DOXEN ENERGY GROUP LIMITED

(Incorporated in Hong Kong with limited liability) Stock Code: 668

Annual Report **2010**

CONTENTS

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive directors

Mr. Lo Siu Yu, *Chairman*
Mr. Chen Yang, *Chief Executive Officer*
Mr. Zhang Jian Qiang

Independent non-executive directors

Mr. Chan Ying Kay
Ms. Kwong Ka Yin, Phyllis
Mr. Wang Jin Ling

AUDIT COMMITTEE

Mr. Chan Ying Kay, *Committee Chairman*
Ms. Kwong Ka Yin, Phyllis
Mr. Wang Jin Ling

REMUNERATION COMMITTEE

Ms. Kwong Ka Yin, Phyllis, *Committee Chairman*
Mr. Chan Ying Kay
Mr. Wang Jin Ling

NOMINATION COMMITTEE

Mr. Lo Siu Yu, *Committee Chairman*
Mr. Chan Ying Kay
Ms. Kwong Ka Yin, Phyllis

COMPANY SECRETARY

Ms. Wong Tsui Yue, Lucy

AUTHORIZED REPRESENTATIVES

Mr. Lo Siu Yu
Mr. Chen Yang

REGISTERED OFFICE

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25 Harbour Road
Wanchai, Hong Kong
Tel: (852) 2596 0668
Fax: (852) 2511 0318
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SHARE REGISTRAR

Computershare Hong Kong Investor Services Limited
46/F, Hopewell Centre
183 Queen's Road East
Wanchai, Hong Kong

SHARE TRANSFER OFFICE

Computershare Hong Kong Investor Services Limited
Shops 1712–6, 17/F, Hopewell Centre
183 Queen's Road East
Wanchai, Hong Kong

PRINCIPAL BANKERS

Dah Sing Bank Limited
Hong Kong and Shanghai Banking Corporation Limited

SOLICITOR

Chiu & Partners Solicitors

AUDITOR

PricewaterhouseCoopers

STOCK CODE

668

WEBSITE

http://www.doxen.com.hk

CHAIRMAN'S STATEMENT

On behalf of the board of directors (the "Board"), I present the annual report of Doxen Energy Group Limited (the "Company") and its subsidiaries (together the "Group") for the year ended 31 March 2010.

FINAL DIVIDEND

On 20 October 2009, the Company paid out a special dividend of HK0.52 cent (2009: Interim dividend of HK1 cent) per ordinary share to shareholders. The Board do not recommend any final dividend (2009: Nil) for the year ended 31 March 2010.

RESULTS

It was during this fiscal year, several unsatisfactory performed restaurants were disposed of, and therefore, our remaining operating restaurants in the year ended 31 March 2010 were Eighteen Brook Cantonese Cuisine, Imperial Kitchen and Shanghai Lu Yang Cun Restaurant.

With this change, the revenue of the Group decreased by approximately 53.7% to HK$152 million (2008/09: HK$328 million) while loss attributable to shareholders was approximately HK$12.4 million (2008/09: HK$83.3 million loss). The reduction of the loss was largely due to the disposal of certain unsatisfactory performed operating units.

As rising rents and salaries, among other costs, have brought negative impact on further expansion of our catering business in Hong Kong, we have decided to explore new opportunities to safeguard our long term growth.

The Group underwent a significant transition in executive management during October 2009. Our objective is to make the best possible use of our existing and augmented management strengths. With new members on board, we have conducted a review of our business operations and considered the financial position of the remaining catering business to formulate strategies to plan for our future business development. Relying on our existing management team of the restaurant business, the Group is committed to maintain and improve its restaurant business. Meanwhile, the Board is seeking opportunities to develop into other business fields with comparatively large development potential and broader market segments.

INTRODUCTION OF MINING BUSINESS

As part of the evolution and diversification to better position the Group and to take advantage of the extensive experience and connections of the senior management, the Group sees particularly strong development potential in the coal mining sector. Thus, on 18 May 2010, the acquisition agreement (as supplemented by a supplemental agreement dated 7 June 2010) was entered into.

To better reflect the direction and business fields that the Group is entering and enhance our positioning, we have changed the English and Chinese names of the Company from "Hong Kong Catering Management Limited 香港飲食管理有限公司" to "Doxen Energy Group Limited 東星能源集團有限公司".

CHAIRMAN'S STATEMENT

OUTLOOK

Our future holds great promise. Although the management understands well that the current operating environment for the catering industry remains challenging, we will strive to improve its operational efficiency by implementing effective marketing strategies, practising stringent cost control and monitoring our capital expenditures commitments so as to ensure its healthy development.

Coal mining has been identified by the management as one of the future major business focuses of the Group. This strategy is recognized by our shareholders who gave their support by approving all the relevant resolutions at the Company's Extraordinary General Meeting ("EGM") held on 28 June 2010 to acquire the coal mine and the forming of strategic alliances with Henan Coal Group (河南煤業集團) and Jiangsu Huaxi Group (江蘇華西集團). We believe that by leveraging the strong alliances with reputable industry players, marks another great leap forward for the Group to enter the promising coal mining sector in the PRC.

Facilitating by the financial and technology back-ups from our alliances, coupled with their ample industry-leading queue of projects and opportunities, will enable us to effectively secure projects with promising returns. As such, apart from the mine in Xinjiang, we will continue to explore other potential acquisition opportunities of mining properties in the future. In this light, the existing board members believe that commencing the coal mining business marks an important first step to set a course of future growth for the Group, with the long term goal of building businesses synergies within the mining operations.

Discussion with the catering expertise will also be initiated so as to draw up new strategies for our catering business.

APPRECIATION

On behalf of the Board, I would like to express our most heartfelt gratitude to all our personnel for their effort, work and dedication, to our clients for their continued trust and loyalty, and to you, our shareholders, for your continuous support.

Lo Siu Yu
Chairman

Hong Kong, 26 July 2010

MANAGEMENT DISCUSSION AND ANALYSIS OF THE OPERATIONS

The results of the Group are summarized as follows:

	2010 HK$'000	2009 HK$'000	Changes +/(-)
Revenue	**151,648**	328,075	(53.8)
Other income	**1,199**	3,696	(67.6)
Costs of inventories consumed	**(45,414)**	(97,389)	(53.4)
Staff costs	**(55,536)**	(129,206)	(57.0)
Operating lease rentals	**(25,640)**	(49,867)	(48.6)
Utilities expenses	**(11,263)**	(28,252)	(60.1)
Depreciation and impairment losses of property, plant and equipment	**(2,885)**	(41,381)	(93.0)
Impairment losses on leasehold land	**–**	(6,329)	(100)
Repair and maintenance expenses	**(2,500)**	(3,202)	(21.9)
Advertising and promotion expenses	**(1,714)**	(2,869)	(40.3)
Other operating expenses	**(25,087)**	(49,009)	(48.8)
Net gains/(losses) on financial assets	**2,558**	(13,700)	118.7
Gain on disposal of subsidiaries	**2,078**	–	100
Operating loss	**(12,556)**	(89,433)	(86.0)
Share of profit of an associated company	**828**	1,693	(51.1)
Loss before income tax	**(11,728)**	(87,740)	(86.6)

BUSINESS REVIEW

The year under review presented major challenges to which the Group responded by launching several significant strategic initiatives. From May 2009, the management allocated the majority of the Group's resources towards corporate restructuring. The Group announced on 6 May 2009 that it would dispose to Mr Chan Wai Cheung, Glenn certain of its under-performed boutique eateries and specialty restaurants at their net asset value together with all properties and certain financial investments at their market values as of 31 March 2009. Total consideration for the disposal was HK$114 million. This disposal would enable the Group to realise its investment in specified subsidiaries at a fair price. The disposal was approved by the independent shareholders and the transaction was completed on 7 October 2009.

The net proceeds of the disposal were distributed to the shareholders through a special dividend on 20 October 2009. After completion of the disposal transaction, the Group realised a gain of approximately HK$2.1 million after deducting related professional costs and fees of approximately HK$4.5 million.

On the same date, Mr Chan Wai Cheung, Glenn entered into a share sale agreement to sell his holding of approximately 63.49% in the Company at HK$0.388 per ordinary share. The Company is to remain listed on the Main Board of The Stock Exchange of Hong Kong Limited and it continues to operate its remaining restaurants.

Upon completion of the disposal and the share sale agreement, a management reshuffle took place in October and new members of the Board (the "New Board") were appointed. The appointees to the New Board included Mr Lo Siu Yu, Mr Chen Yang and Mr Zhang Jian Qiang as new executive directors and Mr Chan Ying Kay, Ms Kwong Ka Yin, Phyllis and Mr Wang Jin Ling as new independent non-executive directors with effect from 15 October 2009.

MANAGEMENT DISCUSSION AND ANALYSIS OF THE OPERATIONS

The New Board co-existed with all of the serving directors until 4 November 2009 when all of the previously appointed Directors resigned from the board and board committees. Mr Chan Wai Cheung, Glenn also resigned as chairman of the Board and Mr Chan Ka Lai, Joseph resigned as managing director. On 7 October 2009, Mr Chan Ka Lai, the former executive director of the Company, and Ms Wong Tsui Yue, Lucy, a former executive director and presently the company secretary of the Group, were both appointed as the directors of two wholly owned subsidiaries of the Group – Tin Fook Caterers Limited and Banqueting Caterers Limited. These two directors were also assigned the responsibility of managing and operating the restaurants of Eighteen Brook Cantonese Cuisine and Imperial Kitchen, controlled by these two subsidiaries. Thus, the Group's management capability and experience in operating the Group's restaurants maintains the same professionalism as before. For details, please refer to our circular dated 14 October 2009.

The New Board has considered the Group's existing catering business to be stable but lacking in potential for expansion in Hong Kong. The Group has therefore decided to continue to improve the efficiency and profitability of this sector by introducing initiatives to streamline its catering business while enhancing its efficiency, to ensure that it can stand as a self-sufficient operation. More importantly, the New Board has decided on a new strategic direction to develop business in the fast growing coal mining industry, which is expected to be the growth driver of the Group.

It was also stated in our interim report 2009/2010 that, pursuant to a shareholder agreement (the "Shareholder Agreement") for a non-wholly owned subsidiary (the "Subsidiary") which is operating Shanghai Lu Yang Cun Restaurant, the minority shareholder of the Subsidiary (the "Minority Shareholder") has a right to acquire the Company's interest in the Subsidiary when there is a change in control of the Company. In December 2009, the Minority Shareholder issued a written notice to the Company to exercise such right. As of the date of this report, we are still negotiating with the Minority Shareholder to finalize the relevant procedures for the sale of the Company's interest in the Subsidiary to the Minority Shareholder (the "Proposed Disposal") pursuant to the Shareholder Agreement. If the Proposed Disposal will constitute a notifiable transaction for the Company, the Company will comply with the applicable rules under Chapter 14 and/or 14A of the Listing Rules as and when required.

PROSPECTS

On 18 May 2010, the Group embarked on its first major step to enter the coal mining business by entering into an agreement to acquire 100% interest in the New Century Coal Mine located near Fukang City in Xinjiang Autonomous Region of the PRC for a total consideration of HK$300 million, to be settled by issuance of new Shares of the Company at HK$1 each. The New Century Coal Mine is a thermal coal mine and operation was ceased in 2009 to increase its annual production capacity from 90,000 tonnes to 900,000 tonnes. The New Century Coal Mine is 20 km from Fukang City and 80 km from Xinjiang's capital Urumqi with an aggregate mining area of approximately 2.5478 km^2 covered by the Mining Licence.

Moving forward from the acquisition, the Group has also entered into strategic collaboration agreements with Henan Coal Group (河南煤業集團) and Jiangsu Huaxi Group (江蘇華西集團) on 18 May 2010 to establish long-term strategic alliances to cooperate in the exploration and development of coal mining projects within the PRC.

Henan Coal Group is a diversified energy conglomerate which is principally engaged in coal production, chemical and non-ferrous metals, among others. It has coal resources mainly in Henan province covering more than 10 cities and other provinces including Guizhou, Xinjiang, Inner Mongolia and Anhui. Jiangsu Huaxi Group is widely recognized as China's number 1 Village and mainly engaged in textiles, chemicals, chemical fire products business and thermal power stations.

The Henan Coal Group's strong presence and extensive experience in the coal mining industry should greatly enhance the Group's financial support and the capabilities to acquire and subsequently exploit additional coal mining projects in PRC. Furthermore, Jiangsu Huaxi Group's strong business network and experience in a variety of industries may also bring other potential investment and business opportunities to the Group.

Apart from the Group's existing catering business, the New Board plan to focus on the mining activities of the New Century Coal Mine in the years ahead. According to a development plan, the mine has a planned project horizon of 20 years with a forecasted annual coal production of

900,000 tonnes. Construction is expected to be completed in the fourth quarter of 2012 after which trial mining will commence. Coal production is anticipated to start in late 2012 after the trial mining. Sale of the coal is expected to begin by the end of 2012 or early 2013.

Fuel demand by the continuous development of Xinjiang's economy, and in light of the policy of local coal utilization and extensive processing, demand for coal in future will be increased significantly. In addition to meet local demand, there is more coal to be transferred to other consumption places such as central and eastern regions as a result of the relief of transportation bottleneck. Thus, coal price is expected to be increased resulted from demand increase.

In addition to the New Century Coal Mine, the Group will continue to explore the other relevant acquisition.

The directors have full confidence of the prospects for its coal mining business in the future. The Group's growth strategy has been well mapped out with an experienced and capable management team and, moreover, it benefits from a healthy financial outlook. The Group is well positioned to grow its business, enhance its profitability and deliver strong shareholder value.

LIQUIDITY AND CAPITAL RESOURCES

At 31 March 2010, the Group had freely-held cash of about HK$37.4 million (2009: HK$139.5 million) with zero gearing. The Group had no capital commitments as at the year ended 31 March 2010, and other than those funds raising activated as stated in our announcement dated 18 May 2010 and circular dated 8 June 2010, there is no other need for other external fund raising.

EMPLOYEES AND REMUNERATION POLICIES

At 31 March 2010, the Group had a total of 185 (2009: 625) full time employees. Employees' remuneration package was determined with reference to prevailing market practices and individual performance. Remuneration package includes basic salaries, sales incentives (which are only payable to some operational staff), medical and retirement benefit schemes. Discretionary bonus may be granted to eligible employees based on the performance of the Group and individual employees. A new share option scheme was approved by shareholders to be adopted by the Company on 11 September 2008 to grant share options to eligible employees. During the year, no share option was granted under the scheme. The Company also encourages the employees to enhance their capability and provides trainings to improve staff development to assure opportunity for individual growth of employees.

PLEDGE OF ASSETS

No assets were pledged throughout the year.

EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES AND RELATED HEDGES

The Group conducted its business transactions in Hong Kong dollars and there were no financial instruments held for hedging purposes.

