances in respect of a total of 468,210 shares under the Share Offers, the Offeror and parties acting in concert with it held, controlled or directed 1,404,278,293 shares, representing approximately 50.56% of the issued share capital of the Company as at the date of the joint announcement. Details of the results of the Offers are set out in the announcement of the Company dated 4 November 2016.

CHANGE OF COMPANY NAME

Pursuant to the special resolution passed at the extraordinary general meeting of the Company held on 16 March 2017 and approval granted by the Registrar of Companies in the Cayman Islands, with effect from 20 March 2017, the English and Chinese names of the Company have been changed from "Epicurean and Company, Limited" and "惟膳有限公司" to "New Wisdom Holding Company Limited" and "新智控股有限公司" respectively. The Certificate of Registration of Alteration of Name of Registered Non-Hong Kong Company was issued by the Registrar of Companies in Hong Kong on 4 May 2017 confirming the registration of the new name of the Company in Hong Kong under Part 16 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) ("Companies Ordinance").

The Board is of the view that a change of company name will help to establish a fresh corporate image identity and better reflect the Group's future business plans and development.

EVENTS AFTER THE REPORTING PERIOD

Rights issue

References are made to the prospectus (the "Prospectus") of the Company in relation to the rights issue dated 22 May 2017 and the announcements dated 27 April 2017 and 14 June 2017 of the Company in relation to allotting and issuing 1,388,725,000 rights shares (the "Rights Shares") at the subscription price of HK$0.072 per Rights Shares on the basis of one Rights Shares for every two ordinary shares held on the 19 May 2017 (the "Rights Issue"). As at 4:00 p.m. on Tuesday, 6 June 2017, being the latest time for acceptance of applications for the rights shares as set out in the Prospectus, we have received 47 valid acceptances and applications in respect of a total of 5,395,794,287 Rights Shares. Accordingly, the Rights Issue was over-subscribed by 4,007,069,287 Rights Shares. On 14 June 2017, the Company allotted and issued 1,388,725,000 Rights Shares. The Company has received proceeds from the Rights Issue of approximately HK$388.5 million, out of which approximately HK$288.6 million was from the over-subscription of the Rights Shares which was refunded to the applicants on 14 June 2017.

The Rights Issue was fully underwritten by Win Union, a company wholly-owned by Mr. Chan Kin Chun Victor, an executive Director and the chairman of the Company, subject to the terms and conditions set out in the underwriting agreement (the "Underwriting Agreement") dated 26 April 2017 entered into between the Company and Win Union as the underwriter in relation to the Rights Issue. Since the Rights Issue was over-subscribed by 4,007,069,287 Rights Shares, in accordance with the terms of the Underwriting Agreement, the obligations of Win Union under the Underwriting Agreement in respect of the underwritten shares have been fully discharged.

Adjustments in relation to the convertible bonds

Pursuant to the terms and conditions of the convertible bonds, the conversion price of the outstanding convertible bonds has been adjusted from the initial conversion price of HK$0.08 per ordinary share to HK$0.07 per ordinary share as a result of the Rights Issue. As such, a total of 571,428,571 ordinary shares will be issued to Mr. Tang Sing Ming Sherman upon full conversion of the convertible bonds, assuming that the adjusted conversion price of HK$0.07 per share will remain as at the time of conversion. The above adjustment to the conversion price has been reviewed by PKF, the auditor of the Company, and took effect on 22 May 2017.

Save and except for the adjustment to the conversion price, all other terms of the convertible bonds remain unchanged.

EXECUTIVE DIRECTORS

Mr. Chan Kin Chun Victor

Mr. Chan Kin Chun Victor, aged 58, joined the Group in November 2016, is an entrepreneur who has been engaging in the garment manufacturing industry for 27 years. The business of Mr. Chan is mainly located in Jiangxi province, the PRC. Mr. Chan did not hold any other directorships in the last three years in any public companies, the securities of which are listed on any securities market in Hong Kong or overseas.

Mr. Zheng Hua

Mr. Zheng Hua, aged 57, joined the Group in November 2016, graduated from the Department of Geology of Northwest University（西北大學）with a major in petroleum and natural gas geology in January 1982. Mr. Zheng was qualified as a geologist by 青海石油管理局 (Qinghai Petroleum Management Bureau*) in April 1991. He was also qualified as a senior engineer by the Personnel and Labour Protection Office of Hainan Province（海南省人事勞動廳）in March 1995. He acted as the chief executive officer from June 2013 to May 2015 of Beijing Enterprises Clean Energy Group Limited (formerly known as Jin Cai Holdings Company Limited) (Stock Code: 1250), the securities of which are listed on the Main Board of the Stock Exchange, in which Mr. Zheng was responsible for the general management and daily operation. Mr. Zheng has more than 16 years of experience in the paper packaging industry in the PRC. He was a director of a cigarette packaging company named Shenzhen Oceania Printing Company Limited ("Shenzhen Oceania") in the PRC from November 2001 to August 2012 and has been the general manager of Shenzhen Oceania from August 2012 to November 2016, responsible for implementing the policy of the board of Shenzhen Oceania and the general management of Shenzhen Oceania.

Before joining Shenzhen Oceania in 2001, Mr. Zheng assumed various positions from 1982 to 1989, including being the assistant engineer of 石油部青海石油管理局鑽井公司辦公室 (Qinghai Petroleum Management Bureau Well-drilling Company Office, Ministry of Petroleum*) and the head of 青海省重工廳辦公室 (Ministry of Heavy Industry Office, Qinghai Province*). From 1990 to 1995, Mr. Zheng was the project manager of 中國石油開發公司海南公司 (China Petroleum Exploration Company Hainan Company*) and 海南省燃化總公司 (Hainan Province Combustion Headquarter*). Mr. Zheng was the senior engineer and the manager of 南方石油勘探開發有限責任公司 (South Oil Exploration and Development Co., Ltd.*) from 1996 to 2001.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Yip Tai Him

Mr. Yip Tai Him, aged 46, joined the Group in November 2016. Mr. Yip has been a practising accountant in Hong Kong since 1999. Mr. Yip is a fellow member of the Association of Chartered Certified Accountants in the United Kingdom and the Institute of Chartered Accountants in England and Wales. He has about 25 years of experience in accounting, auditing and financial management. Mr. Yip is currently an independent non-executive director of each of Bisu Technology Group International Limited (stock code: 1372), Shentong Robot Education Group Company Limited (stock code: 8206), GCL-Poly Energy Holdings Limited (stock code: 3800), Redco Properties Group Limited (stock code: 1622) and Sino Golf Holdings Limited (stock code: 361). The shares of these companies are listed on the Main Board or the GEM of the Stock Exchange.

Mr. Yip was an independent non-executive director of each of Vinco Financial Group Limited (stock code: 8340) from May 2008 to August 2016, Lajin Entertainment Network Group Limited (previously known as China Media and Films Holdings Limited) (stock code: 8172) from December 2008 to April 2015, iOne Holdings Limited (stock code: 982) from April 2009 to July 2014, Mega Medical Technology Limited (stock code: 876) from February 2001 to June 2014 and Larry Jewelry International Company Limited (stock code: 8351) from May 2014 to October 2014 and a non-executive director of Larry Jewelry International Company Limited (stock code: 8351) from April 2014 to May 2014. The shares of these companies are listed on the Main Board or GEM of the Stock Exchange.

Mr. Chan Yee Ping Michael

Mr. Chan Yee Ping Michael, aged 40, joined the Group in November 2016. Mr. Michael Chan has more than ten years of experience in the areas of audit, financial management, corporate secretarial management and corporate governance. He graduated from The Hong Kong Polytechnic University with an honour bachelor's degree in accountancy. He is currently a director of MCI CPA Limited, a certified public accountant firm in Hong Kong. He is currently serving as an independent non-executive directors for two companies whose shares are listed on the Main Board of the Stock Exchange, namely China Sandi Holdings Limited (Stock Code: 910) and China Renji Medical Group Limited (Stock Code: 648). He also acts as a company secretary of two companies whose shares are listed on the Main Board of the Stock Exchange, namely China Sunshine Paper Holdings Company Limited (Stock Code: 2002) since 2013 and Northeast Electric Development Company Limited (Stock Code: 42) since 2012.

He served as an independent non-executive director of Yueshou Environmental Holdings Limited (Stock Code: 1191) whose shares are listed on the Main Board of the Stock Exchange from October 2013 to July 2014. He also acted as a company secretary of Birmingham International Holdings Limited (Stock Code: 2309) whose shares are listed on the Main Board of the Stock Exchange from June 2015 to October 2016.

INDEPENDENT NON-EXECUTIVE DIRECTORS (cont'd)

Mr. Deng Guozhen

Mr. Deng Guozhen, aged 62, joined the Group in November 2016. Mr. Deng graduated from 湖北廣播電視大學 (HuBei Radio and TV University*) in the PRC specializing in industrial and commercial enterprises management. Since April 2003, Mr. Deng has served as a director of a tax agency in the PRC. Mr. Deng did not hold any other directorships in the last three years in public companies, the securities of which are listed on any securities market in Hong Kong or overseas.

SENIOR MANAGEMENT

Ms. Lam Kit Yan

Ms. Lam Kit Yan, aged 42, joined the Group in 2016. She is the company secretary and chief financial officer of the Company, responsible for compliance of the Company and financial management of the Group. She is a fellow member of the Hong Kong Institute of Certified Public Accountants, a certified tax adviser and is a fellow member of The Taxation Institute of Hong Kong. She obtained a degree of bachelor of business administration from The Chinese University of Hong Kong and has worked for international audit firms and various companies with extensive experience in financial reporting, auditing, mergers and acquisitions, compliance and initial public offerings. She had been the company secretary, chief financial officer and the authorized representative of Beijing Enterprises Clean Energy Group Limited (formerly known as Jin Cai Holdings Company Limited) (stock code: 1250) the issued shares of which are listed on the Main Board of the Stock Exchange from June 2013 to May 2015. From January 2016 to February 2016, Ms. Lam has been appointed as an executive director and company secretary of Aurum Pacific (China) Group Limited (Stock code: 08148), whose shares are listed on the GEM of the Stock Exchange.

Mr. Lam Yiu Chung Billy

Mr. Lam Yiu Chung Billy, aged 48, joined the Group in 2010. He is responsible for the operation of overseas business and development as well as the operation and development of Japanese cuisines of the Group. Prior to joining the Group, he has acquired substantial experience in the operation and management of hospitality industry especially in franchise operations and development. Mr. Lam holds a Higher Diploma in Hotel and Catering Management from The Hong Kong Polytechnic.

