epicurean 惟膳

Epicurean and Company, Limited

惟膳有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8213)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 2012

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

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

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

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

RESULTS

The board of directors (the "Board") of the Company hereby announces the audited consolidated results of the Company and its subsidiaries (hereinafter collectively referred to as the "Group") for the year ended 31 March 2012, together with the comparative audited consolidated figures for the corresponding year, as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2012

	Note	**2012** **HK$'000**	2011 HK$'000
Continuing operations			
Turnover	*2*	**89,272**	32,226
Cost of sales		**(28,777)**	(8,422)
Gross profit		**60,495**	23,804
Other income	*3*	**1,118**	728
Operating expenses		**(65,080)**	(27,173)
Operating loss		**(3,467)**	(2,641)
Finance costs		**(3,462)**	(2,366)
Loss before income tax	*4*	**(6,929)**	(5,007)
Income tax expense	*5*	**(34)**	(658)
Loss for the year from continuing operations		**(6,963)**	(5,665)
Discontinued operations			
Loss for the year from discontinued operations	*10*	**(8,943)**	(21,976)
Loss for the year		**(15,906)**	(27,641)
Other comprehensive loss, net of tax			
Exchange loss arising from translation of financial statements of foreign operations		**(616)**	(345)
Total comprehensive loss for the year		**(16,522)**	(27,986)
Loss for the year attributable to:			
Owners of the Company		**(16,021)**	(27,641)
Non-controlling interests		**115**	–
		(15,906)	(27,641)
Total comprehensive loss for the year attributable to:			
Owners of the Company		**(16,637)**	(27,986)
Non-controlling interests		**115**	–
		(16,522)	(27,986)

	Note	2012 HK$'000	2011 HK$'000
Loss per share *(HK cents)*	*6*		
From continuing and discontinued operations			
– Basic		**(1.23)**	(2.60)
– Diluted		**N/A**	N/A
From continuing operations			
– Basic		**(0.54)**	(0.53)
– Diluted		**N/A**	N/A
From discontinued operations			
– Basic		**(0.69)**	(2.07)
– Diluted		**N/A**	N/A

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2012

	Note	2012 HK$'000	2011 HK$'000
NON-CURRENT ASSETS			
Plant and equipment		**21,818**	9,565
Goodwill on consolidation		**4,936**	1,728
Other intangible assets		**5,850**	1,168
Deferred tax assets		**2,852**	324
		35,456	12,785
CURRENT ASSETS			
Other financial assets		**15,550**	15,809
Inventories		**1,010**	160
Debtors, deposits and prepayments	*7*	**15,489**	6,735
Amount due from a related company		**–**	515
Income tax recoverable		**121**	–
Time deposits	*13*	**612**	2,367
Cash and bank balances	*13*	**29,628**	23,173
		62,410	48,759
Assets of a disposal group classified as held for sale	*8*	**15,111**	16,093
		77,521	64,852
CURRENT LIABILITIES			
Convertible bonds		**37,927**	–
Amount due to a related company		**1,289**	–
Bank loans, secured		**387**	–
Creditors, accruals and deposits received	*9*	**21,537**	12,083
Income tax payable		**2,075**	771
		63,215	12,854
Liabilities directly associated with assets held for sale	*8*	**7,548**	4,472
		70,763	17,326

	Note	2012 HK$'000	2011 HK$'000
NET CURRENT ASSETS		**6,758**	47,526
TOTAL ASSETS LESS CURRENT LIABILITIES		**42,214**	60,311
NON-CURRENT LIABILITIES			
Convertible bonds		**–**	36,714
Deferred tax liabilities		**566**	–
Amount due to a related company		**1,289**	–
Other payables	*9*	**164**	–
		2,019	36,714
NET ASSETS		**40,195**	23,597
REPRESENTING:			
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY			
Share capital		**16,430**	10,953
Reserves		**22,607**	12,644
		39,037	23,597
Non-controlling interests		**1,158**	–
TOTAL EQUITY		**40,195**	23,597

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2012

	Attributable to owners of the Company									
	Share capital *HK$'000*	**Accumulated losses** *HK$'000*	**Share premium** *HK$'000*	**Special reserve** *HK$'000*	**Exchange reserve** *HK$'000*	**Employee share-based compensation reserve** *HK$'000*	**Convertible bonds equity reserve** *HK$'000*	**Total** *HK$'000*	**Non-controlling interests** *HK$'000*	**Total** *HK$'000*
At 1.4.2010	7,703	(45,301)	44,139	3,801	2,216	4	2,800	15,362	–	15,362
Conversion of convertible bonds	2,000	–	10,556	–	–	–	(700)	11,856	–	11,856
Placing of shares	1,100	–	20,392	–	–	–	–	21,492	–	21,492
Acquisition of subsidiaries	150	–	2,225	–	–	–	–	2,375	–	2,375
Recognition of equity-settled share-based payment expenses	–	–	–	–	–	498	–	498	–	498
Total comprehensive loss for the year	–	(27,641)	–	–	(345)	–	–	(27,986)	–	(27,986)
At 31.3.2011 and 1.4.2011	10,953	(72,942)	77,312	3,801	1,871	502	2,100	23,597	–	23,597
Acquisition of a subsidiary	–	–	–	–	–	–	–	–	1,043	1,043
Recognition of equity-settled share-based payment expenses	–	–	–	–	–	384	–	384	–	384
Release upon disposal of a subsidiary	–	–	–	–	(82)	–	–	(82)	–	(82)
Rights issue	5,477	–	26,298	–	–	–	–	31,775	–	31,775
Total comprehensive loss for the year	–	(16,021)	–	–	(616)	–	–	(16,637)	115	(16,522)
At 31.3.2012	**16,430**	**(88,963)**	**103,610**	**3,801**	**1,173**	**886**	**2,100**	**39,037**	**1,158**	**40,195**

