THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of the Offers, this Composite Document or the action to be taken, you should consult a licensed securities dealer or registered institution in securities, a bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Epicurean and Company, Limited, you should at once hand this Composite Document and the accompanying Forms of Acceptance to the purchaser(s) or transferee(s) or to the bank or licensed securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or transferee(s). This Composite Document should be read in conjunction with the accompanying Forms of Acceptance, the contents of which form part of the terms of the Offers contained herein.

Win Union Investment Limited

(Incorporated in the British Virgin Islands with limited liability)

epicurean | 惟膳

Epicurean and Company, Limited
惟膳有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8213)

COMPOSITE OFFER AND RESPONSE DOCUMENT IN RELATION TO MANDATORY UNCONDITIONAL CASH OFFERS BY

太平基業證券有限公司
Pacific Foundation Securities Limited

FOR AND ON BEHALF OF WIN UNION INVESTMENT LIMITED TO ACQUIRE ALL THE ISSUED SHARES OF EPICUREAN AND COMPANY, LIMITED (OTHER THAN THOSE ALREADY OWNED BY WIN UNION INVESTMENT LIMITED AND PARTIES ACTING IN CONCERT WITH IT) AND TO CANCEL ALL THE OUTSTANDING SHARE OPTIONS

Financial adviser to Offeror

VEDA | CAPITAL
智略資本

Independent financial adviser to Independent Board Committee, Independent Shareholders and Optionholders

上銀國際有限公司
BOSC International Company Limited

Capitalised terms used in this cover page shall have the same meanings as those defined in the section headed "Definitions" in this Composite Document.

A letter from Pacific Foundation containing, among other things, details of the terms of the Offers are set out on pages 10 to 21 of this Composite Document.

A letter from the Board is set out on pages 22 to 30 of this Composite Document.

A letter from the Independent Board Committee containing its recommendation to the Independent Shareholders in relation to the Offers is set out on pages 31 to 32 of this Composite Document.

A letter from the Independent Financial Adviser containing its advice on the Offers to the Independent Board Committee and the Independent Shareholders is set out on pages 33 to 55 of this Composite Document.

The procedures for acceptance and settlement of the Offers and other related information are set out in Appendix I to this Composite Document and in the accompanying Forms of Acceptance. Acceptance of the Offers should be received by the Registrar no later than 4:00 p.m. on Friday, 4 November 2016 or such later time and/or date as the Offeror may determine and announce, in accordance with the requirements under the Takeovers Code.

Persons including, without limitation, custodians, nominees and trustees, who would, or otherwise intend to, forward this Composite Document and/or the Forms of Acceptance to any jurisdiction outside Hong Kong, should read the details in this regard which are contained in the paragraph headed "Important Note to the Shareholders outside Hong Kong" in the "Letter from Pacific Foundation" in this Composite Document before taking any action. It is the responsibility of each Overseas Holder wishing to accept the Offers to satisfy himself, herself or itself as to the full observance of the laws and regulations of the relevant jurisdiction in connection therewith, including the obtaining of any governmental, exchange control or other consents and any registration or filing which may be required and the compliance with all necessary formalities, regulatory and/or legal requirements. Overseas Holders are advised to seek professional advice on deciding whether or not to accept the Offers.

The Composite Document will remain on the GEM website at http://www.hkgem.com and on the website of the Company at www.eacl.com as long as the Offers remains open.

5 October 2016

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.

CONTENTS

The timetable set out below is indicative only and may be subject to change. Further announcement(s) will be made in the event of any changes to the timetable as and when appropriate.

	2016
Despatch date of this Composite Document and the Forms of Acceptance and commencement date of the Offers *(Note 1)*	Wednesday, 5 October
Latest time and date for acceptance of the Offers *(Notes 2 and 4)*	4:00 p.m. on Friday, 4 November
Closing Date *(Note 2)*	Friday, 4 November
Announcement of the results of the Offers to be posted on the Stock Exchange's website *(Note 2)*	not later than 7:00 p.m. on Friday, 4 November
Latest date of posting of remittances for the amounts due in respect of valid acceptances received under the Offers *(Notes 3 and 4)*	Tuesday, 15 November

Notes:

1. The Offers, which are unconditional, are made on the date of posting of this Composite Document, and are capable of acceptance on and from that date until the Closing Date. Acceptances of the Offers shall be irrevocable and shall not be capable of being withdrawn, except in the circumstances set out in the section headed "Right of Withdrawal" in Appendix I to this Composite Document.

2. In accordance with the Takeovers Code, the Offers must initially be opened for acceptance for at least 21 days following the date on which this Composite Document is posted. The latest time and date for acceptance is at 4:00 p.m. on 4 November 2016 unless the Offeror revises or extends the Offers in accordance with the Takeovers Code. An announcement will be published on the website of the Stock Exchange by 7:00 p.m. on the Closing Date stating whether the Offers have been extended, revised or expired. In the event that the Offeror decides to extend the Offers and the announcement does not specify the next closing date, at least 14 days' notice by way of an announcement will be given before the Offers are closed to those Independent Shareholders who have not accepted the Offers.

3. Remittances in respect of the cash consideration (after deducting the seller's ad valorem stamp duty) payable in respect of acceptance of the Offers will be despatched to the accepting Shareholder(s) and/or Optionholder(s) by ordinary post at their own risk as soon as possible, but in any event within seven Business Days following the date of receipt of the duly completed Forms of Acceptance and all valid requisite documents in accordance with the Takeovers Code.

4. If there is a tropical cyclone warning signal number 8 or above, or a black rainstorm warning:

   a) in force in Hong Kong at any local time before 12:00 noon but no longer in force after 12:00 noon on the latest date for acceptance of the Offers and the latest date for posting of remittances for the amounts due under the Offers in respect of valid acceptances, the latest time for acceptance of the Offers and the posting of remittances will remain at 4:00 p.m. on the same Business Day; or

   b) in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on the latest date for acceptance of the Offers and the latest date for posting of remittances for the amounts due under the Offers in respect of valid acceptances, the latest time for acceptance of the Offers and the posting of remittances will be rescheduled to 4:00 p.m. on the following Business Day.

All times and dates in this Composite Document and the Forms of Acceptance shall refer to Hong Kong times and dates.

In this Composite Document, unless the context otherwise requires, the following expressions shall have the following meanings:

"acting in concert"	has the meaning ascribed to it under the Takeovers Code
"associates"	has the meaning ascribed thereto in the GEM Listing Rules
"Board"	the board of Directors of the Company
"Business Day"	a day on which the Stock Exchange is open for the transaction of business
"BVI"	the British Virgin Islands
"CCASS"	the Central Clearing and Settlement System established and operated by Hong Kong Securities Clearing Company Limited
"Closing Date"	Friday, 4 November 2016, being the closing date of the Offers, or if the Offers are extended, any subsequent closing date of the Offers as extended and announced by the Offeror in accordance with the Takeovers Code
"Company"	Epicurean and Company, Limited (惟膳有限公司), a company incorporated in the Cayman Islands with limited liability and the shares of which are listed on the GEM under stock code: 8213
"Completion"	completion of the sale and purchase of the Sale Shares under the Sale and Purchase Agreement, which took place on 8 September 2016
"Composite Document"	this composite offer and response document jointly issued by the Offeror and the Company, which sets out among others, details of the Offers in accordance with the Takeovers Code
"connected persons"	has the meaning ascribed thereto in the GEM Listing Rules

"Controlling Shareholders"	has the meaning ascribed to it under the GEM Listing Rules
"Convertible Bond"	convertible bond issued by the Company and held by Mr. Tang in the aggregate outstanding principal amount of HK$40,000,000 which is convertible to a total of 500,000,000 Shares upon full conversion at the conversion price of HK$0.080 per Share
"Director(s)"	director(s) of the Company
"Encumbrance"	means (a) any mortgage, charge, pledge, lien, hypothecation, encumbrance or other security arrangement of any kind; (b) any option, equity, claim, adverse interest or other third party right of any kind; (c) any arrangement by which any right is subordinated to any right of such third party; or (d) any contractual right of set-off, including any agreement or commitment to create or procure to create, or to permit or suffer to be created or subsisted any of the above
"Executive"	the Executive Director of the Corporate Finance Division of the SFC or any delegate of the Executive Director
"First Glory"	First Glory Holdings Limited, a company incorporated in the BVI, being one of the vendors of the Sale Shares under the Sale and Purchase Agreement
"Forms of Acceptance"	the **WHITE** Form of Share Offer Acceptance in respect of the Share Offer and the **PINK** Form of Option Offer Acceptance (as the context may require) in respect of the Option Offer which accompany(ies) this Composite Document

"GEM"	the Growth Enterprise Market of the Stock Exchange
"GEM Listing Rules"	the Rules Governing the Listing of Securities on GEM
"Group"	the Company and its subsidiaries from time to time
"HK$"	Hong Kong dollar(s), the lawful currency of Hong Kong
"HKSCC"	Hong Kong Securities Clearing Company Limited
"Hong Kong"	Hong Kong Special Administrative Region of the People's Republic of China
"Independent Board Committee"	the independent board committee of the Company whose members comprise all the independent non-executive Directors to advise, for the purpose of the Takeovers Code, the Independent Shareholders in respect of the Share Offer and the Optionholders in respect of the Option Offer
"Independent Financial Adviser" or "BOSC International"	BOSC International Company Limited, a corporation licensed to carry on Type 1 (dealing in securities), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO, the independent financial adviser appointed by the Company to advise the Independent Board Committee, the Independent Shareholders and the Optionholders on the Offers
"Independent Shareholders"	Shareholders other than the Offeror and parties acting in concert with it
"Joint Announcement"	the joint announcement dated 14 September 2016 issued by the Company and the Offeror in respect of, among other things, the Sale and Purchase Agreement and the Offers
"Last Trading Day"	7 September 2016, being the last trading day of the Shares immediately prior to the suspension of trading in the Shares on the Stock Exchange pending the release of the Joint Announcement

"Latest Practicable Date"	30 September 2016, being the latest practicable date prior to the printing of this Composite Document for ascertaining certain information contained herein
"Mr. Chan"	Mr. Chan Kin Chun Victor, the sole director and sole shareholder of the Offeror
"Mr. Tang"	Mr. Tang Sing Ming Sherman, the executive Director and the chairman of the Board and one of the vendors of the Sale Shares under the Sale and Purchase Agreement
"Offers"	the Share Offer and Option Offer
"Offer Facility"	a credit loan facility of a maximum amount up to HK$90 million granted by Pacific Foundation to the Offeror to finance the amount payable by the Offeror upon acceptance of the Offers by cash in full
"Offer Period"	has the meaning ascribed to it in the Takeovers Code, being the period commencing from 14 September 2016 and ending on the Closing Date
"Offer Share(s)"	all the Share(s) in issue, other than those already owned by the Offeror and parties acting in concert with it
"Offeror"	Win Union Investment Limited, a company incorporated in the BVI with limited liability
"Optionholders"	holders of the Share Option(s)
"Option Offer"	the unconditional mandatory cash offer being made by Pacific Foundation on behalf of the Offeror for the cancellation of the Share Options
"Option Offer Price(s)"	the price(s) offered by the Offeror under the Option Offer for the cancellation of the Share Options
"Option Share(s)"	new Share(s) to be issued upon the exercise of the outstanding Share Options