* For identification purposes only

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 2017.

CHANGE OF COMPANY NAME

Pursuant to the special resolution passed at the extraordinary general meeting of the Company held on 16 March 2017 and approval granted by the Registrar of Companies in the Cayman Islands, with effect from 20 March 2017, the English and Chinese names of the Company have been changed from "Epicurean and Company, Limited" and "惟膳有限公司" to "New Wisdom Holding Company Limited" and "新智控股有限公司" respectively. The Certificate of Registration of Alteration of Name of Registered Non-Hong Kong Company was issued by the Registrar of Companies in Hong Kong on 4 May 2017 confirming the registration of the new name of the Company in Hong Kong under Part 16 of the Companies Ordinance.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the Company during the year ended 31 March 2017 was investment holding and those of the subsidiaries are set out in note 12 to the consolidated financial statements. The principal activities of the Group are provision of food and beverage services.

Further discussion and analysis of these activities as required by Schedule 5 to the Companies Ordinance, including a description of the principal risks and uncertainties faced by the Group and an indication of likely future development in the Group's business, can be found in the section headed "Management Discussion and Analysis" of this annual report. This discussion forms part of this Directors' report.

RESULTS AND DIVIDEND

The results of the Group for the year ended 31 March 2017 and the financial position of the Group as at that date are set out in the consolidated financial statements on pages 53 to 120.

The Directors do not recommend the payment of any dividend in respect of the year ended 31 March 2017.

FINANCIAL SUMMARY

The summary of the results of the Group for each of the five years ended 31 March 2017 and the assets and liabilities of the Group as at 31 March 2013, 2014, 2015, 2016 and 2017 are set out on pages 121 and 122. This summary does not form part of the audited financial statements.

PLANT AND EQUIPMENT

The Group purchased and disposed of plant and equipment in the amount of approximately HK$29,000,000 and HK$21,123,000, respectively, during the year ended 31 March 2017. Detailed movements in plant and equipment of the Group are set out in note 11 to the consolidated financial statements.

SHARE CAPITAL

Details of movements in the share capital of the Company during the year are set out in note 20(a) to the consolidated financial statements.

CONVERTIBLE BONDS

Details of the convertible bonds are set out in note 25 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 57 and note 21 to the consolidated financial statements respectively.

DIRECTORS' INTERESTS IN CONTRACTS

Mr. Chan Kin Chun Victor, an executive Director and the chairman of the Company, is the beneficial owner of the entire issued share capital of Win Union and therefore has an interest in the Underwriting Agreement dated 26 April 2017 entered into between the Company and Win Union as the underwriter in relation to the Rights Issue.

Save as disclosed above and in note 30 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 30 to the consolidated financial statements. These connected transactions fall under the definition of "connected transaction" in Chapter 20 of the GEM Listing Rules and the Company confirmed that it had complied with the disclosure requirements in accordance with Chapter 20 of the GEM Listing Rules.

DIRECTORS AND DIRECTORS' SERVICE CONTRACTS

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

Executive Directors

Mr. Chan Kin Chun Victor *(Chairman)* (appointed on 8 November 2016)
Mr. Zheng Hua (appointed on 8 November 2016)
Mr. Tang Sing Ming Sherman *(Chairman)* (resigned on 8 November 2016)

Independent non-executive Directors

Mr. Yip Tai Him (appointed on 8 November 2016)
Mr. Chan Yee Ping Michael (appointed on 8 November 2016)
Mr. Deng Guozhen (appointed on 8 November 2016)
Mr. Bhanusak Asvaintra (resigned on 8 November 2016)
Mr. Chung Kwok Keung Peter (resigned on 8 November 2016)
Mr. Chan Kam Fai Robert (resigned on 8 November 2016)

In accordance with the Articles of Association of the Company, any Director appointed to fill a casual vacancy on the Board or as an addition to the existing Board shall hold office only until the next following annual general meeting of the Company. As all Directors of the Company were so appointed on 8 November 2016, they shall all be subject to retirement by rotation and, being eligible, shall offer themselves for re-election at the annual general meeting of the Company.

The term of independent non-executive directorships of Mr. Yip Tai Him, Mr. Chan Yee Ping Michael and Mr. Deng Guozhen under each of their respective letter of appointment is one year from 8 November 2016 to 7 November 2017 unless terminated by either party giving to the other not less than one month's notice in writing.

The executive Directors, Mr. Chan Kin Chun Victor and Mr. Zheng Hua, had entered into a service contract for one year commencing from 8 November 2016 and renewable thereafter subject to compliance with relevant laws and regulations including the Listing Rules. The said service contract may be terminated by either party at any time by giving to the other not less than one month written 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 2017 and the Company 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 34 to 36 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 (the "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.

SHARE OPTIONS (cont'd)

Share Option Schemes (cont'd)

During the year ended 31 March 2017, a total of 33,000,000 Share Options were cancelled upon the close and settlement of the mandatory unconditional cash offers to cancel all the then outstanding Share Options under the Option Offer. After the close and settlement of the Option Offer and as of 31 March 2017, no Share Options were outstanding. Details of the Option offer are set out in the section headed "Mandatory unconditional cash offers" on pages 31 to 32 of this annual report. The following table discloses the movement of the Share Options:

	Date of grant	Exercisable period	Exercise price per share HK$	Number of Share Options outstanding at 1.4.2016	Cancelled during the year	Number of Share Options outstanding at 31.3.2017
Category 1: Director Mr. Tang Sing Ming Sherman (Note 1)	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)	–
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	3,000,000	(3,000,000)	–
	13.8.2010	13.8.2012 – 12.8.2020	0.138	3,000,000	(3,000,000)	–
Total of all categories				33,000,000	(33,000,000)	–

Note:

1. Mr. Tang Sing Ming Sherman resigned as executive Director with effect from 8 November 2016.

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

As at 31 March 2017, the interests or short positions of the Directors or chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO"), Chapter 571 under the Laws of Hong Kong), which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by directors to be notified to the Company and the Stock Exchange, were as follows:

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

Name	Type of interests	Number of shares interested/held	Approximate percentage of the issued share capital (Note 2)
Mr. Chan Kin Chun Victor ("Mr. Chan") (Note 1)	Interest of controlled corporation	1,404,278,293	50.56%

(b) Long positions in the ordinary shares of associated corporation

Name	Name of associated corporation	Capacity/Nature	Number of ordinary share in associated corporation	Approximate percentage of attributable interest in associated corporation
Mr. Chan (Note 1)	Win Union	Beneficial owner	1	100.00%

Notes:

1. Mr. Chan beneficially owns the entire issued share capital of Win Union, which in turn holds 1,404,278,293 ordinary shares of the Company. Therefore, Mr. Chan is deemed or taken to be interested in all shares of the Company held by Win Union for the purpose of the SFO representing approximately 50.56% of the entire issued share capital of the Company. Mr. Chan is the sole director of Win Union.

2. Based on 2,777,450,000 ordinary shares of the Company in issue as at 31 March 2017.

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

Save as disclosed herein, as at 31 March 2017, 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 2017, 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 and/or underlying shares of the Company	Approximate percentage of the issued share capital (Note 3)
Win Union (Note 1)	Beneficial owner	1,404,278,293	50.56%
Mr. Tang Sing Ming Sherman ("Mr. Tang") (Note 2)	Beneficial owner	500,000,000	18.00%
Ms. Ho Ming Yee ("Ms. Ho") (Note 2)	Interest of spouse	500,000,000	18.00%

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 (cont'd)

Notes:

1. The said 1,404,278,293 ordinary shares of the Company are held by Win Union, which is wholly-owned by Mr. Chan.

2. 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. The said 500,000,000 ordinary shares of the Company represent underlying shares of the Company which would be issued upon conversion of the convertible bond held by Mr. Tang in full. Mr. Tang resigned as executive Director with effect from 8 November 2016.

3. Based on 2,777,450,000 ordinary shares of the Company in issue as at 31 March 2017.

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.

PERMITTED INDEMNITY PROVISION

Article 167(1) of the Articles of Association of the Company provides that every Director shall be indemnified and secured harmless out of the assets and profits of the Company from and against all actions, costs, charges, losses, damages and expenses which they or any of them, their or any of their heirs, executors or administrators, shall or may incur or sustain by or by reason of any act done, concurred in or omitted in or about the execution of their duty, or supposed duty, in their respective offices or trusts. A Directors' Liability Insurance is in place to protect the Directors against potential costs and liabilities arising from claims brought against the Directors.

COMPETING INTERESTS

As at 31 March 2017, none of the Directors, the controlling shareholders or their respective close 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.

MAJOR CUSTOMERS AND SUPPLIERS

For the year ended 31 March 2017, the aggregate amounts of revenue and purchases attributable to the Group's five largest customers and suppliers were less than 30% (2016: less than 30%) of the Group's total revenue and purchases respectively.

MAJOR CUSTOMERS AND SUPPLIERS (cont'd)

None of the Directors, their close associates or any shareholder of the Company (which to the knowledge of the Directors owns more than 5% of the number of issued shares of the Company) has any interest in the Group's five largest suppliers or customers during the year.

MANAGEMENT CONTRACTS

No contracts concerning to the management and administration of the whole or any substantial part of any business of the Group were entered into or existed 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.

EVENTS AFTER THE REPORTING PERIOD

Details of the significant events of the Group after the reporting period are set out in note 37 to the consolidated financial statements and section headed "Management Discussion and Analysis" of this annual report.

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

Chan Kin Chun Victor
Chairman
Hong Kong, 27 June 2017

大信梁學濂(香港)會計師事務所

PKF
Accountants &
business advisers

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

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF
NEW WISDOM HOLDING COMPANY LIMITED
(FORMERLY KNOWN AS EPICUREAN AND COMPANY, LIMITED)
(incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of New Wisdom Holding Company Limited (formerly known as Epicurean and Company, Limited) (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 53 to 120, which comprise the consolidated statement of financial position as at 31 March 2017, and the consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the Group's financial position as at 31 March 2017, and of its financial performance and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the "Auditor's responsibilities for the audit of the consolidated financial statements" section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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$47,740,000 for the year ended 31 March 2017 and as of that date, the Group had net current liabilities and net liabilities of HK$112,329,000 and HK$48,744,000 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.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined to communicate in our report the following key audit matters for the year ended 31 March 2017.

Impairment of goodwill

The Group's impairment of goodwill disclosed in note 13 to the consolidated financial statements were determined to be a key audit matter due to the management's assessment of the value in use of the Group's cash-generating units ("CGUs") involved significant judgements and estimates about the future results and key assumptions.