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 March 2012

	Note	2012 HK$'000	2011 HK$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before income tax			
– Continuing operations		**(6,929)**	(5,007)
– Discontinued operations		**(9,319)**	(22,568)
Adjustments for:			
Foreign exchange gain		**(697)**	(401)
Interest income		**(73)**	(55)
Interest income from other financial assets		**(780)**	(884)
Imputed interest income from other financial assets		**(280)**	(304)
Interests on bank loans, factoring loans and overdrafts wholly repayable within five years		**45**	138
Interest expense on convertible bonds		**1,172**	1,186
Imputed interest expense on convertible bonds		**1,213**	1,163
Finance charge on obligation under finance lease		**8**	18
Depreciation of plant and equipment		**7,864**	2,936
Loss on disposal of plant and equipment		**59**	895
Amortisation of development costs		**–**	2,021
Amortisation of other intangible assets		**257**	1,641
Amortisation of transaction costs on other financial assets		**540**	712
Impairment loss on goodwill on consolidation		**–**	1,721
Impairment loss on development costs		**–**	10,737
Equity-settled share-based payment expenses		**384**	498
Impairment loss on trade debtors		**242**	2,520
Change in fair value on derivative component of other financial assets		**–**	633
Unrealised loss/(gain) on financial assets at fair value through profit or loss		**211**	(94)
Net loss on disposals of subsidiaries	*12*	**5,332**	–
Operating loss before working capital changes		**(751)**	(2,494)
Increase in inventories		**(405)**	(96)
Increase in debtors, deposits and prepayments		**(5,145)**	(2,430)
Decrease/(increase) in amount due from a related company		**515**	(515)
Decrease in amount due to a related company		**(439)**	–
Increase in creditors, accruals and deposits received		**12,349**	1,225
Cash generated from/(used in) operations		**6,124**	(4,310)
Income tax paid		**(523)**	(416)
Interest received		**73**	55
Interest income from other financial assets		**778**	777
Interests on bank loans, factoring loans and overdrafts wholly repayable within five years paid		**(45)**	(138)
Interest expense on convertible bonds paid		**(1,172)**	(1,186)
Finance charge on obligation under finance lease paid		**(8)**	(18)
NET CASH FROM/(USED IN) OPERATING ACTIVITIES		**5,227**	(5,236)

	Note	2012 HK$'000	2011 HK$'000
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment for purchase of plant and equipment		**(22,610)**	(6,018)
Payment for acquisition of subsidiaries	*11*	**(7,153)**	(4,559)
Sales proceeds from disposal of plant and equipment		**29**	121
Net proceeds from disposal of interests in subsidiaries	*12*	**1,905**	–
Payment for acquisition of other intangible assets		**(1,303)**	(36)
Payment for purchase of financial assets at fair value through profit or loss		**–**	(10)
Increase in development costs		**–**	(1,212)
Decrease in pledged time deposits and bank balance		**–**	55
NET CASH USED IN INVESTING ACTIVITIES		**(29,132)**	(11,659)
CASH FLOWS FROM FINANCING ACTIVITIES			
Net proceeds from placing of share		**–**	21,492
Net proceeds from rights issue		**31,775**	–
Payment of transaction cost on issue of share of acquisition of subsidiaries		**–**	(25)
Payment of transaction cost on conversion of convertible bonds		**–**	(3)
Capital element of finance lease rentals paid		**(43)**	(159)
Repayment of secured bank loans		**(401)**	(6,577)
NET CASH FROM FINANCING ACTIVITIES		**31,331**	14,728
NET INCREASE /(DECREASE) IN CASH AND CASH EQUIVALENTS		**7,426**	(2,167)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		**29,998**	31,957
EFFECT OF EXCHANGE RATE CHANGES		**(45)**	208
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	*13*	**37,379**	29,998

Notes:

1. BASIS OF PREPARATION

Statement of compliance

(a) Compliance with Hong Kong Financial Reporting Standards

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

(b) Initial application of Hong Kong Financial Reporting Standards

In the current year, the Group initially applied the following new or revised standards, amendments and interpretations ("new HKFRSs") issued by the HKICPA, which are effective for the Group's financial year beginning on 1 April 2011:–

HKAS 24 (Revised)	Related Party Disclosures
HK(IFRIC) – Int 19	Extinguishing Financial Liabilities with Equity Instruments
Amendments to HK(IFRIC) – Int 14	Prepayments of a Minimum Funding Requirement
HKFRSs	Improvements to HKFRSs (2010)

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

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

The following Hong Kong Financial Reporting Standards in issue at 31 March 2012 have not been applied in the preparation of the Group's consolidated financial statements for the year then ended since they were not yet effective for the annual period beginning on 1 April 2011:

HKAS 19 (2011)	Employee Benefits[3]
HKAS 27	Separate Financial Statements[3]
HKAS 28	Investments in Associates and Joint Ventures[3]
HKFRS 9	Financial Instruments[6]
HKFRS 10	Consolidated Financial Statements[3]
HKFRS 11	Joint Arrangements[3]
HKFRS 12	Disclosure of Interests in Other Entities[3]
HKFRS 13	Fair Value Measurement[3]
HK(IFRIC) – Int 20	Stripping Costs in the Production Phase of a Surface Mine[3]
Amendments to HKAS 1	Presentation of Items of Other Comprehensive Income[4]
Amendments to HKAS 12	Deferred Tax: Recovery of Underlying Assets[2]

Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities[5]
Amendments to HKFRS 7 (2010)	Disclosures – Transfers of Financial Assets[1]
Amendments to HKFRS 7 (2011)	Disclosures – Offsetting Financial Assets and Financial Liabilities[3]

[1] *Effective for annual periods beginning on or after 1 July 2011*
[2] *Effective for annual periods beginning on or after 1 January 2012*
[3] *Effective for annual periods beginning on or after 1 January 2013*
[4] *Effective for annual periods beginning on or after 1 July 2012*
[5] *Effective for annual periods beginning on or after 1 January 2014*
[6] *Effective for annual periods beginning on or after 1 January 2015*

2. TURNOVER

Turnover, for both continuing and discontinued operations, represents revenue recognised in respect of provision of food and beverage service, the provision of information solutions and design, development and sale of application software packages, net of discounts and business tax, during the year. An analysis of the turnover recorded for the year is set out below:

	Continuing operations		**Discontinued operations**		**Total**	
	2012	2011	**2012**	2011	**2012**	2011
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Provision of food and beverage services	**89,272**	32,226	**–**	–	**89,272**	32,226
Provision of information solutions						
– System development and integration	**–**	–	**3,977**	19,359	**3,977**	19,359
– Maintenance and enhancement income	**–**	–	**297**	2,340	**297**	2,340
Sales of application software packages and related maintenance income	**–**	–	**44,833**	34,409	**44,833**	34,409
	89,272	32,226	**49,107**	56,108	**138,379**	88,334

3. OTHER INCOME

	Continuing operations		**Discontinued operations**		**Total**	
	2012	2011	**2012**	2011	**2012**	2011
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Interest income from other financial assets	**780**	884	**–**	–	**780**	884
Imputed interest income from other financial assets	**280**	304	**–**	–	**280**	304
Amortisation of transaction costs on other financial assets	**(540)**	(712)	**–**	–	**(540)**	(712)
	520	476	**–**	–	**520**	476
Interest income	**1**	3	**72**	52	**73**	55
Unrealised gain on financial assets at fair value through profit or loss	**–**	–	**–**	94	**–**	94
Exchange gain	**547**	230	**151**	388	**698**	618
Miscellaneous items	**50**	19	**–**	4	**50**	23
	1,118	728	**223**	538	**1,341**	1,266