CONTINGENT LIABILITIES

The Group had no significant contingent liabilities at 31 March 2010.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

EXECUTIVE DIRECTORS

Mr. Lo Siu Yu ("Mr. Lo"), aged 40, possesses over 10 years of experience in the sale of automobile accessories and properties investment. He was the founder and is currently the chairman and general manager of 重慶東銀實業（集團）有限公司 (Chongqing Doyen (Holdings) Limited) ("Doyen"), a private company established under the laws of the PRC with limited liability. Mr. Lo and his wife were the ultimate beneficial owners of Doyen as at the date of this report. In mid 1990s, Mr. Lo was involved in the management of certain Chinese cuisine restaurants in the PRC which were owned by Mr. Lo and his family. Based on the latest available information, Doyen is beneficially interested in approximately 34.04% of the entire issued share capital of 重慶市迪馬實業股份有限公司 (Chongqing Dima Industry Company Limited), a company listed on the Shanghai Stock Exchange and approximately 38.89% of the entire issued share capital of 江蘇江淮動力股份有限公司 (Jiangsu Jianghuai Engine Company Limited ("Jianghuai Engine")), a company listed on the Shenzhen Stock Exchange. Mr. Lo holds a degree of Economics from 重慶工商大學 (Chongqing Technology and Business University) (formerly known as 渝州大學 (Yuzhou University)) in the Chongqing province, the PRC.

Mr. Chen Yang ("Mr. Chen"), aged 30, has extensive experience in corporate management and investment planning. He was the chief executive officer and an executive director of BEP International Holdings Limited, a company listed on the Main Board of the Stock Exchange, from October 2007 to May 2009. He had also been a consultant at The World Bank in Washington D.C., the United States of America. Mr. Chen obtained a Bachelor of Arts degree from Nanjing University in July 2002, a postgraduate diploma in economics from Southwest China Normal University in July 2004, and a master degree in public administration from Columbia University, the United States of America in October 2006.

Mr. Zhang Jian Qiang ("Mr. Zhang"), aged 42, is the vice president of Doyen and is also a director of Jianghuai Engine. Before joining Doyen, Mr. Zhang had worked for various financial institutions and had substantial experience in corporate finance and investment banking. Mr. Zhang obtained a master degree of economics from the Nanjing University in 1992. Save as disclosed, as at the date of this report, Mr. Zhang did not have other major appointments and professional qualifications, did not hold any positions in the Group and did not have any directorships held in the last three years in public companies the securities of which are listed on any securities market in Hong Kong or overseas.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Chan Ying Kay ("Mr. Chan"), aged 46, is the company secretary and the qualified accountant of FinTronics Holdings Company Limited ("FinTronics"), a company listed on the Main Board of the Stock Exchange. Mr. Chan is also the chief financial officer of FinTronics. He is responsible for the financial management, corporate finance and company secretarial matters of FinTronics. Mr. Chan joined FinTronics in April 2003 and has over 20 years of experience in accounting and finance. Before joining FinTronics, he was an executive director and the company secretary of Bestway International Holdings Limited ("Bestway"), a company listed on the Main Board of the Stock Exchange. During his term of office in Bestway, he, Bestway and certain other relevant directors of Bestway were publicly censured by the Stock Exchange in 2002 in relation to the failure of Bestway to publish its annual report for the year ended 31 March 2000 on time; hold its annual general meeting for the year ended 31 March 2000 on time; and publish its interim results for the six months ended 30 September 2000 on time. Further details of the public censure are set out in the news release of the Stock Exchange dated 17 September 2002 which is available on the website of the Stock Exchange. Mr. Chan graduated from the University of Sheffield with a Master of Business Administration, and is currently a fellow member of the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Ms. Kwong Ka Yin, Phyllis ("Ms. Kwong"), aged 53, is a practising solicitor in Hong Kong since 1988 and a member of Hong Kong Chinese Enterprises Association. She graduated from the University of Hong Kong in 1980 and thereafter studied law in the United Kingdom. She furthered her legal education and obtained a Master degree in Law and a Doctorate degree in Law in the PRC. Ms. Kwong is the President of the Asia Pacific Law Association and the Founding Chairman of the Hong Kong Association of International Co-operation of Small and Medium Enterprises. She is appointed an Adjudicator of the Registration of Persons Tribunal and a member of the Advisory Committee on the Education Development Fund and had been a member of the Council on Professional Conduct in Education (2006-2009). She is a member of Hong Kong Policy Research Institute. Ms. Kwong is the CEO of Phyllis Kwong & Associates Professional Consulting Limited, and honorary advisor of A.A. and Associates Consulting International Limited. She is a Fellow of Hong Kong Institute of Directors. She is also a Hong Kong registered financial planner.

Mr. Wang Jin Ling ("Mr. Wang"), aged 71, was qualified as a senior engineer by 煤炭工業部 (The Ministry of Coal Industry) of the PRC in 1995, and was appointed as the chief engineer at 義馬礦務局 (Yima Mining Bureau) of the 中國統配煤礦總公司 (China National Coal Corporation) in Henan Province, the PRC in 1991. Mr. Wang was invited to act as the technical consultant of 永煤集團股份公司 (Yongmei Group Company Limited) in 2000.

SENIOR MANAGEMENT

Company Secretary

Ms. Wong Tsui Yue, Lucy ("Ms. Wong"), aged 50, has a strong background in finance and administration. Ms. Wong is the company secretary of the Company. She is a fellow member of the Hong Kong Institute of Certified Public Accountants and an associate member of the Institute of Chartered Accountants in Australia. She joined the Company as the financial controller in 1991 and was an executive director from 1997 to 2009. She has been an independent non-executive director of Sam Woo Holdings Limited (stock code 2322) since August 2009.

Financial Controller

Mr. Chan Wai, aged 41, joined the Group in October 2009. He holds a master degree in Professional Accounting awarded from Hong Kong Polytechnic University. He is a member of the Hong Kong Institute of Certified Public Accountants, the Association of Chartered Certified Accountants and Institute of Chartered Accountants in England & Wales. He has over 17 years of experience in accounting field. He has worked for an international accounting firm and listed companies in Hong Kong.

REPORT OF THE DIRECTORS

The directors submit their report together with the audited financial statements for the year ended 31 March 2010.

PRINCIPAL ACTIVITIES

The Company is engaged in investment holding as well as the operation and management of restaurants.

CHANGE OF COMPANY NAME

By a special resolution passed on 1 April 2010, the English and Chinese names of the Company changed from "Hong Kong Catering Management Limited 香港飲食管理有限公司" to "Doxen Energy Group Limited 東星能源集團有限公司.

RESULTS AND APPROPRIATIONS

The results of the Group for the year are set out in the consolidated income statement on page 25.

The directors do not recommend any final dividend (2009: Nil). There was a special dividend of HK52 cents (2009 interim dividend: HK1 cent) per ordinary share paid for the financial year ended 31 March 2010.

RESERVES

Movements in the reserves of the Group and of the Company during the year are set out in note 30 to the financial statements.

DISTRIBUTABLE RESERVES

Pursuant to the independent shareholders approval at the Extraordinary General Meeting held on 17 August 2009, and the subsequent court approval obtained, the Company cancelled the share premium account of HK$142,700,422 so that the entire reserve become distributable. Please refer to note 12 to the financial statements for details. Distributable reserves of the Company at 31 March 2010, calculated under section 79B of the Hong Kong Companies Ordinance, amounted to HK$344,734 (2009: HK$42,155,462).

DONATIONS

Donations made for charitable purposes by the Group during the year amounted to HK$31,500 (2009: HK$31,000).

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in property, plant and equipment of the Group and of the Company are set out in note 14 to the financial statements.

SUBSIDIARIES

Details of the Company's principal subsidiaries as at 31 March 2010 are set out in note 37 to the financial statements.

SHARE CAPITAL

Details of the share capital of the Company are set out in note 28 to the financial statements.

SHARE OPTION SCHEME

In the annual general meeting held on 11 September 2008, the then shareholders approved the adoption of a new share option scheme (the "2008 Scheme") to replace the old share option scheme. After adoption of the 2008 Scheme, no share option was granted. The following disclosure is a summary of the 2008 Scheme as required by Chapter 17 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

(1) Purpose:

The 2008 Scheme will provide incentives and rewards to eligible persons who have contributed or will contribute to the growth and development of the Group.

(2) Participants:

The Board may at its absolute discretion, invite any employee, officer, manager, director, consultant, associates, chief executive or substantial shareholders of the Group to subscribe for shares of the Company.

(3) Total number of shares available for issue under the 2008 Scheme and percentage of issued share capital at the date of approval of the share option scheme:

The number of shares which can be issued is 34,543,855 shares representing 10% of the issued share capital of the Company at the date of approval of the share option scheme.

(4) Maximum entitlement of each participant:

The total number of shares issued and to be issued upon exercise of the share options granted and to be granted to each eligible person (including exercised, cancelled and outstanding options) in any 12-month period up to the date of grant must not exceed 1% of the shares of the Company in issue at the date of grant. Any further grant of share options in excess of this limit is subject to shareholders' approval in general meeting of the Company, with such eligible person and his associates abstaining from voting.

(5) The periods within which the shares must be taken up under an option:

The share options may be exercised at any time during the exercise period, notwithstanding that the scheme may have expired or been terminated.

(6) The minimum period for which an option must be held before it can be exercised:

The exercise period of the share options granted is determinable by the Board, which shall not be more than 10 years after the date of grant.

SHARE OPTION SCHEME *(continued)*

(7) The amount payable on application or acceptance of the option and the period within which payments of calls must or may be made or loans for such purpose must be paid:

Share options granted under the 2008 Scheme must be accepted within 10 days from the date of grant, upon payment of HK$1 per grant.

(8) The basis of determining the exercise price:

The exercise price of the share options will be determined by the Board, at its absolute discretion, but shall at least be the highest of: (i) the closing price of the Company's shares as stated in the Stock Exchange's daily quotation sheet on the date of grant of the share options, which must be a business day; (ii) the average closing price of the Company's shares as stated in the Stock Exchange's daily quotation sheet for the 5 trading days immediately preceding the date of the grant; and (iii) the nominal value of the Company's shares.

(9) The remaining life:

The 2008 Scheme will remain in force for a period of 10 years commencing on 11 September 2008.

BANK LOANS, OVERDRAFTS AND OTHER BORROWINGS

Neither the Company nor the Group had any outstanding bank loans, overdrafts or other borrowings subsisted at 31 March 2010 and 31 March 2009.

SUBSEQUENT EVENTS

On 18 May 2010, Sky Galaxy International Limited, a wholly-owned subsidiary of the Company (the "Purchaser") and Newest Holdings Limited, a company beneficially owned by Mr. Lo Siu Yu, (the "Vendor") have entered into an acquisition agreement (as supplemented by a supplemental agreement dated 7 June 2010) (the "Acquisition Agreement") in relation of the acquisition of the entire registered share capital of the 新疆新世紀礦業有限責任公司 (Xinjiang New Century Mining Co., Ltd.) ("Xinjiang New Century") from the Vendor (the "Acquisition"). Pursuant to the Acquisition Agreement as supplemented by the supplemental agreement, the Purchaser conditionally agreed to acquire (or to designate its wholly-owned subsidiary or other wholly-owned subsidiary of the Company to acquire) and the Vendor conditionally agreed to sell and to procure Ocean Profit Investment Development Limited to sell its interest in Xinjiang New Century at a total consideration of HK$300 million, to be settled by issuance of new shares of the Company at HK$1 each. The principal asset of the Xinjiang New Century is its interest in the coal mine with annual production capacity to be expanded to 900,000 tons, in Xinjiang, the PRC.

SUBSEQUENT EVENTS *(continued)*

On 18 May 2010, the Company also entered into (1) the subscription agreement (the "Subscription Agreement"), pursuant to which Money Success Limited has conditionally agreed to subscribe for and the Company has conditionally agreed to issue an aggregate of 120 million new shares at a subscription price of HK$1 per subscription share (the "Subscription Shares") (the "Subscription"); and (2) the placing agreement (the "Placing Agreement"), pursuant to which the placing agent, Taifook Securities Company Limited (the "Placing Agent") shall procure, on a best-efforts basis, placees to subscribe for up to 510 million placing shares (the "Placing Shares") (the "Placing") which comprises: (i) up to 510 million Tranche 1 Placing Shares at the Tranche 1 Placing Price of HK$1 per Tranche 1 Placing Share; and (ii) up to 310 million Tranche 2 Placing Shares at the Tranche 2 Placing Price of HK$1.2 per Tranche 2 Placing Share, the number of which shall equal to the balance of the Placing Shares after deducting therefrom the Tranche 1 Placing Shares actually placed by the Placing Agent. Assuming the Subscription is completed and 200 million Tranche 1 Placing Shares and 310 million Tranche 2 Placing Shares are placed, the maximum gross proceeds from the Subscription and the Placing will be approximately HK$692 million and the net proceeds from the Subscription and the Placing will be approximately HK$682 million. The Company intends to apply the net proceeds from the Subscription and the Placing for the payment of the necessary investment for the Construction and Expansion at the New Century Coal Mine, and the remaining net proceeds, if any, will be applied as working capital of the Group and/or future investment opportunities in the coal mining industry in PRC.

Given that the Vendor is wholly owned by Mr. Lo, being an executive Director and the controlling Shareholder, and is therefore a connected person of the Company. Accordingly, each of the Acquisition and the Subscription constitutes a connected transaction for the Company under the Listing Rules and is subject to the approval of the Independent Shareholders at the extraordinary general meeting held on 28 June 2010 (the "EGM"). Pursuant to the Placing Agreement, the completion of the Placing shall take place simultaneously with the completion of the Acquisition (the "Acquisition Completion") and the completion of the Subscription (the "Subscription Completion"). In the event that both or either of the Acquisition Completion or the Subscription Completion do not take place, the Placing Agreement shall terminate. Accordingly, the Placing is subject to the approval of the Independent Shareholders at the EGM.

The Company also proposed to increase the authorised share capital of the Company from HK$40,000,000 comprising 400,000,000 Shares to HK$500,000,000 comprising 5,000,000,000 Shares by the creation of 4,600,000,000 Shares, and this is subject to the approval of the shareholders of the Company.

On 28 June 2010, all the ordinary resolutions for the above were duly passed by way of poll at the EGM. As of the date of this report, the Acquisition, the Subscription and the Placing have not yet completed.

FIVE-YEAR FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last 5 financial years is set out on page 76.

PURCHASE, SALE OR REDEMPTION OF SHARES

The Company had not redeemed any of its shares during the year and neither the Company nor any of its subsidiaries had purchased or sold any of the Company's shares during the year.