Our procedures performed to address the matter included, amongst others:

- Obtain an understanding of the Group's procedures and method of estimation, including any control activities applied, significant assumptions made and management's assessment of estimation uncertainty;
- Evaluate the competence, independence and works performed by experts engaged by the management to assess their estimation;
- Challenge the composition of the Group's future cash flows forecasts in the CGUs;
- Challenge the key assumptions used by the management for the estimation;
- Evaluate whether the method of estimation and assumptions made are appropriate;
- Test the data used by the management in the estimation;
- Re-calculate the estimation made by the management;

KEY AUDIT MATTERS (cont'd)

Impairment of goodwill (cont'd)

- Review outcome of estimation made in prior period;
- Challenge the adequacy of the sensitivity calculations over the CGUs;
- Review subsequent events relevant to the estimation;
- Determine whether indication of possible management bias exist; and
- Evaluate the recognition and measurement criteria used and disclosure made by management.

Impairment of plant and equipment, and other intangible assets

The Group's impairment of plant and equipment, and other intangible assets disclosed in notes 11 and 14 to the consolidated financial statements were determined to be a key audit matter due to the management's assessment of whether any indication of impairment existed and the management's estimation on the value in use of the Group's cash-generating units ("CGUs") involved significant judgements and estimates about the future results and key assumptions.

Our procedures performed to address the matter included, amongst others:

- Evaluate the Group's assessment of any indication of assessment existed;
- Obtain an understanding of the Group's procedures and method of estimation, including any control activities applied, significant assumptions made and management's assessment of estimation uncertainty;
- Evaluate the competence, independence and works performed by experts engaged by the management to assess their estimation;
- Challenge the composition of the Group's future cash flows forecasts in the CGUs;
- Challenge the key assumptions used by the management for the estimation;
- Evaluate whether the method of estimation and assumptions made are appropriate;
- Test the data used by the management in the estimation;
- Re-calculate the estimation made by the management;

KEY AUDIT MATTERS (cont'd)

Impairment of plant and equipment, and other intangible assets (cont'd)

- Review outcome of estimation made in prior period;
- Challenge the adequacy of the sensitivity calculations over the CGUs;
- Review subsequent events relevant to the estimation;
- Determine whether indication of possible management bias exist; and
- Evaluate the recognition and measurement criteria used and disclosure made by management.

OTHER INFORMATION

The Directors are responsible for the other information which comprises the information included in the Group's annual report for the year ended 31 March 2017 ("Annual Report"), other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

DIRECTORS' RESPONSIBILITIES 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 HKFRSs issued by the HKICPA and are in compliance with 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.

DIRECTORS' RESPONSIBILITIES FOR THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

In preparing the consolidated financial statements, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The Directors are assisted by the Audit Committee in discharging their responsibilities for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. 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.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:–

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

– Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

– Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

– Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicate with Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulations preclude public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Chung Wai Chuen Alfred.

PKF
Certified Public Accountants
Hong Kong, 27 June 2017

Consolidated Statement of Profit or Loss

For the year ended 31 March 2017

	Note	**2017 HK$'000**	2016 HK$'000
Revenue	4	**336,419**	442,871
Cost of sales		**(113,027)**	(144,389)
Gross profit		**223,392**	298,482
Other income	5	**2,151**	3,526
Gain on disposal of subsidiaries	33	**8**	11,539
Impairment loss on goodwill	13	**–**	(4,293)
Impairment loss on other intangible assets	14	**(4,625)**	(3,147)
Impairment loss on plant and equipment	11	**(2,861)**	(5,648)
Operating expenses		**(263,346)**	(328,980)
Operating loss		**(45,281)**	(28,521)
Finance costs	6(a)	**(5,070)**	(6,215)
Loss before income tax	6	**(50,351)**	(34,736)
Income tax credit/(expense)	8(a)	**2,611**	(3,898)
Loss for the year		**(47,740)**	(38,634)
Loss for the year attributable to:–			
Owners of the Company		**(47,333)**	(38,705)
Non-controlling interests		**(407)**	71
		(47,740)	(38,634)
			(Restated)
Loss per share (HK cents)	10		
– Basic		**(1.41)**	(1.28)
– Diluted		**N/A**	N/A

The notes on pages 60 to 120 form part of these consolidated financial statements.

Consolidated Statement of Comprehensive Income

For the year ended 31 March 2017

	Note	2017 HK$'000	2016 HK$'000
Loss for the year		**(47,740)**	(38,634)
Other comprehensive (loss)/income:–			
Items that may be subsequently reclassified to profit or loss:–			
Exchange (loss)/gain arising from translation of financial statements of foreign operations		**(563)**	264
Other comprehensive (loss)/income for the year, net of tax		**(563)**	264
Total comprehensive loss for the year		**(48,303)**	(38,370)
Total comprehensive loss for the year attributable to:–			
Owners of the Company		**(47,865)**	(38,441)
Non-controlling interests		**(438)**	71
		(48,303)	(38,370)

The notes on pages 60 to 120 form part of these consolidated financial statements.

Consolidated Statement of Financial Position

As at 31 March 2017

	Note	2017 HK$'000	2016 HK$'000
NON-CURRENT ASSETS			
Plant and equipment	11	**31,640**	30,118
Goodwill on consolidation	13	**55,095**	55,095
Other intangible assets	14	**14,475**	20,133
Deferred tax assets	15	**6,321**	5,044
		107,531	110,390
CURRENT ASSETS			
Inventories	16	**4,771**	4,917
Debtors, deposits and prepayments	17	**33,107**	35,532
Income tax recoverable		**978**	1,174
Cash and cash equivalents	18	**22,228**	39,971
		61,084	81,594
DEDUCT:–			
CURRENT LIABILITIES			
Loans from a former director	24	**107,101**	–
Loans from a director	24	**2,644**	71,716
Obligations under finance lease	22	**179**	238
Bank loans, secured	23 & 28	**13,991**	24,888
Creditors, accruals and deposits received	19	**49,059**	51,794
Income tax payable		**439**	226
		173,413	148,862
NET CURRENT LIABILITIES		**(112,329)**	(67,268)

Consolidated Statement of Financial Position

As at 31 March 2017

	Note	2017 HK$'000	2016 HK$'000
TOTAL ASSETS LESS CURRENT LIABILITIES		**(4,798)**	43,122
NON-CURRENT LIABILITIES			
Convertible bonds	25	**39,325**	38,563
Deferred tax liabilities	15	**575**	1,986
Other payables	19	**4,046**	2,835
Obligations under finance lease	22	**–**	179
		43,946	43,563
NET LIABILITIES		**(48,744)**	(441)
REPRESENTING:–			
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY			
Share capital	20	**27,775**	27,775
Reserves	21	**(75,153)**	(27,403)
		(47,378)	372
NON-CONTROLLING INTERESTS		**(1,366)**	(813)
TOTAL EQUITY		**(48,744)**	(441)

The notes on pages 60 to 120 form part of these consolidated financial statements.

Approved and authorized for issue by
the Board of Directors on 27 June 2017

Chan Kin Chun Victor
Director

Zheng Hua
Director

Consolidated Statement of Changes in Equity

For the year ended 31 March 2017

	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 1.4.2015	22,430	(170,884)	135,200	3,801	92	2,020	2,521	(258)	(5,078)	656	(4,422)
Recognition of equity-settled share-based payment expenses – Note 26	–	–	–	–	–	9	–	–	9	–	9
Release upon disposal of subsidiaries – Note 33	–	–	–	–	(566)	–	–	–	(566)	(1,540)	(2,106)
Exercise of share option – Note 26	345	–	3,640	–	–	(974)	–	–	3,011	–	3,011
Extension of convertible bonds	–	2,521	–	–	–	–	260	–	2,781	–	2,781
Conversion of convertible bonds – Note 25	5,000	–	35,047	–	–	–	(1,391)	–	38,656	–	38,656
Comprehensive loss											
Loss for the year	–	(38,705)	–	–	–	–	–	–	(38,705)	71	(38,634)
Other comprehensive income:– Exchange gain arising from translation of financial statements of foreign operations	–	–	–	–	264	–	–	–	264	–	264
Total comprehensive loss for the year	–	(38,705)	–	–	264	–	–	–	(38,441)	71	(38,370)
At 31.3.2016 and 1.4.2016	27,775	(207,068)	173,887	3,801	(210)	1,055	1,390	(258)	372	(813)	(441)
Cancellation of share options under mandatory unconditional cash offers – Note 26	–	1,055	–	–	–	(1,055)	–	–	–	–	–
Deemed disposal of partial interest in a subsidiary	–	–	–	–	–	–	–	115	115	(115)	–
Comprehensive loss											
Loss for the year	–	(47,333)	–	–	–	–	–	–	(47,333)	(407)	(47,740)
Other comprehensive loss:– Exchange loss arising from translation of financial statements of foreign operations	–	–	–	–	(532)	–	–	–	(532)	(31)	(563)
Total comprehensive loss for the year	–	(47,333)	–	–	(532)	–	–	–	(47,865)	(438)	(48,303)
At 31.3.2017	**27,775**	**(253,346)**	**173,887**	**3,801**	**(742)**	**-**	**1,390**	**(143)**	**(47,378)**	**(1,366)**	**(48,744)**

The notes on pages 60 to 120 form part of these consolidated financial statements.