4. LOSS BEFORE INCOME TAX

	Continuing operations 2012 *HK$'000*	Continuing operations 2011 *HK$'000*	Discontinued operations 2012 *HK$'000*	Discontinued operations 2011 *HK$'000*	Total 2012 *HK$'000*	Total 2011 *HK$'000*
Loss before income tax is arrived at after charging/(crediting):						
(a) Finance costs:						
Interests on bank loans, factoring loans and overdrafts wholly repayable within five years	**45**	–	**–**	138	**45**	138
Interest expense on convertible bonds	**1,172**	1,186	**–**	–	**1,172**	1,186
Finance charges on obligation under finance lease	**–**	–	**8**	18	**8**	18
Imputed interest expense on convertible bonds	**1,213**	1,163	**–**	–	**1,213**	1,163
Other bank charges	**1,032**	17	**14**	66	**1,046**	83
	3,462	2,366	**22**	222	**3,484**	2,588
(b) Other items:						
Amortisation of development costs	**–**	–	**–**	2,021	**–**	2,021
Amortisation of other intangible assets	**257**	1,635	**–**	6	**257**	1,641
Depreciation	**7,117**	2,069	**747**	921	**7,864**	2,990
Less: Amounts capitalised as development costs	**–**	–	**–**	(54)	**–**	(54)
	7,117	2,069	**747**	867	**7,864**	2,936
Auditor's remuneration	**640**	366	**10**	97	**650**	463
Operating lease rentals for properties	**16,892**	5,674	**2,004**	2,519	**18,896**	8,193
Less: Amounts capitalised as development costs	**–**	–	**–**	(47)	**–**	(47)
	16,892	5,674	**2,004**	2,472	**18,896**	8,146
Directors' remuneration	**1,568**	1,792	**–**	–	**1,568**	1,792
Other staff salaries and benefits	**25,087**	9,733	**19,944**	30,639	**45,031**	40,372
Retirement scheme contributions	**856**	343	**1,891**	2,051	**2,747**	2,394
Equity-settled share-based payment expenses	**276**	420	**–**	–	**276**	420
	26,219	10,496	**21,835**	32,690	**48,054**	43,186
Less: Amounts capitalised as development costs	**–**	–	**–**	(757)	**–**	(757)
Other staff costs	**26,219**	10,496	**21,835**	31,933	**48,054**	42,429
Impairment loss on trade debtors	**–**	–	**242**	2,520	**242**	2,520
Impairment loss on goodwill on consolidation	**–**	–	**–**	1,721	**–**	1,721
Change in fair value on derivative component of other financial assets	**–**	633	**–**	–	**–**	633
Cost of inventories sold	**28,777**	8,422	**–**	–	**28,777**	8,422
Loss on disposal of plant and equipment	**–**	–	**59**	895	**59**	895
Unrealised loss on financial assets of fair value through profit or loss	**–**	–	**211**	–	**211**	–

5. INCOME TAX

Taxation in the profit or loss represents:

	2012	2011
	HK$'000	*HK$'000*
Continuing operations		
Current tax	**1,616**	545
Deferred tax	**(1,582)**	113
	34	658
Discontinued operations		
Current tax	**–**	57
Deferred tax	**(376)**	(649)
	(376)	(592)
Income tax (credit)/expense	**(342)**	66

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

(ii) The Company's subsidiaries incorporated/established in Hong Kong and the People's Republic of China ("PRC") are subject to Hong Kong Profits Tax and PRC Enterprise Income Tax at the rates of 16.5% and 25% respectively (2011: 16.5% and 25% respectively).

6. LOSS PER SHARE

The calculation of basic loss per share is based on the loss attributable to owners of the Company of HK$16,021,000 (2011: HK$27,641,000) and the weighted average number of ordinary shares of 1,300,295,000 (2011: 1,063,807,000 shares) in issue during the year ended 31 March 2012, calculated as follows:

	2012		2011	
	Loss attributable to owners ***HK$'000***	**Weighted average number of ordinary shares**	Loss attributable to owners *HK$'000*	Weighted average number of ordinary shares
Continuing operations	**(7,078)**	**1,300,295,000**	(5,665)	1,063,807,000
Discontinued operations	**(8,943)**	**1,300,295,000**	(21,976)	1,063,807,000
	(16,021)	**1,300,295,000**	(27,641)	1,063,807,000

Weighted average number of ordinary shares

	2012	2011
	’000	*’000*
Issued ordinary shares at the beginning of the year	**1,095,300**	770,300
Effect of rights issue – *Note*	**204,995**	–
Effect of conversion of convertible bond	**–**	189,041
Effect of placing of shares	**–**	93,123
Effect of consideration shares upon acquisition of subsidiaries	**–**	11,343
Weighted average number of ordinary shares at the end of the year	**1,300,295**	1,063,807

Diluted loss per share has not been disclosed as no dilutive potential equity shares in existence as at 31 March 2011 and 2012.

Note:

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

7. DEBTORS, DEPOSITS AND PREPAYMENTS

Debtors, deposits and prepayments comprise:

	2012	2011
	HK$’000	*HK$’000*
Trade debtors	**4,332**	2,939
Less: Accumulated impairment loss *(Note 7(b))*	**–**	(2,809)
	4,332	130
Rental and utility deposits	**8,802**	3,243
Prepayments	**611**	1,734
Interest receivable	**109**	107
Other debtors	**1,635**	1,521
	15,489	6,735

(a) Aging analysis

The Group allows its customers credit period of 30 days to 60 days depending on their creditworthiness. The following is an aging analysis of trade debtors (net of accumulated impairment losses) at the end of the reporting period:

	2012	2011
	HK$'000	*HK$'000*
0 – 30 days	**3,111**	96
31 – 60 days	**153**	–
61 – 90 days	**207**	–
91 – 180 days	**299**	32
181 – 365 days	**562**	2
	4,332	130

(b) Movements of the accumulated impairment losses during the year are as follows:

	2012	2011
	HK$'000	*HK$'000*
At the beginning of the year	**2,809**	1,932
Impairment loss for the year	**242**	2,520
Uncollectible amounts written off	**(549)**	(1,739)
Exchange adjustment	**115**	96
Classified as held for sale	**(2,617)**	–
At the end of the year	**–**	2,809

(c) Trade debtors that are not impaired

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

	2012	2011
	HK$'000	*HK$'000*
Neither past due nor impaired	**788**	96
Past due but not impaired:		
1 – 30 days	**2,323**	–
31 – 60 days	**153**	–
61 – 90 days	**207**	–
91 – 180 days	**299**	32
181 – 365 days	**562**	2
	3,544	34
	4,332	130