REPORT OF THE DIRECTORS

DIRECTORS

The directors of the Company as at the date of this report and those who were in office during the year are:

Executive directors

Mr. Lo Siu Yu, *Chairman*	(appointed on 15 October 2009)
Mr. Chen Yang, *Chief Executive Officer*	(appointed on 15 October 2009)
Mr. Zhang Jian Qiang	(appointed on 15 October 2009)
Mr. Chan Wai Cheung, Glenn	(resigned on 4 November 2009)
Mr. Chan Ka Lai, Joseph	(resigned on 4 November 2009)
Mr. Chan Ka Shun, Raymond	(resigned on 4 November 2009)
Mrs. Chan King Catherine	(resigned on 4 November 2009)
Mr. Chiu Wai	(resigned on 4 November 2009)
Mr. Lopez Moulet, Carmelo	(resigned on 4 November 2009)
Ms. Wong Tsui Yue, Lucy	(resigned on 4 November 2009)

Independent non-executive directors

Mr. Chan Ying Kay	(appointed on 15 October 2009)
Ms. Kwong Ka Yin, Phyllis	(appointed on 15 October 2009)
Mr. Wang Jin Ling	(appointed on 15 October 2009)
Dr. Cheung Wai Lam, William	(resigned on 4 November 2009)
Mrs. Fung Yeh Yi Hao, Yvette	(resigned on 4 November 2009)
Mr. Chan Ip Sing, Evans (Alternate to Mrs. Fung Yeh Yi Hao, Yvette)	(resigned on 4 November 2009)
Mr. Gooljarry, Cassam Soliman	(resigned on 4 November 2009)
Dr. Ho Sai Wah, David	(resigned on 4 November 2009)
Dr. Kwok Lok Wai, William	(resigned on 4 November 2009)

In accordance with Articles 73 of the Company's Articles of Association (the "Articles of Association"), Mr. Lo Siu Yu, Mr. Chen Yang, Mr. Zhang Jian Qiang, Mr. Chan Ying Kay, Ms. Kwong Ka Yin, Phyllis and Mr. Wang Jin Ling will retire at the forthcoming annual general meeting but, being eligible, offer themselves for re-election.

Separate annual confirmations of independence pursuant to Rule 3.13 of the Listing Rules have been received from each independent non-executive director.

DIRECTORS' SERVICE CONTRACTS

Each of the executive directors has entered into a service contract with the Company on 15 October 2009, and such contracts will continue unless and until they are terminated by either party by prior written notice. In addition, the appointment letter entered into between the Company and with each of the independent non-executive directors is for a fixed terms of two years from 15 October 2009, and renewable annually upon expiry, unless and until terminated by either party by a prior written notice.

Save as disclosed, no director has a service contract with the Company or any of its subsidiaries which is not determinable by the employing company within one year without payment of compensation (other than statutory compensation).

DIRECTORS' INTERESTS IN CONTRACTS

Save as disclosed in note 29 to the financial statements on related-party transactions, no contract of significance in relation to the Group's business to which the Company, its subsidiaries or its fellow subsidiaries was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

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

At 31 March 2010, the following directors and chief executives of the Company had interests or short positions in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which were required (a) to be notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which each of them has taken or deemed to have taken under the provisions of the SFO); or (b) pursuant to section 352 of Part XV of the SFO, to be entered into the register referred to therein; or (c) pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") to be notified to the Company and the Stock Exchange:

	Number of ordinary shares held		
Name of director	**Corporate interest**	**Total number of shares interested or deemed to be interested (long position)**	**Percentage of shareholding in the Company** %
Lo Siu Yu ("Mr. Lo")	224,455,018 *(Note)*	224,455,018	64.98

Note: These shares are held by Money Success Limited, a company beneficially owned by Wealthy In Investments Limited, a company beneficially owned by Mr. Lo.

Save as disclosed above, at 31 March 2010, none of the directors or chief executives of the Company had interests or short positions in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which were required (a) 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 each of them has taken or deemed to have taken under the provisions of the SFO); or (b) pursuant to section 352 of the SFO, to be entered into the register referred to therein; or (c) pursuant to the Model Code to be notified to the Company and the Stock Exchange.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

At 31 March 2010, according to the register of interests kept by the Company under section 336 of the SFO, and so far as was known to the directors or chief executives of the Company, the following persons, other than directors or chief executives of the Company, had an interest or short position in the shares or underlying shares which would require to be disclosed by the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who was directly or indirectly interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meeting of the Company.

Name of Shareholder	Number of ordinary Shares	Capacity	Approximate percentage of interest of the existing issued share capital of the Company %
Wealthy In Investments Limited *(Note 1)*	224,455,018	Interest of controlled corporation	64.98
Money Success Limited *(Note 2)*	224,455,018	Beneficial owner	64.98
Chiu Kit Hung *(Note 3)*	224,455,018	Interest of spouse	64.98

Notes:

1. Wealthy In Investments Limited is a company wholly owned by Mr. Lo, who is an executive Director.
2. Money Success Limited is a company wholly owned by Wealthy In Investments Limited.
3. Ms. Chiu Kit Hung is the wife of Mr. Lo.

Save as disclosed above, at 31 March 2010, the directors and the chief executives of the Company are not aware of any other person who had an interest or short position in the shares or underlying shares which would require to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who was directly or indirectly interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meeting of the Company.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the best knowledge of the Board, there was 25% or more of the listed issued share capital of the Company being held in public hands at 29 July 2010, being the latest practicable date prior to printing of this report.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year.

CONNECTED TRANSACTIONS

(A) On 29 April 2009, the Company entered into an agreement to dispose of its entire equity interest in certain subsidiaries of the Group (the "Advance Caterers Group") to Big League Holdings Limited ("BLH"), a trust company established by Mr. Chan Wai Cheung, Glenn, the ex-chairman of the Company at a consideration of HK$114 million (the "Disposal"). The Advance Caterers Group is mainly engaged in (i) the operation and management of boutique eateries which provide Asian fusion, Western and Japanese cuisines; and (ii) holding a shop premises for its restaurant business, industrial premises for its logistic center, residential premises for self-use as well as an office premises for leasing to an independent third party for rental purpose. Total consideration for the Disposal was approximately HK$114 million. The Disposal was a major connected transaction as defined in the Listing Rules and it had been approved by independent shareholders at the extraordinary general meeting held on 17 August 2009. The Disposal was subsequently completed on 7 October 2009. For details, please refer to our announcement dated 6 May 2009 and circular dated 24 July 2009. The gain from the Disposal is approximately HK$2.1 million after deducting related professional costs and fees of approximately HK$4.5 million.

(B) On 27 November 2009, MS International Investments Limited ("MS International"), a wholly-owned subsidiary of the Company, entered into the agreement ("Agreement") with Mr. Lo, pursuant to which Mr. Lo has agreed to sell, and MS International has agreed to purchase, the sale shares (the "Sale Shares") which represented the shares beneficially held by Mr. Lo in each of Money Success Business Management Limited 華銀商務管理有限公司 ("Money Success") and True Sino Holdings Limited 華真控股有限公司 ("True Sino") and the sale loans (the "Sale Loans") made by Mr. Lo to each of Money Success and True Sino (the "Transaction"). The consideration for the sale and purchase of the Sales Shares and the Sale Loans is approximately HK$1,643,000.

Each of Money Success and True Sino is wholly-owned by Mr. Lo, an executive Director and Chairman of the Company, and the directors of each of Money Success and True Sino are Mr. Chen Yang, chief executive officer and an executive director of the Company, and Madam Chiu Kit Hung, the spouse of Mr. Lo. Mr. Chen Yang and Mr. Lo and Madam Chiu Kit Hung are connected persons of the Company under the Listing Rules, and the Transaction constitutes a connected transaction under the Listing Rules and is subject to the reporting and announcement requirements but is exempt from the independent shareholders' approval requirement pursuant to the Listing Rules.

Money Success is the tenant in two tenancy agreements, namely, (i) the tenancy agreement for the renting of an office premises; and (ii) the tenancy agreement for the renting of a premises which is used as a Director's quarter, ("Tenancy Agreements") and the holder of certain office equipment which mainly consists of office fixtures and furniture and computer equipment. True Sino is the holder of a motor vehicle for business use. Money Success and True Sino has no business operation and has become a wholly-owned subsidiary of the Company upon completion of the Transaction.

The Directors (including the independent non-executive Directors) consider that (i) the Tenancy Agreements and the assets held by Money Success and True Sino are suitable for the Group's use and hence, they are to the benefit of the Group, and (ii) the terms and conditions of the Agreement are fair and reasonable and are on normal commercial terms and that it is in the interest of the Group and the shareholders of the Company as a whole. Details of the transaction were disclosed in the announcement of the Company dated 27 November 2009.

MAJOR CUSTOMERS AND SUPPLIERS

During the year, the Group purchased less than 30% of its goods and services from its 5 largest suppliers and sold less than 30% of its goods and services to its 5 largest customers.

AUDITOR

The financial statements have been audited by PricewaterhouseCoopers who retire and, being eligible, offer themselves for re-appointment.

On behalf of the Board

Lo Siu Yu
Chairman

Hong Kong, 26 July 2010

CORPORATE GOVERNANCE REPORT

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

The Company acknowledges the importance of good corporate governance practices and believes that they are essential to the development of the Group and safeguard the interests of shareholders.

Throughout the year ended 31 March 2010, the Company has complied with all the code provisions set out in the Code on Corporate Governance Practices (the "CG Code") contained in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") except for the code provision A.4.1. Those independent non-executive directors ("INEDs"), who resigned on 4 November 2009, are not appointed with specific term as required by code provision A.4.1, but their appointments are determinable by either party with at least one month written notice in advance. The Board considers the one-month notice period for termination of INEDs' contracts provided adequate protection to either party and would not impose undue pressure of possible compensation liable by the Group for the termination. Besides, INEDs are also subject to retirement by rotation and re-election in accordance with the Articles of Association. All the existing independent non-executive directors are appointed with specific term.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS (THE "MODEL CODE")

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules as its own code for dealing in securities of the Company by the directors. Having made specific enquiry of the directors, the Company confirmed that they all have complied with the required standard as set out in the Model Code during the year ended 31 March 2010.

THE BOARD

The Board comprises the Chairman, the Chief Executive Officer, 1 executive director (altogether 3 executive directors) and 3 independent non-executive directors.

The Board is collectively accountable to the shareholders and is responsible for the leadership and control of the Group including overseeing the Group's businesses, formulating strategic directions, setting objectives and business development plans, and monitoring the performance of both the financial results and the senior management.

The independent non-executive directors serve the important function of ensuring and monitoring the basis for an effective corporate governance framework. Each of the independent non-executive director has confirmed in his/her annual confirmation of his/her independence pursuant to Rule 3.13 of the Listing Rules and on this basis, the Company considers such directors to be independent. The independent non-executive directors are explicitly identified in all corporate communications.

All directors have distinguished themselves in their field of expertise so as to give a balance of skills, knowledge and experience required for the running of an effective board. The Board has delegated the authority and responsibility for implementing its business strategies and managing the daily operation of its businesses to its executive directors and senior management. Biographical details and responsibilities of each board member and senior management are set out in pages 8 to 9 of this report. Except for Mr. Zhang Jian Qiang who is an employee of two companies that was controlled by Mr. Lo Siu Yu, there is no other relationship (including financial, business, family or other material relationship) among members of the Board.

THE BOARD *(continued)*

Regular board meetings are held at approximately quarterly intervals and involve the active participation of directors, either in person or through other electronic means of communications. The individual attendance of each director during the year is set out below:

		Number of Board meetings directors attended/ eligible to attend
Executive directors		
Mr. Lo Siu Yu, *Chairman*	(appointed on 15 October 2009)	8/10
Mr. Chen Yang, *Chief Executive Officer*	(appointed on 15 October 2009)	10/10
Mr. Zhang Jian Qiang	(appointed on 15 October 2009)	6/10
Mr. Chan Wai Cheung, Glenn	(resigned on 4 November 2009)	20/25
Mr. Chan Ka Lai, Joseph	(resigned on 4 November 2009)	21/25
Mr. Chan Ka Shun, Raymond	(resigned on 4 November 2009)	3/25
Mrs. Chan King Catherine	(resigned on 4 November 2009)	2/25
Mr. Chiu Wai	(resigned on 4 November 2009)	3/25
Mr. Lopez Moulet, Carmelo	(resigned on 4 November 2009)	3/25
Ms. Wong Tsui Yue, Lucy	(resigned on 4 November 2009)	13/25
Independent non-executive directors		
Mr. Chan Ying Kay	(appointed on 15 October 2009)	6/10
Ms. Kwong Ka Yin, Phyllis	(appointed on 15 October 2009)	6/10
Mr. Wang Jin Ling	(appointed on 15 October 2009)	3/10
Dr. Cheung Wai Lam, William	(resigned on 4 November 2009)	4/25
Mrs. Fung Yeh Yi Hao, Yvette	(resigned on 4 November 2009)	3/25
Mr. Chan Ip Sing, Evans (Alternate to Mrs. Fung Yeh Yi Hao, Yvette)	(resigned on 4 November 2009)	2/25
Mr. Gooljarry, Cassam Soliman	(resigned on 4 November 2009)	4/25
Dr. Ho Sai Wah, David	(resigned on 4 November 2009)	2/25
Dr. Kwok Lok Wai, William	(resigned on 4 November 2009)	2/25

NOMINATION OF DIRECTORS

The Company established the Nomination Committee (the “Nomination Committee”) with written terms of reference on 4 November 2009. The Nomination Committee comprises an executive director, Mr. Lo Siu Yu and two independent non-executive directors, Mr. Chan Ying Kay and Ms. Kwong Ka Yin, Phyllis.

The principal duties of the Nomination Committee include:

(a) to review the structure, size and composition of the Board on a regular basis and make recommendations to the Board regarding any proposed changes;

(b) to identify individuals suitably qualified to become a Board member;

(c) to make recommendations to the Board on selection or appointment of individuals nominated for directorships and appointment or re-appointment of Directors and succession planning for Directors; and

(d) to assess the independence of the independent non-executive Directors.

NOMINATION OF DIRECTORS *(continued)*

The Nomination Committee carries out the process of selecting and recommending candidates for directorships by making reference to the skills, experience, professional knowledge, personal integrity and time commitments of such individuals, the Company's needs and other relevant statutory requirements and regulations. An external recruitment agency may be engaged to carry out the recruitment and selection process when necessary.

Since the Nomination Committee was established on 4 November 2009 and all the existing members just recently joined the Company, there was no meeting held during the year ended 31 March 2010 to review the structure, size and composition of the Board.

In accordance with the Company's Articles of Association, Mr. Lo Siu Yu, Mr. Chen Yang, Mr. Zhang Jin Qiang, Mr. Chan Ying Kay, Mr. Kwong Ka Yin, Phyllis and Mr. Wang Jin Ling shall retire, and being eligible, offer themselves for re-election at the next forthcoming annual general meeting.

A circular containing detailed information of the Directors standing for re-election at the forthcoming annual general meeting would be sent to the shareholders.

TERMS OF APPOINTMENTS AND RE-ELECTION OF DIRECTORS

According to the Articles of Association, one-third of the directors for the time being (or, if their number is not a multiple of 3, the number nearest to but not less than one-third) should retire from office by rotation at each annual general meeting of the Company provided that every director shall be subject to retirement by rotation at least once every 3 years. Furthermore, any director appointed to fill a casual vacancy or as an addition to the existing Board should hold office only until the next following annual general meeting and would then be eligible for re-election at that meeting. The existing independent non-executive directors of the Company have fixed term of office but their termination are determinable by either party with a written notice in advance, as well as subject to the aforesaid retirement from office on a rotational basis.

AUDIT COMMITTEE

The Audit Committee has been established since 1999 with written terms of reference pursuant to all the duties set out in code provision C.3.3 of the CG Code. Currently, there are three committee members, all of whom are independent non-executive directors, namely Mr. Chan Ying Kay (Committee Chairman), Ms. Kwong Ka Yin, Phyllis and Mr. Wang Jin Ling as committee members. Mr. Chan Ying Kay possess extensive experience in accounting and financial matters.