Consolidated Statement of Cash Flows

For the year ended 31 March 2017

	Note	**2017 HK$'000**	2016 HK$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before income tax		**(50,351)**	(34,736)
Adjustments for:–			
Exchange loss		**319**	206
Interest income		**(7)**	(5)
Reversal on provision of reinstatement costs		**(85)**	(804)
Interest on secured bank loans, repayable within five years		**751**	795
Interest expense on convertible bonds		**798**	1,220
Imputed interest expense on convertible bonds		**762**	375
Finance charges on obligations under finance lease		**9**	15
Depreciation of plant and equipment		**23,374**	31,002
Loss on disposal of plant and equipment		**1,262**	508
Amortization of other intangible assets		**1,314**	2,131
Equity-settled share-based payment expenses		**–**	9
Impairment loss on plant and equipment		**2,861**	5,648
Impairment loss on goodwill		**–**	4,293
Impairment loss on other intangible assets		**4,625**	3,147
Gain on disposal of subsidiaries	33	**(8)**	(11,539)
Operating (loss)/profit before working capital changes		**(14,376)**	2,265
Decrease in inventories		**96**	270
Decrease/(increase) in debtors, deposits and prepayments		**1,788**	(2,817)
Decrease in creditors, accruals and deposits received		**(1,169)**	(2,313)
Cash used in operations		**(13,661)**	(2,595)
Income tax refunded/(paid)		**331**	(4,057)
Interest received		**7**	5
Interests paid on bank loans, repayable within five years		**(795)**	(751)
Finance charges on obligations under finance lease		**(9)**	(15)
NET CASH USED IN OPERATING ACTIVITIES		**(14,127)**	(7,413)

Consolidated Statement of Cash Flows

For the year ended 31 March 2017

	Note	2017 HK$'000	2016 HK$'000
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment for purchase of plant and equipment		**(28,342)**	(21,867)
Net cash outflow arising from business combination	32	**(1,500)**	(3,859)
Sales proceeds from disposal of plant and equipment		**19**	227
Net cash outflow arising on disposal of subsidiaries	33	**(123)**	(14,019)
Payment for acquisition of other intangible assets		**(281)**	(386)
NET CASH USED IN INVESTING ACTIVITIES		**(30,227)**	(39,904)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from shares issued on exercise of share options		**–**	3,011
Increase in loans from a former director		**2,509**	–
Increase in loans from a director		**35,520**	35,016
Capital element of finance lease rentals paid		**(238)**	(756)
Repayments of secured bank loans		**(51,445)**	(49,295)
Proceeds from new secured bank loans		**40,548**	49,835
NET CASH FROM FINANCING ACTIVITIES		**26,894**	37,811
NET DECREASE IN CASH AND CASH EQUIVALENTS		**(17,460)**	(9,506)
CASH AND CASH EQUIVALENTS AS AT THE BEGINNING OF THE YEAR		**39,971**	49,628
EFFECT OF EXCHANGE RATES CHANGES		**(283)**	(151)
CASH AND CASH EQUIVALENTS AS AT THE END OF THE YEAR	18	**22,228**	39,971

The notes on pages 60 to 120 form part of these consolidated financial statements.

1. GENERAL INFORMATION

New Wisdom Holding Company Limited (formerly known as 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 6/F., Southland Building, 48 Connaught Road Central, Central, Hong Kong. The Company and its subsidiaries (collectively referred to as the "Group") is engaged in the provision of food and beverage services.

Pursuant to the special resolution passed at the extraordinary general meeting held on 16 March 2017 and the approval was granted by the Registrar of Companies in the Cayman Islands, with effect from 20 March 2017, the English and Chinese names of the Company have been changed from "Epicurean and Company, Limited" and "惟膳有限公司" to "New Wisdom Holding Company Limited" and "新智控股有限公司" respectively. The Certificate of Registration of Alteration of Name of Registered Non-Hong Kong Company was issued by the Registrar of Companies in Hong Kong on 4 May 2017 confirming the registration of the new name of the Company in Hong Kong under Part 16 of the Hong Kong Companies Ordinance (Chapter 622 of the Laws of Hong Kong).

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").

2. BASIS OF PREPARATION (cont'd)

(b) Initial application of HKFRSs

In the current year, the Group initially applied the following new and revised HKFRSs:–

Amendments to HKAS 1	Disclosure Initiative
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortization
Amendments to HKAS 16 and HKAS 41	Bearer Plants
Amendments to HKAS 27	Equity Method in Separate Financial Statements
Amendments to HKAS 28, HKFRS 10 and HKFRS 12	Investment Entities: Applying the Consolidation Exception
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations
HKFRS 14	Regulation Deferral Accounts
Annual Improvements (2012-2014)	Amendments to HKFRS 5, HKFRS 7 and HKAS 19

The initial application of these new and revised 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.

(c) HKFRSs in issue but not yet effective

The following HKFRSs in issue at 31 March 2017 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 2016:–

HKFRS 9 (2014)	Financial Instruments[2]
HKFRS 15	Revenue from Contracts with Customers[2]
HKFRS 16	Leases[3]
Amendments to HKAS 7	Disclosure Initiative[1]
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses[1]
Amendments to HKAS 28 and HKFRS 10	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[5]
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions[2]
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts[2]
Annual Improvements (2014-2016)	Amendments to HKFRS 1, HKFRS 12 and HKAS 28[4]

2. BASIS OF PREPARATION (cont'd)

(c) HKFRSs in issue but not yet effective (cont'd)

[1] Effective for annual periods beginning on or after 1 April 2017
[2] Effective for annual periods beginning on or after 1 April 2018
[3] Effective for annual periods beginning on or after 1 April 2019
[4] Effective for annual periods beginning on or after 1 April 2017 or 1 April 2018, as appropriate
[5] Effective for annual periods beginning on or after a date to be determined

The Group is in the process of making an assessment of what the impact of these standards and 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.

(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$47,740,000 for the year ended 31 March 2017 and as of that date, the Group had net current liabilities and net liabilities of HK$112,329,000 and HK$48,744,000 respectively as the Directors considered that:–

(1) Mr. Tang Sing Ming Sherman ("Mr. Tang"), who is the sole beneficial owner of the convertible bonds issued by the Company in the aggregate outstanding principal amount of HK$40,000,000 and provided loans to the Group of HK$107,101,000 as at 31 March 2017, will provide continuing financial support to the Group;

(2) After the completion of the mandatory unconditional cash offers on 4 November 2016, Mr. Chan Kin Chun Victor ("Mr. Chan"), became the controlling shareholder of the Company and will provide continuing financial support to the Group; and

(3) Upon completion of the Rights Issue took place on 14 June 2017 as disclosed in note 37, the Company raised approximately HK$100 million, before expenses, by way of allotting and issuing 1,388,725,000 Rights Shares at the subscription price of HK$0.072 per Rights Shares, on the basis of one (1) Rights Shares for every two (2) existing Shares held on 19 May 2017.

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 since there are no material uncertainties related to events or conditions that may cast significant doubt upon the Group's ability to continue as a going concern.

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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(b) Basis of consolidation (cont'd)

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 owners 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 owners of the Company. Loans from holders of non-controlling interests and other contractual obligations towards these holders are presented as financial liabilities in the consolidated statement of financial position depending on the nature of the liability.

(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.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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

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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(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.

Service fee income is recognized when services have been rendered.

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

(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.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(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

(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.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(h) Investments (cont'd)

(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.

(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 convertible bonds equity reserve until either the note is converted or redeemed. Where the option remains unexercised at the expiry date, the balance stated in convertible bonds equity reserve will be released to accumulated profit or loss. No gain or loss is recognized in profit or loss upon conversion or expiration of the option.

If the note is converted, the convertible bonds equity 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 convertible bonds equity reserve is released directly to accumulated profit or loss.

The liability component (or part of the liability component) of the convertible bonds is derecognized when, and only when, it is extinguished – i.e. when the obligation specified in the contract is discharged or cancelled or expired.

A significant modification of the terms of the convertible bonds is accounted for as recognition of a new compound instrument and an extinguishment of the original compound instrument before maturity. The difference between the carrying amount of the original liability component extinguished and its fair value at the date of modification is recognized in profit or loss. The difference between the fair value at the date of modification of the original liability component extinguished and the fair value of the newly recognized liability component is recognized in the convertible bonds equity reserve. The carrying amount of the equity component of the original compound instrument extinguished is released from convertible bonds equity reserve 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) 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 Group or the Group's parent.

(b) An entity is related to the Group if any of the following conditions applies:–

(i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);

(iii) Both entities are joint ventures of the same third party;

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(t) Related parties (cont'd)

(b) (cont'd)

(vi) The entity is controlled or jointly controlled by a person identified in (a);

(vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and

(viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the Group's parent.

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

(u) Foreign currency translation

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

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

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.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(v) Segment reporting

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

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

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

The Group has only one business segment for current year.

(w) 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.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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

Key sources of estimation uncertainty (cont'd)

(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.

(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) 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 (i) Mr. Tang, who is the sole beneficial owner of all the convertible bonds issued by the Company at 31 March 2017; (ii) Mr. Chan, who is the executive Director of the Company and the sole beneficial owner of the controlling shareholder which holds 50.56% interests in the Company at 31 March 2017; and (iii) completion of the Rights Issue took place on 14 June 2017 as disclosed in note 37.

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. REVENUE

Revenue represents invoiced value recognized in respect of provision of food and beverage services, net of discounts and business tax or value-added tax, during the year. An analysis of the revenue recorded for the year is set out below:–

	2017	2016
	HK$'000	HK$'000
Provision of food and beverage services and others	**336,419**	442,871

5. OTHER INCOME

	2017	2016
	HK$'000	HK$'000
Interest income	**7**	5
Service fee income	**1,230**	1,909
Franchise income	**346**	174
Reversal on provision of reinstatement costs	**85**	804
Miscellaneous items	**483**	634
	2,151	3,526

6. LOSS BEFORE INCOME TAX

	2017 HK$'000	2016 HK$'000
Loss before income tax is arrived at after charging:–		
(a) Finance costs:–		
Interest expenses on secured bank loans, repayable within five years	**751**	795
Interest expense on convertible bonds	**798**	1,220
Imputed interest expense on convertible bonds – Note 25	**762**	375
Finance charge on obligations under finance lease	**9**	15
Other bank charges	**2,750**	3,810
	5,070	6,215
(b) Other items:–		
Amortization of other intangible assets	**1,314**	2,131
Depreciation	**23,374**	31,002
Auditor's remuneration	**939**	1,201
Exchange loss	**319**	206
Operating lease rentals for properties	**75,990**	91,108
Directors' remuneration – Note 7(a)	**698**	490
Other staff salaries and benefits	**102,156**	130,084
Retirement scheme contributions	**4,918**	6,242
Equity-settled share-based payment expenses	**–**	5
Other staff costs	**107,074**	136,331
Cost of inventories sold	**113,027**	144,389
Loss on disposal of plant and equipment	**1,262**	508

7. DIRECTORS' REMUNERATION AND EMPLOYEES' EMOLUMENTS

(a) Pursuant to the Listing Rules, section 383(1)(a), (b), (c) and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, 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
2016					
Executive Director:–					
Mr. Tang	–	120	6	4	130
Independent non-executive Directors:–					
Mr. Bhanusak Asvaintra	120	–	–	–	120
Mr. Chan Kam Fai Robert	120	–	–	–	120
Mr. Chung Kwok Keung Peter	120	–	–	–	120
	360	–	–	–	360
	360	120	6	4	490

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

(a) Pursuant to the Listing Rules, section 383(1)(a), (b), (c) and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, 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
2017					
Executive Directors:–					
Mr. Tang (resigned on 8 November 2016)	–	72	4	–	76
Mr. Chan (appointed on 8 November 2016)	95	–	–	–	95
Mr. Zheng Hua (appointed on 8 November 2016)	95	–	–	–	95
	190	72	4	–	266
Independent non-executive Directors:–					
Mr. Bhanusak Asvaintra (resigned on 8 November 2016)	72	–	–	–	72
Mr. Chan Kam Fai Robert (resigned on 8 November 2016)	72	–	–	–	72
Mr. Chung Kwok Keung Peter (resigned on 8 November 2016)	72	–	–	–	72
Mr. Yip Tai Him (appointed on 8 November 2016)	72	–	–	–	72
Mr. Chan Yee Ping Michael (appointed on 8 November 2016)	72	–	–	–	72
Mr. Deng Guozhen (appointed on 8 November 2016)	72	–	–	–	72
	432	–	–	–	432
	622	72	4	–	698

No Directors waived any emoluments during the years ended 31 March 2017 and 2016.