"Overseas Holder(s)"	Shareholder(s) whose address(es) as shown on the register of members of the Company, is (are) outside Hong Kong
"Pacific Foundation"	Pacific Foundation Securities Limited, a licensed corporation permitted to carry out businesses in Type 1 (dealing in securities) and Type 9 (asset management) regulated activities under the SFO
"**PINK** Form of Option Offer Acceptance"	the pink Forms of Acceptance and in exchange for cash, cancellation of all outstanding Share Options in respect of the Option Offer
"PRC" or "China"	the People's Republic of China excluding, for the purpose of this Composite Document, Hong Kong, the Macau Special Administrative Region of the People's Republic of China and Taiwan
"Promissory Note"	a non-interest bearing promissory note in principal value of HK$20,000,000, which shall be payable on or before 28 September 2016, issued by the Purchaser to Mr. Tang on the date of the Sale and Purchase Agreement as partial settlement of the consideration for Sale Shares B
"Purchaser"	the purchaser of the Sale Shares under the Sale and Purchase Agreement, namely the Offeror
"Registrar"	Computershare Hong Kong Investor Services Limited, the Hong Kong branch share registrar and transfer office of the Company
"Relevant Period"	the period commencing on the date falling six months preceding 14 September 2016, being the date of commencement of the Offer Period, and ending on and including the Latest Practicable Date
"Relevant Date"	14 September 2016, being the date of the Joint Announcement
"Sale Price"	the sale price of approximately HK$0.1211 per Sale Share
"Sale and Purchase Agreement"	the conditional sale and purchase agreement dated 7 September 2016 entered into between the Vendors as the vendors and the Offeror as the purchaser in respect of the sale and purchase of the Sale Shares

"Sale Shares A"	903,810,083 Shares legally and beneficially owned by First Glory sold to the Offeror pursuant to the Sale and Purchase Agreement, representing approximately 32.54% of the total issued share capital of the Company as at the date of the Sale and Purchase Agreement
"Sale Shares B"	500,000,000 Shares legally and beneficially owned by Mr. Tang sold to the Offeror pursuant to the Sale and Purchase Agreement, representing approximately 18% of the total issued share capital of the Company as at the date of the Sale and Purchase Agreement
"Sale Share(s)"	Sale Shares A and Sale Shares B
"SFC"	the Securities and Futures Commission of Hong Kong
"SFO"	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"Share(s)"	ordinary share(s) of HK$0.01 each in the share capital of the Company
"Shareholder(s)"	holder(s) of the Share(s)
"Share Offer"	the unconditional mandatory cash offer for all the Shares being made at the Share Offer Price by Pacific Foundation on behalf of the Offeror in accordance with the Takeovers Code
"Share Offer Price"	the offer price of HK$0.1211 per Offer Share under the Offers
"Share Options"	33,000,000 outstanding options granted pursuant to the Share Option Schemes, of which 15,000,000 options, 10,000,000 options, 6,000,000 options and 2,000,000 options are at an exercise price of HK$0.062 per Option Share, HK$0.090 per Option Share, HK$0.138 per Option Share and HK$0.210 per Option Share respectively as at the Latest Practicable Date and each a "Share Option"
"Share Option Schemes"	the two share option schemes adopted by the Company on 26 February 2003 and 20 July 2012

"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Takeovers Code"	the Code on Takeovers and Mergers of Hong Kong
"Undertakings"	the irrevocable undertakings given by Mr. Tang to the Offeror in relation to the Convertible Bond
"US"	the United States of America
"Veda Capital"	Veda Capital Limited, a licensed corporation to carry out Type 6 (advising on corporate finance) regulated activity under the SFO, which is appointed as the financial adviser to the Offeror in respect of the Offers
"Vendors"	Mr. Tang and First Glory
"**White** Form of Share Offer Acceptance"	the white Forms of Acceptance and transfer of Shares in respect of the Share Offer
"%"	per cent.

1. Certain amounts and percentage figures in this Composite Document have been subject to rounding adjustments;
2. The singular includes the plural and vice versa, unless the context otherwise requires;
3. References to any appendix, paragraph and any sub-paragraphs of them are references to the appendices to, paragraphs of, this Composite Document and any sub-paragraphs of them respectively;
4. References to any statute or statutory provision include a statute or statutory provision which amends, consolidates or replaces the same whether before or after the date of this Composite Document; and
5. Reference to one gender is a reference to all or any genders.

太平基業證券有限公司
PACIFIC FOUNDATION SECURITIES LIMITED
Participant of The Stock Exchange of Hong Kong Ltd. (Broker No. 2160-2, 2167-9)
香港聯合交易所有限公司參與者（編號2160-2, 2167-9）
證監會檔案編號(CE No.) : AAE696

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新世界大廈二座十一樓
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5 October 2016

To Independent Shareholders and Optionholders

Dear Sirs,

MANDATORY UNCONDITIONAL CASH OFFERS BY PACIFIC FOUNDATION SECURITIES LIMITED FOR AND ON BEHALF OF WIN UNION INVESTMENT LIMITED TO ACQUIRE ALL THE ISSUED SHARES OF EPICUREAN AND COMPANY, LIMITED (OTHER THAN THOSE ALREADY OWNED BY WIN UNION INVESTMENT LIMITED AND PARTIES ACTING IN CONCERT WITH IT) AND TO CANCEL ALL THE OUTSTANDING SHARE OPTIONS

1. INTRODUCTION

Reference is made to the Joint Announcement that, on 7 September 2016 (after trading hours of the Stock Exchange), the Offeror as purchaser and the Vendors as vendors entered into the Sale and Purchase Agreement, pursuant to which the Offeror conditionally agreed to purchase and the Vendors conditionally agreed to sell a total of 1,403,810,083 Shares, representing approximately 50.54% of the total issued share capital of the Company as at the Latest Practicable Date, for a total consideration of HK$170,000,000 (equivalent to approximately HK$0.1211 per Share).

The Completion took place on 8 September 2016 in accordance with the terms of the Sale and Purchase Agreement. The Offeror and parties acting in concert with it became interested in a total of 1,403,810,083 Shares, representing approximately 50.54% of the entire issued share capital of the Company as at the Latest Practicable Date. Pursuant to Rule 26.1 of the Takeovers Code, the Offeror will be required to make the Share Offer to acquire all the Shares (other than those already owned by the Offeror and parties acting in concert with it) and pursuant to Rule 13 of the Takeovers Code, the Offeror will be required to make the Option Offer for cancellation of all outstanding Share Options.

This letter sets out, among other things, the details of the Offers, information on the Offeror and the intention of the Offeror regarding the Group. The terms of the Offers and the procedures of acceptances are set out in this letter, Appendix I to this Composite Document and the Forms of Acceptance.

The Independent Shareholders are strongly advised to carefully consider the information contained in the "Letter from the Board", the "Letter from the Independent Board Committee" and the "Letter from the Independent Financial Adviser" as set out in this Composite Document before reaching a decision as to whether or not to accept the Offers.

2. THE OFFERS

The Share Offer

Pacific Foundation, on behalf of the Offeror, makes the Share Offer to all the Independent Shareholders for all the issued Shares (other than those Shares already owned and/or agreed to be acquired by the Offeror and parties acting in concert with it) in compliance with Rule 26.1 of the Takeovers Code on the following basis:

For each Share accepted under the Share Offer . . . . HK$0.1211 in cash

The Share Offer is unconditional in all respects and is extended to all Shares in issue on the date of despatch of this Composite Document, and to any further Shares which are unconditionally allotted or issued on the exercise of the Share Options. The Shares to be acquired under the Share Offer shall be fully paid and shall be acquired free from all Encumbrances, rights of pre-emption and any other third party rights of any nature and together with all rights attaching to them on the date on which the Share Offer is made or subsequently becoming attached to them, including the right to receive in full all dividends and other distributions, if any, declared, made or paid on or after the date on which the Share Offer is made, being the date of posting of this Composite Document.

The Option Offer

Pacific Foundation, on behalf of the Offeror, makes appropriate offers to the Optionholders in accordance with Rule 13 of the Takeovers Code to cancel all outstanding Share Options (whether vested or not) in exchange for cash.

In respect of Share Options with an exercise price of HK$0.062 and HK$0.090 respectively, which is "in the money" ("**In Money Options**"), Pacific Foundation, on behalf of the Offeror, makes a cash offer for the cancellation of such Share Options on the following terms:

(a) In respect of Share Options with an exercise price of HK$0.062:

For cancellation of each such Share Option . . . . HK$0.0591 in cash

(b) In respect of Share Options with an exercise price of HK$0.090:

For cancellation of each such Share Option . . . . HK$0.0311 in cash

In respect of the Share Options with exercise prices of HK$0.138 and HK$0.210, as the exercise prices are above the Share Offer Price, Pacific Foundation, on behalf of the Offeror, makes a nominal cash offer for the cancellation of such Share Options on the following terms:

(a) In respect of Share Options with an exercise price of HK$0.138:

For cancellation of each such Share Option . . . . HK$0.00001 in cash

(b) In respect of Share Options with an exercise price of HK$0.210:

For cancellation of each such Share Option . . . . HK$0.00001 in cash

Following acceptance of the Option Offer, the relevant Share Options together with all rights attaching thereto will be entirely cancelled and renounced. Pursuant to Rule 13 of the Takeovers Code, the Option Offer Price will normally represent the difference between the exercise price of the respective Share Options and the Share Offer Price. Under the Option Offer, the Option Offer Price for each of the In Money Options represents the difference between the Share Offer Price and the exercise price of these Share Options. However, as the exercise price of the out-of money share options are above the Share Offer Price, their Option Offer Price is a nominal amount of HK$0.00001 per Share Option.

Pursuant to the terms of the Share Option Schemes, if a general offer is made to all the Optionholders of the Company, or all such Optionholders other than the Offeror and any person acting in concert with the Offeror, and such offer becomes or is declared unconditional, the grantees of the Share Options shall, notwithstanding any other terms on which his Share Options were granted, be entitled to exercise the Share Options (to the extent not already exercised) to its full extent at any time thereafter and up to the close of such offer, after which the Share Options shall lapse.

The Option Offer is unconditional in all respects and is extended to all outstanding Share Options in issue on the date of despatch of this Composite Document, and to any further Share Options issued. As at the Latest Practicable Date, the Offeror and parties acting in concert with it do not hold any Share Options.

Save for the intention expressed by all the independent non-executive Directors that they will reject the Share Offer and by Mr. Tang that he will accept the Option Offer, the Offeror has not received any indication or irrevocable commitment from any Shareholder or Optionholder that he/she/it will accept or reject the Offers as at the Latest Practicable Date.

Comparison of value

The Share Offer Price of HK$0.1211 per Offer Share represents:

(i) a discount of approximately 19.27% to the closing price of HK$0.1500 per Share as quoted on the Stock Exchange on the Latest Practicable Date;

(ii) a premium of approximately 7.17% over the closing price of HK$0.1130 per Share as quoted on the Stock Exchange on the Last Trading Date;

(iii) a premium of approximately 10.49% over the average closing price of approximately HK$0.1096 per Share for the 5 trading days immediately prior to and including the Last Trading Date; and

(iv) a premium of approximately 12.65% over the average closing price of approximately HK$0.1075 per Share for the 10 trading days immediately prior to and including the Last Trading Date.

Value of the Offers

As at the Latest Practicable Date, there were 2,777,450,000 Shares in issue, and the Offeror and parties acting in concert with it in aggregate owned 1,403,810,083 Shares.

The Share Offer Price is HK$0.1211 per Offer Share. In the event that no outstanding Share Options have been exercised before the close of the Offers and assuming full acceptance of the Share Offer, the value of the Share Offer and the Option Offer will amount to approximately HK$166,347,794 and HK$1,197,580 respectively.

In the event that all the outstanding In Money Options have been exercised before the close of the Offers, based on the Share Offer Price of HK$0.1211 per Offer Share and 1,398,639,917 Offer Shares to be subject to the Share Offer, the maximum payment obligation under the full acceptance of the Share Offer shall amount to approximately HK$169,375,294. Assuming that no Share Options, save for the In Money Options, are exercised before the close of the Offers, the total consideration required to satisfy under the Option Offer for the cancellation of all the outstanding Share Options is approximately HK$80. Hence, the total value of the Share Offer and the Option Offer will amount to approximately HK$169,375,374.

Highest and lowest Share prices

The highest and lowest closing prices of the Shares as quoted on the Stock Exchange during the Relevant Period were HK$0.1610 per Share on 24 May 2016 and HK$0.1020 per Share on 31 August 2016, respectively.