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

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

8. ASSETS AND LIABILITIES CLASSIFIED AS HELD FOR SALE

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

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

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

Cumulated income recognised directly in equity relating to disposal group classified as held for sale:

	HK$'000
Exchange reserve	1,211

9. CREDITORS, ACCRUALS AND DEPOSITS RECEIVED

Creditors, accruals and deposits received comprise:

	2012	2011
	HK$'000	*HK$'000*
Trade creditors	**6,470**	3,574
Deposit received	**–**	300
Accruals and provisions	**12,639**	8,033
Other creditors	**2,592**	176
	21,701	12,083
Less: Classified in non-current liabilities	**(164)**	–
Classified in current liabilities	**21,537**	12,083

The following is an aging analysis of trade creditors:

	2012	2011
	HK$'000	*HK$'000*
0 – 30 days	**4,186**	1,252
31 – 60 days	**2,207**	1,375
61 – 90 days	**–**	36
91 – 180 days	**77**	135
Over 180 days	**–**	776
	6,470	3,574

10. DISCONTINUED OPERATIONS

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

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

	2012	2011
	HK$'000	*HK$'000*
Turnover	**49,107**	56,108
Cost of sales and services rendered	**(17,744)**	(22,802)
Gross profit	**31,363**	33,306
Other income	**223**	538
Loss on disposal of subsidiaries	**(5,332)**	–
Operating expenses	**(35,551)**	(45,453)
Impairment loss on development costs	**–**	(10,737)
Operating loss	**(9,297)**	(22,346)
Finance costs	**(22)**	(222)
Loss before income tax	**(9,319)**	(22,568)
Income tax credit	**376**	592
Loss for the year	**(8,943)**	(21,976)

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

	2012	2011
	HK$'000	*HK$'000*
Operating activities	**640**	12,084
Investing activities	**(933)**	(2,803)
Financing activities	**(42)**	(6,178)
	(335)	3,103

11. ACQUISITION OF SUBSIDIARIES

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

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

The net assets acquired in above acquisitions were as follows:

	Rainbow Group *HK$'000*	Qualifresh *HK$'000*	**Total** ***HK$'000***
Net assets acquired:			
Other intangible assets	3,636	–	**3,636**
Plant and equipment	705	529	**1,234**
Deferred tax assets	1,336	101	**1,437**
Inventories	52	392	**444**
Debtors, deposits and prepayments	3,389	3,099	**6,488**
Cash and bank balances	2,997	1,928	**4,925**
Amount due to a related company	(3,017)	–	**(3,017)**
Creditors, accruals and deposit received	(2,070)	(1,660)	**(3,730)**
Bank loans, secured	–	(788)	**(788)**
Income tax payable	–	(125)	**(125)**
Deferred tax liabilities	(591)	–	**(591)**
	6,437	3,476	**9,913**
Non-controlling interests	–	(1,043)	**(1,043)**
	6,437	2,433	**8,870**
Goodwill on acquisition of interests in subsidiaries	2,141	1,067	**3,208**
Consideration for acquisition of subsidiaries	8,578	3,500	**12,078**
Net cash outflow arising on acquisition:			
Cash consideration paid	(8,578)	(3,500)	**(12,078)**
Cash and bank balances acquired	2,997	1,928	**4,925**
	(5,581)	(1,572)	**(7,153)**

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

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

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

12. DISPOSAL OF SUBSIDIARIES

During the year, the Group entered into sale and purchase agreement to dispose of the entire equity interests in Armitage Technologies Limited ("ATL(HK)") and Armitage Technologies (Shenzhen) Limited ("ATL(SZ)"). The net assets of the above subsidiaries disposed were as follows:–

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

13. CASH AND CASH EQUIVALENTS

	2012 *HK$'000*	2011 *HK$'000*
Time deposits	**612**	2,367
Cash and bank balances	**29,628**	23,173
	30,240	25,540
Cash and cash equivalents included in disposal group held for sale	**7,139**	4,458
	37,379	29,998

14. RELATED PARTY AND CONNECTED TRANSACTIONS

Except for the assets and liabilities classified as held for sale in note 8, the secured bank loan which was guaranteed provided by a minority shareholder of a subsidiary of the Company and the acquisition of 100% interest in the Rainbow Group as disclosed in note 11, the Group had the following material transactions with its related parties in which certain directors of the Company have controlling interest under the GEM Listing Rules during the year:

		Note	2012 *HK$'000*	2011 *HK$'000*
(i)	Rental expense paid to Supercom Investments Limited *	*(a)*	**–**	504
(ii)	Rental expense paid to Epicurean Management Limited #	*(b)*	**200**	–
(iii)	Management fee income from Positive Corporation Limited ("Positive") #	*(b)*	**–**	2,889
(iv)	Rental expense paid to Positive #	*(b)*	**–**	797
(v)	Interest expense on convertible bonds paid to First Glory Holdings Limited ("First Glory") #	*(c)*	**1,172**	1,186
(vi)	Provision of food and beverage services to I. T. H. K. Limited #	*(d)*	**293**	–
(vii)	Provision of food and beverage services to Kosmo Delight Limited ("Kosmo")$^{\Delta}$	*(d)*	**1,819**	–

* Mr. Lee Shun Hon, Felix ("Mr. Lee"), an executive Director of the Company, has controlling interest.

Mr. Tang Sing Ming Sherman ("Mr. Tang"), an executive Director of the Company, has controlling interest.

$^{\Delta}$ Mr. Chung Hoi Shuen is a member of the key management personnel of the Group and has equity interest in Kosmo and a subsidiary of the Company.

Notes:

(a) The transaction was entered into with reference to market rate as appraised by independent professional valuers.

(b) The amounts were predetermined by both parties.

(c) The interest rate was determined at 3% per annum as set out in the subscription agreement.

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

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

Key management compensation

	2012	2011
	HK$'000	*HK$'000*
Fees for key management personnel	**–**	–
Salaries, allowances and other benefits in kind	**4,547**	5,821
Retirement scheme contributions	**93**	125
Equity-settled share-based payment expenses	**107**	498
	4,747	6,444

15. SEGMENT AND ENTITY-WIDE INFORMATION

The most senior executive management of the Group believes that it is the best interests to the shareholders of the Company to assess the operating results of the Group in terms of resource allocation and performance assessment by business segments of both continuing and discontinued operations. The comparative figures have been restated as a result of the change of segment information presented.

Principal activities of continuing operations are as follows:

Food and beverage – provision of food and beverage services

Principal activities of discontinued operations are as follows:

Information technology – provision of information solution and design, development and sales of application software packages

For the purpose of assessing segment performance and allocating resources between segments, the Group's senior executive management monitors the results, assets and liabilities attributable to each reportable segment on the following basis:

Segment assets included all tangible, intangible, non-current and current assets with the exception of corporate assets. Segment liabilities included current and non-current liabilities attributable to the individual segments.