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 (2016: five) highest paid individuals of the Group were as follows:–

	2017 **HK$'000**	2016 HK$'000
Basic salaries, allowances and benefits in kind	**3,964**	4,684
Equity-settled share-based payment expenses	**–**	3
Retirement scheme contributions	**68**	90
	4,032	4,777

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

	2017	2016
Nil – HK$1,000,000	**4**	3
HK$1,000,001 – HK$1,500,000	**1**	2

8. INCOME TAX (CREDIT)/EXPENSE

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

	2017 **HK$'000**	2016 HK$'000
Current tax	**101**	2,863
Deferred tax – Note 15	**(2,712)**	1,035
Income tax (credit)/expense	**(2,611)**	3,898

8. INCOME TAX (CREDIT)/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") and Taiwan are subject to Hong Kong Profits Tax, PRC Enterprise Income Tax and Taiwan Profit-Seeking-Enterprise Income Tax at the rates of 16.5%, 25% and 17% respectively (2016: 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:–

	2017 **HK$'000**	2016 HK$'000
Loss before income tax	**(50,351)**	(34,736)
Tax effect at the Hong Kong profits tax rate of 16.5% (2016: 16.5%)	**(8,308)**	(5,731)
Tax rates differential	**1,097**	1,750
Tax effect of income that is not taxable	**(42)**	(2,147)
Tax effect of expenses that are not deductible	**1,067**	4,318
Tax effect of unused tax losses not recognized	**3,595**	5,788
Tax refund	**(20)**	(80)
Income tax (credit)/expense	**(2,611)**	3,898

8. INCOME TAX (CREDIT)/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$34,158,000 (2016: approximately HK$40,016,000) can be carried forward indefinitely. The unutilized tax losses accumulated in PRC subsidiaries amounted to approximately HK$41,396,000 (2016: approximately HK$24,520,000) can be carried forward for five years. The unutilized tax losses accumulated in Taiwan subsidiary amounted to approximately HK$4,053,000 (2016: approximately HK$2,035,000) can be carried forward for 10 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 2017, the undistributed profits of the PRC subsidiaries amounted to approximately HK$3,492,000 (2016: approximately HK$2,758,000). The corresponding unrecognized deferred tax liabilities were amounted to approximately HK$174,600 (2016: approximately HK$137,900).

9. DIVIDEND

No dividend has been paid or declared by the Company for the years ended 31 March 2017 and 2016.

10. LOSS PER SHARE

The calculation of basic loss per share is based on the loss attributable to owners of the Company of HK$47,333,000 (2016: HK$38,705,000) and the weighted average number of ordinary shares of 3,359,819,000 (2016: 3,021,481,000 ordinary shares) in issue during the year ended 31 March 2017.

The weighted average number of ordinary shares adopted in calculation of basic loss per share for the year ended 31 March 2017 have been adjusted after taking into account of the Rights Issue which was completed on 14 June 2017 as disclosed in note 37 and prior year comparative had been restated for such effect. The weighted average number of ordinary shares for the year ended 31 March 2016 had also been adjusted to reflect the impact of the share options exercised and conversion of convertible bond effected during that year.

	2017 **HK$'000**	2016 HK$'000
Loss for the year attributable to the owners of the Company	**47,333**	38,705

Weighted average number of ordinary shares

	2017 **'000**	2016 '000 (Restated)
Issued ordinary shares at the beginning of the year	**3,359,819**	2,713,246
Effect of share option exercised	**–**	19,036
Effect of conversion of convertible bonds	**–**	289,199
Issued ordinary shares at the end of the year	**3,359,819**	3,021,481

Diluted loss per share has not been disclosed as no dilutive potential equity shares in existence as at 31 March 2017 and 2016.

11. PLANT AND EQUIPMENT

	Leasehold improvement HK$'000	Furniture, fixtures and equipment HK$'000	Motor vehicles HK$'000	Total HK$'000
Cost:–				
At 1.4.2015	78,601	56,733	955	136,289
Exchange adjustment	22	62	–	84
Business combination – Note 32	–	1,645	–	1,645
Additions	13,368	8,856	475	22,699
Disposal of subsidiaries – Note 33	(29,839)	(10,235)	–	(40,074)
Disposals	(7,797)	(8,345)	(831)	(16,973)
At 31.3.2016	54,355	48,716	599	103,670
Accumulated depreciation:–				
At 1.4.2015	46,998	26,656	640	74,294
Exchange adjustment	52	44	–	96
Charge for the year	16,720	14,103	179	31,002
Disposal of subsidiaries – Note 33	(18,959)	(6,820)	–	(25,779)
Written back on disposals	(6,887)	(6,224)	(699)	(13,810)
At 31.3.2016	37,924	27,759	120	65,803
Impairment loss:–				
At 1.4.2015	2,482	2,752	–	5,234
Exchange adjustment	30	14	–	44
Charge for the year	3,753	1,895	–	5,648
Disposal of subsidiaries – Note 33	(676)	(73)	–	(749)
Written back on disposals	(747)	(1,681)	–	(2,428)
At 31.3.2016	4,842	2,907	–	7,749
Net book value:–				
At 31.3.2016	11,589	18,050	479	30,118
Cost:–				
At 1.4.2016	54,355	48,716	599	103,670
Exchange adjustment	(66)	(30)	–	(96)
Additions	19,327	9,673	–	29,000
Disposals	(9,769)	(11,354)	–	(21,123)
At 31.3.2017	**63,847**	**47,005**	**599**	**111,451**
Accumulated depreciation:–				
At 1.4.2016	37,924	27,759	120	65,803
Exchange adjustment	(17)	(76)	–	(93)
Charge for the year	11,900	11,256	218	23,374
Written back on disposals	(8,198)	(10,206)	–	(18,404)
At 31.3.2017	**41,609**	**28,733**	**338**	**70,680**
Impairment loss:–				
At 1.4.2016	4,842	2,907	–	7,749
Exchange adjustment	(10)	(31)	–	(41)
Charge for the year	393	2,468	–	2,861
Written back on disposals	(1,215)	(223)	–	(1,438)
At 31.3.2017	**4,010**	**5,121**	**–**	**9,131**
Net book value:–				
At 31.3.2017	**18,228**	**13,151**	**261**	**31,640**

11. PLANT AND EQUIPMENT (cont'd)

At 31 March 2017, the carrying amount of plant and equipment held under finance lease was approximately HK$251,000 (2016: approximately HK$409,000).

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 approximately HK$2,861,000 (2016: approximately HK$5,648,000) was made for the year ended 31 March 2017.

12. INTERESTS IN SUBSIDIARIES

	2017 HK$'000	2016 HK$'000
Unlisted shares – Note 12(a)	**–**	–
Amounts due from subsidiaries – Note 12(c)	**135,818**	136,047
	135,818	136,047
Less: Impairment loss on amounts due from subsidiaries	**(104,118)**	(82,731)
	31,700	53,316

(a) The carrying value of the Company's interests in the subsidiaries as at 31 March 2017 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	BVI	100	–	US$1	Investment holding
Epicurean Management (Asia) Limited ("EMAL")	Hong Kong	–	100	HK$1	Provision of management services
I. T. H. K. Limited ("ITHK")	Hong Kong	–	100	HK$300,000	Provision of food and beverage services
意紅(上海)餐飲管理有限公司	PRC	–	100	RMB6,500,000	Provision of food and beverage services

12. 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
意紅(上海)食品有限公司	PRC	–	100	RMB1,800,000	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
Ginza Bairin (Greater China) Holdings Limited	Hong Kong	–	100	HK$2,000,000	Franchise and investment holdings
U-Well Limited	Hong Kong	–	100	HK$1	Provision of food and beverage services
Hobby Limited	Hong Kong	–	100	HK$1	Provision of food and beverage services
銀林(上海)餐飲有限公司	PRC	–	100	US$1,120,000	Provision of food and beverage services
Shirokuma (STC) Limited	Hong Kong	–	98	HK$1	Provision of food and beverage services
Waya 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$1,300,000	Provision of food and beverage services
廣州市慶洋餐飲有限公司	PRC	–	98	RMB1,500,000	Provision of food and beverage services
Enmaru (CWB) Limited	Hong Kong	–	90	HK$1	Provision of food and beverage services
Donfield Limited	Hong Kong	–	90	HK$1	Provision of food and beverage services
炎丸(上海)餐飲管理有限公司	PRC	–	100	US$700,000	Provision of food and beverage services
廣州市炎丸居酒屋餐飲有限公司	PRC	–	90	RMB4,300,000	Provision of food and beverage services

12. INTERESTS IN SUBSIDIARIES (cont'd)

(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.

13. GOODWILL ON CONSOLIDATION

	2017 **HK$'000**	2016 HK$'000
Cost:–		
At the beginning of the year	**59,388**	60,031
Business combination – Note 32	**–**	2,565
Disposal of subsidiaries – Note 33	**–**	(3,208)
At the end of the year	**59,388**	59,388
Impairment:–		
At the beginning of the year	**4,293**	–
Charge for the year	**–**	4,293
At the end of the year	**4,293**	4,293
Carrying amount:–		
At the end of the year	**55,095**	55,095

Goodwill acquired in a business combination is allocated, at acquisition, to the cash-generating units ("CGUs") that are expected to benefit from that business combination. After recognition of impairment losses, the carrying amount of goodwill had been allocated as follows:–

	2017 **HK$'000**	2016 HK$'000
Restaurants, café and cake shops	**55,095**	55,095
Logistic and production centre	**–**	–
	55,095	55,095

13. GOODWILL ON CONSOLIDATION (cont'd)

The recoverable amount of the above 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 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.