The Audit Committee is accountable to the Board and its principal duties include the review and supervision of the financial reporting process and internal control system of the Group.

During the year ended 31 March 2010, the Audit Committee held two meetings. The Audit Committee reviewed the accounting policies and practices adopted by the Group and discussed auditing, internal controls system and financial reporting matters. It also reviewed the financial statements of the Company, the Company's annual and interim reports and the management letter from the auditor of the Company.

AUDIT COMMITTEE *(continued)*

The individual attendance of each committee member is set out below:

		Number of meetings directors attended/ eligible to attend
Independent non-executive directors		
Mr. Chan Ying Kay, *Committee Chairman*	(appointed on 15 October 2009)	1/2
Ms. Kwong Ka Yin, Phyllis	(appointed on 15 October 2009)	1/2
Mr. Wang Jin Ling	(appointed on 15 October 2009)	1/2
Mr. Gooljarry, Cassam Soliman	(resigned on 4 November 2009)	1/2
Mrs. Fung Yeh Yi Hao, Yvette	(resigned on 4 November 2009)	1/2
Mr. Chan Ip Sing, Evans (Alternate to Mrs. Fung Yeh Yi Hao, Yvette)	(resigned on 4 November 2009)	1/2
Dr. Kwok Lok Wai, William	(resigned on 4 November 2009)	1/2

REMUNERATION COMMITTEE

The Remuneration Committee was established in October 2007 with written terms of reference pursuant to all the duties set out in code provision B.1.1 of the CG Code. Currently, there are 3 committee members, all of whom are independent non-executive directors, namely Ms. Kwong Ka Yin, Phyllis (Committee Chairman), Mr. Chan Ying Kay and Mr. Wang Jin Ling.

The Remuneration Committee is accountable to the Board and its principal duties include review and determination of the Board policy for the remuneration of senior management and make recommendation to the chairman and the executive members of the Board on non-executive directors remuneration.

During the year ended 31 March 2010, the Remuneration Committee held one meeting. The Remuneration Committee reviewed the framework of remuneration policy, considered discretionary bonus to staff, remuneration packages of executives and provided the guideline of annual salary review.

The individual attendance of each committee member is set out below:

		Number of meetings directors attended/ eligible to attend
Independent non-executive directors		
Ms. Kwong Ka Yin, Phyllis, *Committee Chairman*	(appointed on 15 October 2009)	1/1
Mr. Chan Ying Kay	(appointed on 15 October 2009)	1/1
Mr. Wang Jin Ling	(appointed on 15 October 2009)	1/1
Dr. Cheung Wai Lam, William	(resigned on 4 November 2009)	0/0
Dr. Ho Sai Wah, David	(resigned on 4 November 2009)	0/0
Dr. Kwok Lok Wai, William	(resigned on 4 November 2009)	0/0

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The directors acknowledge their responsibility to prepare financial statements that give a true and fair view of the state of affairs of the Group and of the results and cash flows for each financial period. The statement of the Company's auditor about their reporting responsibilities on financial statements is set out in the Independent Auditor's Report on page 23 and 24.

AUDITOR'S REMUNERATION

The remuneration for the Group's principal auditor, PricewaterhouseCoopers, and its affiliated firms, for services rendered is as follows:

	2010	2009
	HK$	HK$
Audit fees	**574,640**	699,306
Non-audit service fees	**578,557**	70,868
	1,153,197	770,174

INTERNAL CONTROL

The Board is responsible for maintaining a sound and effective system of internal control and for reviewing its effectiveness through the Audit Committee. The Group's system of internal control includes a defined management structure with limits of authority, and is designed to help the Group achieve its business objectives, safeguard its assets against unauthorized use or disposition, ensure the maintenance of proper accounting records for the provision of reliable financial information for internal use or for publication and ensure compliance with relevant laws and regulations. The system is designed to provide reasonable, but not absolute, assurance against material misstatement or loss, and to manage rather than eliminate risks of failure in the Group's operational systems and in the achievement of the Group's business objectives.

During the year, the Board has reviewed the effectiveness of the system of internal control of the Group through the Audit Committee and the internal audit team of the Company.

INDEPENDENT AUDITOR'S REPORT

PRICEWATERHOUSECOOPERS

羅兵咸永道會計師事務所

PricewaterhouseCoopers
22/F, Prince's Building
Central, Hong Kong

INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF DOXEN ENERGY GROUP LIMITED
(Formerly known as Hong Kong Catering Management Limited)
(incorporated in Hong Kong with limited liability)

We have audited the consolidated financial statements of Doxen Energy Group Limited (formerly known as Hong Kong Catering Management Limited) (the "Company") and its subsidiaries (together, the "Group") set out on pages 25 to 75, which comprise the consolidated and company statements of financial position as at 31 March 2010, and the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation and the true and fair presentation of these consolidated financial statements in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants, and the Hong Kong Companies Ordinance. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with section 141 of the Hong Kong Companies Ordinance and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

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

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

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

INDEPENDENT AUDITOR'S REPORT

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 March 2010 and of the Group's loss and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the Hong Kong Companies Ordinance.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 26 July 2010

CONSOLIDATED INCOME STATEMENT

For the year ended 31 March 2010

	Note	2010 HK$	2009 HK$
Revenue	5	**151,648,221**	328,075,315
Other income	6	**1,198,557**	3,695,518
Cost of inventories consumed		**(45,414,220)**	(97,389,373)
Staff costs	8	**(55,536,317)**	(129,205,991)
Operating lease rentals		**(25,640,091)**	(49,867,079)
Utilities expenses		**(11,262,871)**	(28,251,773)
Depreciation and impairment losses of property, plant and equipment		**(2,884,648)**	(41,380,613)
Impairment losses on leasehold land		**–**	(6,328,583)
Repair and maintenance expenses		**(2,500,428)**	(3,202,262)
Advertising and promotion expenses		**(1,714,270)**	(2,869,955)
Other operating expenses		**(25,086,504)**	(49,009,287)
Net gains/(losses) on financial assets		**2,558,713**	(13,699,456)
Gain on disposals of subsidiaries	7	**2,078,116**	–
Operating loss	9	**(12,555,742)**	(89,433,539)
Share of profit of an associated company		**828,103**	1,693,088
Loss before income tax		**(11,727,639)**	(87,740,451)
Income tax expense	10	**(298,788)**	(339,395)
Loss for the year		**(12,026,427)**	(88,079,846)
Attributable to:			
Shareholders of the Company		**(12,415,915)**	(83,368,988)
Minority interests		**389,488**	(4,710,858)
		(12,026,427)	(88,079,846)
Dividends	12	**179,618,356**	3,395,396
Basic and diluted losses per share attributable to shareholders of the company	13	**(3.6 cents)**	(24.1 cents)

The notes on pages 33 to 75 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2010

	2010 HK$	2009 HK$
Loss for the year	**(12,026,427)**	(88,079,846)
Other comprehensive income/(loss):		
Fair value gains/(losses) on available-for-sale financial assets	**4,085,340**	(4,805,399)
Release of investment revaluation reserve upon disposals of subsidiaries	**2,182,783**	–
Other comprehensive income/(loss) for the year, net of tax	**6,268,123**	(4,805,399)
Total comprehensive loss for the year	**(5,758,304)**	(92,885,245)
Total comprehensive (loss)/income attributable to:		
Shareholders of the Company	**(6,147,792)**	(88,174,387)
Minority interests	**389,488**	(4,710,858)
	(5,758,304)	(92,885,245)

The notes on pages 33 to 75 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2010

	Note	2010 HK$	2009 HK$
ASSETS			
Non-current assets			
Property, plant and equipment	*14*	**1,137,932**	28,555,062
Investment property	*15*	**–**	31,588,815
Leasehold land	*16*	**–**	22,873,416
Interest in an associated company	*18*	**–**	3,555,914
Available-for-sale financial assets	*19*	**9,800,000**	8,461,160
Rental deposits paid – non-current portion		**4,895,192**	10,195,047
		15,833,124	105,229,414
Current assets			
Inventories	*20*	**1,071,833**	10,721,404
Trade receivables	*22*	**145,389**	761,093
Deposits, prepayments and other receivables		**2,639,078**	8,893,140
Financial assets at fair value through profit or loss	*23*	**–**	10,115,948
Rental deposits paid – current portion		**–**	4,836,429
Tax recoverable		**245,237**	114,339
Cash and cash equivalents	*24*	**37,395,518**	139,485,622
		41,497,055	174,927,975
Assets of disposal group classified as held for sale	*25*	**5,453,278**	–
Total assets		**62,783,457**	280,157,389
EQUITY			
Capital and reserves attributable to the Company's shareholders			
Share capital	*28*	**34,543,855**	34,543,855
Reserves	*30*	**9,790,934**	195,557,082
		44,334,789	230,100,937
Minority interests		**457,540**	68,052
Total equity		**44,792,329**	230,168,989

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2010

	Note	2010 HK$	2009 HK$
LIABILITIES			
Non-current liabilities			
Rental deposits received – non-current portion		–	664,742
Provision for long service payments – non-current portion	31	752,307	3,325,331
Deferred income tax liabilities	32	–	390,000
		752,307	4,380,073
Current liabilities			
Trade payables	26	2,194,913	6,934,568
Other payables and accrued charges	27	9,620,162	34,385,891
Rental deposits received – current portion		–	2,550
Provision for long service payments – current portion	31	–	4,285,318
		11,815,075	45,608,327
Liabilities of disposal group classified as held for sale	25	5,423,746	–
Total liabilities		17,991,128	49,988,400
Total equity and liabilities		62,783,457	280,157,389
Net current assets		29,681,980	129,319,648
Total assets less current liabilities		50,968,382	234,549,062

Lo Siu Yu
Director

Chen Yang
Director

The notes on pages 33 to 75 are an integral part of these consolidated financial statements.

STATEMENT OF FINANCIAL POSITION

As at 31 March 2010

	Note	2010 HK$	2009 HK$
ASSETS			
Non-current assets			
Property, plant and equipment	*14*	**–**	267,306
Leasehold land	*16*	**–**	897,748
Interests in subsidiaries	*17*	**21,596,816**	55,306,548
Available-for-sale financial assets	*19*	**9,800,000**	8,461,160
		31,396,816	64,932,762
Current assets			
Amounts due from subsidiaries	*21*	**–**	59,461,309
Deposits, prepayments and other receivables		**–**	379,747
Financial assets at fair value through profit or loss	*23*	**–**	9,757,058
Rental deposits paid		**–**	915,516
Cash and cash equivalents	*24*	**28,869,025**	124,299,120
		28,869,025	194,812,750
Total assets		**60,265,841**	259,745,512
EQUITY			
Capital and reserves attributable to the Company's shareholders			
Share capital	*28*	**34,543,855**	34,543,855
Reserves	*30*	**5,894,734**	184,420,164
Total equity		**40,438,589**	218,964,019

STATEMENT OF FINANCIAL POSITION

As at 31 March 2010

	Note	2010 HK$	2009 HK$
LIABILITIES			
Current liabilities			
Amounts due to subsidiaries	*21*	**16,474,192**	28,065,173
Trade payables	*26*	**71,016**	6,934,568
Other payables and accrued charges		**3,282,044**	4,661,107
Provision for long service payments	*31*	**–**	1,120,645
Total liabilities		**19,827,252**	40,781,493
Total equity and liabilities		**60,265,841**	259,745,512
Net current assets		**9,041,773**	154,031,257
Total assets less current liabilities		**40,438,589**	218,964,019

Lo Siu Yu
Director

Chen Yang
Director

The notes on pages 33 to 75 are an integral part of these consolidated financial statements.

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 March 2010

	Note	2010 HK$	2009 HK$
Cash flows from operating activities			
Cash used in operations	*33*	**(8,918,307)**	(47,379,588)
Hong Kong profits tax (paid)/refund		**(286,151)**	213,509
Net cash used in operating activities		**(9,204,458)**	(47,166,079)
Cash flows from investing activities			
Purchase of property, plant and equipment		**(8,802,871)**	(16,549,822)
Purchase of leasehold land		**–**	(31,388,715)
Proceeds from disposal of property, plant and equipment		**310,000**	202,649
Consideration received in respect of disposals of subsidiaries	*33(b)*	**92,590,713**	–
Proceeds from disposals of financial assets at fair value through profit or loss		**1,390,051**	–
Proceeds from redemption of available-for-sale financial assets		**–**	17,750,780
Interest received		**116,112**	2,886,236
Dividend received from an associated company		**1,050,000**	1,050,000
Dividend received from investments		**78,705**	168,516
Net cash generated from/(used in) investing activities		**86,732,710**	(25,880,356)
Cash flows from financing activities			
Dividends paid		**(179,618,356)**	(17,223,938)
Net cash used in financing activities		**(179,618,356)**	(17,223,938)
Net decrease in cash and cash equivalents		**(102,090,104)**	(90,270,373)
Cash and cash equivalents at the beginning of the year		**139,485,622**	229,755,995
Cash and cash equivalents at the end of the year	*24*	**37,395,518**	139,485,622

The notes on pages 33 to 75 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2010

	Share capital HK$	Share premium HK$	Investment revaluation reserve HK$	Retained earnings HK$	Total HK$	Minority interests HK$	Total HK$
At 1 April 2008	34,543,855	142,700,422	4,087,276	154,156,709	335,488,262	4,789,910	340,278,172
Loss for the year	–	–	–	(83,368,988)	(83,368,988)	(4,710,858)	(88,079,846)
Other comprehensive income							
Revaluation deficit of available-for-sale financial assets	–	–	(4,805,399)	–	(4,805,399)	–	(4,805,399)
Total comprehensive income	–	–	(4,805,399)	(83,368,988)	(88,174,387)	(4,710,858)	(92,885,245)
Write-back of unclaimed dividend	–	–	–	58,990	58,990	–	58,990
Dividend paid	–	–	–	(17,271,928)	(17,271,928)	(11,000)	(17,282,928)
At 31 March 2009	34,543,855	142,700,422	(718,123)	53,574,783	230,100,937	68,052	230,168,989
At 1 April 2009	34,543,855	142,700,422	(718,123)	53,574,783	230,100,937	68,052	230,168,989
(Loss)/profit for the year	–	–	–	(12,415,915)	(12,415,915)	389,488	(12,026,427)
Other comprehensive income							
Revaluation surplus of available-for-sale financial assets			4,085,340	–	4,085,340	–	4,085,340
Disposal of subsidiaries	–	–	2,182,783	–	2,182,783	–	2,182,783
Total comprehensive income			6,268,123	(12,415,915)	(6,147,792)	389,488	(5,758,304)
Cancellation of share premium	–	(142,700,422)	–	142,700,422	–	–	–
Dividend paid	–	–	–	(179,618,356)	(179,618,356)	–	(179,618,356)
At 31 March 2010	34,543,855	–	5,550,000	4,240,934	44,334,789	457,540	44,792,329

The notes on pages 33 to 75 are an integral part of these consolidated financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Doxen Energy Group Limited (formerly known as Hong Kong Catering Management Limited) (the "Company") is a limited liability company incorporated in Hong Kong. The address of its registered office is Room 2110, 21/F, Harbour Centre, 25 Harbour Road, Wanchai, Hong Kong. The Company is listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The Company and its subsidiaries (together the "Group") are principally engaged in the operation of restaurants.