Revenue and expenses are allocated to the reportable segments with reference to sales generated by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation or amortisation of assets attributable to those segments.

The measure used for reporting segment result is "adjusted EBIT" i.e. adjusted earnings before interest and taxes. To arrive at adjusted EBIT, the Group's earnings are further adjusted for items not specifically attributed to individual segments, such as head office or corporate administrative costs.

In addition to receiving segment information concerning adjusted EBIT, management is provided with segment information concerning revenue (including inter-segement sales), interest income and expense from cash balance and borrowing managed directly by the segment, depreciation and amortisation and additions to non-current segment assets used by the segments in their operations.

Information about these segments is presented below:

	Continuing operations – Food and beverage		Discontinued operations – Information technology		Total	
	2012	2011	**2012**	2011	**2012**	2011
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
REVENUE						
Total revenue*	**89,272**	32,226	**49,107**	56,108	**138,379**	88,334
SEGMENT RESULTS	**359**	1,243	**(9,413)**	(22,059)	**(9,054)**	(20,816)
Interest income	**1**	–	**72**	52	**73**	52
Unallocated corporate income					**520**	480
Unallocated corporate expenses					**(4,303)**	(4,703)
Operating profit/(loss)	**360**	1,243	**(9,341)**	(22,007)	**(12,764)**	(24,987)
Finance cost					**(3,484)**	(2,588)
Loss before income tax					**(16,248)**	(27,575)
Income tax credit/(expense)	**(34)**	(658)	**376**	592	**342**	(66)
Loss for the year					**(15,906)**	(27,641)

* *No inter-segment revenue occurred during the years ended 31 March 2012 and 2011.*

	Total 2012 HK$'000	Total 2011 HK$'000
ASSETS		
Segment assets	**75,443**	63,549
Unallocated corporate assets	**164,260**	109,419
Inter-segment assets	**(161,094)**	(95,331)
Discontinued operations	**34,368**	–
Total assets	**112,977**	77,637
LIABILITIES		
Segment liabilities	**(71,142)**	(89,361)
Unallocated corporate liabilities	**(92,032)**	(63,350)
Inter-segment liabilities	**161,094**	98,671
Discontinued operations	**(70,702)**	–
Total liabilities	**(72,782)**	(54,040)
Other information:		
Depreciation and amortisation	**8,121**	6,652
Capital expenditure	**23,913**	9,586

An analysis of the Group's revenue by geographical location of its customers is presented below:

	Hong Kong		PRC		Total	
	2012	2011	**2012**	2011	**2012**	2011
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
REVENUE						
Continuing operations	**78,061**	32,226	**11,211**	–	**89,272**	32,226
Discontinued operations	**5,255**	26,876	**43,852**	29,232	**49,107**	56,108
	83,316	59,102	**55,063**	29,232	**138,379**	88,334

The following is an analysis of the carrying amount of segment assets analysed by the geographical area in which the assets are located.

	Hong Kong		PRC		Inter-segment		Total	
	2012	2011	**2012**	2011	**2012**	2011	**2012**	2011
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
ASSETS								
Carrying amount of segment assets	**95,336**	64,588	**17,641**	22,395	**–**	(9,346)	**112,977**	77,637
Capital expenditure	**19,574**	7,437	**4,339**	2,149	–	–	**23,913**	9,586

The total amount of turnover from a group of companies from information technology segment amounted to 10 per cent or more of the Group's turnover was nil (2011: HK$13.8 million).

16. DIVIDEND

The Board does not recommend the payment of any dividend in respect of the year ended 31 March 2012 (2011: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group's audited total turnover for the year ended 31 March 2012 amounted to HK$138.4 million (2011: HK$88.3 million), of which HK$89.3 million (2011: HK$32.2 million) was from continuing operations and HK$49.1 million (2011: HK$56.1 million) was from discontinued operations. For the continuing operations, turnover increased by 177% compared with the last financial year. Net loss attributable to owners of the Company decreased to HK$16.0 million from HK$27.6 million in the last financial year.

Food and Beverage Business

Leveraging on the fast growing economy in the PRC and the climbing number of mainland visitor arrivals, the overall retail sector was robust. Amid the favourable operating environment, results of the F&B business were encouraging. During the year under review, the F&B business segment posted a total revenue of HK$89.3 million (2011: HK$32.2 million), or a growth of 177% compared with the last financial year.

In light of the growing demand for quality dining experiences in the territory, the Company had introduced various F&B concepts into the Group in order to enhance its exposure in the industry and at the same time diversify the business. As a result, the restaurant portfolio of the Group had been substantially enlarged. New additions to the Group during the year under review include a group of Shanghainese dining restaurants in Hong Kong, Japanese curry specialty brand, self-developed wellness concept café and a catering services and food processing company.

After the acquisition of the Shanghainese restaurant group in November 2011, an outlet was opened in the central business district of Hong Kong to focus on business clientele. Another outlet was opened in early March 2012 in a top tourist attraction of Hong Kong. Shortly after the opening, the new shops had been able to attract customer flows. The management expects that the Shanghainese restaurant group will be able to make a greater contribution to the Group in the near future.

Inspired by the growing awareness of the importance of healthy life style and the increasing popularity of wholesome dining, we had developed a brand name of wellness concept café and the first outlet had been launched in late 2011 to test the market. As the dining concept had been well received by the public, more outlets had been opened near the end of the year under review to capture the market segment. As of the date of this announcement, a total of 4 outlets are in operation.

Apart from the abovementioned newly introduced businesses, we had also entered into a licence agreement and had formed a joint venture company for the licence rights of a curry specialty brand originated from Japan. During the year under review, we had completed the stages of product development, staff training programme and logistic and work flow enhancement scheme to pave way for the launch of this new brand after the reporting period.

We have observed an increasing trend of out-sourcing food processing procedures by hotels, chain restaurants and the like in recent years to minimise the operating costs and improve efficiency. This provides more opportunities to our Group. During the year under review, we had acquired a food processing and catering services company and had been making good development. We had engaged several long-term customers, including renowned brand names of chain restaurants, chain cafés, club houses and airliner for our catering services. Moreover, we had put resources to the research and development of new products to meet the growing demand for our products and services in the territory.