Financial resources available to the Offeror

The Offeror intends to finance the consideration payable under the Offers in the following manners: (i) HK$80,000,000 will be financed from the Offeror's internal resources; and (ii) HK$90,000,000 will be financed through the Offer Facility provided by Pacific Foundation. Under the terms of the Offer Facility, as security, (i) the Offeror has agreed to charge any Shares to be acquired pursuant to the Share Offer in favour of Pacific Foundation; and (ii) Mr. Chan has agreed to charge over the entire issued share capital of the Offeror in favour of Pacific Foundation. The said charges will be effective at the time when the Offer Facility is being drawn down.

Veda Capital is satisfied that sufficient financial resources are available to the Offeror to satisfy the full acceptances of the Offers.

Undertakings and non-acceptance of the Offers

As at the Relevant Date, Mr. Tang holds the Convertible Bond in the outstanding principal amount of HK$40,000,000 which is convertible into a total of 500,000,000 Shares upon full conversion at an initial conversion price of HK$0.080 per Share. Pursuant to the Undertakings, Mr. Tang has undertaken to the Offeror that:–

(a) he will not exercise any conversion rights attaching to the Convertible Bond issued by the Company to him prior to the close of the Offers and sell, dispose of or otherwise deal with or create any Encumbrances in respect of (or to enter into any agreement to sell, dispose of or otherwise deal with or create any Encumbrances in respect of) the Convertible Bond prior to the close of the Offers; and

(b) he will not tender any or all of the Convertible Bond to the Purchaser during the Offer Period for cancellation and will not accept any appropriate offer for the Convertible Bond even if such offer is made to him.

The Undertakings from Mr. Tang will lapse and cease to have binding effect if the Share Offer (i) is terminated; (ii) lapse; or (iii) is withdrawn.

As a result of the Undertakings from Mr. Tang, no offer will be made for the Convertible Bond under Rule 13 of the Takeovers Code.

Payment

Payment in cash in respect of acceptances of the Offers will be made as soon as possible but in any event within seven Business Days following the date on which the duly completed acceptances of the Offers and the relevant documents of title of the Shares are received by the Offeror to render each such acceptance complete and valid in accordance with the Takeovers Code.

Effect of accepting the Share Offer

The Share Offer is unconditional in all respects and is not conditional upon acceptances being received in respect of a minimum number or any other conditions.

By accepting the Share Offer, the Independent Shareholders will sell their Shares free from liens, charges and Encumbrances and together with all rights attaching to them, and all dividends and distributions recommended, declared, made or paid on or after the date on which the Offers are made, being the date of this Composite Document. Acceptances of the Share Offer by any Independent Shareholders will be deemed to constitute a warranty by such person that all Shares sold by such person under the Share Offer are free from all liens, charges, options, claims, equities, adverse interests, third-party rights or Encumbrances whatsoever and together with all rights accruing or attaching thereto, including, without limitation, the right to receive dividends and distributions declared, made or paid, if any, on or after the date on which the Share Offer is made, being the date of posting of this Composite Document. Acceptances of the Share Offer shall be irrevocable and not capable of being withdrawn, except as permitted under the Takeovers Code.

Hong Kong stamp duty

The seller's Hong Kong ad valorem stamp duty arising in connection with acceptance of the Share Offer amounting to 0.1% of the amount payable in respect of the relevant acceptance or if higher, the market value of the Shares, will be deducted from the amount payable to Shareholders who accept the Share Offer. The Offeror will bear its own portion of buyer's Hong Kong ad valorem stamp duty at the rate of 0.1% of the amount payable in respect of the relevant acceptances or if higher, the market value of the Shares, and will be responsible to account to the Stamp Office of Hong Kong for stamp duty payable for the sale and purchase of the Shares which are validly tendered for acceptance under the Share Offer.

No stamp duty is payable in connection with the Option Offer.

Further terms of the Offers

Further terms of the Offers including, among other things, procedures for acceptance and settlement, the acceptance period and taxation matters are set out in Appendix I to this Composite Document and in the Forms of Acceptance.

3. SHAREHOLDING STRUCTURE OF THE COMPANY

The following table sets out the shareholding structure of the Company (i) immdediately before completion of the Sale and Purchase Agreement; (ii) as at the Latest Practicable Date; (iii) upon completion of the Offers assuming no Share Option has been exercised prior to the close of the Offers and no acceptance of the Share Offer:

	Immediately before completion of the Sale and Purchase Agreement		**As at the Latest Practicable Date**		**Upon completion of the Offers assuming (i) no Share Option has been exercised prior to the close of the Offers and (ii) no acceptance of the Share Offer**	
	Number of Shares	*Approximate %*	*Number of Shares*	*Approximate %*	*Number of Shares*	*Approximate %*
The Offeror and parties acting in concert with it	–	–	1,403,810,083	50.54	1,403,810,083	50.54
Vendors						
First Glory *(Note 1)*	903,810,083	32.54	–	–	–	–
Mr. Tang	500,000,000	18.00	–	–	–	–
Independent non-executive Directors						
Mr. Bhanusak Asvaintra	2,000,000	0.07	2,000,000	0.07	2,000,000	0.07
Mr. Chan Kam Fai Robert	2,000,000	0.07	2,000,000	0.07	2,000,000	0.07
Mr. Chung Kwok Keung Peter	2,000,000	0.07	2,000,000	0.07	2,000,000	0.07
Public Shareholders	1,367,639,917	49.25	1,367,639,917	49.25	1,367,639,917	49.25
Total	**2,777,450,000**	**100.00**	**2,777,450,000**	**100.00**	**2,777,450,000**	**100.00**

Note:

1. Mr. Tang is the founder and one of the beneficiaries of a discretionary family trust (the "**Family Trust**") for the benefit of certain family members of Mr. Tang. The 903,810,083 Shares were held by First Glory which is wholly owned by Glory Sunshine Holding Limited ("**Glory Sunshine**") prior to the completion of the Sale and Purchase Agreement. In turn, Glory Sunshine is wholly owned by HSBC International Trustee Limited in its capacity as the trustee of the Family Trust. Mr. Tang was therefore deemed to be interested in the said 903,810,083 Shares under Part XV of the SFO prior to the completion of the Sale and Purchase Agreement.

4. INFORMATION ON THE GROUP

Details of the information on the Group are set out in the "Letter from the Board" and Appendix IV in this Composite Document.

5. INFORMATION ON THE OFFEROR

The Offeror is an investment holding company incorporated in British Virgin Islands with limited liability. It is principally engaged in investment holding which holds the Sale Shares only at the Latest Practicable Date. As at the Latest Practicable Date, the Offeror is wholly owned by Mr. Chan, who is also the sole director of the Offeror.

Mr. Chan is an entrepreneur who has engaged in garment manufacturing industry for 27 years. The business of Mr. Chan is mainly located in Jiangxi province, the PRC. Mr. Chan is optimised in the future prospects of the food and beverage business. Notwithstanding that Mr. Chan does not have any experience in food and beverage business, he believes that by leveraging on his wide business network developed from his business especially in the PRC for many years, it could provide additional support to the existing business of the Group. With this network, he may able to liaise and bring in some business opportunities to the Company. On the other hand, the Offeror and Mr. Chan may explore new business opportunities in order to diversify the Group's existing business and broaden the Group's income stream. As at the Latest Practicable Date, no business opportunity has been identified or in discussion. Therefore, the Offeror and Mr. Chan are of the view that it is in the long term commercial interest to enter into the Sale and Purchase Agreement and make the Share Offer.

Prior to the Completion, the Offeror and parties acting in concert with it did not own any Shares, convertible securities, options, warrants or derivatives in the Company or any other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) and were third parties independent of the Group and its connected persons.

As disclosed in the Joint Announcement, due to the issue of the Promissory Note to Mr. Tang as partial settlement of the consideration for Sale Shares B, Mr. Tang, following the Completion and prior to the full settlement of the Promissory Note by the Offeror, is presumed to be acting in concert with the Offeror under Class (9) of the definition of "acting in concert" under the Takeovers Code. The principal amount of the Promissory Note was satisfied in full on 21 September 2016 and hence, Mr. Tang is no longer presumed to be a party acting in concert with the Offeror thereafter.

6. INTENTION OF THE OFFEROR IN RELATION TO THE GROUP

Immediately after the Completion, the Offeror has become the Controlling Shareholder of the Company.

Following the close of the Offers, the Offeror intends to continue the existing principal businesses of the Group in the food and beverage industry which are retail operations of restaurants, café and cake shops. The Offeror will conduct a review on the existing principal businesses and the financial position of the Group for the purpose of formulating business plans and strategies for the future business development of the Group. In this regard, the Offeror may look into business opportunities and consider whether any asset disposals, asset acquisitions, business rationalization, business divestment, fund raising, restructuring of the business and/or business diversification will be appropriate in order to enhance the long-term growth potential of the Company. Should such corporate actions materialise, further announcement(s) will be made in accordance with the GEM Listing Rules.

Save for the Offeror's intention regarding the Group as set out above, the Offeror has no intention to (i) discontinue the employment of any employees of the Group; or (ii) redeploy the fixed assets of the Company other than those in its ordinary and usual course of business.

Proposed change of the Board composition

The Board is currently made up of four Directors, comprising one executive Director, being Mr. Tang Sing Ming Sherman; and three independent non-executive Directors, being Mr. Bhanusak Asvaintra, Mr. Chan Kam Fai Robert and Mr. Chung Kwok Keung Peter.

It is intended that all existing Directors will resign as Directors and new Directors will be nominated with effect from the earliest time permitted for resignation and appointment of directors under the Takeovers Code or such later date as the Board thinks fit. Such resignation will not take effect earlier than the date of the close of the Offer Period. Details of the change of the Board composition and biographies of the new Directors will be announced as and when appropriate.

7. COMPULSORY ACQUISITION

The Offeror does not intend to avail itself of any power of compulsory acquisition of any Shares after the close of the Offers.

8. MAINTAINING THE LISTING STATUS OF THE COMPANY

The Offeror intends that the Company will remain listed on the Stock Exchange after the close of the Offers.

In the event that after the completion of the Offers, the public float of the Company falls below 25%, the Offeror, the sole director of the Offeror and the new Directors to be appointed to the Board will jointly and severally undertake to the Stock Exchange that they will take appropriate steps to restore the minimum public float as required under the GEM Listing Rules as soon as possible following the close of the Offers to ensure that sufficient public float exists for the Shares.

The Stock Exchange has stated that if, upon completion of the Offers, less than the minimum prescribed percentage applicable to the Company, being 25%, of the Shares are held by the public or if the Stock Exchange believes that (i) a false market exists or may exist in the trading of the Shares; or (ii) there are insufficient Shares in public hands to maintain an orderly market, it will consider exercising its discretion to suspend trading in the Shares.

The Stock Exchange will also closely monitor all acquisitions or disposals of assets by the Company. Under the GEM Listing Rules, the Stock Exchange has the power pursuant to the GEM Listing Rules to aggregate a series of transactions entered into by the Company within 24 months after a change in control and any such transactions may result in the Company being treated as if it were a new listing applicant and subject to the requirement for new applicants as set out in the GEM Listing Rules.

9. IMPORTANT NOTE TO SHAREHOLDERS OUTSIDE HONG KONG

The Offers are made in respect of securities of a company incorporated in the Cayman Islands are subject to the statutory procedural and disclosure requirements of Hong Kong, which may be different from those of other jurisdictions.

The Offeror intends to make the Offers available to all Independent Shareholders and the Optionholders, including those with registered addresses, as shown in the register of members of the Company, outside Hong Kong. The availability of the Offers to persons not resident in Hong Kong and the ability of Overseas Holders to participate in the Offers will however be subject to, and may be limited by, the laws and regulations of their respective jurisdictions.

As at the Latest Practicable Date, based on the record in the Company's register of members and the Company's internal record, outside of Hong Kong, the Company had two Overseas Holders in the US. The Offeror had been advised by the legal adviser in the relevant jurisdictions that the Composite Document and the accompanying Forms of Acceptance may be forwarded to such Overseas Holders and will do so accordingly.