The cash flows are discounted using the following pre-tax discounts rates:–

	2017	2016
Restaurants, café and cake shops	**15.54%-15.84%**	12.41%-20.43%
Logistic and production centre	**22.02%**	16.53%

Details of the impairment loss of each of the CGU recognized during the years ended 31 March 2017 and 2016 and the recoverable amounts of the each of the CGU as at 31 March 2017 and 2016 are as follows:

	Impairment loss recognised		**Recoverable amount of the CGU**	
	2017 HK$'000	2016 HK$'000	**2017 HK$'000**	2016 HK$'000
Restaurants, café and cake shops	**–**	1,728	**115,602**	123,254
Logistic and production centre	**–**	2,565	**(5,336)**	(3,661)
	–	4,293	**110,266**	119,593

Any adverse change in the assumptions used in the calculations of recoverable amounts would result in further impairment losses.

14. OTHER INTANGIBLE ASSETS

	Trademark HK$'000	Franchise rights HK$'000	Brand name HK$'000	Total HK$'000
Cost:–				
At 1.4.2015	1,246	24,836	3,636	29,718
Business combination - Note 32	1,772	–	–	1,772
Additions	48	338	–	386
Disposal of subsidiaries - Note 33	(479)	(824)	(3,636)	(4,939)
Exchange adjustment	–	(4)	–	(4)
At 31.3.2016	2,587	24,346	–	26,933
Accumulated amortization:–				
At 1.4.2015	160	1,853	1,237	3,250
Charge for the year	529	1,421	181	2,131
Disposal of subsidiaries - Note 33	(36)	(274)	(1,418)	(1,728)
At 31.3.2016	653	3,000	–	3,653
Impairment loss:–				
At 1.4.2015	–	–	–	–
Charge for the year	1,631	1,516	–	3,147
At 31.3.2016	1,631	1,516	–	3,147
Net book value:–				
At 31.3.2016	303	19,830	–	20,133
Cost:–				
At 1.4.2016	2,587	24,346	–	26,933
Additions	97	184	–	281
Disposals	(119)	(367)	–	(486)
At 31.3.2017	**2,565**	**24,163**	**–**	**26,728**
Accumulated amortization:–				
At 1.4.2016	653	3,000	–	3,653
Charge for the year	58	1,256	–	1,314
Written back on disposals	(101)	(367)	–	(468)
At 31.3.2017	**610**	**3,889**	**–**	**4,499**
Impairment loss:–				
At 1.4.2016	1,631	1,516	–	3,147
Charge for the year	128	4,497	–	4,625
Written back on disposals	(18)	–	–	(18)
At 31.3.2017	**1,741**	**6,013**	**–**	**7,754**
Net book value:–				
At 31.3.2017	**214**	**14,261**	**–**	**14,475**

15. 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 1.4.2015	(7,269)	(1,647)	469	(8,447)
Business combination – Note 32	–	527	–	527
Disposal of subsidiaries – Note 33	1,771	2,589	(566)	3,794
Charge for the year – Note 8(a)	2,156	(1,218)	97	1,035
Exchange adjustments	33	–	–	33
At 31.3.2016 and 1.4.2016	(3,309)	251	–	(3,058)
Disposal of subsidiaries – Note 33	(5)	6	–	1
Credit for the year – Note 8(a)	(1,702)	(1,010)	–	(2,712)
Exchange adjustments	23	–	–	23
At 31.3.2017	**(4,993)**	**(753)**	**–**	**(5,746)**

Represented by:–

	2017 HK$'000	2016 HK$'000
Deferred tax liabilities	**575**	1,986
Deferred tax assets	**(6,321)**	(5,044)
	(5,746)	(3,058)

16. INVENTORIES

	2017 HK$'000	2016 HK$'000
Raw materials	**4,247**	4,140
Work in progress	**46**	64
Finished goods	**478**	713
	4,771	4,917

17. DEBTORS, DEPOSITS AND PREPAYMENTS

Debtors, deposits and prepayments comprise:–

	2017 HK$'000	2016 HK$'000
Trade debtors	**4,920**	5,681
Rental and utility deposits	**24,597**	25,548
Prepayments	**2,884**	3,305
Other debtors	**706**	998
	33,107	35,532

(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:–

	2017 HK$'000	2016 HK$'000
0 – 30 days	**4,676**	5,367
31 – 60 days	**228**	310
61 – 90 days	**8**	3
91 – 180 days	**8**	1
	4,920	5,681

17. 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:–

	2017 **HK$'000**	2016 HK$'000
Neither past due nor impaired	**4,686**	5,608
Past due but not impaired:–		
1 – 30 days	**228**	69
31 – 60 days	**5**	3
61 – 90 days	**1**	1
	234	73
	4,920	5,681

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.

18. CASH AND CASH EQUIVALENTS

	2017 HK$'000	2016 HK$'000
Cash and bank balances	**22,228**	39,971

19. CREDITORS, ACCRUALS AND DEPOSITS RECEIVED

Creditors, accruals and deposits received comprise:–

	2017 HK$'000	2016 HK$'000
Trade creditors	**18,454**	20,274
Accruals and provisions	**23,171**	22,336
Other creditors	**11,480**	12,019
	53,105	54,629
Less: Classified in non-current liabilities	**(4,046)**	(2,835)
Classified in current liabilities	**49,059**	51,794

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

The following was an aging analysis of trade creditors:–

	2017 HK$'000	2016 HK$'000
0 – 30 days	9,741	9,296
31 – 60 days	5,463	7,800
61 – 90 days	2,074	1,968
91 – 180 days	656	323
Over 180 days	520	887
	18,454	20,274

20. CAPITAL AND RESERVES ATTRIBUTABLE TO OWNERS OF THE COMPANY

(a) Share capital

Ordinary shares of HK$0.01 each

	2017 Number of shares	2017 HK$'000	2016 Number of shares	2016 HK$'000
Authorized:–				
At the beginning and end of the year	5,000,000,000	50,000	5,000,000,000	50,000
Issued and fully paid:–				
At the beginning of the year	2,777,450,000	27,775	2,242,950,000	22,430
Exercise of share option – Note 20(a)(i)	–	–	34,500,000	345
Conversion of convertible bonds – Note 20(a)(ii)	–	–	500,000,000	5,000
At the end of the year	2,777,450,000	27,775	2,777,450,000	27,775

20. CAPITAL AND RESERVES ATTRIBUTABLE TO OWNERS OF THE COMPANY (cont'd)

(a) Share capital (cont'd)

Notes:–

(i) During the year ended 31 March 2016, 34,500,000 share options exercised by the eligible option holders, resulting in the issue of 34,500,000 ordinary shares of HK$0.01 each in the Company at a total consideration of HK$3,021,000.

(ii) During the year ended 31 March 2016, HK$40,000,000 convertible bonds were exercised by the convertible bonds holder, as a result the Company issued 500,000,000 ordinary shares of HK$0.01 each of the Company at a conversion price of HK$0.08 per share with issuing costs of approximately HK$4,500.

(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 owners 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).

21. 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
At 1.4.2015	145,186	(155,077)	2,020	2,521	(5,350)
Recognition of equity-settled share-based payment expenses – Note 26	–	–	9	–	9
Exercise of share option – Note 26	3,640	–	(974)	–	2,666
Extension of convertible bonds	–	2,521	–	260	2,781
Conversion of convertible bonds – Note 25	35,047	–	–	(1,391)	33,656
Loss and total comprehensive loss for the year	–	(46,248)	–	–	(46,248)
At 31.3.2016 and 1.4.2016	183,873	(198,804)	1,055	1,390	(12,486)
Cancellation of share options under mandatory unconditional cash offers – Note 26	–	1,055	(1,055)	–	–
Loss and total comprehensive loss for the year	–	(27,716)	–	–	(27,716)
At 31.3.2017	**183,873**	**(225,465)**	**–**	**1,390**	**(40,202)**

(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 owners 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 2017 and 2016, in the opinion of the Directors, the Company had no reserve available for distribution to the owners.

22. OBLIGATIONS UNDER FINANCE LEASE

As at 31 March 2017, the Group had obligations under finance lease repayable as follows:–

	Minimum lease payments		Present value of minimum lease payments	
	2017 HK$'000	2016 HK$'000	**2017 HK$'000**	2016 HK$'000
Amounts payable:–				
Within one year	**182**	246	**179**	238
In the second to fifth year	**–**	182	**–**	179
	182	428	**179**	417
Less: Future finance charges	**3**	11	**–**	–
Present value of lease obligations	**179**	417	**179**	417

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

23. BANK LOANS – SECURED

	2017 HK$'000	2016 HK$'000
Bank loans, secured		
– within one year	**13,991**	24,888

At 31 March 2017, the secured bank loans denominated in Hong Kong Dollar were bearing variable interest rates of HIBOR plus 2.5% to 3.0% (2016: HIBOR plus 2.75% to 3.0%) per annum. The weighted average effective interest rate on the bank loans was 3.58% per annum. The bank loans were secured by corporate guarantee provided by the Company and one subsidiary.

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 Directors, none of the covenants, relating to the secured bank loans had been breached during the years ended 31 March 2017 and 2016.

24. LOANS FROM A FORMER DIRECTOR/A DIRECTOR

Mr. Tang, who resigned as the Chairman and executive Director of the Company with effect from 8 November 2016, was a former Director. The amounts are interest free, unsecured and repayable on demand.

25. CONVERTIBLE BONDS

On 21 August 2012, the Company issued convertible bonds in the principal amount of HK$80,000,000 (the "Convertible Bonds") to Strong Venture Limited ("Strong Venture") for the acquisition of subsidiaries. The Convertible 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 etc) 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 Convertible 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.

On 8 July 2015, the Company entered into the supplemental deed with Strong Venture pursuant to which the Company and Strong Venture agreed to extend the maturity date of the Convertible Bonds for 36 months from the date falling on the third anniversary to the sixth anniversary of the date of issue of the Convertible Bonds. Save and except the amendment to the maturity date pursuant to the supplemental deed, all the terms and conditions of the Convertible Bonds remain unchanged, valid and in full force. The supplemental deed was approved by the independent shareholders of the Company at the extraordinary general meeting of the Company held on 10 August 2015.

On 21 August 2015, Strong Venture transferred the Convertible Bonds in the aggregate principal amount of HK$80,000,000 to Mr. Tang in consideration of the sum of HK$80,000,000. All terms and conditions of the Convertible Bonds remain unchanged.