Meanwhile, one of the core segments of our F&B business, the Japanese tonkatsu franchise shops, continued to contribute a major part of income stream to our Group. Due to the growing popularity of the Japanese dining concept, more resources had been allocated to expand the number of outlets in Hong Kong. During the year under review, the total number of the Japanese tonkatsu franchise outlets increased to six, including five in Hong Kong and one in Shanghai. This dining concept has also attracted new entrants and competition. Leveraging on our competitive edge and our seasoned management, we had been able to sustain growth in this F&B concept by expanding our menu, adopting a more stringent quality control policy and improving service quality to consolidate and enlarge our customer base.

Information Technology Business

Hospitality Software Solutions and Online Distribution Services

For the financial year ended 31 March 2012, turnover from the hospitality software solutions and online distribution services amounted to HK$43.8 million (2011: HK$29.2 million), representing an increase of 50% as compared with last financial year.

The improvement in turnover was mainly attributable to increase in hardware sale, which made up to approximately 23% (2011: 16%) of the total turnover of the information technology ("I.T.") business segment. Although the revenue went up, the results of the segment had deteriorated due to the high inflation rate in the region. The rise in revenue was unable to alleviate the impact of drastic increase in operating costs, especially in staff costs. As the operating costs are on the rise and competitors have been employing a cut throat price strategy, the business environment becomes increasingly difficult for the Company's survival in this segment.

Outsourcing and Information Solutions and Application Software Package Solutions

As the Board believes that it is to the best interest of the Group and our shareholders, the two subsidiaries of the Group's I.T. business in Hong Kong and Shenzhen, which had been making continuous losses since the financial year ended 31 March 2004, had been disposed of during the year under review for the purposes of not only providing an opportunity to the Group to streamline the operations of the Group, but also better allocating the resources of the Group with a view to optimising the productivity of the Group's operation.

FUTURE PROSPECTS

Food and Beverage Business

Our management has been continuously looking for new business opportunities to enhance the value of the Company. After the reporting period, the Company entered into two separate agreements with each of its F&B counterparts from Japan and Taiwan respectively. A licence agreement was concluded for forming a joint venture company specialising in ramen and izakaya businesses. Another agreement in relation to the franchising of a Taiwanese beef noodles brand in the region has been consummated. Currently, plans are already under way to initiate the two additional businesses in the region. We expect that the first outlet under each of the new brands will be unveiled soon.

Here, we are also pleased to report the arrival of our first Japanese curry specialty shop in late April 2012. As expected, this Japanese dining concept has been well received by the community. The shop has managed to achieve remarkable sales shortly after the opening. Two more locations for the Japanese curry outlets have been identified and we expect that more shops will be launched in the coming quarters.

As at the date of this announcement, a location for our new Japanese tonkatsu outlet in Shanghai has been confirmed and we are finalising the leasing terms with the landlord. Based on the experience we learnt from the first outlet in Shanghai, we expect that preparation for the second outlet will be much more effective in terms of time and costs. The new shop will soon be ready for business.

Recently, a new location has also been identified for our wellness concept café. The total number of outlets will reach 5 after the opening of the new shop. We expect that as the number of outlets expands, the café business will pick up gradually and contribute greater portion of the Group's overall revenue.

As our portfolio and total number of outlets have been substantially expanded in financial year 2011/2012, we foresee that the current capacity of our food processing and catering services company will be insufficient to support the future demand for services from our group members. We will speed up the process of planning and constructing our new central kitchen to facilitate the business growth of the Group.

Meanwhile, the Company will strive for the further growth of our existing brand names and seek for further opportunities of growth in the territory and beyond by cautiously expand the number of outlets, provided that good locations with reasonable rents can be identified. Riding on the success of our Japanese tonkatsu outlet in Shanghai, we will replicate our business model to develop other brands in our portfolio in the PRC.

In order to achieve our ultimate goal as a market leader in the F&B industry, we will continue to explore, both locally and overseas, different varieties of brands that will help to complement our existing portfolio, and more importantly, strengthen our market position and enhance our competitiveness.

For recent years, same as most of the retailers in Hong Kong, our business has been facing challenges and uncertainties resulted from the surge in raw material prices, labour costs, rental expenses and utility costs etc. Our management will continue to closely monitor the effect of such costs on our business and improve our efficiency in order to counterbalance the negative impact of the inflationary economy on our profit margin. Reinforced by our experienced management and operating team and fuelled by the ever-growing economy in the PRC, our Board is optimistic that prosperity of our F&B business will sustain.

Information Technology Business

In light of the increasing competition in the information technology servicing industry and the difficult operating environment, the I.T. Business has been making continuous losses since the financial year ended 31 March 2004. To improve the financial and cashflow profile of the Group and to enhance its future development, the Group has diversified its business operations and embarked upon the food and beverage business in June 2010. In order to maintain its competitiveness, the Group has in the first fiscal quarter of 2011 completed the disposal of part of its loss-making I.T. Business. After such disposal, however, there has been no significant improvement on the overall performance of the I.T. Business segment. Instead, gross profit margin of the I.T. Business has been deteriorating due to the fierce competition within the industry.

Facing with the current high inflation economic situation, costs in various aspects such as human resources, rental, utilities, etc. will continue to stand high and the Directors believe that the existing remaining I.T. Business will continue to face a difficult year ahead. Under the above circumstances, the Directors consider that it is in the interest of the Group to dispose of the entire I.T. Business so that the resources within the Group can be better allocated.

In late March 2012, the Company entered into a sale and purchase agreement to dispose of the I.T. business which provided an opportunity to the Group to better allocate its resources with a view to optimising the productivity of the Group's operation. The disposal had been duly approved by the shareholders of the Company at an extraordinary general meeting held on 18 April 2012. After the completion of the disposal, the Group now no longer engages in the I.T. business.

FINANCIAL REVIEW

Consolidated results of operations

For the year ended 31 March 2012, the Group recorded a total turnover of HK$138.4 million (2011: HK$88.3 million), representing an increase of 57% compared with the previous year. Turnover generated from the continuing operations, food and beverage business, was HK$89.3 million (2011: HK$ 32.2 million), representing an increase of 177% compared with the previous year.

Net loss attributable to owners of the Company was HK$16.0 million (2011: HK$27.6 million).

Gross profit

The gross profit margin from the continuing operations of the Group was 68% (2011: 74%). It was resulted from the acquisition of Qualifresh, which is currently providing food processing solution and catering services, the gross profit margin of which is not as high as running restaurant business in the Group.

Expenses

Total operating expenses for the continuing operations increased by 139% to HK$65.1 million (2011: HK$27.2 million). Such increase was attributable to the Group expanded its food and beverage business by acquiring a central kitchen which is providing food processing solutions and catering services and a group of companies which are running Shanghainese dining restaurants. In addition, the Group has opened three Japanese tonkatsu franchise outlets and four wellness cafés. The expansion of the food and beverage business led to an increase in the operating costs such as rental expense and staff salaries etc.