On 29 April 2009, the then controlling shareholder of the Company, Well Positioned Corporation ("Well Position") entered into an agreement with Money Success Limited ("Money Success"), a company incorporated in the British Virgin Island, whereby Well Position agreed to sell a 63.49% of the Company's shares to Money Success at consideration of HK$0.388 per share ("the Share Purchase"). Under Rule 26.1 of Hong Kong Code on Takeover and Mergers (the "Takeover Code"), Money Success was required to make an unconditional mandatory general cash offer to all of the Company's remaining shareholder for their shares at the same consideration ("the Offer"). On 7 October 2009, both the Share Purchase and the Offer was completed. Since then, Money Success became the controlling and ultimate shareholder of the Company.

These consolidated financial statements are presented in Hong Kong dollars ("HK$"), unless otherwise stated. These consolidated financial statements were approved for issue by the board of directors (the "Board") on 26 July 2010.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of the consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). They have been prepared under the historical cost convention, as modified by the revaluation of investment property, financial assets and financial liabilities at fair value through profit or loss and available-for-sale financial assets which are stated at fair value.

The preparation of financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies.

The following new standards and amendments to standards are effective for the financial year ended 31 March 2010 and are relevant to the Group.

- HKAS 1 (revised), "Presentation of financial statements". The revised standard prohibits the presentation of items of income and expenses (that is "non-owner changes in equity") in the statement of changes in equity, requiring "non-owner changes in equity" to be presented separately from owner changes in equity. All "non-owner changes in equity" are required to be shown in a performance statement.

  The Group has elected to present two statements: an income statement and a statement of comprehensive income. These consolidated financial statements have been prepared under the revised disclosure requirements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.1 Basis of preparation *(continued)*

- Amendment to HKFRS 7, "Financial Instruments: disclosures". The amendment increases the disclosure requirements about fair value measurement and amends the disclosure about liquidity risk. The amendment introduces a three-level hierarchy for fair value measurement disclosures about financial instruments and requires some specific quantitative disclosures for those instruments classified in the lowest level in the hierarchy. These disclosures will help to improve comparability between entities about the effects of fair value measurements. In addition, the amendment clarifies and enhances the existing requirements for the disclosure of liquidity risk primarily requiring a separate liquidity risk analysis for derivative and non-derivative financial liabilities. It also requires a maturity analysis for derivative financial liabilities where the information is needed to understand the nature and context of liquidity risk.

- HKFRS 8, "Operating segments". HKFRS 8 replaces HKAS 14, "Segment reporting". It requires a "management approach" under which segment information is presented on the same basis as that used for internal reporting purposes. Operating segments are reported in a manner consistent with the internal reporting provided to chief operating decision-maker. Adoption of this standard did not have any effect on the Group's results of operations or financial position.

  Goodwill is allocated by management to groups of cash-generating units on a segment level. The adoption of HKFRS 8 has not resulted in any changes in reportable segment or additional goodwill impairment. These has been no further impact on the measurement of the Group's assets and liabilities.

Other new standards, amendments to standards and interpretations, which are mandatory for the first time for the financial year beginning 1 April 2009, are not currently relevant for the Group or do not have material impact on the Group for the year ended 31 March 2010.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.1 Basis of preparation *(continued)*

The following new standards, amendments to standards and interpretations have been issued, but are not effective for the financial year beginning 1 April 2009 and have not been early adopted:

New or revised standards, interpretations and amendments		Effective for accounting periods beginning on or after
HKAS 24 (Revised)	Related Party Disclosures	1 January 2011
HKAS 27 (Revised)	Consolidated and Separate Financial Statements	1 July 2009
HKAS 32 (Amendment)	Classified of Right Issues	1 February 2010
HKAS 39 (Amendment)	Financial Instruments: Recognition and Measurement – Eligible hedged items	1 July 2010
HKFRS 1 (Revised)	First-time Adoption of Hong Kong Financial Reporting Standards	1 July 2009
HKFRS 1 (Amendment)	Additional Exemptions for First-time Adopters	1 January 2010
HKFRS 2 (Amendment)	Group Cash-settled Share-based Payment Transactions	1 January 2010
HKFRS 3 (Revised)	Business Combinations	1 July 2009
HKFRS 5 (Amendment)	Non-current Assets Held for sale and Discontinued Operations	1 April 2013
HKFRS 9	Financial Instruments	1 January 2013
HK(IFRIC)-Int 14 (Amendment)	Prepayments of a Minimum Funding Requirement	1 January 2011
HK(IFRIC)-Int 17	Distributions of Non-cash Assets to Owners	1 July 2009
HK(IFRIC)-Int 19	Extinguishing Financial Liabilities with Equity Instruments	1 July 2010

2.2 Consolidation

The consolidated financial statements include the financial statements of the Company and all its subsidiaries made up to 31 March.

(a) *Subsidiaries*

Subsidiaries are all entities (including special purposes entities) over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.2 Consolidation *(continued)*

(a) *Subsidiaries (continued)*

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured at the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognized directly in the consolidated income statement.

Inter-company transactions, balances and unrealized gains on transactions between group companies are eliminated. Unrealized losses are also eliminated.

Accounting policies of subsidiaries have been changed where necessary in the consolidated financial statements, to ensure consistency with the policies adopted by the Group.

In the Company's statement of financial position the interests in subsidiaries are stated at cost less provision for impairment losses (Note 2.7). The results of subsidiaries are accounted by the Company on the basis of dividend received and receivable.

(b) *Transactions with minority interests*

The Group applies a policy of treating transactions with minority interests as transactions with parties external to the Group. Disposals to minority interests result in gains and losses for the Group are recorded in the consolidated income statement. Purchases from minority interests result in goodwill, being the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary.

(c) *Associates*

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting and are initially recognized at cost. The Group's investment in associates includes goodwill identified on acquisition, net of any accumulated impairment loss.

The Group's share of its associate's post-acquisition profits or losses is recognized in the consolidated income statement, and its share of post-acquisition movements in reserves is recognized in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognize further losses, unless it has incurred obligations or made payments on behalf of the associate.

In the Company's statement of financial position the interest in an associated company is stated at cost less provision for impairment losses (Note 2.7). The result of an associated company is accounted for by the Company on the basis of dividend received and receivable.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.3 Segment reporting

Operating segments are reporting in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker ("CODM"), who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the directors and certain senior management that make strategic decisions.

2.4 Foreign currency translation

(a) *Functional and presentation currency*

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in HK$, which is the Company's functional and presentation currency.

(b) *Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the consolidated income statement.

Changes in the fair value of monetary securities denominated in foreign currency classified as available-for-sale are analyzed between translation differences resulting from changes in the amortized cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in the amortized cost are recognized in the profit or loss, and other changes in the carrying amount are recognized in equity.

Translation differences on non-monetary financial assets and liabilities are recognized in profit or loss as part of the fair value gain or loss. Translation differences on non-monetary financial assets such as equities classified as available-for-sale are included in the investment revaluation reserve in equity.

(c) *Group companies*

The results and financial position of all the group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;

(ii) income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and

(iii) all resulting exchange differences are recognized as a separate component of equity.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.5 Property, plant and equipment

All property, plant and equipment are stated at historical cost less depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are expensed in the consolidated income statement during the financial period in which they are incurred.

Depreciation of property, plant and equipment is calculated using the straight-line method to allocate their costs to their residual values over their estimated useful lives and the annual rates of depreciation are as follows:

Buildings	over the unexpired periods of the leases or their estimated useful lives, whichever is shorter.
Leasehold improvements	over the unexpired periods of the leases or their expected useful lives.
Air-conditioning plant	15% or over the unexpired periods of the leases.
Furniture, fixtures and equipment	15 -25%
Motor vehicles	15%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each date of statement of financial position.

An asset's carrying amount is written-down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 2.7).

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized in the income statement.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.6 Investment property

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the companies in the consolidated group or for sale in the ordinary course of business, is classified as investment property.

Investment property comprises land held under operating leases and buildings held under finance leases.

Land held under operating leases are classified and accounted for as investment property when the rest of the definition of investment property is met. The operating lease is accounted for as if it were a finance lease. Investment property is measured initially at its cost, including related transaction costs. After initial recognition, investment property is carried at fair value, representing open market value determined by external valuers at least annually. Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. If this information is not available, the external valuers use alternative valuation methods such as recent prices on less active markets or discounted cash flow projections. Changes in fair values are recognized in the consolidated income statement.

Subsequent expenditure is charged to the asset's carrying amount only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. Repairs and maintenance costs are expensed in the consolidated income statement during the period in which they are incurred.

Changes in fair values are recognised in the income statement.

2.7 Impairment of investments in subsidiaries, an associate and non-financial assets

Assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment. Assets 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 levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

Impairment testing of the investments in subsidiaries or associates is required upon receiving dividends from these investments if the dividend exceeds the total comprehensive income of the subsidiary or associate in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

2.8 Non-current assets (or disposal groups) held for sale

Non-current assets (or disposal groups) are classified as assets held for sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. They are stated at the lower of carrying amount and fair value less costs to sell if their carrying amount is to be recovered principally through a sale transaction rather than through continuing use.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.9 Financial assets

The Group classifies its financial assets in the following categories: financial assets at fair value through profit or loss, loans and receivables and available-for-sale financial assets. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

(a) *Financial assets at fair value through profit or loss*

Financial assets at fair value through profit or loss are financial assets held for trading. Financial assets are designated as at fair value through profit or loss at inception if the designation relates to financial instruments containing one or more embedded derivatives that significantly modify the cash flows resulting from those financial instruments. A financial asset is classified in this category if acquired principally for the purpose of selling in the short-term. Derivatives are also categorized as held for trading unless they are designated as hedges. Assets in this category are classified as current assets.

(b) *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the date of statement of financial position. These are classified as non-current assets. Loans and receivables are classified as trade and other receivables in the statement of financial position.

(c) *Available-for-sale financial assets*

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

Regular way purchases and sales of financial assets are recognized on trade-date, being 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. Financial assets carried at fair value through profit or loss are initially recognized at fair value, and transaction costs are expensed in the consolidated income statement. Financial assets are derecognized when the rights to receive cash flows from the investments have 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 are carried at amortized cost using the effective interest method.

Gains and losses arising from changes in the fair value of the “Financial assets at fair value through profit or loss” category are presented in the consolidated income statement in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognized in the consolidated income statement as part of other income when the Group’s right to receive payments is established.

Changes in the fair value of monetary securities denominated in a foreign currency and classified as available for sale are analyzed between translation differences resulting from changes in amortized cost of the security and other changes in the carrying amount of the security. The translation differences on monetary securities are recognized in profit or loss; translation differences on non-monetary securities are recognized in equity.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.9 Financial assets *(continued)*

Changes in the fair value of monetary and 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 recognized in equity are included in the consolidated income statement.

Interest on available-for-sale securities calculated using the effective interest method is recognized in the consolidated income statement. Dividends on available-for-sale equity instruments are recognized in the consolidated income statement when the Group's right to receive payments is established.

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the Group established fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models, making maximum use of market inputs and relying as little as possible on entity-specific inputs.

The Group assesses at each date of statement of financial position whether there is objective evidence that a financial asset or a group of financial assets is 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 as an indicator that the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss 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 consolidated income statement. Impairment losses recognized in the consolidated income statement on equity instruments are not reversed through the consolidated income statement. Impairment testing on trade receivables is described in note 2.11.

2.10 Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is determined using the first-in, first-out method. Net realizable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.11 Trade and other receivables

Trade and other receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment. A provision for impairment of trade and other receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganization, and default or delinquency in payments are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the assets is reduced through the use of an allowance account, and the amount of the loss is recognized in the consolidated income statement within other operating expenses. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against other operating expenses in the consolidated income statement.

2.12 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less.

2.13 Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the date of statement of financial position in the countries where the Company and its subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognized, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the date of statement of financial position and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred income tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.14 Trade and other payables

Trade and other payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

2.15 Share capital

Ordinary shares are classified as equity.

2.16 Employee benefits

(a) *Pension obligations*

The Group participates in a number of defined contribution plans in Hong Kong, the assets of which are generally held in separate trustee-administered funds. The pension plans are generally funded by payments from employees and the relevant group companies. The Group pays contributions to the pension plans on a mandatory, contractual or voluntary basis which are calculated as a percentage of the employees' salaries.

The Group has no legal or constructive obligations to pay further contributions if the funds do not hold sufficient assets to pay all employees the benefits relating to employee services in the current and prior years.

The contributions are recognized as employee benefit expenses when they are due and prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in the future payments is available.

(b) *Employee leave entitlements*

Employee entitlement to annual leave or other statutory leave is recognized when they are accrued to employees. A provision is made for the estimated liability for paid leave as a result of services rendered by employees up to the date of statement of financial position.

Employee entitlements to sick leave and maternity leave are not recognized until the time of leave.

(c) *Termination benefits*

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognizes termination benefits when there is a clear evidence of the need to terminate the employment of current employees; or to provide termination benefits as a result of an offer made to encourage voluntary redundancy.

(d) *Profit-sharing and bonus plans*

The Group recognizes a liability and an expense for bonuses and profit-sharing, after taking into consideration the profit attributable to the Company's shareholders and individuals' performance. The Group recognizes a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.17 Provisions

Provisions are recognized when: the Group has a present legal or constructive obligation as a result of past event; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense.

2.18 Revenue and income recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities. Revenue is shown, net of credit card fees and discounts and after eliminating sales within the Group. The Group recognizes revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Group's activities as described below. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved. The Group bases its estimates on historical results, taking into consideration of the type of customer, the type of transaction and the specifics of each arrangement.

Sales of goods and services

Sales of goods are recognized at the point of sales to customers and sales of services from restaurant and fast food operations are recognized when services are rendered to customers.

Interest income

Interest income is recognized on a time-proportion basis using the effective interest method.

Dividend income

Dividend income is recognized when the right to receive payment is established.

Rental income

Rental income is recognized on straight-line basis over the lease periods.

2.19 Operating leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor), including upfront payment made for leasehold land, are charged to the consolidated income statement on a straight-line basis over the period of the lease.

2.20 Dividend distribution

Dividend distribution to the Company's shareholders is recognized as a liability in the Group's financial statements in the period in which the dividends are approved by the Company's shareholders.

3. FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: credit risk, foreign exchange risk, interest rate risk, price risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance.

(a) *Credit risk*

The carrying amounts of cash and cash equivalents, trade receivables and other current assets except for prepayments, represent the Group's maximum exposure to credit risk in relation to financial assets.

The majority of the Group's turnover is on cash basis therefore there is no significant concentration of credit risk.

The credit risk for bank deposits and bank balances exposed is considered minimal as such amounts are placed with banks with good credit ratings.

(b) *Foreign exchange risk*

As the Group operates in Hong Kong with most of the transactions denominated and settled in local currencies, directors are of the opinion that the Group's volatility against changes in exchange reates of foreign currencies is insignificant.

The Company does not use any derivative financial instruments to hedge its exposure to foreign exchange risk.