On 9 October 2015, the bondholder, Mr. Tang exercised partially the conversion rights attaching to the Convertible Bonds in respect of the principal amount of HK$40,000,000 of the Convertible Bonds at the conversion price of HK$0.08 per conversion share. Upon such conversion of the Convertible Bonds, a total of 500,000,000 ordinary shares were allotted and issued, credited as fully paid, to the bondholder.

25. CONVERTIBLE BONDS (cont'd)

Subsequent to 31 March 2017, the conversion price of the outstanding convertible bonds with principal amount of HK$40,000,000 has been adjusted from the initial conversion price of HK$0.08 per ordinary share to HK$0.07 per ordinary share in accordance with the terms of convertible bonds as a result of the completion of the Rights Issue on 14 June 2017 as disclosed in note 37 to the consolidated financial statement. All other terms of the convertible bonds remain unchanged.

Movement of liability component for the years ended 31 March 2017 and 2016 was as follow:–

	HK$'000
At 1.4.2015	79,625
Imputed interest expense – Note 6(a)	375
Extension of Convertible Bonds	(2,781)
Converted during the year	(38,656)
At 31.3.2016 and 1.4.2016	38,563
Imputed interest expense – Note 6(a)	762
At 31.3.2017	**39,325**

26. SHARE OPTIONS

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

The committee (the "Committee") which was authorized and charged by the Directors 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.

26. SHARE OPTIONS (cont'd)

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

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

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

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

During the year ended 31 March 2017, 33,000,000 share options were cancelled upon the close and settlement of the mandatory unconditional cash offers to cancel all the then outstanding share options of the Company (the "Option Offer"). After the close and settlement of the Option Offer and as at 31 March 2017, no share options were outstanding.

During the year ended 31 March 2016, 34,500,000 share options were exercised. The weighted average share price at the date of shares options exercised during that year was HK$0.171.

Except for 33,000,000 (2016: Nil) share options cancelled, no other share options were granted, exercised, lapsed or cancelled during the year ended 31 March 2017 under the Share Option Schemes. There were 34,500,000 share options exercised during the year ended 31 March 2016 under the Share Option Schemes.

26. SHARE OPTIONS (cont'd)

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 1.4.2015	Exercised during the year	Outstanding at 31.3.2016 and 1.4.2016	Cancelled during the year	Outstanding at 31.3.2017
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)	–	–	–
	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)	–	–	–
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	(2,000,000)	–
	13.8.2010	13.8.2011 – 12.8.2020	0.138	5,000,000	(2,000,000)	3,000,000	(3,000,000)	–
	13.8.2010	13.8.2012 – 12.8.2020	0.138	5,000,000	(2,000,000)	3,000,000	(3,000,000)	–
	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	5,500,000	(5,500,000)	–	–	–
	19.4.2013	19.4.2015 – 18.4.2023	0.090	5,500,000	(5,500,000)	–	–	–
Total of all categories				67,500,000	(34,500,000)	33,000,000	(33,000,000)	–

No share options were outstanding as at 31 March 2017. The share options outstanding as at 31 March 2016 had a weighted average exercise price of HK$0.093 and a weighted average remaining contractual life of 5.78 years.

27. CONTINGENT LIABILITIES

Financial guarantees issued by the Company

During the year ended 31 March 2017, the Company has issued guarantees to banks in respect of banking facilities of approximately HK$13,000,000 (2016: HK$13,000,000), HK$4,000,000 (2016: HK$4,000,000) and HK$Nil (2016: HK$23,750,000) granted to wholly-owned subsidiaries, ITHK, Truth Limited ("Truth") and EMAL respectively.

ITHK and Truth 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 ITHK and Truth 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 and EMAL which are approximately HK$12,999,000 (2016: HK$11,325,000), HK$992,000 (2016: HK$1,813,000) and HK$Nil (2016: HK$11,750,000) respectively.

28. BANKING FACILITIES

As at 31 March 2017, the Group's bank facilities to the extent of HK$17,000,000 (2016: HK$40,750,000) were secured by corporate guarantees provided by the Company and a subsidiary (Note 23).

As at 31 March 2017, the facilities were utilized to the extent of HK$13,991,000 (2016: HK$24,888,000) by the Group (Note 23).

29. 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:–

	2017	2016
	HK$'000	HK$'000
Within one year	**54,624**	53,263
More than one year but within five years	**47,285**	62,852
	101,909	116,115

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 (2016: one year to five years) with a pre-determined percentage of turnover or fixed monthly rentals whichever is higher or (ii) for terms of one year to five years (2016: one year to five years) with fixed monthly rentals.

30. RELATED PARTY AND CONNECTED TRANSACTIONS

Except for loans from a director and disposal of subsidiaries as disclosed in notes 24 and 33, the Group had the following material transactions with its related parties as defined in HKAS 24 during the year:–

		Note	**2017**	2016
			HK$'000	HK$'000
(i)	Interest expense on convertible bonds to Strong Venture#	(a)	**–**	622
(ii)	Interest expense on convertible bonds to Mr. Tang	(a)	**485**	598
(iii)	Rental expense to Joint Allied Limited##	(b)	**938**	1,446
(iv)	Rental expense to Assets Partner Limited##	(b)	**1,134**	1,872
(v)	Rental expense to Jebson Development Limited##	(b)	**–**	639

\# Mr. Tang, who resigned as the Chairman and executive Director of the Company with effect from 8 November 2016, has controlling interest. However, Mr. Tang ceased to be controlling shareholder who exercised control/significant influence over the Company on the same date and thus, he is not regarded as a related party of the Group since 8 November 2016.

\## 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.

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

The Group had the following material transactions with its connected person as defined in the GEM Listing Rules during the year:–

		Note	2017 HK$'000	2016 HK$'000
(i)	Interest expense on convertible bonds to Strong Venture*	(a)	–	622
(ii)	Interest expense on convertible bonds to Mr. Tang	(a)	**798**	598
(iii)	Rental expense to Joint Allied Limited**	(b)	**1,550**	1,446
(iv)	Rental expense to Assets Partner Limited**	(b)	**1,872**	1,872
(v)	Rental expense to Jebson Development Limited**	(b)	–	639

* Mr. Tang resigned as the Chairman and executive Director of the Company with effect from 8 November 2016. However, Mr. Tang was a Director of the Company and its subsidiaries in the past 12 months and he is deemed as a connected person of the Group throughout the year under the GEM Listing Rules.

** 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.

Notes:–

(a) The interest rate was determined at 2% per annum as set out in the subscription agreement dated 15 August 2012. The Company entered into the supplemental deed with Strong Venture dated 8 July 2015 pursuant to which the Company and Strong Venture agreed to extend the maturity date of the Convertible Bonds for 36 months from the date falling on the third anniversary to the sixth anniversary of the date of issue of the Convertible Bonds. Save and except the amendment to the maturity date pursuant to the supplemental deed, all the terms and conditions in the Convertible Bonds remain unchanged, valid and in full force. On 21 August 2015, Strong Venture transferred the Convertible Bonds in the aggregate principal amount of HK$80,000,000 to Mr. Tang in consideration of the sum of HK$80,000,000. All terms and conditions of the Convertible Bonds remain unchanged. On 9 October 2015, Mr. Tang exercised the conversion rights partially attaching to the Convertible Bonds in respect of the principal amount of HK$40,000,000.

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

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

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

Key management compensation	**2017** **HK$'000**	2016 HK$'000
Fees for key management personnel	**622**	360
Salaries, allowances and other benefits in kind	**5,195**	5,919
Retirement scheme contributions	**99**	123
Equity-settled share-based payment expenses	**–**	8
	5,916	6,410

31. 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$1,500, whichever is the lower.

The Company's subsidiaries in Taiwan had participated in retirement schemes. Contributions to the schemes in Taiwan are made at 6% 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.

32. BUSINESS COMBINATION

During the year ended 31 March 2016, the Group completed the acquisition of 100% equity interest in Cookie Man China (BVI) Limited and its subsidiaries, which are currently running the logistic and production centre in Shanghai, at a total consideration of HK$5.4 million.

The goodwill recognized is expected to be non-deductible for income tax purposes. The fair value of the identifiable assets and liabilities acquired in above acquisitions are as follows:–

	Note	2016 HK$'000
Net identifiable assets acquired:–		
Plant and equipment	11	1,645
Other intangible assets	14	1,772
Inventories		337
Debtors, deposits and prepayments		404
Cash and bank balances		68
Creditors, accruals and deposits received		(837)
Deferred tax liabilities	15	(527)
		2,862
Goodwill on acquisition of interests in subsidiaries	13	2,565
Consideration for acquisition of subsidiaries		5,427
Consideration for acquisition of subsidiaries:–		
Cash consideration paid		3,927
Other creditors		1,500
		5,427
Net cash outflow arising on business combination:–		
Cash consideration paid		(3,927)
Cash and bank balances acquired		68
		(3,859)

32. BUSINESS COMBINATION (cont'd)

Acquisition related costs incurred during the year to these acquisitions amounting to approximately HK$100,000 were included in operating expenses in the profit or loss.

The newly acquired subsidiaries contributed approximately HK$6,967,000 and HK$938,000 to the Group's loss for the year and revenue for the year ended 31 March 2016, respectively, for the period between 2 April 2015, the date of acquisition, and the end of the reporting year.

Had the acquisition been completed on 1 April 2015, total Group's loss for the year and revenue for the year ended 31 March 2016 would be approximately HK$38,634,000 and HK$442,871,000 respectively. This proforma information was for illustrative purposes only and was not necessarily an indication of the revenue and result of the Group that would actually have been impacted had the acquisition been completed on 1 April 2015, nor was it intended to be a projection of future result.

The goodwill of HK$2,565,000 arose from a number of factors. The most significant amongst these is the premium attributable to a pre-existing, well-established logistic and production center in Shanghai. In addition, it also included expected synergies through combining with the existing operations in Shanghai.

33. DISPOSAL OF SUBSIDIARIES

(a) During the year ended 31 March 2017, the Group disposed of the entire equity interest in Virtue Success Limited and its subsidiaries (collectively referred as to the "Virtue Success Group") to Mr. Tang, at a total consideration of HK$91,000, in order to dispose of the Group's tiny operations in Hong Kong.