The Composite Document will not be filed under any laws or rules of any jurisdiction other than Hong Kong. The Offeror intends to make the Share Offer available to all Independent Shareholders, including Overseas Holders. As the Share Offer to Overseas Holders might be affected by the applicable laws of the relevant jurisdictions in which they are resident, any Overseas Holders who wish to accept the Share Offer should inform themselves about and observe any applicable requirement in their own jurisdictions (including the obtaining of any governmental or other consent which may be required or the compliance with other necessary formalities and the payment of any transfer or other taxes due in respect of such jurisdictions) and, where necessary, consult their own professional advisers. Acceptance of the Share Offer by any Overseas Holder will constitute a warranty by any such person that such person (i) is permitted under all applicable laws to receive and accept the Share Offer, and any revision thereof, (ii) has observed all the applicable laws and regulations of the relevant jurisdiction in connection with such acceptance, including obtaining any government or other consent which may be required, and (iii) has complied with any other necessary formality and has paid any issue, transfer or other taxes due in such jurisdiction, and that such acceptance shall be valid and binding in accordance with all applicable laws.

10. TAX IMPLICATIONS

The Independent Shareholders are recommended to consult their own professional advisers if they are in any doubt as to the tax implications that may arise from accepting the Offers. It is emphasized that the Offeror, its beneficial owner and parties acting in concert with any of them, the Company, Veda Capital, Pacific Foundation, BOSC International, the Registrar or the company secretary of the Company or any of their respective directors or professional advisers or any other parties involved in the Offers or any of their respective agents do not accept any responsibility for any tax effect on, or liabilities of, the Independent Shareholders and/or Optionholders a result of their acceptance of the Offers.

11. ACCEPTANCE AND SETTLEMENT

Your attention is drawn to the further details regarding the procedures for acceptance and settlement and acceptance period as set out in Appendix I to this Composite Document and the accompanying Forms of Acceptance.

12. GENERAL

To ensure equality of treatment of all Independent Shareholders, those registered Independent Shareholders who hold the Shares as nominee for more than one beneficial owner should, as far as practicable, treat the holding of each beneficial owner separately. It is essential for the beneficial owners of the Shares whose investments are registered in the names of nominees to provide instructions to their nominees of their intentions with regard to the Offers.

Attention of the Overseas Holders is drawn to the paragraph headed "Important Note to Shareholders outside Hong Kong" above in this letter.

All documents and remittances to be sent to the Independent Shareholders and will be sent to them by ordinary post at their own risk. Such documents and remittances will be sent to the Independent Shareholders at their respective addresses as they appear in the register of members of the Company or in the case of joint holders, to such Independent Shareholder whose name appears first in the register of members of the Company. The Offeror, its beneficial owners and parties acting in concert with any of them, the Company, Veda Capital, Pacific Foundation, BOSC International, the Registrar or the company secretary of the Company or any of their respective directors or professional advisers or any other parties involved in the Offers will not be responsible for any loss or delay in transmission or any other liabilities that may arise as a result thereof or in connection therewith.

13. ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the appendices to this Composite Document which form part of this Composite Document. You are reminded to carefully read the "Letter from the Board", the advice of the Independent Board Committee, the recommendation of the Independant Financial Adviser and other information about the Group which are set out in this Composite Document before deciding whether or not to accept the Offers.

Yours faithfully,
For and on behalf of
Pacific Foundation Securities Limited
Lo Tak Wing Benson
Executive Director

e p i c u r e a n | 惟膳

Epicurean and Company, Limited
惟膳有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8213)

Executive Director:
Mr. Tang Sing Ming Sherman

Independent Non-executive Directors:
Mr. Bhanusak Asvaintra
Mr. Chan Kam Fai Robert
Mr. Chung Kwok Keung Peter

Registered Office:
PO Box 309
Ugland House
Grand Cayman
KY1-1104
Cayman Islands

Principal place of business in Hong Kong:
8th Floor
Pedder Building
12 Pedder Street
Central
Hong Kong

5 October 2016

To the Independent Shareholders and Optionholders

Dear Sir/Madam,

MANDATORY UNCONDITIONAL CASH OFFERS BY PACIFIC FOUNDATION SECURITIES LIMITED FOR AND ON BEHALF OF WIN UNION INVESTMENT LIMITED TO ACQUIRE ALL THE ISSUED SHARES OF EPICUREAN AND COMPANY, LIMITED (OTHER THAN THOSE ALREADY OWNED BY WIN UNION INVESTMENT LIMITED AND PARTIES ACTING IN CONCERT WITH IT) AND TO CANCEL ALL THE OUTSTANDING SHARE OPTIONS

1. INTRODUCTION

Reference is made to the Joint Announcement made jointly by the Company and the Offeror in relation to, among other matter, the Sale and Purchase Agreement and the unconditional mandatory cash offers to acquire: (i) all of the issued Shares; and (ii) in exchange for cash to cancel all outstanding Share Options of the Company. Terms used in this letter shall have the same meanings as those defined in this Composite Document unless the context otherwise requires.

On 7 September 2016 (after trading hours of the Stock Exchange), the Offeror as purchaser and the Vendors (namely, First Glory and Mr. Tang) as vendors entered into the Sale and Purchase Agreement, pursuant to which the Offeror conditionally agreed to purchase and the Vendors conditionally agreed to sell a total of 1,403,810,083 Shares, representing approximately 50.54% of the total issued share capital of the Company as at the date of the Sale and Purchase Agreement and the Latest Practicable Date, for a total consideration of HK$170,000,000 (equivalent to approximately HK$0.1211 per Share). Completion took place on 8 September 2016.

Immediately before the Completion, none of the Offeror and parties acting in concert with it owned or had control or direction over any voting rights or rights over the Shares, warrants, options, derivatives or other securities that were convertible or exchangeable into Shares or other types of equity interest in the Company, other than the interests in Shares acquired under the Sale and Purchase Agreement. Upon Completion and as at the Latest Practicable Date, the Offeror and parties acting in concert with it were interested in 1,403,810,083 Shares, representing 50.54% of the entire issued share capital of the Company. Accordingly, pursuant to Rule 26.1 and Rule 13 of the Takeovers Code, the Offeror is required to make a mandatory unconditional cash offer for all the issued Shares not already owned or agreed to be acquired by it and parties acting in concert with it and to make a comparable offer for cancellation of all outstanding Share Options respectively. Both the Share Offer and the Option Offer are unconditional.

The Independent Board Committee, comprising all three independent non-executive Directors, namely Mr. Bhanusak Asvaintra, Mr. Chan Kam Fai Robert and Mr. Chung Kwok Keung Peter, who have no direct or indirect interest in the Offers, has been established to advise the Independent Shareholders in respect of the Offers.

On 20 September 2016, BOSC International was appointed as the Independent Financial Adviser with the approval of the Independent Board Committee to advise the Independent Board Committee in respect of the Offers, and in particular as to whether the Offers are fair and reasonable and as to the acceptance of the Offers.

The purpose of this Composite Document is to provide you with, among other things, information relating to the Group, the Offeror and the Offers as well as setting out the letter from the Independent Board Committee containing its recommendation to the Independent Shareholders in respect of the terms of the Offers and as to acceptance of the Offers, and the letter from the Independent Financial Adviser containing its advice and recommendation to the Independent Board Committee in respect of the terms of the Offers and as to acceptance of the Offers.

2. UNCONDITIONAL MANDATORY OFFERS

Prior to the Completion, none of the Offeror and parties acting in concert with it owned or had control or direction over any voting rights or rights over the Shares, warrants, options, derivatives or other securities that were convertible or exchangeable into Shares or other types of equity interest in the Company, other than the interests in Shares acquired under the Sale and Purchase Agreement.

Following the Completion and as at the Latest Practicable Date, the Offeror and the parties acting in concert with it are interested in 1,403,810,083 Shares, representing approximately 50.54% of the total issued share capital of the Company as at the date of the Sale and Purchase Agreement. Accordingly, pursuant to Rule 26.1 and Rule 13.5 and of the Takeovers Code, the Offeror is required to make a mandatory unconditional cash offer for all the issued Shares not already owned or agreed to be acquired by it and parties acting in concert with it and to make a comparable offer for cancellation of all outstanding Share Options respectively.

Details of all classes of "relevant securities" (as defined in note 4 to Rule 22 of the Takeovers Code) issued by the Company and the numbers of such securities in issue as at the Latest Practicable Date are as follows:

(a) a total of 2,777,450,000 Shares in issue in the share capital of the Company;

(b) the Convertible Bond in the outstanding principal amount of HK$40,000,000 which is convertible into a total of 500,000,000 Shares upon full conversion at the conversion price of HK$0.080 per Share; and

(c) a total of 33,000,000 outstanding Share Options granted under the Share Option Schemes with rights to subscribe for a total of 33,000,000 Option Shares.

As at the Latest Practicable Date, save as disclosed above, the Company has no outstanding securities, options, derivatives or warrants which are convertible or exchangeable into Shares and the Company has no other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code).

A summary of the outstanding Share Options as referred to in paragraph (c) above is set out below:

Date of grant	Exercisable period	Exercise price per Share *HK$*	Outstanding Share Options as at the Latest Practicable Date
23 March 2010	From 23 March 2011 to 22 March 2020	0.210	2,000,000
13 August 2010	From 13 August 2011 to 12 August 2020	0.138	3,000,000
13 August 2010	From 13 August 2012 to 12 August 2020	0.138	3,000,000
23 December 2011	From 23 December 2012 to 22 December 2021	0.062	5,000,000
23 December 2011	From 23 December 2013 to 22 December 2021	0.062	5,000,000
23 December 2011	From 23 December 2014 to 22 December 2021	0.062	5,000,000
19 April 2013	From 19 April 2014 to 18 April 2023	0.090	5,000,000
19 April 2013	From 19 April 2015 to 18 April 2023	0.090	5,000,000
Total			33,000,000

Note: As at the Latest Practicable Date, there are a total of 25,000,000 outstanding Share Options granted to Mr. Tang.

Pursuant to the terms of the Share Option Schemes, if a general offer is made to all the Optionholders of the Company, or all such Optionholders other than the Offeror and any person acting in concert with the Offeror, and such offer becomes or is declared unconditional, the grantees of the Share Options shall, notwithstanding any other terms on which his Share Options were granted, be entitled to exercise the Share Options (to the extent not already exercised) to its full extent at any time thereafter and up to the close of such offer, after which the Share Options shall lapse.

Accordingly, the Optionholders may exercise their Share Options under the Option Offer, notwithstanding that such Share Options have not yet become exercisable pursuant to the terms of the grant of such Share Options.

Principal Terms of the Offers

The Share Offer

Pacific Foundation, on behalf of the Offeror, makes the Share Offer to all the Independent Shareholders for all the issued Shares (other than those Shares already owned and/or agreed to be acquired by the Offeror and parties acting in concert with it) in compliance with Rule 26.1 of the Takeovers Code on the following basis:

For each Share accepted under the Share Offer . . . . HK$0.1211 in cash

The Share Offer is unconditional in all respects and is extended to all Shares in issue on the date of despatch of this Composite Document, and to any further Shares which are unconditionally allotted or issued on the exercise of the Share Options. The Shares to be acquired under the Share Offer shall be fully paid and shall be acquired free from all Encumbrances, rights of pre-emption and any other third party rights of any nature and together with all rights attaching to them on the date on which the Share Offer is made or subsequently becoming attached to them, including the right to receive in full all dividends and other distributions, if any, declared, made or paid on or after the date on which the Share Offer is made, being the date of posting this Composite Document.

The Option Offer

Pacific Foundation, on behalf of the Offeror, makes appropriate offers to the Optionholders in accordance with Rule 13 of the Takeovers Code to cancel all outstanding Share Options (whether vested or not) in exchange for cash.