(c) *Interest rate risk*

The Group's income and operating cash flows are substantially independent of changes in market interest rates, as the Group has no significant interest-bearing assets and liabilities, except for cash held at banks.

(d) *Price risk*

The Group is exposed to securities price risk as investments held by the Group are classified as available for sale financial assets on the consolidated statement of financial position. The Group is not exposed to commodity price risk.

As at 31 March 2010, if the quoted price of the available-for-sale financial assets had appreciated/depreciated by 10% (2009: 15%) with all other variables held constant, the Company and Group's equity would have been approximately HK$980,000 (2009: HK$1,269,000) higher/lower as a result of gains/losses on change in value of the available-for-sale financial assets.

(e) *Liquidity risk*

The Group's primary cash requirements have been for the payments for purchases and operating expenses. The Group finances its working capital requirements mainly through funds generated from operations.

The liquidity risk of the Group is managed by maintaining sufficient banking facilities and cash and cash equivalents generated from operating cash flow.

All the Group's and Company's contractual financial liabilities will mature within one year at the date of statement of financial position.

3. FINANCIAL RISK MANAGEMENT *(continued)*

3.2 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group monitors capital on the basis of the gearing ratio, which is calculated as total borrowings divided by total shareholders' fund.

The Group's strategy was to maintain a minimal gearing ratio. Management considers that the Group's capital risk is minimal as the Group has cash and cash equivalents of approximately HK$37.4 million as at 31 March 2010 with no outstanding bank loans, overdrafts or other borrowings at 31 March 2009 and 2010.

3.3 Fair value estimation

Effective 1 April 2009, the Group adopted the amendment to HKFRS 7 for financial instruments that are measured in the statement of financial position at fair value, this requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

- Quoted prices in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly (level 2).
- Inputs for the asset or liability that are not based on observable market data (level 3).

3. FINANCIAL RISK MANAGEMENT *(continued)*

3.3 Fair value estimation *(continued)*

The following table presents the Group's financial assets that are measured at fair value at 31 March 2010 and 2009.

	Level 1 HK$	Level 2 HK$	Total HK$
As at 31 March 2010			
Available-for-sale financial assets			
– Club debenture	9,800,000	–	9,800,000
As at 31 March 2009			
Available-for-sale financial assets			
– Debt investments	–	1,216,800	1,216,800
– Club debenture	7,244,360	–	7,244,360
Financial assets at fair value through profit or loss			
Derivative financial instruments	–	385,853	385,853
Investment portfolio			
– Debt investments	–	7,677,930	7,677,930
– Equity securities	2,052,165	–	2,052,165
Total financial assets measured at fair value	9,296,525	9,280,583	18,577,108

The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. These instruments are included in level 1.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

The carrying amounts of the Group's financial assets including cash and cash equivalents, trade and other receivables, and financial liabilities including trade and other payables are assumed to approximate their fair values due to their short maturities. The face values less any estimated credit adjustments for financial assets and liabilities with a maturity of less than one year are assumed to approximate their fair values.

The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

4. CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

4.1 Impairment of property, plant and equipment

The Group tests whether property, plant and equipment have suffered any impairment, whenever events or changes in circumstances, indicate the carrying amount may not be recoverable. The recoverable amounts have been determined based on the higher of the value-in-use calculations or fair value less costs to sell. The value-in-use calculations use cash flow projections based on financial budgets approved by the directors covering a one to five year period with zero expected growth in both revenue and gross margin. Management determined budgeted revenue and gross margin based on past performance and its expectation of market developments. The discount rates for the tests were based on a pre-tax discount rate of 10%. Judgement is required to determine key assumptions adopted in cash flow projections and changes to key assumptions can significantly affect cash flow projections and therefore the results of the impairment tests.

4.2 Useful lives of property, plant and equipment

The Group's management determines the estimated useful lives and related depreciation for its property, plant and equipment. This estimate is based on the historical experience of the actual useful lives of property, plant and equipment of similar nature and functions. It could change significantly as a result of renovation and relocation. Management will adjust the depreciation where useful lives vary with previously estimated lives.

4.3 Income taxes

The Group is subject to income taxes in certain jurisdictions. There are certain transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognizes liabilities of anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the year in which such determination is made.

4. CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS *(continued)*

4.4 Provision for long service payments

The Group's provision for long service payment is determined with reference to expect closure of certain restaurants upon termination of the related leases, the statutory requirements, the employees' remuneration, their year of services and age profile, and demographic assumptions including, pre-retirement termination, involuntary termination, early retirement, normal retirement, death and disability. The basis of estimation is reviewed on an on-going basis and revised where appropriate. Any changes in these assumptions will impact the carrying amount of provision for long service payments and as a result affect the Group's financial condition and results of operations.

4.5 Provision for re-instatement costs

Provision for re-instatement costs is estimated and reassessed at each date of statement of financial position with reference to the recent actual re-instatement cost incurred for shops of similar attributes and latest available quotation from independent contractors. Estimation based on current market information may vary over time and could differ from the actual re-instatement cost upon closures or relocation of existing shop premises.

5. REVENUE AND SEGMENT INFORMATION

The CODM has been identified as the Chief Executive Officer and directors of the Company who review the Group's internal reporting in order to assess performance and allocate resources. The CODM has determined the operating segments base on these reports.

The CODM assesses the performance of the operating segment based on a measure of profit/(loss) before income tax. The measurement policies the Group uses for segment reporting under HKFRS 8 are the same as those used in the Financial Information.

The Group has identified one operating segment – operation of restaurants. Accordingly, segment disclosures are not presented.

All revenue of the Group was derived in Hong Kong from the restaurant operation. All the Group's assets, liabilities and capital expenditure are located and utilized in Hong Kong.

6. OTHER INCOME

	2010 HK$	2009 HK$
Interest income	**116,112**	2,886,236
Rental income from other properties	**–**	182,587
Rental income from investment property	**1,003,740**	458,179
Dividend income	**78,705**	168,516
	1,198,557	3,695,518

7. GAIN ON DISPOSALS OF SUBSIDIARIES

On 29 April 2009, the Company entered into an agreement to dispose of its entire equity interest in certain subsidiaries (the "Advance Caterers Group") to Big League Holdings Limited, a trust company established by Mr. Chan Wai Cheung, Glenn, ex-chairman and ex-director of the Company, at consideration of HK$114 million (the "Disposal"). The Advance Caterers Group is mainly engaged in (i) the operation and management of boutique eateries which provide Asian fusion, Western and Japanese cuisines; and (ii) holding a shop premises for its restaurant business, industrial premises for its logistic center, several residential premises for self-use as well as an office premises for leasing to an independent third party for rental purpose. The Disposal was completed on 7 October 2009 and, accordingly the Group recognized gain on disposals of subsidiaries amounting to approximately HK$2,078,000 (after offsetting related legal and professional fees of approximately HK$4,471,000) for the year ended 31 March 2010.

8. STAFF COSTS

	2010 **HK$**	2009 HK$
Wages and salaries, including directors' fees	**50,726,416**	109,429,016
Provision for termination benefits	**1,360,161**	1,271,663
Provision for leave balance	**255,212**	814,549
Retirement benefit costs — defined contribution schemes	**2,554,590**	5,387,101
(Reversal of)/provision for long service payments *(Note 31)*	**(2,805,530)**	7,580,769
Other staff costs	**3,445,468**	4,722,893
	55,536,317	129,205,991

The existing share option scheme of the Group was adopted pursuant to a resolution passed on 11 September 2008. The specific terms including exercise price, exercise period, vesting requirement for each grant will be determined by the Board at the time of grant. No share option was granted under this scheme since its adoption.

(a) Directors' and senior management's emoluments

	2010 **HK$**	2009 HK$
Fees	**824,166**	400,000
Other emoluments:		
Salary, housing and other allowances and benefits in kind	**4,427,592**	5,057,610
Employer's contribution to pension scheme	**144,649**	197,381
Discretionary bonus and profit sharing	**52,083**	113,315
	5,448,490	5,768,306

8. STAFF COSTS *(Continued)*

(a) Directors' and senior management's emoluments *(continued)*

The remuneration of every director for the year ended 31 March 2010 is set out below:

Name of director	Fees HK$	Salary, housing and other allowances and benefits in kind HK$	Employer's contribution to pension scheme HK$	Discretionary bonus HK$	Total HK$
Executive directors					
Mr. Lo Siu Yu[1]	–	492,941	–	–	492,941
Mr. Chen Yang[1]	–	435,000	–	–	435,000
Mr. Zhang Jian Qiang[1]	229,166	–	–	–	229,166
Mr. Chan Wai Cheung, Glenn[2]	–	642,000	–	–	642,000
Mr. Chan Ka Lai, Joseph	–	850,784	43,108	20,833	914,725
Mr. Chan Ka Shun, Raymond [2]	–	365,705	18,368	–	384,073
Mrs. Chan King Catherine [2]	30,000	–	–	–	30,000
Mr. Chiu Wai [2]	–	435,475	21,866	–	457,341
Mr. Lopez Moulet, Carmelo [2]	–	375,833	18,791	–	394,624
Ms. Wong Tsui Yue, Lucy	–	829,854	42,516	31,250	903,620
Independent non-executive directors					
Ms. Kwong Ka Yin[1]	55,000	–	–	–	55,000
Mr. Chan Ying Kay[1]	55,000	–	–	–	55,000
Mr. Wang Jin Ling[1]	55,000	–	–	–	55,000
Dr. Cheung Wai Lam, William[2]	80,000	–	–	–	80,000
Mrs. Fung Yeh Yi Hao, Yvette[2]	80,000	–	–	–	80,000
Mr. Gooljarry, Cassam Soliman[2]	80,000	–	–	–	80,000
Dr. Ho Sai Wah, David[2]	80,000	–	–	–	80,000
Dr. Kwok Lok Wai, William[2]	80,000	–	–	–	80,000
	824,166	4,427,592	144,649	52,083	5,448,490

8. STAFF COSTS *(continued)*

(a) Directors' and senior management's emoluments *(continued)*

The remuneration of every director for the year ended 31 March 2009 is set out below:

Name of director	Fees HK$	Salary, housing and other allowances and benefits in kind HK$	Employer's contribution to pension scheme HK$	Discretionary bonus HK$	Total HK$
Executive directors					
Mr. Chan Wai Cheung, Glenn	–	1,080,000	–	–	1,080,000
Mr. Chan Ka Lai, Joseph	–	1,129,050	56,453	48,250	1,233,753
Mr. Chan Ka Shun, Raymond	–	615,000	30,750	–	645,750
Mrs. Chan King Catherine	–	30,000	–	–	30,000
Mr. Chiu Wai	–	745,060	37,253	31,065	813,378
Mr. Lopez Moulet, Carmelo	–	643,500	32,175	–	675,675
Ms. Wong Tsui Yue, Lucy	–	815,000	40,750	34,000	889,750
Independent non-executive directors					
Dr. Cheung Wai Lam, William	80,000	–	–	–	80,000
Mrs. Fung Yeh Yi Hao, Yvette	80,000	–	–	–	80,000
Mr. Gooljarry, Cassam Soliman	80,000	–	–	–	80,000
Dr. Ho Sai Wah, David	80,000	–	–	–	80,000
Dr. Kwok Lok Wai, William	80,000	–	–	–	80,000
	400,000	5,057,610	197,381	113,315	5,768,306

According to the service contract, Mr. Chan Wai Cheung, Glenn was entitled to housing allowance of approximately HK$471,000 (2009: HK$943,000), which he agreed to waive for the year ended 31 March 2009 and 2010.

No emolument was paid by the Group to any director of the Company as an inducement to join or upon joining the Group or as compensation for loss of office.

(1) Appointed with effective from 15 October 2009
(2) Resigned with effective from 4 November 2009

8. STAFF COSTS *(continued)*

(b) Five highest paid individuals

The 5 individuals whose emoluments were the highest in the Group for the year include 5 (2009: 4) directors whose emoluments are reflected in the analysis presented in Note 8(a).

The total emoluments payable to the remaining individual in 2009 are as follows:

	2009 HK$
Basic salaries and benefits in kind	784,750
Performance related bonuses	32,500
Pension contributions	39,238
	856,488

The emoluments of the 5 highest paid individuals.

	Number of individuals	
	2010	2009
Nil – HK$1,000,000	**5**	3
HK$1,000,001–HK$1,500,000	**–**	2
	5	5

No emolument was paid by the Group to any of such individuals as an inducement to join or upon joining the Group or as compensation for loss of office.

9. OPERATING LOSS

Operating loss is stated after charging/(crediting) the following:

	2010 HK$	2009 HK$
Auditor's remuneration	**574,646**	770,174
Amortization of prepaid operating lease payments	**252,544**	861,147
Depreciation and impairment losses of property, plant and equipment		
Depreciation charge	**2,153,657**	12,795,945
Impairment losses	**730,991**	28,584,668
	2,884,648	41,380,613
Net (gains)/losses on financial assets		
Fair value (gains)/losses on financial assets at fair value through profit or loss	**(2,558,713)**	11,311,806
Loss on disposals of available-for-sale financial assets	**–**	2,387,650
	(2,558,713)	13,699,456
(Gains)/losses on disposals of other plant and equipment	**(258,380)**	270,964
Net exchange losses	**145,421**	39,131

10. INCOME TAX EXPENSE

The amount of income tax charged to the consolidated income statement represents:

	2010 HK$	2009 HK$
Current income tax		
Hong Kong profits tax	**176,688**	131,109
Under/(over) provision in prior years	**122,100**	(57,714)
Deferred income tax charge	**–**	266,000
	298,788	339,395

Hong Kong profits tax has been provided at the rate of 16.5% (2009: 16.5%) on the estimated assessable profits for the year.

10. INCOME TAX EXPENSE *(continued)*

The income tax expense on the Group's loss before income tax differs from the theoretical amount that would arise using the taxation rate of Hong Kong as follows:

	2010 **HK$**	2009 HK$
Loss before income tax	**(11,727,639)**	(87,740,451)
Calculated at a taxation rate of 16.5% (2009: 16.5%)	**(1,935,060)**	(14,477,174)
Income not subject to taxation	**(530,876)**	(638,254)
Expenses not deductible for taxation purposes	**912,256**	6,303,350
Under/(over) provision in prior years	**122,100**	(57,714)
Tax losses not recognized	**1,949,180**	9,167,096
Deferred tax assets written off	**–**	250,000
Utilization of previously unrecognized tax losses	**(218,812)**	(207,909)
Income tax expense	**298,788**	339,395

11. LOSS ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY

The loss attributable to shareholders of the Company is dealt with in the financial statements of the Company to the extent of approximately HK$4,893,000 (2009: HK$62,180,000).

12. DIVIDENDS

	2010 **HK$**	2009 HK$
Interim paid, of HK1 cent per ordinary share	**–**	3,454,386
Special paid, of HK52 cents per ordinary share	**179,618,356**	–
Write-back of unclaimed dividend	**–**	(58,990)
	179,618,356	3,395,396

During the year, upon completion of the Disposal and cancellation of the share premium account of the Company, a special dividend of HK52 cents per ordinary share (2009: Nil) was declared and paid to the shareholders. The special dividend was paid in cash out of the Company's distributable reserves and contributed mostly by the net proceeds from the Disposal.

No final dividend was proposed for the years ended 31 March 2009 and 2010.