The net assets of the Virtue Success Group being disposed of were as follows:–

	Note	2017 HK$'000
Net assets disposed of:–		
Deferred tax assets	15	**1**
Debtors, deposits and prepayments		**76**
Cash and bank balances		**214**
Creditors, accruals and deposit received		**(208)**
Net assets disposed of		**83**
Gain on disposal of subsidiaries		**8**
Total consideration		**91**
Total consideration satisfied by:–		
Cash consideration		**91**
Net cash outflow arising on disposal:–		
Cash consideration received		**91**
Cash and bank balances disposed of		**(214)**
		(123)

(b) During the year ended 31 March 2016, the Group disposed of the entire equity interest in (i) Jazzman Holdings Limited and its subsidiaries (collectively referred as to the "Jazzman Group") to Speedyway Limited, which is wholly and beneficially owned by a Director of the Company, Mr. Tang, at a total consideration of HK$1.7 million, in order to dispose of the Group's overseas operations in Japan; (ii) Alworth Limited and its subsidiaries, (collectively referred as to the "Alworth Group") to Simply Global Investments Limited, which is wholly and beneficially owned by Mr. Tang, at a total consideration of HK$45 million, in order to dispose of two separate lines of business, under the brand names of Xiao Wang Beef Noodle and Xia Fei. The consideration of HK$45.0 million was fully satisfied by the loans from a director; and (iii) Robust Asia Limited and its subsidiary, (collectively referred as to the "Robust Asia Group") to Headline Bar & Restaurant Limited, which is an independent third party, at a total consideration of HK$4.5 million, in order to dispose of the Group's food processing solutions and catering services in Hong Kong.

33. DISPOSAL OF SUBSIDIARIES (cont'd)

(b) (cont'd)

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

	Note	Jazzman Group HK$'000	Alworth Group HK$'000	Robust Asia Group HK$'000	Total HK$'000
Net assets disposed of:–					
Plant and equipment	11	748	11,972	826	13,546
Goodwill on consolidation	13	–	2,141	1,067	3,208
Other intangible assets	14	105	3,063	43	3,211
Deferred tax assets	15	–	4,278	97	4,375
Inventories		65	823	696	1,584
Debtors, deposits and prepayments		729	15,434	3,619	19,782
Amount due from a fellow subsidiary		–	221	–	221
Cash and bank balances		132	18,387	1,714	20,233
Creditors, accruals and deposit received		(379)	(16,444)	(2,391)	(19,214)
Bank loan, secured		–	(1,945)	–	(1,945)
Income tax payable		–	(2,457)	(17)	(2,474)
Amounts due to fellow subsidiaries		–	(165)	–	(165)
Deferred tax liabilities	15	–	(581)	–	(581)
Net assets disposed of		1,400	34,727	5,654	41,781
Release of exchange reserve		(566)	–	–	(566)
		834	34,727	5,654	41,215
Non-controlling interests		–	–	(1,540)	(1,540)
Gain on disposal of subsidiaries		880	10,273	386	11,539
Total consideration		1,714	45,000	4,500	51,214
Total consideration satisfied by:–					
Cash consideration		1,714	–	4,500	6,214
Loans from a director		–	45,000	–	45,000
		1,714	45,000	4,500	51,214
Net cash inflow/(outflow) arising on disposal:–					
Cash consideration received		1,714	–	4,500	6,214
Cash and bank balances disposed of		(132)	(18,387)	(1,714)	(20,233)
		1,582	(18,387)	2,786	(14,019)

34. 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 2017, which represented the Group's significant exposure to credit risks, were as follows:–

	2017	2016
	HK$'000	HK$'000
Debtors and deposits	**30,223**	32,227
Cash and bank balances	**22,228**	39,971
	52,451	72,198

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 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.

34. 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. Sales to retail customers are mainly made in cash, Octopus or via major credit cards. At the end of reporting period, the Group has no significant concentrations of credit risk.

(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 2017 were as follows:–

	2017 **HK$'000**	2016 HK$'000
Total amounts of contractual undiscounted obligations:–		
Loans from a former director	**107,101**	–
Loans from a director	**2,644**	71,716
Obligations under finance lease	**182**	428
Bank and other loans, secured	**14,033**	24,956
Convertible bonds		
– liability component	**40,436**	40,476
Creditors and accruals	**46,702**	48,085
	211,098	185,661
Due for payment:–		
Within one year or on demand	**171,462**	145,803
In the second to fifth year	**39,636**	39,858
	211,098	185,661

34. 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.

	2017				2016			
	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	**1,441**	**5**	**25**	**1**	26	6	17	1

The Group's operations 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 2017 and 2016 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.

34. 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, 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.

	2017 Effective interest rate %	**2017** HK$'000	2016 Effective interest rate %	2016 HK$'000
Fixed rate financial liabilities				
– Obligations under finance lease	**2.85**	**(179)**	2.85	(417)
– Convertible bonds				
– liability component	**3.24**	**(39,325)**	3.24	(38,563)
Variable rate financial liability				
– Bank and other loans, secured	**3.24-3.61**	**(13,991)**	3.24-3.33	(24,888)
Variable rate financial assets				
– Bank balances	**0.01-0.05**	**3,804**	0.01-0.05	8,301
Net financial liabilities		**(49,691)**		(55,567)

34. 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 2017 and 2016 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 2017 and 2016, 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 2017 and 2016.

35. 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 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	
	2017	2016	**2017**	2016	**2017**	2016
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Revenue	**88,395**	89,836	**248,024**	353,035	**336,419**	442,871
Other income	**808**	642	**1,343**	2,884	**2,151**	3,526
Total revenue	**89,203**	90,478	**249,367**	355,919	**338,570**	446,397
Non-current assets	**5,337**	12,792	**95,873**	92,554	**101,210**	105,346

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 (i) the physical location of the assets, in the case of plant and equipment (ii) the location of the operation to which they are allocated, in the case of intangible assets and goodwill, and (iii) the location of operation to which they are incurred, in the case of debtors, deposits and prepayments.

(c) Major customers

The Group's customer base is diversified and no revenues from transactions with a single external customer amount to 10% or more of the Group's revenue for the years ended 31 March 2017 and 2016.

36. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	Note	2017 HK$'000	2016 HK$'000
NON-CURRENT ASSETS			
Plant and equipment		**731**	–
Interests in subsidiaries	12	**31,700**	53,316
		32,431	53,316
CURRENT ASSETS			
Debtors, deposits and prepayments		**706**	113
Cash and cash equivalents		**309**	3,066
		1,015	3,179
DEDUCT:–			
CURRENT LIABILITIES			
Loans from a director		**2,629**	–
Creditors, accruals and deposits received		**3,919**	2,643
		6,548	2,643
NET CURRENT (LIABILITIES)/ASSETS		**(5,533)**	536
TOTAL ASSETS LESS CURRENT LIABILITIES		**26,898**	53,852
NON-CURRENT LIABILITIES			
Convertible bonds	25	**39,325**	38,563
		39,325	38,563
NET (LIABILITIES)/ASSETS		**(12,427)**	15,289
REPRESENTING:–			
Share capital	20(a)	**27,775**	27,775
Reserves	21	**(40,202)**	(12,486)
TOTAL EQUITY		**(12,427)**	15,289

37. EVENTS AFTER THE REPORTING PERIOD

(i) On 27 April 2017, the Company announced that it proposed to raise approximately HK$100 million, before expenses, by way of allotting and issuing 1,388,725,000 rights shares (the "Rights Shares") by way of rights issue (the "Rights Issue") at the subscription price of HK$0.072 per Rights Shares, on the basis of one (1) Rights Shares for every two (2) existing Shares held on 19 May 2017.

Completion of the Rights Issue took place on 14 June 2017, where an aggregate of 1,388,725,000 Rights Shares, representing approximately 33.33% of the issued share capital of the Company (as enlarged by the allotment and issue of the Rights Shares), have been issued. The aggregate nominal amount of the Rights Shares is HK$13,887,250.

For more details of the Rights Issue, please refer to the Rights Issue Prospectus dated 22 May 2017 (the "Rights Issue Prospectus") and the announcement of the Company dated 13 June 2017 in relation to the results of the Rights Issue.

(ii) Pursuant to the terms and conditions of the convertible bonds, the conversion price of the outstanding convertible bonds has been adjusted from the initial conversion price of HK$0.08 per ordinary share to HK$0.07 per ordinary share as a result of the Rights Issue. A total of 571,428,571 ordinary shares will be issued to Mr. Tang Sing Ming Sherman upon full conversion of the convertible bonds, assuming that the adjusted conversion price of HK$0.07 per ordinary share will remain as at the time of conversion. This adjustment took effect on 22 May 2017. All other terms of the convertible bonds remain unchanged.

38. ULTIMATE HOLDING COMPANY

The Directors consider the ultimate holding company as at 31 March 2017 to be Win Union Investment Limited, a company incorporated in BVI.

RESULTS

	For the year ended 31 March				
	2013 HK$'000	2014 HK$'000	2015 HK$'000	2016 HK$'000	**2017** **HK$'000**
CONTINUING OPERATIONS					
Revenue	255,065	414,613	505,991	442,871	**336,419**
Loss before income tax	(12,539)	(27,901)	(34,891)	(34,736)	**(50,351)**
Income tax (expense)/credit	(409)	(289)	(2,021)	(3,898)	**2,611**
Loss for the year from continuing operations	(12,948)	(28,190)	(36,912)	(38,634)	**(47,740)**
DISCONTINUED OPERATIONS					
Loss for the year from discontinued operations	(4,752)	–	–	–	**–**
Loss for the year	(17,700)	(28,190)	(36,912)	(38,634)	**(47,740)**
Attributable to:–					
Owners of the Company	(17,922)	(27,712)	(36,643)	(38,705)	**(47,333)**
Non-controlling interests	222	(478)	(269)	71	**(407)**
Loss for the year	(17,700)	(28,190)	(36,912)	(38,634)	**(47,740)**

ASSETS AND LIABILITIES

	At 31 March				
	2013 HK$'000	2014 HK$'000	2015 HK$'000	2016 HK$'000	**2017** **HK$'000**
NON-CURRENT ASSETS	131,912	158,789	154,495	110,390	**107,531**
CURRENT ASSETS	92,454	83,181	108,029	81,594	**61,084**
DEDUCT:–					
CURRENT LIABILITIES	80,397	122,743	260,656	148,862	**173,413**
NET CURRENT ASSETS/(LIABILITIES)	12,057	(39,562)	(152,627)	(67,268)	**(112,329)**
TOTAL ASSETS LESS CURRENT LIABILITIES	143,969	119,227	1,868	43,122	**(4,798)**
NON-CURRENT LIABILITIES	(83,968)	(87,177)	(6,290)	(43,563)	**(43,946)**
NET ASSETS/(LIABILITIES)	60,001	32,050	(4,422)	(441)	**(48,744)**