In respect of Share Options with an exercise price of HK$0.062 and HK$0.090 respectively, which is "in the money" ("**In Money Options**"), Pacific Foundation, on behalf of the Offeror, makes a cash offer for the cancellation of such Share Options on the following terms:

(a) In respect of Share Options with an exercise price of HK$0.062:

For cancellation of each such Share Option . . . . HK$0.0591 in cash

(b) In respect of Share Options with an exercise price of HK$0.090:

For cancellation of each such Share Option . . . . HK$0.0311 in cash

In respect of the Share Options with exercise prices of HK$0.138 and HK$0.210, as the exercise prices are above the Share Offer Price, Pacific Foundation, on behalf of the Offeror, makes a nominal cash offer for the cancellation of such Share Options on the following terms:

(a) In respect of Share Options with an exercise price of HK$0.138:

For cancellation of each such Share Option . . . . HK$0.00001 in cash

(b) In respect of Share Options with an exercise price of HK$0.210:

For cancellation of each such Share Option . . . . HK$0.00001 in cash

Following acceptance of the Option Offer, the relevant Share Options together with all rights attaching thereto will be entirely cancelled and renounced.

Pursuant to Rule 13 of the Takeovers Code, the Option Offer Price will normally represent the difference between the exercise price of the respective Share Options and the Share Offer Price. Under the Option Offer, the Option Offer Price for each In Money Options represents the difference between the Share Offer Price and the exercise price of these Share Options. However, as the exercise price of the out-of money share options are above the Share Offer Price, their Option Offer Price is a nominal amount of HK$0.00001 per Share Option.

The Option Offer is unconditional in all respects and is extended to all outstanding Share Options in issue on the date of despatch of this Composite Document, and to any further Share Options issued. As at the Latest Practicable Date, the Offeror and parties acting in concert with it do not hold any Share Options.

Following acceptance of the Option Offer, the relevant Share Options together with all rights attaching thereto will be entirely cancelled and renounced on the Closing Date. For any Optionholders who do not accept the Option Offer, the relevant Share Options shall lapse in accordance with the terms of the Share Option Scheme.

Save for the intention expressed by all the independent non-executive Directors that they will reject the Share Offer and by Mr. Tang that he will accept the Option Offer, the Offeror has not received any indication or irrevocable commitment from any other Shareholder or Optionholder that he/she/it will accept or reject the Offers as at the Latest Practicable Date.

Warning: Shareholders, Optionholders and potential investors are advised to exercise caution when dealing in the Shares. If Shareholders, the Optionholders and potential investors have any doubt about their position, they should consult their professional advisers.

Further details of the Offers, including terms and procedures for acceptance and settlement of the Offers, are contained in the "Letter from Pacific Foundation" as set out on pages 10 to 21 of, and Appendix I "Further Terms and Procedures for Acceptance of the Offers" to, this Composite Document and the accompanying Forms of Acceptance.

3. INFORMATION ON GROUP

The Company is incorporated in the Cayman Islands with limited liability, Shares of which are currently listed on the GEM of the Stock Exchange (stock code: 08213). The Group is principally engaged in the food and beverage business. Its main business activities consist of retail operations of restaurants, café and cake shops. Currently, the majority of the Group's revenue is derived from the provision of food and beverage services in Hong Kong, and less than 30% of the Group's revenue is contributed from sales in the PRC and Taiwan.

Set out below is a summary of the audited consolidated financial information of the Group for the financial years ended 31 March 2015 and 2016.

	For the financial year ended 31 March 2016 *HK$'000* (Audited)	**For the financial year ended 31 March 2015** *HK$'000* (Audited)
Revenue	442,871	505,991
Loss before income tax	(34,736)	(34,891)
Loss for the year attributable to the owners of the Company	(38,705)	(36,643)

Further details of the Group are set out in Appendices II "Financial Information of the Group" and IV "General Information of the Group" to this Composite Document.

4. INFORMATION ON THE OFFEROR

Your attention is drawn to the section headed "Information on the Offeror" in the "Letter from Pacific Foundation" in, and Appendix III "General Information of the Offeror" to, this Composite Document.

5. OFFEROR'S INTENTION IN RESPECT OF THE GROUP

Your attention is drawn to the sections headed "Information on the Offeror" and "Intention of the Offeror in relation to the Group" in the "Letter from Pacific Foundation" in this Composite Document. The Board is pleased with the Offeror's intention in respect of the Group and the employees of the Group and is willing to co-operate with the Offeror in the interests of the Group and the Shareholders as a whole.

6. PROPOSED CHANGE OF BOARD COMPOSITION OF THE COMPANY

Your attention is also drawn to the section headed "Proposed change of Board Composition" in the "Letter from Pacific Foundation" in this Composite Document. Any change to the Board composition will be made in compliance with the Takeovers Code and the GEM Listing Rules and will be announced accordingly.

7. MAINTAINING THE LISTING STATUS OF THE COMPANY

It is stated in the "Letter from Pacific Foundation" in this Composite Document that the Offeror intends to maintain the listing status of the Company on the Stock Exchange following the close of the Offers.

In the event that the public float of the Company falls below 25% following the close of the Offers, the Offeror, the sole director of the Offeror and the new Directors to be appointed to the Board will jointly and severally undertake to the Stock Exchange that they would take appropriate steps to restore the minimum public float as required under the GEM Listing Rules as soon as possible following the close of the Offers to ensure that sufficient public float exists for the Shares.

The Stock Exchange stated that if, at the closing of the Offers, less than the minimum prescribed percentage applicable to the Company, being 25% of the issued Shares, are held by the public, or if the Stock Exchange believes that:

(a) a false market exists or may exist in the trading of the Shares; or

(b) there are insufficient Shares in public hands to maintain an orderly market,

it would consider exercising its discretion to suspend dealings in the Shares.

8. SHAREHOLDING STRUCTURE OF THE COMPANY

Your attention is also drawn to the section headed "Shareholding Structure of the Company" in the "Letter from Pacific Foundation" in this Composite Document.

9. TAXATION AND INDEPENDENT ADVICE

Your attention is drawn to the paragraph headed "Taxation Implications" in the "Letter from Pacific Foundation" in this Composite Document.

None of the Company or any of its Directors or associates or any other person involved in the Offers accept responsibility for any tax or other effects on, or liabilities of, any person or persons as a result of the implementation or otherwise of the Offers.

Your attention is drawn to (i) the "Letter from the Independent Board Committee" in this Composite Document, which sets out its recommendation to the Independent Shareholders and the Optionholders as to whether the terms of the Offers are, or are not, fair and reasonable so far as the Independent Shareholders and the Optionholders are concerned, and as to acceptance thereof; and (ii) the "Letter from Independent Financial Adviser" in this Composite Document, which sets out its advice and recommendation to the Independent Board Committee as to whether the terms of the Offers are, or are not, fair and reasonable so far as the Independent Shareholders and the Optionholders are concerned, and as to acceptance thereof, and the principal factors considered by it in arriving at its advice and recommendation.

The Independent Shareholders and the Optionholders are urged to read those letters carefully before taking any action in respect of the Offers.

10. RECOMMENDATION AND ADDITIONAL INFORMATION

You are advised to read this Composite Document together with the accompanying Forms of Acceptance in respect of the acceptance and settlement procedures of the Offers. Your attention is also drawn to the additional information contained in the appendices to this Composite Document.

In considering what action to take in connection with the Offers, you should also consider your own tax positions, if any, and in case of any doubt, consult your professional advisers.

By order of the Board of
EPICUREAN AND COMPANY, LIMITED
Tang Sing Ming Sherman
Chairman

epicurean 惟膳

Epicurean and Company, Limited
惟膳有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8213)

5 October 2016

To the Independent Shareholders and Optionholders

Dear Sir/Madam,

MANDATORY UNCONDITIONAL CASH OFFERS BY PACIFIC FOUNDATION SECURITIES LIMITED FOR AND ON BEHALF OF WIN UNION INVESTMENT LIMITED TO ACQUIRE ALL THE ISSUED SHARES OF EPICUREAN AND COMPANY, LIMITED (OTHER THAN THOSE ALREADY OWNED BY WIN UNION INVESTMENT LIMITED AND PARTIES ACTING IN CONCERT WITH IT) AND TO CANCEL ALL THE OUTSTANDING SHARE OPTIONS

INTRODUCTION

We refer to the composite offer and response document dated 5 October 2016 jointly issued by the Offeror and the Company (the "**Composite Document**") of which this letter forms part. Capitalised terms used in this letter have the same meanings as those defined in the Composite Document, unless the context requires otherwise.

We have been appointed by the Board to form the Independent Board Committee to consider the terms of the Offers and to make a recommendation to you as to whether, in our opinion, the respective terms of the Offers are fair and reasonable so far as the Independent Shareholders and the Optionholders are concerned, and as to acceptance thereof. We have declared that we are independent and have no direct or indirect interest in the Offers, and therefore are able to consider the terms of the Offers and to make recommendations to the Independent Shareholders and to express our views on the Option Offer to the Optionholders.

BOSC International has been appointed, with our approval, as the independent financial adviser to advise us in respect of the terms of the Offers and as to acceptance thereof. Details of its advice and the principal factors considered by it in arriving at its advice and recommendation are set out in the "Letter from the Independent Financial Adviser" in the Composite Document which contains the details of its advice and the principal factors and reasons taken into consideration in arriving at its recommendations in respect of the Offers.

We also wish to draw your attention to the "Letter from the Board", the "Letter from Pacific Foundation" and the additional information set out in the appendices to the Composite Document.

RECOMMENDATION

Taking into account the terms of the Offers and the independent advice from BOSC International, and the principal factors and reasons taken into account in arriving at its recommendation, we consider that:

(a) the terms of the Share Offer are fair and reasonable so far as the Independent Shareholders are concerned, and recommend the Independent Shareholders to accept the Share Offer; and

(b) the terms of the Option Offer are fair and reasonable so far as the Optionholders are concerned, and recommend the Optionholders to accept the Option Offer.

However, for those Independent Shareholders who are considering to realise all or part of their holdings in the Shares, they should monitor the Share price movement until near the end of the Offer Period. If the market price of the Shares exceeds the Share Offer Price and the sale proceeds net of all transaction costs exceed the net proceeds receivable under the Share Offer, the Independent Shareholders should consider selling their Shares in the open market instead of accepting the Share Offer.

The Optionholders should also monitor the market prices of the Shares during the Offer Period and should consider converting their Share Options and selling the conversion shares in the open market instead of accepting the Option Offer if the sale proceeds net of transaction costs exceed the net amount receivable under the Option Offer.

The Independent Shareholders and the Optionholders are recommended to read the full text of the "Letter from the Independent Financial Adviser" in this Composite Document. Notwithstanding our recommendation, the Independent Shareholders and the Optionholders should consider carefully the terms and conditions of the Share Offer and the Option Offer respectively.

Yours faithfully,
Independent Board Committee of
EPICUREAN AND COMPANY, LIMITED
Mr. Bhanusak Asvaintra **Mr. Chan Kam Fai Robert** **Mr. Chung Kwok Keung Peter**
Independent non-executive Directors

The following is the text of a letter of advice from the Independent Financial Adviser to the Independent Board Committee regarding its advice on the Offers prepared for the purpose of incorporation into this Composite Document.

上銀國際有限公司
BOSC International Company Limited

34th Floor, Champion Tower
3 Garden Road
Central
Hong Kong

5 October 2016

To the Independent Board Committee,
the Independent Shareholders and the Optionholders

Dear Sir or Madam,

MANDATORY UNCONDITIONAL CASH OFFERS BY PACIFIC FOUNDATION SECURITIES LIMITED FOR AND ON BEHALF OF WIN UNION INVESTMENT LIMITED TO ACQUIRE ALL THE ISSUED SHARES OF EPICUREAN AND COMPANY, LIMITED (OTHER THAN THOSE ALREADY OWNED BY WIN UNION INVESTMENT LIMITED AND PARTIES ACTING IN CONCERT WITH IT) AND TO CANCEL ALL THE OUTSTANDING SHARE OPTIONS

INTRODUCTION

We refer to our engagement as the independent financial adviser to the Independent Board Committee, the Independent Shareholders and the Optionholders in respect of the Offers, details of which are set out in the composite offer and response document jointly issued by the Offeror and the Company (the "**Composite Document**") dated 5 October 2016, of which this letter forms part. Capitalized terms used in this letter shall have the same meanings as those defined in the Composite Document unless the context otherwise requires.