13. LOSSES PER SHARE

The calculations of basic and diluted losses per share are based on the following:

	2010 HK$	2009 HK$
Losses		
Loss attributable to shareholders of the Company	**(12,415,915)**	(83,368,988)

	2010	2009
Number of shares		
Weighted average number of ordinary shares in issue	**345,438,550**	345,438,550

No employee share options were outstanding at 31 March 2009 and 2010 and there was no dilutive effect on basic losses per share.

14. PROPERTY, PLANT AND EQUIPMENT

(a) Group

	Buildings HK$	Leasehold improvements HK$	Air-conditioning plant HK$	Furniture, fixtures, and equipment HK$	Motor vehicles HK$	Total HK$
Year ended 31 March 2009						
Opening net book amount	19,644,055	17,392,975	5,771,599	14,231,597	2,432,276	59,472,502
Additions	5,715,285	5,110,836	1,505,320	3,639,884	578,497	16,549,822
Disposals	–	(59,551)	(16,159)	(397,903)	–	(473,613)
Transfer to investment property	(5,613,036)	–	–	–	–	(5,613,036)
Depreciation	(816,576)	(5,668,859)	(1,802,331)	(3,948,988)	(559,191)	(12,795,945)
Impairment losses	(23,145)	(12,519,867)	(4,637,046)	(11,404,610)	–	(28,584,668)
Closing net book amount	18,906,583	4,255,534	821,383	2,119,980	2,451,582	28,555,062
At 31 March 2009						
Cost	22,896,786	28,127,613	9,386,045	22,889,472	2,482,615	85,782,531
Accumulated depreciation and impairment losses	(3,990,203)	(23,872,079)	(8,564,662)	(20,769,492)	(31,033)	(57,227,469)
Net book amount	18,906,583	4,255,534	821,383	2,119,980	2,451,582	28,555,062
Year ended 31 March 2010						
Opening net book amount	**18,906,583**	**4,255,534**	**821,383**	**2,119,980**	**2,451,582**	**28,555,062**
Additions	**–**	**5,239,400**	**1,048,198**	**2,754,566**	**1,126,521**	**10,168,685**
Disposals	**–**	**–**	**–**	**–**	**(51,620)**	**(51,620)**
Disposals of subsidiaries	**(18,522,087)**	**(7,261,042)**	**(1,722,831)**	**(3,842,665)**	**(2,660,981)**	**(34,009,606)**
Depreciation	**(384,496)**	**(804,148)**	**(134,921)**	**(584,336)**	**(245,756)**	**(2,153,657)**
Impairment losses	**–**	**(730,991)**	**–**	**–**	**–**	**(730,991)**
Transfer to disposal group classified as held for sale	**–**	**(633,803)**	**–**	**(6,138)**	**–**	**(639,941)**
Closing net book amount	**–**	**64,950**	**11,829**	**441,407**	**619,746**	**1,137,932**
At 31 March 2010						
Cost	**–**	**5,636,595**	**2,748,346**	**6,513,252**	**664,000**	**15,562,193**
Accumulated depreciation and impairment losses	**–**	**(5,571,645)**	**(2,736,517)**	**(6,071,845)**	**(44,254)**	**(14,424,261)**
Net book amount	**–**	**64,950**	**11,829**	**441,407**	**619,746**	**1,137,932**

The Group's interests in buildings at their net book amounts are analyzed as follows:

	2010 HK$	2009 HK$
In Hong Kong, held on:		
Leases of between 10 to 50 years	**–**	18,906,583

14. PROPERTY, PLANT AND EQUIPMENT *(continued)*

(b) Company

	Buildings	Leasehold improvements	Air-conditioning plant	Furniture, fixtures, and equipment	Motor vehicles	Total
	HK$	HK$	HK$	HK$	HK$	HK$
Year ended 31 March 2009						
Opening net book amount	275,406	1,147,806	1,133,418	2,721,637	2,432,277	7,710,544
Additions	–	–	87,600	252,177	578,497	918,274
Disposals	–	(116,554)	(409,004)	(1,178,163)	(2,482,616)	(4,186,337)
Depreciation	(8,100)	(1,031,252)	(560,914)	(1,275,210)	(528,158)	(3,403,634)
Impairment losses	–	–	(251,100)	(520,441)	–	(771,541)
Closing net book amount	267,306	–	–	–	–	267,306
At 31 March 2009						
Cost	386,400	–	–	–	–	386,400
Accumulated depreciation	(119,094)	–	–	–	–	(119,094)
Net book amount	267,306	–	–	–	–	267,306
Year ended 31 March 2010						
Opening net book amount	**267,306**	**–**	**–**	**–**	**–**	**267,306**
Disposals	**(1,350)**	**–**	**–**	**–**	**–**	**(1,350)**
Depreciation	**(265,956)**	**–**	**–**	**–**	**–**	**(265,956)**
Closing net book amount	**–**	**–**	**–**	**–**	**–**	**–**
At 31 March 2010						
Cost	**–**	**–**	**–**	**–**	**–**	**–**
Accumulated depreciation	**–**	**–**	**–**	**–**	**–**	**–**
Net book amount	**–**	**–**	**–**	**–**	**–**	**–**

The Company's interests in buildings at their net book amounts are analyzed as follows:

	2010	2009
	HK$	HK$
In Hong Kong, held on:		
Leases of between 10 to 50 years	**–**	267,306

15. INVESTMENT PROPERTY

	2010 HK$	2009 HK$
At 1 April	**31,588,815**	–
Transfer from property, plant and equipment	**–**	5,613,036
Transfer from leasehold land	**–**	25,975,779
Disposals of subsidiaries	**(31,588,815)**	–
At 31 March	**–**	31,588,815

The Group's interest in investment property at the carrying value is analyzed as follows:

	2010 HK$	2009 HK$
In Hong Kong, held on:		
Leases of between 10 to 50 years	**–**	31,588,815

The investment property at 31 March 2009 was revalued on an open market value basis by independent professional valuers, Asset Appraisal Limited.

16. LEASEHOLD LAND

The Group's and the Company's interests in leasehold land represent prepaid operating lease payments and their net book values are analyzed as follows:

	Group		Company	
	2010 HK$	2009 HK$	**2010 HK$**	2009 HK$
In Hong Kong, held on:				
Leases of between 10 to 50 years	**–**	22,873,416	**–**	897,748

16. LEASEHOLD LAND *(continued)*

The movements of net book value of leasehold land are analyzed as follows:

	Group		Company	
	2010	2009	**2010**	2009
	HK$	HK$	**HK$**	HK$
At 1 April	**22,873,416**	24,650,210	**897,748**	921,376
Additions	**–**	31,388,715	**–**	–
Transfer to investment property	**–**	(25,975,779)	**–**	–
Amortization of prepaid operating lease payments	**(252,544)**	(861,147)	**–**	(23,628)
	22,620,872	29,201,999	**897,748**	897,748
Impairment losses upon transfer to investment property	**–**	(5,182,137)	**897,748**	–
Impairment losses	**–**	(1,146,446)	**–**	–
Disposal	**–**	–	**(897,748)**	–
Disposals of subsidiaries	**(22,620,872)**	–	**–**	–
	–	(6,328,583)	**–**	–
At 31 March	**–**	22,873,416	**–**	897,748

17. INTERESTS IN SUBSIDIARIES

	Company	
	2010	2009
	HK$	HK$
Unlisted shares, at cost	**35,213,584**	85,738,424
Loans to subsidiaries *(Note)*	**–**	2,049,605
	35,213,584	87,788,029
Provision for impairment losses	**(13,616,768)**	(32,481,481)
	21,596,816	55,306,548

Note: As at 31 March 2009, the loans to subsidiaries are unsecured and interest bearing at agreed interest rates and not expected to be repaid within the next 12 months. The balances are denominated in HK$.

Details of the principal subsidiaries as at 31 March 2010 are set out in note 37.

18. INTEREST IN AN ASSOCIATED COMPANY

	Group	
	2010	2009
	HK$	HK$
At the beginning of the year	**3,555,914**	3,396,857
Share of an associated company	**828,103**	1,693,088
Dividends received from an associated company	**(1,050,000)**	(1,050,000)
Other equity movements	**226,410**	(484,031)
Disposal	**(3,560,427)**	–
At the end of the year	**–**	3,555,914

The Group's interest in its unlisted associated company as at 31 March 2009 is as follows:

Name	**Place of incorporation and operation**	**Particulars of issued share capital**	**Assets**	**Liabilities**	**Revenue**	**Profit**	**Effective interest held by the Group**	**Principal activity**
			HK$	HK$	HK$	HK$		
2009								
Wellcon Limited	Hong Kong	10,000 ordinary shares of HK$1 each	4,519,238	963,324	7,563,694	1,693,088	21%	Restaurant operator

19. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	Group		Company	
	2010	2009	**2010**	2009
	HK$	HK$	**HK$**	HK$
Available-for-sale financial assets	**9,800,000**	8,461,160	**9,800,000**	8,461,160

The available-for-sale financial assets is an unlisted club debenture, the fair value of which is determined by reference to quoted price in an open market.

19. AVAILABLE-FOR-SALE FINANCIAL ASSETS *(continued)*

Available-for-sale financial assets are denominated in the following currencies:

	Group		Company	
	2010	2009	**2010**	2009
	HK$	HK$	**HK$**	HK$
HK$	**9,800,000**	7,244,360	**9,800,000**	7,244,360
US$	**–**	1,216,800	**–**	1,216,800
	9,800,000	8,461,160	**9,800,000**	8,461,160

The maximum exposure to credit risk at the reporting date is the carrying value of the debt securities classified as available-for-sale.

The financial assets are neither past due nor impaired.

20. INVENTORIES

	2010	2009
	HK$	HK$
Raw materials	**1,071,833**	10,721,404

21. AMOUNTS DUE FROM/TO SUBSIDIARIES

The amounts as at 31 March 2009 and 2010 are unsecured, interest free and repayable on demand except for an amount due from a subsidiary as at 31 March 2009 of HK$9,340,495 which bears interest at 6% per annum. As at 31 March 2009 and 2010, the amounts are all denominated in HK$.

22. TRADE RECEIVABLES

The ageing analysis of the Group's trade receivables is as follows:

	2010 **HK$**	2009 HK$
Current to 30 days	**145,389**	759,448
31 to 60 days	**–**	1,645
	145,389	761,093

The Group's sales are mainly conducted in cash or by credit cards. The Group's trade receivables are either repayable within one month or on demand and denominated in HK$. The fair value of the Group's trade receivables is approximately the same as the carrying value. The trade receivables included in the above ageing are considered not impaired as they are aged within the credit period granted and there is no recent history of default.

The maximum exposure to credit risk at the reporting date is the fair value of receivables mentioned above. The Group does not hold any collateral as security.

23. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Group		**Company**	
	2010 **HK$**	2009 HK$	**2010** **HK$**	2009 HK$
Listed equity securities, Hong Kong	**–**	2,052,165	**–**	1,693,275
Derivative financial instruments	**–**	385,853	**–**	385,853
Financial assets designated as at fair value through profit or loss	**–**	7,677,930	**–**	7,677,930
	–	10,115,948	**–**	9,757,058
Market value of listed equity securities	**–**	2,052,165	**–**	1,693,275

23. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS *(continued)*

The movements of financial assets designated as at fair value through profit or loss are analyzed as follows:

	Group		Company	
	2010 HK$	2009 HK$	**2010 HK$**	2009 HK$
At the beginning of the year	**7,677,930**	8,993,790	**7,677,930**	8,993,790
Additions	**–**	7,800,000	**–**	7,800,000
Disposals	**(164,970)**	(2,651,844)	**(164,970)**	(2,651,844)
Fair value gains/(losses) credited/(charged) to the income statement	**147,420**	(6,464,016)	**147,420**	(6,464,016)
Disposals of subsidiaries	**(7,660,380)**	–	**(7,660,380)**	–
At the end of the year	**–**	7,677,930	**–**	7,677,930

The maximum exposure to credit risk at the reporting date is the fair value of the financial assets designated as at fair value through profit or loss.

Changes in fair values of financial assets at fair value through profit or loss are recorded in "Net gain/(losses) on financial assets" in the income statement.

The fair values of all financial assets at fair value through profit or loss are based on their current bid prices in an open market.

24. CASH AND CASH EQUIVALENTS

	Group		Company	
	2010 HK$	2009 HK$	**2010 HK$**	2009 HK$
Cash at banks and on hand	**37,095,459**	32,465,291	**28,869,025**	17,278,789
Short-term bank deposits	**300,059**	107,010,052	**–**	107,010,052
Other short-term highly liquid investments	**–**	10,279	**–**	10,279
	37,395,518	139,485,622	**28,869,025**	124,299,120

The effective interest rate on the Group's short-term bank deposits was 0.13% (2008: 3.66%); these deposits have maturities of less than 90 days.

24. CASH AND CASH EQUIVALENTS *(continued)*

At 31 March 2010, the carrying amounts of the cash and cash equivalents were denominated in the following currencies:

	Group		Company	
	2010 HK$	2009 HK$	**2010 HK$**	2009 HK$
HK$	**37,395,518**	121,811,699	**28,869,025**	106,625,197
US$	**–**	17,672,891	**–**	17,672,891
Others	**–**	1,032	**–**	1,032
	37,395,518	139,485,622	**28,869,025**	124,299,120

25. ASSETS AND LIABILITIES OF DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE

The assets and liabilities relating to Melba Investment Holdings Inc. ("Melba") and its subsidiary, Shanghai Lu Yang Chun Restaurant (Hong Kong) Limited, have been presented as held for sale. Pursuant to a shareholders' agreement of Melba, the minority shareholder of Melba has a right to acquire the Company interest in Melba when there is a change in control of the Company. On 8 December 2009, the minority shareholder of Melba issued to the Company a written notice to exercise such right. The Company is in the process of finalising the relevant procedures for the completion of such sales and accordingly, the directors have classified the related assets and liabilities of Melba and its subsidiary as assets and liabilities held for sale.

(a) Assets classified as held for sale

	2010 HK$
Property, plant and equipment	**639,941**
Rental deposits paid	**1,538,400**
Inventories	**617,735**
Trade receivables	**265,833**
Deposits, prepayments and other receivables	**1,038,953**
Cash and cash equivalents	**1,352,416**
Total	**5,453,278**

(b) Liabilities classified as held for sale

	2010 HK$
Trade payables	**1,613,672**
Other payables and accrual charges	**3,553,744**
Provision for long service payments	**256,330**
Total	**5,423,746**

26. TRADE PAYABLES

The ageing analysis of the trade payables is as follows:

	Group		Company	
	2010 HK$	2009 HK$	**2010 HK$**	2009 HK$
Current to 30 days	**2,016,379**	5,779,182	**71,016**	5,779,182
31 to 60 days	**8,332**	652,638	**–**	652,638
Over 60 days	**170,202**	502,748	**–**	502,748
	2,194,913	6,934,568	**71,016**	6,934,568

The Group's trade payables are denominated in HK$.

27. OTHER PAYABLES AND ACCRUED CHARGES

Included in the Group's other payables and accrued charges at 31 March 2010 is provision for re-instatement costs of approximately HK$2,115,000 (2009: HK$4,864,000).