Financial resources and liquidity

The Group generally relies on internally generated funds and the net proceeds from the rights issue to finance its operation.

As at 31 March 2012, currents assets amounted to HK$77.5 million (2011: HK$64.9 million) of which HK$30.2 million (2011: HK$25.5 million) was cash and bank deposits, HK$15.5 million (2011: HK$6.7 million) was debtors, deposits and prepayment and HK$15.1 million (2011: HK$16.1 million) was assets of a disposed group classified as held for sale. The Group's current liabilities amounted to HK$70.8 million (2011: HK$17.3 million), including creditors, accruals and deposits received in the amount of HK$21.5 million (2011: HK$12.1 million) and liabilities directly associated with assets held for sale in the amount of HK$7.5 million (2011: HK$4.5 million). As at 31 March 2012, the convertible bonds amounted to HK$37.9 million (2011: HK$36.7 million) will be repayable within twelve months, it was treated as current liabilities in this financial year whereas it was included in the non-current liabilities in last financial year.

Current ratio and quick assets ratio as at 31 March 2012 was 1.10 and 1.08 respectively (2011: 3.74 and 3.73 respectively). Debt-to-equity ratio, expressed as a ratio of total debts less pledged time deposits, pledged bank balance, time deposits and cash and bank balances to total equity, was 0.88 (2011: 1.02).

Foreign exchange

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

Charges on the Group's assets

As at 31 March 2012 and 2011, there were no Group's assets which have been pledged or charged except for a motor vehicle with carrying amount of HK$512,000 held under the obligation of finance lease as at 31 March 2011.

Capital commitments

As at 31 March 2012 and 31 March 2011, the Group had no material capital commitment.

Contingent liabilities

As at 31 March 2012, the Group did not have contingent liabilities. As at 31 March 2011, the Group has contingent liabilities in respect of possible future long service payments to employees under the Employment Ordinance in Hong Kong, with a maximum possible amount of HK$1.3 million in relation to a subsidiary which had been disposed on June 2011.

Subsequent Events

As disclosed in note 10, on 8 March 2012, the Company entered into an agreement with Figo Investments Limited, which is wholly owned by an executive Director of the Company, Mr. Lee Shun Hon, Felix, pursuant to which the Company agreed to sell the entire share capital of ATHL(BVI) at a total consideration with reference to the combined net assets value or net liabilities minus employees' compensation plus the shareholder's loans at the completion date. The transaction was completed on 24 April 2012.

On 23 April 2012, Top Now Limited ("Top Now"), an indirect wholly-owned subsidiary of the Company before the transaction, entered into a licence agreement with Regal Wealth Limited ("Regal Wealth"). Under the licence agreement, Regal Wealth agreed to grant to Top Now and its subsidiaries the exclusivity of the licence rights in Asia excluding Japan, Malaysia and Thailand to operate ramen and izakaya businesses.

Other financial assets

On 10 February 2010, a wholly-owned subsidiary of the Company, Marvel Success Limited ("Marvel Success") subscribed at face value, a two-year 5% convertible bond ("PJ Convertible Bond") in the principal amount of US$2,000,000 (equivalent to approximately HK$15,500,000 as at 31 March 2012) issued by PJ Partners Pte Limited ("PJ Partners"), a company which is incorporated in Singapore with limited liability and is engaged in food and beverage management business, with transaction costs of HK$1,300,000. According to the terms of the subscription agreement, the conversion price is lower of the net asset value per share and 2.5 times P/E of PJ Partners at the time of conversion provided that Marvel Success is allowed to use US$2,000,000 to convert to common shares of PJ Partners up to 75% or minimum 25%.

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

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

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

On 10 February 2012, Marvel Success executed a supplemental deed with PJ Partners under which the maturity date of the PJ Convertible Bond has been extended for one year from the second anniversary to the third anniversary of the date of the issue of the PJ Convertible Bond. As at 31 March 2012, the management assessed the recoverability of PJ Convertible Bond and concluded that no impairment was considered necessary.

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

Employees and remuneration policies

As at 31 March 2012, the Group had 428 employees in Hong Kong and the PRC (2011: 392). Remuneration is determined by reference to market terms and in accordance with the performance, qualification and experience of each individual employee. Discretionary bonuses, based on each individual's performance, are paid to employees as recognition and in reward of their contributions. Other fringe benefits such as medical subsidy, medical insurance, education/training subsidies and pension fund plans are offered to most employees. Share options are granted at the discretion of the Board under the terms and conditions of the share option scheme adopted on 26 February 2003 ("Share Option Scheme").

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

During the year, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities, save and except that the rights issue by the Company on the basis of one rights share for every two existing shares at HK$0.06 per rights share. Please refer to the prospectus of the Company dated 28 October 2011 and the announcement of the Company dated 16 November 2011 for further details.

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

As at 31 March 2012, the interests or short positions of the directors or chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO"), Chapter 571 under the Laws of Hong Kong), which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by directors to be notified to the Company and the Stock Exchange, were as follows:

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

Name	Type of interests	Number of shares	Approximate percentage of the issued share capital *(Note 2)*
Mr. Tang	Corporate	1,073,810,083 *(Note 1)*	65.36%
Mr. Lee	Personal	3,100,000	0.19%

Notes:

1. These shares are held by First Glory which is wholly and beneficially owned by Mr. Tang. First Glory also holds convertible bonds ("Convertible Bonds") issued by the Company in the aggregate principal amount of HK$39 million pursuant to which a total of 650,000,000 ordinary shares of the Company will be issued upon full conversion at the adjusted price of HK$0.060 per share. Mr. Tang is the sole legal and beneficial owner of First Glory. Mr. Tang is deemed to be interested, within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) ("SFO"), in the said 1,073,810,083 shares and the Convertible Bonds which First Glory is interested in.

2. Based on 1,642,950,000 shares of the Company in issue as at 31 March 2012.

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

Name	Type of interests	Number of shares	Approximate percentage of the issued share capital *(Note 2)*
Mr. Tang	Corporate	650,000,000 *(Note 1)*	39.56%

Notes:

1. The said 650,000,000 shares represent the total number of shares which will be issued upon full conversion of the Convertible Bonds held by First Glory in the aggregate principal amount of HK$39 million at the adjusted price of HK$0.060 per share. According to the terms of the Convertible Bonds, conversion of the Convertible Bonds is subject to compliance with the GEM Listing Rules and the Code on Takeovers and Mergers, and any such conversion shall not result in the shareholding of the Company held by the public being less than the then minimum public float requirements as stipulated in the GEM Listing Rules at the time of such conversion. Mr. Tang is deemed to be interested, within the meaning of Part XV of the SFO, in the Convertible Bonds held by First Glory.