On 7 September 2016, after trading hours, the Offeror (as purchaser) and the Vendors (as vendors) entered into the Sale and Purchase Agreement, pursuant to which the Offeror conditionally agreed to purchase and the Vendors conditionally agreed to sell a total of 1,403,810,083 Shares, representing approximately 50.54% of the total issued share capital of the Company as at the Latest Practicable Date. The Completion took place on 8 September 2016. Pursuant to Rule 26.1 and Rule 13 of the Takeovers Code, the Offeror is required to make a mandatory unconditional cash offer for all the issued Shares not already owned or agreed to be acquired by it and parties acting in concert with it and to make an unconditional comparable offer for cancellation of all outstanding Share Options respectively.

The Independent Board Committee comprising all the independent non-executive Directors (namely Mr. Bhanusak Asvaintra, Mr. Chan Kam Fai Robert and Mr. Chung Kwok Keung Peter) has been established to make a recommendation to the Independent Shareholders and the Optionholders as to the fairness and reasonableness of the Offers and as to acceptance of the Offers.

The appointment of BOSC International Company Limited ("**BOSC International**") as the independent financial adviser to the Independent Board Committee, the Independent Shareholders and the Optionholders in respect of the Offers has been approved by the Independent Board Committee.

BASIS OF OUR OPINION

In formulating our opinion, we have relied upon the information, facts and representations supplied or made available to us by the Company, the Directors and the representatives of the Company which they are solely and wholly responsible for, and to their information and knowledge, were true, accurate and complete in all respects at the time they were given or made and continue to be so as at the Latest Practicable Date and the Company will notify the Shareholders and the Optionholders of any material changes to such information, facts and/or representations as soon as possible in accordance with Rule 9.1 of the Takeovers Code. We have assumed that all the statements and information supplied, and the opinions and representations made or provided to us by the Company, the Directors and the representatives of the Company have been reasonably made after due and careful enquiry. In case we note any material changes to the information in respect of the Offers presented in this letter from the Latest Practicable Date to the end of the Offer Period, we shall notify the Shareholders and the Optionholders as soon as possible.

As stated in Appendix IV to the Composite Document, the Directors jointly and severally accept full responsibility for the accuracy of the information contained in the Composite Document (other than that relating to the Offeror and parties acting in concert with it), and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in the Composite Document (other than opinions expressed by the Offeror and parties acting in concert with it) have been arrived at after due and careful consideration and there are no other facts not contained in the Composite Document, the omission of which would make any statement in the Composite Document misleading.

As stated in Appendix III to the Composite Document, the sole director and sole shareholder of the Offeror, being Mr. Chan, accepts full responsibility for the accuracy of the information contained in the Composite Document (other than information relating to the Group, the Vendors and parties acting in concert with any of them), and confirms, having made all reasonable enquires, that to the best of their knowledge, opinions expressed in the Composite Document (other than opinions expressed by the Directors) have been arrived at after due and careful consideration and there are no other facts not contained in the Composite Document, the omission of which would make any statement in the Composite Document misleading.

We consider that we have reviewed sufficient information to reach an informed view, to justify reliance on accuracy of the information contained in the Composite Document and to provide a reasonable basis for our recommendation. We have no reason to doubt the truth, accuracy and completeness of the statements, information, opinions and representations provided to us by the Company, the Directors and the representatives of the Company or to believe that material information has been withheld or omitted from the information provided to us or referred to in the available documents. We have not, however, conducted any independent verification of the information provided, nor have we conducted any independent investigation into the business or affairs or future prospects of the Company or any of its subsidiaries or associates.

INDEPENDENCE DECLARATION

As at the Latest Practicable Date, BOSC International was independent of the Company, the Offeror (also being the controlling shareholder of the Company), the Offeror's controlling shareholder and any party acting, or presumed to be acting, in concert with any of the above or any company controlling by it/them. BOSC International was not aware of any relationships or interests between BOSC International and the Company that could be reasonably be regarded as hindrance to BOSC International's independence as defined under the Takeovers Code to act as the independent financial adviser to the Independent Board Committee, the Independent Shareholders and the Optionholders in respect of the Offers.

THE OFFERS

The Offeror and the Company jointly announced on 14 September 2016 that on 7 September 2016, after trading hours, the Offeror (as purchaser) and the Vendors (as vendors) entered into the Sale and Purchase Agreement, pursuant to which the Offeror conditionally agreed to purchase and the Vendors conditionally agreed to sell a total of 1,403,810,083 Shares, representing approximately 50.54% of the total issued share capital of the Company as at the Latest Practicable Date, for a total consideration of HK$170,000,000 (equivalent to approximately HK$0.1211 per Share).

The Completion took place on 8 September 2016 in accordance with the terms of the Sale and Purchase Agreement.

Following the Completion and as at the Latest Practicable Date, the Offeror and the parties acting in concert with it are interested in 1,403,810,083 Shares, representing approximately 50.54% of the total issued share capital of the Company. Accordingly, pursuant to Rule 26.1 and Rule 13 of The Takeovers Code, the Offeror is required to make a mandatory unconditional cash offer for all the issued Shares not already owned or agreed to be acquired by it and parties acting in concert with it and to make an unconditional comparable offer for cancellation of all outstanding Share Options respectively.

Pacific Foundation, on behalf of the Offeror, is making the Share Offer and the appropriate offers to the Optionholders in accordance with Rule 13 of the Takeovers Code to cancel all outstanding Share Options (whether vested or not) on the following basis:

The Share Offer

For each Share . . . . HK$0.1211 in cash

The Option Offer

(a) In respect of the Share Options with an exercise price of HK$0.062:

For cancellation of each such Share Option . . . . HK$0.0591 in cash

(b) In respect of the Share Options with an exercise price of HK$0.090:

For cancellation of each such Share Option . . . . HK$0.0311 in cash

In respect of the Share Options with an exercise price of HK$0.138 and HK$0.210 respectively, as the exercise prices are above the Share Offer Price, Pacific Foundation is, on behalf of the Offeror, making a nominal cash offer for the cancellation of such Share Options on the following terms:

(a) In respect of the Share Options with an exercise price of HK$0.138:

For cancellation of each such Share Option . . . . HK$0.00001 in cash

(b) In respect of the Share Options with an exercise price of HK$0.210:

For cancellation of each such Share Option . . . . HK$0.00001 in cash

The Share Offer Price is equal to the purchase price per Sale Share under the Sale and Purchase Agreement. Under the Option Offer, the Option Offer Price for the In Money Options represents the difference between the Share Offer Price and the exercise price of these Share Options. The Option Offer Price for the out-of-money Share Options is a nominal amount of HK$0.00001 per Share Option.

As at the Latest Practicable Date, Mr. Tang held the Convertible Bond in the outstanding principal amount of HK$40,000,000 which is convertible into a total of 500,000,000 Shares upon full conversion at an initial conversion price of HK$0.080 per Share. Pursuant to the Undertakings, Mr. Tang has undertaken to the Offeror that:

(a) he will not exercise any conversion rights attaching to the Convertible Bond issued by the Company to him prior to the close of the Offers and sell, dispose of or otherwise deal with or create any Encumbrances in respect of (or to enter into any agreement to sell, dispose of or otherwise deal with or create any Encumbrances in respect of) the Convertible Bond prior to the close of the Offers; and

(b) he will not tender any or all of the Convertible Bond to the Purchaser during the Offer Period for cancellation and will not accept any appropriate offer for the Convertible Bond even if such offer is made to him.

As a result of the Undertakings from Mr. Tang, no offer will be made for the Convertible Bond under Rule 13 of the Takeovers Code.

Value of the Offers

As at the Latest Practicable Date, there were a total of 33,000,000 Share Options in respect of 33,000,000 Option Shares. Assuming that no outstanding Share Options have been exercised before the close of the Offers, 1,373,639,917 Shares will be subject to the Share Offer. Based on the Share Offer Price of HK$0.1211 per Offer Share and assuming full acceptance of the Share Offer, the value of the Share Offer will amount to approximately HK$166,347,794.

In the event that all the outstanding In Money Options have been exercised before the close of the Offers, 1,398,639,917 Shares will be subject to the Share Offer. Based on the Share Offer Price of HK$0.1211 per Offer Share and assuming full acceptance of the Share Offer, the Share Offer will amount to approximately HK$169,375,294.

Assuming that no outstanding Share Options have been exercised before the close of the Offers, the value of the Option Offer will amount to approximately HK$1,197,580, being the aggregate of the value of the Option Offer relating to the In Money Options of approximately HK$1,197,500 and the value of the Option Offer relating to the out-of money Options of approximately HK$80.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In formulating our opinion and recommendation with regard to the Offers, we have taken into account the following principal factors and reasons:

1. Information on the Group

1.1 Principal business of the Group

The Company was incorporated in the Cayman Islands with limited liability and the Shares have been listed on the GEM of the Stock Exchange since 2003. The Group is principally engaged in the food and beverage business. Its main business activities consist of retail operations of restaurants, café and cake shops. For the year ended 31 March 2016, the majority of the Group's revenue was derived from the provision of food and beverage services in Hong Kong, and less than 30% of the Group's revenue is contributed from sales in the PRC and Taiwan.

1.2 Financial information of the Group

Set out below is a summary of the financial results of the Group for each of the two years ended 31 March 2015 and 31 March 2016 as extracted from the annual report of the Company for the year ended 31 March 2016 (the "**Annual Report**") and for the three months ended 30 June 2015 and 30 June 2016 as extracted from the quarterly report of the Company for the three months ended 30 June 2016 (the "**Quarterly Report**").

	For the three months ended 30 June		For the year ended 31 March	
	2016 ("1Q2017") (unaudited) *(HK$'000)*	**2015 ("1Q2016") (unaudited)** *(HK$'000)*	**2016 ("FY2016") (audited)** *(HK$'000)*	**2015 ("FY2015") (audited)** *(HK$'000)*
Revenue	77,575	127,698	442,871	505,991
Cost of sales	(24,997)	(38,188)	(144,389)	(159,999)
Gross profit	52,578	89,510	298,482	345,992
Gross profit margin	67.8%	70.1%	67.4%	68.4%
Loss before income tax	(13,793)	(7,775)	(34,736)	(34,891)
Income tax credit/(expense)	32	(880)	(3,898)	(2,021)
Loss attributable to owners of the Company	(13,574)	(8,488)	(38,705)	(36,643)

As illustrated above, the Group recorded a loss making financial performance during the review period.

1Q2017 vs. 1Q2016

For 1Q2017, the Group recorded a revenue of approximately HK$77.6 million, representing a decrease of approximately 39.3% as compared to that for 1Q2016. We note from the Quarterly Report that in Hong Kong, sales of the Group's flagship brand of restaurants, café and cake shops, together with its extended brands, declined due to the closure of stores on lease expiry during the period under review. As at 30 June 2016, the total number of stores was 58, a decrease of 17 stores as compared with that as of 30 June 2015. The Group recorded gross profit of approximately HK$52.6 million, which represented a decrease of approximately 41.3% as compared to that of approximately HK$89.5 million in 1Q2016. Such decrease in gross profit was mainly attributable to the decrease in revenue. The Group's gross margin decreased by approximately 2.3 percentage points from approximately 70.1% in 1Q2016 to approximately 67.8% in 1Q2017. We note from the Quarterly Report that the pressures from rising costs in raw materials and utilities hit the profit margin for the food and beverage sector for the period under review.

For 1Q2017, the Group recorded a net loss attributable to owners of the Company of approximately HK$13.6 million, representing an increase in loss of approximately 59.9% as compared to that of approximately HK$8.5 million for 1Q2016. We note from the Quarterly Report that such increase in loss was mainly attributable to the decrease in gross profit of approximately HK$36.9 million, which was partly offset by the decrease in operating expenses of approximately HK$30.0 million during the period. The decrease in operating expenses in 1Q2017 was mainly as a result of the decrease in store numbers.