28. SHARE CAPITAL

	2010 HK$	2009 HK$
Authorized:		
400,000,000 ordinary shares of HK$0.1 each	**40,000,000**	40,000,000
Issued and fully paid:		
345,438,550 ordinary shares of HK$0.1 each	**34,543,855**	34,543,855

29. RELATED-PARTY TRANSACTIONS

(a) Key management compensation

	2010 HK$	2009 HK$
Director fee	**259,166**	–
Basic salaries and benefits in kind	**4,427,592**	5,057,610
Performance related bonuses	**52,083**	197,381
Pension contributions	**144,649**	113,315
	4,883,490	5,368,306

(b) On 7 October 2009, the Group disposed of its entire equity interest in Advance Caterers Group to Big League Holdings Limited, a trust company established by Mr. Chan Wai Cheung, Glenn, the ex-chairman and ex-director of the Company, at a consideration of HK$114 million. Refer to Note 7 for details of the Disposal.

29. RELATED-PARTY TRANSACTIONS *(continued)*

(c) On 27 November 2009, the Group entered into an agreement with Mr. Lo Siu Yu ("Mr. Lo"), Chairman and executive director of the Company, to purchase his entire equity interest in Money Success Business Management Limited ("Money Success") and True Sino Holding Limited ("True Sino") at total consideration of approximately HK$1.6 million (the "Acquisition").

Money Success is the tenant in two tenancy agreements and hold certain office equipment which mainly consists of office fixtures and furniture and computer equipment. True Sino is the holder of a motor vehicle for business use. Money Success and True Sino has no business operation and has become a wholly-owned subsidiary of the Company upon completion of the Acquisition.

(d) On 7 October 2009, the Group entered into a licence agreement with Advance Caterers Group, pursuant to which Advance Caterers Group granted a non-exclusive licence for the Company to use certain trade marks for the operations of the restaurants in Hong Kong, at a consideration of HK$1. No further licence fee will be payable by the Company for the use of such trade marks until termination of the Licence Agreement. The licence shall be automatically terminated upon the expiry of the registration periods of those trade marks or until the Company ceases operating restaurants under those trade marks, whichever is earlier.

30. RESERVES

The movements of the reserves of the Group and of the Company during the year are analyzed as follows:

(a) Group

	Share premium HK$	**Investment revaluation reserve** HK$	**Retained earnings** HK$	**Total** HK$
At 1 April 2008	142,700,422	4,087,276	154,156,709	300,944,407
Revaluation deficit of available-for-sale financial assets	–	(4,805,399)	–	(4,805,399)
Loss for the year	–	–	(83,368,988)	(83,368,988)
Write-back of unclaimed dividend	–	–	58,990	58,990
Dividend paid	–	–	(17,271,928)	(17,271,928)
At 31 March 2009	142,700,422	(718,123)	53,574,783	195,557,082
At 1 April 2009 as per above	**142,700,422**	**(718,123)**	**53,574,783**	**195,557,082**
Revaluation surplus of available-for-sale financial assets	**–**	**4,085,340**	**–**	**4,085,340**
Disposals of subsidiaries	**–**	**2,182,783**	**–**	**2,182,783**
Loss for the year	**–**	**–**	**(12,415,915)**	**(12,415,915)**
Cancellation of share premium	**(142,700,422)**	**–**	**142,700,422**	**–**
Dividend paid	**–**	**–**	**(179,618,356)**	**(179,618,356)**
At 31 March 2010	**–**	**5,550,000**	**4,240,934**	**9,790,934**

30. RESERVES *(continued)*

(b) Company

	Share premium HK$	Investment revaluation reserve HK$	Retained earnings HK$	Total HK$
At 1 April 2008	142,700,422	3,885,648	121,548,250	268,134,320
Revaluation deficit of available-for-sale financial assets	–	(4,321,368)	–	(4,321,368)
Loss for the year	–	–	(62,179,850)	(62,179,850)
Write-back of unclaimed dividend	–	–	58,990	58,990
Dividend paid	–	–	(17,271,928)	(17,271,928)
At 31 March 2009	142,700,422	(435,720)	42,155,462	184,420,164
At 1 April 2009 as per above	**142,700,422**	**(435,720)**	**42,155,462**	**184,420,164**
Revaluation surplus of available-for-sale financial assets	**–**	**3,858,930**	**–**	**3,858,930**
Disposals	**–**	**2,126,790**	**–**	**2,126,790**
Loss for the year	**–**	**–**	**(4,892,794)**	**(4,892,794)**
Cancellation of share premium *(a)*	**(142,700,422)**	**–**	**142,700,422**	**–**
Dividend paid	**–**	**–**	**(179,618,356)**	**(179,618,356)**
At 31 March 2010	**–**	**5,550,000**	**344,734**	**5,894,734**

a. Pursuant to a special resolution passed by the shareholders at an extra-ordinary general meeting on 17 August 2009, the shareholders approved the cancellation of the share premium account of the Company with the balance being credited to the Company's distributable reserve. The subject resolution was approved by the Court of Hong Kong on 22 September 2009 ("the Cancellation of Share Premium") (Note 12).

31. PROVISION FOR LONG SERVICE PAYMENTS

The Group's provision for long service payments is determined with reference to the statutory requirements, the employees' remuneration and their years of services and age profile. In addition, the provision has also taken into consideration of the expected closure of a number of existing restaurants at the end of respective lease contracts.

The movements in provision for long service payments of the Group and of the Company during the year are as follows:

	Group		Company	
	2010	2009	**2010**	2009
	HK$	HK$	**HK$**	HK$
At the beginning of the year	**7,610,649**	2,444,717	**1,120,645**	793,334
(Reversal of)/provision for the year *(Note 8)*	**(2,805,530)**	7,580,769	**4,085**	3,873,024
Amounts utilized	**(1,069,344)**	(2,414,837)	**(80,600)**	(2,281,817)
Transfer to group companies	**–**	–	**(1,044,130)**	–
Disposals of subsidiaries	**(2,727,138)**	–	**–**	–
Less: non-current portion	**(752,307)**	(3,325,331)	**–**	(1,263,896)
Transferred to disposal group classified as held for sale	**(256,330)**	–	**–**	–
Current portion	**–**	4,285,318	**–**	1,120,645

32. DEFERRED INCOME TAX

Deferred income tax is calculated on temporary differences under the liability method.

The movement on the net deferred income tax liabilities is as follows:

	2010	2009
	HK$	HK$
At the beginning of the year	**390,000**	124,000
Charged to consolidated income statement *(Note 10)*	**–**	266,000
Disposals of subsidiaries	**(390,000)**	–
At the end of the year	**–**	390,000
It was analyzed as follows:		
Deferred income tax liabilities	**–**	390,000
Provided for in respect of:		
Accelerated depreciation allowances	**–**	390,000

32. DEFERRED INCOME TAX *(continued)*

Deferred income tax assets are recognized for tax losses carried forward to the extent that the realization of the related tax benefits through the future taxable profit is probable.

The deferred income tax assets not recognized by the Group and the Company are summarized as follows:

	Group		Company	
	2010	2009	**2010**	2009
	HK$	HK$	**HK$**	HK$
Excess of depreciation over tax allowances	**821,193**	2,734,746	**–**	322,430
Tax losses that can be carried forward indefinitely	**15,221,421**	25,140,731	**13,857,065**	12,282,537
	16,042,614	27,875,477	**13,857,065**	12,604,967

33. CONSOLIDATED CASH FLOW STATEMENT

(a) Reconciliation of loss before income tax to cash used in operations is as follows:

	2010	2009
	HK$	HK$
Loss before income tax	**(11,727,639)**	(87,740,451)
Adjustments for:		
Depreciation and impairment losses of property, plant and equipment	**2,884,648**	41,380,613
Impairment loss on leasehold land	**–**	6,328,583
Amortization of prepaid operating lease payments	**252,544**	861,147
Gain on disposals of subsidiaries	**(2,078,116)**	–
(Gains)/losses on disposals of other plant and equipment	**(258,380)**	270,964
Net (gains)/losses on financial assets	**(2,558,713)**	13,699,456
Share of profit of an associated company	**(828,103)**	(1,693,088)
Interest income	**(116,112)**	(2,886,236)
Dividend income	**(78,705)**	(168,516)
Operating loss before working capital changes	**(14,508,576)**	(29,947,528)
Decrease/(increase) in rental deposits paid	**1,234,779**	(1,051,114)
Decrease in inventories	**313,903**	370,583
Decrease in trade receivables	**156,043**	386,223
Increase in deposits, prepayments and other receivables	**(538,658)**	(2,811,390)
Increase in financial assets at fair value through profit or loss	**–**	(5,755,199)
Increase/(decrease) in trade payables	**11,886,206**	(7,103,963)
Decrease in other payables and accrued charges	**(3,577,980)**	(7,226,269)
(Decrease)/increase in rental deposits received	**(9,150)**	593,137
(Decrease)/increase in provision for long service payments	**(3,874,874)**	5,165,932
Cash used in operations	**(8,918,307)**	(47,379,588)

33. CONSOLIDATED CASH FLOW STATEMENT *(continued)*

(b) Disposal of equity interest in Advance Caterers Group

On 7 October 2009, the Group disposal of its entire equity interest in Advance Caterers Group to Big League Holdings Limited, a trust company established by Mr. Chan Wai Cheung, Glenn, the ex-chairman and ex-director of the Company, at a consideration of HK$114 million. The net assets of Advance Caterers Group at the date of disposal were as follows:

	HK$
Net assets disposed:	
Property, plant and equipment	34,009,606
Investment property	31,588,815
Leasehold land	22,620,872
Interest in an associated company	3,560,427
Available-for-sale financial assets	2,520,090
Rental deposits paid	7,363,105
Financial assets at fair value through profit or loss	11,284,610
Inventories	8,717,933
Trade receivables and other current assets	4,581,781
Cash and cash equivalents	16,938,074
Provision for long service payments	(2,727,138)
Trade payables and other current liabilities	(34,656,752)
Tax payable	(143,535)
Deferred income tax liabilities	(390,000)
	105,267,888
Investment revaluation reserve released	2,182,783
Legal and professional fee	4,471,213
Gain on disposal	2,078,116
Total consideration	114,000,000
Satisfied by:	
Cash	114,000,000
Net cash inflow from the Disposal	114,000,000
Less: Cash disposed	(16,938,074)
Legal and professional fee paid	(4,471,213)
	92,590,713

34. COMMITMENTS

(a) Capital commitments

Capital expenditure commitments for property, plant and equipment at the date of statement of financial position but not yet incurred are as follows:

	Group		Company	
	2010	2009	**2010**	2009
	HK$	HK$	**HK$**	HK$
Approved but not contracted for	**–**	462,522	**–**	–

(b) Operating lease commitments

At 31 March 2010, the Group and the Company had future aggregate minimum lease payments under non-cancellable operating leases as follows:

	Group		Company	
	2010	2009	**2010**	2009
	HK$	HK$	**HK$**	HK$
Within one year	**13,823,604**	37,721,333	**–**	8,024,890
After one year and within five years	**9,607,907**	74,965,651	**–**	29,815,981
Over five years	**–**	11,124,609	**–**	11,124,609
	23,431,511	123,811,593	**–**	48,965,480

The actual payments in respect of certain operating leases are calculated at the higher of the minimum commitments as noted above and the amounts determined based on a percentage of the sales of the related outlets.

(c) Future operating lease arrangements

At 31 March 2010, the Group had future minimum lease receipts under non-cancellable operating leases as follows:

	Group	
	2010	2009
	HK$	HK$
Within one year	**–**	1,989,930
After one year and within five years	**–**	5,796,525
	–	7,786,455

35. BANKING FACILITIES

At 31 March 2010, the Group had aggregate banking facilities of HK$12,000,000 (2009: HK$12,000,000) for bank overdrafts and bank guarantees. Some of the banking facilities were secured by corporate guarantees given by the Company.

At 31 March 2010, the Group does not utilize any of its available banking facilities. As at 31 March 2010, an amount of HK$6,053,468 out of the total available banking facilities were utilised primarily for bank guarantees granted to third parties in lieu of rental and utility deposits.

36. EVENTS AFTER THE DATE OF STATEMENT OF FINANCIAL POSITION

On 18 May 2010, the Group entered into a sales and purchase agreement with Mr. Lo Siu Yu, Chairman of the Group, for acquisition of the entire share capital of Xinjiang New Century Mining Company Limited, a company incorporated in the People's Republic of China ("the PRC") whose principal asset is a coal mine in Xinjiang Uyghur Autonomous Region of the PRC, at a consideration of HK$300 million, to be settled by issuance of new shares of the Company at HK$1 each.

On the same day, the Company also entered into (1) a subscription agreement, pursuant to which Money Success has conditionally agreed to subscribe for and the Company has conditionally agreed to issue an aggregate of 120 million new shares of the Company at a subscription price of HK$1 per share; and (2) a placing agreement, pursuant to which the placing agent would procure the placing of up to 510 million new shares of the Company at HK$1.00 or HK$1.20 each to certain third parties.

In addition, the directors also proposed to increase the authorised share capital of the Company from HK$40,000,000 comprising 400,000,000 shares to HK$500,000,000 comprising 5,000,000,000 shares by the creation of 4,600,000,000 shares

All of the above transactions were approved by the shareholders in an extraordinary general meeting held on 28 June 2010.

37. PARTICULARS OF PRINCIPAL SUBSIDIARIES

The following is the particulars of the principal subsidiaries as at 31 March 2010:

Name of subsidiary	Place of incorporation and operation	Particulars of issued share capital	Effective interest held by the Group	Principal activities
Interests held directly:				
Money Success Business Management Limited	Hong Kong	10,000 ordinary shares of HK$1 each	100%	Provision of office premises
Money Success Corporate Management Limited	Hong Kong	10,000 ordinary shares of HK$1 each	100%	Provision of management service
Banqueting Caterers Limited	Hong Kong	80 ordinary shares of HK$1 each 10,000,020 non-voting deferred shares of HK$1 each	100%	Restaurant operator
Tin Fook Caterers Limited	Hong Kong	100 ordinary shares of HK$100 each 120,100 non-voting deferred shares of HK$100 each	100%	Restaurant operator
Interests held indirectly:				
Shanghai Lu Yang Chun Restaurant (Hong Kong) Limited	Hong Kong	10,000 ordinary shares of HK$1 each	45%	Restaurant operator

FIVE-YEAR FINANCIAL INFORMATION

RESULTS

	For the year ended 31 March				
					(Restated)
	2010	2009	2008	2007	2006
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Revenue (including discontinued bakery operation)	**151,648**	328,075	352,197	954,824	987,520
(Loss)/profit attributable to shareholders of the Company	**(12,416)**	(83,369)	(6,463)	226,683	39,666

ASSETS AND LIABILITIES

	At 31 March				
					(Restated)
	2010	2009	2008	2007	2006
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Assets and liabilities					
Total assets	**62,783**	280,157	398,833	671,498	750,898
Total liabilities	**17,991**	49,988	58,555	312,650	253,657
Net assets	**44,792**	230,169	340,278	358,848	497,241
Minority interests	**457**	68	4,790	5,151	108,941
Shareholders' equity	**44,335**	230,101	335,488	353,697	388,300