2. Based on 1,642,950,000 shares of the Company in issue as at 31 March 2012.

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

Name	Date of grant	Exercise price per share *(Note 4)* *HK$*	Exercisable period	Approximate percentage of the issued share capital *(Note 3)*	Number of share options outstanding
Mr. Tang	23 December 2011	0.062	From 23 December 2012 to 22 December 2021	0.30%	5,000,000
	23 December 2011	0.062	From 23 December 2013 to 22 December 2021	0.30%	5,000,000
	23 December 2011	0.062	From 23 December 2014 to 22 December 2021	0.30%	5,000,000
Mr. Bhanusak Asvaintra	13 August 2010	0.138	From 13 August 2011 to 12 August 2020	0.06%	1,000,000
	23 December 2011	0.062	From 23 December 2012 to 22 December 2021	0.03%	500,000
Mr. Chan Kam Fai Robert	13 August 2010	0.138	From 13 August 2011 to 12 August 2020	0.06%	1,000,000
	23 December 2011	0.062	From 23 December 2012 to 22 December 2021	0.03%	500,000
Mr. Chung Kwok Keung Peter	13 August 2010	0.138	From 13 August 2011 to 12 August 2020	0.06%	1,000,000
	23 December 2011	0.062	From 23 December 2012 to 22 December 2021	0.03%	500,000
					19,500,000

Notes:

3. Based on 1,642,950,000 shares of the Company in issue as at 31 March 2012.

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

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

Name	Name of associated corporation	Capacity	Number of ordinary shares	Percentage of interest held
Mr. Tang	First Glory	Beneficial owner	1	100%

(d) Interests in debentures of the Company

Name	Type of interests	Amount of Debentures
Mr. Tang	Corporate	HK$39 million *(Note)*

Note:

The said HK$39 million represents the aggregate outstanding principal amount of the Convertible Bonds held by First Glory, which is wholly-owned by Mr. Tang. A total of 650,000,000 shares will be issued upon full conversion of the Convertible Bonds at the adjusted conversion price of HK$0.060 per share.

Save as disclosed herein, as at 31 March 2012, none of the directors of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were required pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by directors to be notified to the Company and the Stock Exchange.

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

Save as disclosed under the section headed "Directors' interests in the securities of the Company or any associated corporations", so far as is known to the directors and chief executive of the Company, as at 31 March 2012, no other persons or companies had interests or short positions in the shares and underlying shares of the Company which were required to be disclosed under provisions of Divisions 2 and 3 of Part XV of the SFO or were interested in, directly or indirectly, 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company.

SHARE OPTIONS

As at 31 March 2012, options under Share Option Scheme to subscribe for an aggregate of 48,500,000 shares have been granted to a total of 12 Directors and employees of the Group, details as follows:

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

Note:

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

COMPETING INTERESTS

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

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

Given the cuisines and dining experiences that these restaurants offer vis-a-vis that are currently offered by the Group's restaurants (which are under the name of Tonkatsu Ginza Bairin 銀座梅林, the Shanghainese dining restaurants under the brand name Xia Fei 霞飛 and a wellness café concept under the name of Quick & Fresh, and other restaurants including the Japanese curry specialty shop Shirokuma Curry), Mr. Tang considers that the restaurants currently owned or operated by him and his associates (otherwise than through the Group) are not in competition with the business of the Group.

AUDIT COMMITTEE

The Company has established an audit committee ("Audit Committee") with written terms of reference in compliance with Rules 5.28 to 5.29 of the GEM Listing Rules. The terms of reference for the Audit Committee have been revised on 13 February 2012. The primary duties of the Audit Committee are to review the Company's draft annual, interim and quarterly financial reports and accounts and to provide advice and comments thereon to the Board. The Audit Committee is also responsible for reviewing and supervising the financial reporting process and internal control procedures of the Group. The Audit Committee comprises three independent non-executive Directors of the Company, namely Mr. Bhanusak Asvaintra, Mr. Chan Kam Fai Robert and Mr. Chung Kwok Keung Peter.

Up to the date on which these financial statements for the year ended 31 March 2012 have been approved, the Audit Committee has held four meetings and has reviewed the Company's draft annual, interim and quarterly financial reports and accounts prior to recommending such reports and accounts to the Board for approval.

CORPORATE GOVERNANCE CODE

The Company has complied with the code provisions set out in Corporate Governance Code under Appendix 15 of the GEM Listing Rules of the Stock Exchange throughout the year ended 31 March 2012 except the followings:

Code Provision A.2.1 stipulates that the role of chairman and chief executive officer should be separated and should not be performed by the same individual. The responsibilities between the chairman and the chief executive officer should be clearly established and set out in writing. Mr. Tang is the Chairman of the Board and the Chief Executive Officer of the Company. As such, such dual role constitutes a deviation from Code Provisions A.2.1. However, the Board is of the view that the Company's size is relatively small and thus does not justify the separation of the roles of the Chairman and Chief Executive Officer; the Company has sufficient internal controls to provide checks and balances on the functions of the Chairman and Chief Executive Officer; Mr. Tang as the Chairman of the Board and the Chief Executive Officer of the Company is responsible for ensuring that all directors act in the best interests of the shareholders. He is fully accountable to the shareholders and contributes to the Board and the Group on all top-level and strategic decisions; and this structure will not impair the balance of power and authority between the Board and the management of the Company.

Code Provision A.4.2 stipulates that all directors appointed to fill a casual vacancy should be subject to election by shareholders at the first general meeting after their appointment, and every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years. Pursuant to the Articles of Association of the Company, at every annual general meeting of the Company, one-third of the directors (for the time being or, if their number is not a multiple of three, the number nearest to but not exceeding one-third) shall retire from office by rotation, provided that the chairman of the Board and/or the managing director of the Company shall not, while holding such office, be subject to retirement by rotation or be taken into account in determining the number of directors to retire in each year. As such, as at the date hereof, Mr. Tang, being the Chairman of the Company, is not subject to retirement by rotation. The management of the Board is of the view that the membership of the Board represents rich and diversified background and industry expertise and as such, the management considers that there is no imminent need to amend the relevant provisions of the Articles of Association of the Company.

By order of the Board of
Epicurean and Company, Limited
Tang Sing Ming Sherman
Chairman

Hong Kong, 11 June 2012

As at the date of this announcement, the Company's executive directors are Mr. Tang Sing Ming Sherman and Mr. Lee Shun Hon, Felix; independent non-executive directors are Mr. Bhanusak Asvaintra, Mr. Chan Kam Fai Robert and Mr. Chung Kwok Keung Peter.

This announcement will remain on the GEM website at http://www.hkgem.com on the "Latest Company Announcements" page for at least 7 days from the day of its posting.