FY2016 vs. FY2015

For FY2016, the Group recorded a revenue of approximately HK$442.9 million, representing a decrease of approximately 12.5% as compared to that for FY2015. We note from the Annual Report that this was mainly attributable to a reduction in store network. During the year under review, the Group disposed of its business operation in Japan and the entire interests in Shanghainese dining concept and Taiwan beef noodle chain stores, which led to the decrease of 10 stores. Taking into account the closed stores under the Group's remaining brands, the Group's stores was reduced to 59 as at 31 March 2016. In Hong Kong, sales of the Group's flagship brand of restaurants, café and cake shops, together with its extended brands, declined due to closure of stores on lease expiry during the year under review. The Group recorded gross profit of approximately HK$298.5 million in FY2016, representing a decrease of approximately 13.7% as compared to that of approximately HK$346.0 million for FY2015, being largely in line with the decrease in revenue. Gross profit margin of the Group remained relatively stable at approximately 68.4% for FY2015 and approximately 67.4% for FY2016.

For FY2016, the Group recorded a net loss attributable to owners of the Company of approximately HK$38.7 million, representing an increase in loss of approximately 5.6% as compared to that of approximately HK$36.6 million for FY2015. The increase in loss was mainly attributable to the decrease in gross profit of approximately HK$47.5 million, which was partly offset by the decrease in operating expenses of approximately HK$43.9 million during the year under review. The decrease in operating expenses in FY2016 was mainly as a result of the decrease in store numbers.

Financial Position of the Group

Set out below is a summary of the audited consolidated assets and liabilities of the Group as at 31 March 2016, details of which are set out in the Annual Report.

	As at 31 March 2016 (audited) *HK$'000*	
Non-current assets		*% of total assets*
– Plant and equipment	30,118	15.7%
– Goodwill on consolidation	55,095	28.7%
– Other intangible assets	20,133	10.5%
– Deferred tax assets	5,044	2.6%
	110,390	57.5%
Current assets		*% of total assets*
– Inventories	4,917	2.6%
– Debtors, deposits and prepayments	35,532	18.5%
– Income tax recoverable	1,174	0.6%
– Cash and cash equivalents	39,971	20.8%
	81,594	42.5%
Total assets	191,984	100.0%

	As at 31 March 2016 (audited) *HK$'000*	
Current liabilities		*% of total liabilities*
– Loans from a director	71,716	37.3%
– Obligations under finance lease	238	0.1%
– Bank loans, secured	24,888	13.0%
– Creditors, accruals and deposits received	51,794	26.9%
– Income tax payable	226	0.1%
	148,862	77.4%
Non-current liabilities		*% of total liabilities*
– Convertible bonds	38,563	20.0%
– Deferred tax liabilities	1,986	1.0%
– Other payables	2,835	1.5%
– Obligations under finance lease	179	0.1%
	43,563	22.6%
Total liabilities	192,425	100.0%
Net liabilities	(441)	
Equity		
– Equity attributable to owners of the Company	372	
– Non-controlling interests	(813)	
	(441)	

As at 31 March 2016, the Group recorded net current liabilities of approximately HK$67.3 million and net liabilities of approximately HK$0.4 million, and equity attributable to owners of the Company of approximately HK$0.4 million.

As at 31 March 2016, the Group's total assets amounted to approximately HK$192.0 million, mainly comprising (i) goodwill on consolidation of approximately HK$55.1 million; (ii) plant and equipment of approximately HK$30.1 million; (iii) cash and cash equivalents of approximately HK$40.0 million; and (iv) debtors, deposits and prepayments of approximately HK$35.5 million.

As at 31 March 2016, the Group's total liabilities amounted to approximately HK$192.4 million, mainly comprising (i) loan from a director of approximately HK$71.7 million (the "**Director Loan**"); (ii) creditors, accruals and deposits received of approximately HK$51.8 million; and (iii) convertible bonds of approximately HK$38.6 million (the "**CB**"), which represented the fair value of liability component of the CB less transaction costs, with a principal amount of HK$40 million as at 31 March 2016. The Director Loan, which is non-interest bearing, was provided by Mr. Tang for financial support to the Group and the CB, which was issued in August 2012 to Strong Venture Limited (being a company owned by Mr. Tang) for the acquisition of subsidiaries, is interest bearing at 2% per annum.

As at 30 June 2016, the Group recorded an unaudited net liabilities of approximately HK$13.9 million.

Based on the financial information of the Group as set out above and our review of the Group's annual reports, we note that the Group has been loss making each year since tapping into the food and beverage industry in 2010 and the Company was in a net liabilities position as at 31 March 2016. We further note from the Annual Report and based on the financial position of the Group as at 31 March 2016 that the Group has been largely reliant on banking facilities and financial support from Mr. Tang to finance its operation.

1.3 Outlook of the Group

As noted from the Quarterly Report, the Company believes that the operating environment of the Group has been unfavourable and the Group is facing an unprecedented challenge. On the one hand, the competition in the local food and beverage sector remained intense as the Group has to compete with other food and beverage operators for labour, rent space and customers. On the other hand, the Group continues to face shortage of manpower, high turnover rate in labour and burden from high rent rate and the industry continues to feel the pressures from rising costs in raw materials and utilities.

Furthermore, as noted from the Quarterly Report, the growth trend in Hong Kong has been slowing down due to the close linkage with Mainland China. Hong Kong's travel service exports also slowed down as the tourism sector faced a structural downtrend led by the loss of Hong Kong's appeal to Mainland China tourists and greater competition from surrounding destinations. The Hong Kong retail sector is struggling to cope with these economic headwinds. Such factors have squeezed margins in the food and beverage sector. The Group considers 2016 is the toughest year in its operating history since the Group engaged in the food and beverage sector, and it is hard for the Group to foresee when the sluggish market takes a turn for the better or the economy revives.

The majority of the Group's revenue is derived from the provision of food and beverage services in Hong Kong. As noted from the Annual Report, approximately 79.7% and 20.3% of the Group's revenue for the year ended 31 March 2016 was derived from Hong Kong/overseas market and the PRC, respectively, and thus we believe that the Group's performance will be affected by the catering market outlook in Hong Kong and the PRC.

According to the latest available 'Report on Monthly Survey of Retail Sales' published by the Census and Statistics Department of Hong Kong, the value of total retail sales of the Hong Kong market provisionally decreased by 10.2% from January to August 2016 as compared to the same period in 2015, indicating a weak market sentiment in the retail market of Hong Kong. Further, according to the latest available 'Reports on Quarterly Survey of Restaurant Receipts and Purchases' published by the Census and Statistics Department of Hong Kong, although the value of total restaurant receipts in Hong Kong provisionally increased slightly by 2.5% in January to June 2016 as compared to the same period in 2015, such period-to-period growth rate represented a decline as compared to the full year provisional growth rate of 4.0% in the value of total restaurant receipts in Hong Kong in 2015 as compared to 2014.

With respect to the catering market in Mainland China, the catering operators in Mainland China face both opportunities and challenges. On the one hand, according to 中國餐飲業2016財政年度報告 (translated as "Annual Report on the Catering Industry of China for Financial Year 2016") issued by 中國飯店協會, the mass catering market in Mainland China recorded growth in 2015 in terms of per capita consumption, which indicates the growth potential in the market. On the other hand, the industry is facing pressure on operating costs for labour, rental and raw materials. Also, the economic slowdown and the anti-corruption campaign launched by the Chinese government have affected the market negatively. In 2015, China recorded a growth rate of 6.9% in gross domestic products, being the lowest growth rate recorded since 1990. The aforementioned policies aimed at fighting corruption has led to the shrinking in the high-end catering market in China. We have discussed with the management of the Company relating to the Group's operation in Mainland China, and understand that the Group's four core dining concepts in its portfolio are developing at different stages in the PRC market. For example, the Group's PRC team is working on strategies to drive the traffic of the Group's first café opened in Shenzhen which recorded lower than expected sales for the first couple of months since its operation, whereas the Group's brand licensing and management under its Japanese curry specializing concept has made good progress in Mainland China. In light of the competition in the market and the pressure from the increasing operating costs, the Group's business performance in the PRC market will largely depend on whether the Group could expand its business in the PRC effectively and also diversify in terms of business and income source.

Taking into account (i) the historical loss making financial performance and the net liabilities position of the Group as stated above; and (ii) the challenging operating environment faced by the Group, we concur with the view of the management of the Company that there is uncertainty on whether and when the Group can successfully remodel and turn around its business.

2. Information on the Offeror and the Offeror's intention in respect of the Group

2.1 Information on the Offeror

As stated in the letter from Pacific Foundation in the Composite Document (the "**Letter from Pacific Foundation**"), the Offeror is an investment holding company incorporated in British Virgin Islands with limited liability, and is principally engaged in investment holding which holds the Sale Shares only at the Latest Practicable Date. As at the Latest Practicable Date, the Offeror was wholly owned by Mr. Chan, who is also the sole director of the Offeror.

Mr. Chan is an entrepreneur who has engaged in garment manufacturing industry for 27 years. The business of Mr. Chan is mainly located in Jiangxi province, the PRC. As stated in the Letter from Pacific Foundation, Mr. Chan is optimised in the future prospects of the food and beverage business. Notwithstanding that Mr. Chan does not have any experience in food and beverage business, he believes that by leveraging on his wide business network developed from his business especially in the PRC for many years, it could provide additional support to the existing business of the Group. With this network, he may be able to liaise and bring in some new business opportunities to the Company. On the other hand, the Offeror and Mr. Chan may explore new business opportunities in order to diversify the Group's existing business and broaden the Group's income stream. As at the Latest Practicable Date, no business opportunity has been identified or in discussion.

2.2 Intention of the Offeror in respect of the Group

As stated in the Letter from Pacific Foundation, following the close of the Offers, the Offeror intends to continue the existing principal businesses of the Group in the food and beverage industry, which are retail operations of restaurants, café and cake shops. The Offeror will conduct a review on the existing principal businesses and the financial position of the Group for the purpose of formulating business plans and strategies for the future business development of the Group. In this regard, the Offeror may look into business opportunities and consider whether any asset disposals, asset acquisitions, business rationalization, business divestment, fund raising, restructuring of the business and/or business diversification will be appropriate in order to enhance the long-term growth potential of the Company. Save for the Offeror's intention regarding the Group as set out above, the Offeror has no intention to (i) discontinue the employment of any employees of the Group; or (ii) redeploy the fixed assets of the Company other than those in its ordinary and usual course of business.

2.3 Proposed change of the composition of the Board

As stated in the Letter from Pacific Foundation, it is intended that all existing Directors will resign as Directors and new Directors will be nominated with effect from the earliest time permitted for resignation and appointment of directors under the Takeovers Code or such later date as the Board thinks fit. Details of the change of the Board composition and the biographies of the new Directors will be announced as and when appropriate.

Based on our discussion with the Company, we understand that, to the best knowledge of the management of the Company, Mr. Chan has no experience in the food and beverage industry and as at the Latest Practicable Date, the Company has not yet identified any potential candidates to act as the new Directors. As such, there is uncertainty on the business plans and strategies of the Group's future business development to be directed by the new Board.

2.4 Maintaining the listing status of the Company

As stated in the Letter from Pacific Foundation, the Offeror intends that the Company will remain listed on the Stock Exchange after the close of the Offers. In the event that after the completion of the Offers, the public float of the Company falls below 25%, the Offeror, the sole director of the Offeror and the new Directors to be appointed to the Board will jointly and severally undertake to the Stock Exchange that they will take appropriate steps to restore the minimum public float as required under the GEM Listing Rules as soon as possible following the close of the Offers to ensure that sufficient public float exists for the Shares.

The Stock Exchange has stated that if, upon completion of the Offers, less than the minimum prescribed percentage applicable to the Company, being 25%, of the Shares are held by the public or if the Stock Exchange believes that (i) a false market exists or may exist in the trading of Shares; or (ii) there are insufficient Shares in public hands to maintain an orderly market, then it will consider exercising its discretion to suspend trading in the Shares.

3. Analysis of the Share Offer Price

The Share Offer Price of HK$0.1211 is equal to the purchase price per Sale Share under the Sale and Purchase Agreement and represents:

(i) a premium of approximately 7.17% over the closing price of HK$0.113 per Share as quoted on the Stock Exchange on the Last Trading Date;

(ii) a premium of approximately 10.49% over the average closing price of approximately HK$0.1096 per Share for the last five consecutive trading days immediately prior to and including the Last Trading Date;

(iii) a premium of approximately 12.65% over the average closing price of approximately HK$0.1075 per Share for the last 10 consecutive trading days immediately prior to and including the Last Trading Date;

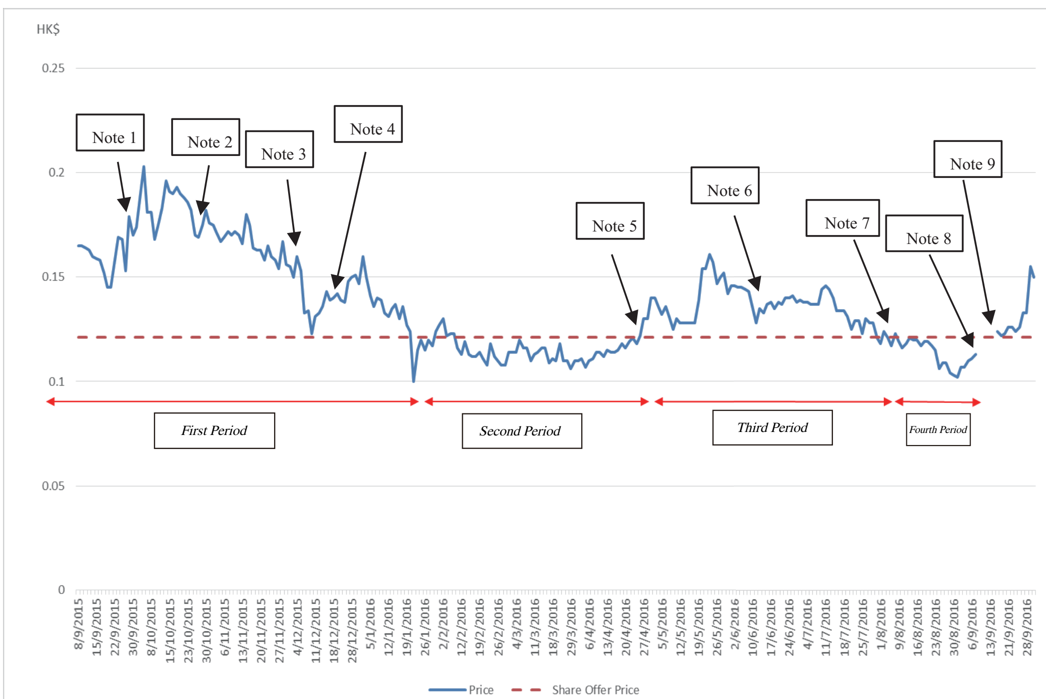
(iv) a premium of approximately 4.94% over the average closing price of approximately HK$0.1154 per Share as quoted on the Stock Exchange for the last 30 consecutive trading days up to and including the Last Trading Date;

(v) a discount of approximately 19.27% to the closing price of HK$0.1500 per Share as quoted on the Stock Exchange on the Latest Practicable Date; and

(vi) a premium as compared to the net liabilities per Share of approximately HK$0.0002 (based on the audited net liabilities of the Company of approximately HK$441,000 as at 31 March 2016 according to the Annual Report and 2,777,450,000 Shares in issue as at the Latest Practicable Date).

3.1 Historical price performance of the Shares

The chart below illustrates the closing price level of the Shares as quoted on the Stock Exchange from 8 September 2015 to 7 September 2016, being the Last Trading Date (both days inclusive), being the 12-month period immediately preceding and including the Last Trading Date, and from 15 September 2016, being the first trading day after the publication of the Joint Announcement, to the Latest Practicable Date (both days inclusive) (collectively, the "**Review Period**") as follows:



Source: Bloomberg and website of the Stock Exchange

Notes:

Note 1 The Company issued the announcement on 29 September 2015 in relation to the unusual price and trading movements. As stated in the said announcement, save for the disposal of 500,000,000 Shares by First Glory on 29 September 2015 (the "**First Share Disposal**"), the Board confirmed that it was not aware of any reasons for the increase in the price and trading volume of the Shares on 29 September 2015.

Note 2 The Company issued an inside information announcement on 27 October 2015 relating to the Group's expected improvement in its financial results (with a significant decrease in loss attributable to owners of the Company) for the six months ended 30 September 2015 as compared to the same period in 2014, due to a one-off disposal gain.

Note 3 The Company issued the announcement pursuant to Rule 3.7 of the Takeovers Code on 3 December 2015 in relation to the possible acquisition of the Shares held by the then controlling shareholders of the Company by a potential purchaser (the "**Possible Transaction**").

Note 4 The Company issued the announcement pursuant to Rule 3.7 of the Takeovers Code on 18 December 2015 in relation to the termination of the negotiations in respect of the Possible Transaction.

Note 5 The Company issued the announcement on 27 April 2016 in relation to the unusual price and trading movements. As stated in the said announcement, save for the disposal of 270,000,000 Shares by First Glory on 27 April 2016 (the "**Second Share Disposal**"), the Board confirmed that it was not aware of any reasons for the increase in the price and trading volume of the Shares on 27 April 2016.

Note 6 The Company issued the profit warning announcement in relation to the Group's financial results for FY2016 on 10 June 2016.

Note 7 The Company issued the profit warning announcement in relation to the Group's financial results for 1Q2017 on 2 August 2016.

Note 8 The Company issued the announcement on 8 September 2016 in relation to the trading halt, pending the release of the Joint Announcement pursuant to the Takeovers Code.

Note 9 The Company issued the Joint Announcement on 14 September 2016.

Pre-Announcement Period

As shown in the chart above, for the period from 8 September 2015 to the Last Trading Date (both days inclusive, the "**Pre-Announcement Period**"), the closing price of the Shares fluctuated around the Share Offer Price level. During the Pre-Announcement Period, the lowest closing price of the Shares was HK$0.1 per Share recorded on 21 January 2016 and the highest closing price of the Shares was HK$0.203 per Share recorded on 6 October 2015, as quoted on the Stock Exchange. The average daily closing price of the Shares during the Pre-Announcement Period was approximately HK$0.137 per Share. The Share Offer Price of HK$0.1211 per Share represents (i) a discount of approximately 40.34% to the highest closing price; (ii) a premium of approximately 21.10% over the lowest closing price; and (iii) a discount of approximately 11.61% to the average daily closing price during the Pre-Announcement Period.

For the period from 8 September 2015 to the end of January 2016 (the "**First Period**"), the price of the Shares was generally above the Share Offer Price but on a downward trend. Based on our review of the announcements published by the Company on the Stock Exchange, we are not aware of any other public information relating to the Share price movement during the period except for the announcement relating to the First Share Disposal. We also enquired with the management of the Company for the possible reasons for the price movement during the period and were advised that the Company was not aware of any other particular matters which might have impact on the Share price during the period except for the First Share Disposal. Based on the above, we believe the price surge in September 2015 was mainly due to the market speculation relating to the First Share Disposal. The Independent Shareholders should note that there is no guarantee that such price surge may occur during and/or after the Offer Period.

For the period from early February 2016 to the end of April 2016 (the "**Second Period**"), the price of the Shares was generally below the Share Offer Price with an average daily closing price of approximately HK$0.115.

For the period from early May 2016 to the end of July 2016 (the "**Third Period**"), the price of the Shares was generally above the Share Offer Price, ranging from HK$0.121 to HK$0.161. Based on our review of the announcements published by the Company on the Stock Exchange, we are not aware of any other public information relating to the Share price movement during the period except for the announcement relating to the Second Share Disposal. We also enquired with the management of the Company for the possible reasons for the price movement during the period and were advised that the Company was not aware of any other particular matters which might have impact on the Share price during the period except for the Second Share Disposal. Based on the above, we believe the price surge in early May 2016 was mainly due to the market speculation relating to the Second Share Disposal. The Independent Shareholders should note that there is no guarantee that such price surge may occur during and/or after the Offer Period.

For the Period from early August 2016 to the Last Trading Date (the "**Fourth Period**"), the price of the Shares was generally below the Share Offer Price with an average daily closing price of approximately HK$0.114.

As stated above, the Share Offer Price represents a premium of approximately 7.17% over the closing price on the Last Trading Date, and a premium over the average closing price of the Shares for the last five, 10 and 30 consecutive trading days up to and including the Last Trading Date of approximately 10.49%, 12.65% and 4.94%, respectively.

Post-Announcement Period

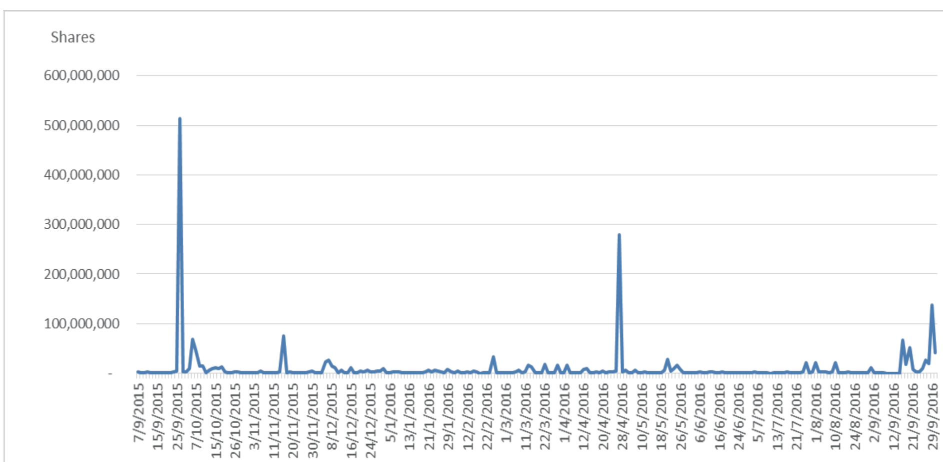
As shown in the chart above, during the interval of the Review Period from 15 September 2016 (being the first trading date immediately after the publish of the Joint Announcement) to the Latest Practicable Date (both days inclusive, the "**Post-Announcement Period**"), the Share price closed at a level higher than the Share Offer Price and recorded the lowest and the highest closing price of the Shares as quoted on the Stock Exchange of HK$0.122 per Share on 19 September 2016 and HK$0.155 per Share on 29 September 2016, respectively. We consider that the relatively high closing prices of the Shares during the Post-Announcement Period as compared to the Share Offer Price reflected the market's reaction to the Offers. After taking into account the historical Share price performance during the Pre-Announcement Period, we consider that the relatively high Share price during the Post-Announcement Period was supported by the Offers and thus there is uncertainty on the sustainability of the Share price momentum in the absence of the Offers.

We consider the price performance of the Shares during the Pre-Announcement Period is appropriate for us to assess the fairness and reasonableness of the Share Offer Price because we consider it being less distorted by the market's reactions and investors' speculation towards the Offers.

Having considered (i) the price performance of the Shares during the Pre-Announcement Period, which fluctuated generally around the Share Offer Price (despite of certain price surges during the period which have been analyzed above); (ii) the Group's deteriorating financial results and net liabilities position and the challenging outlook of the Group; and (iii) the uncertainty of the sustainability of the Share price momentum during the Post-Announcement Period in the absence of the Offers, we are of the view that from the Share price performance perspective, the Share Offer Price is fair and reasonable so far as the Independent Shareholders are concerned.

3.2 Historical trading liquidity of the Shares

The following chart shows the daily trading volume of the Shares during the Review Period.



Source: Bloomberg

The following table sets out the total trading volume of the Shares per month/period and the average daily trading volume of the Shares per month/period during the Review Period.

	Total trading volume for the month/period (Number of Shares)	Average daily trading volume for the month/ period (Number of Shares)	Percentage of average daily trading volume to total number of the Shares in issue as at the Latest Practicable Date *(Note 2)*	Percentage of average daily trading volume to total number of the Shares held by public Shareholders as at the Latest Practicable Date *(Note 3)*
Pre-Announcement Period				
2015				
8-30 September	528,830,000	37,773,571	1.36%	2.76%
October	214,675,577	10,733,779	0.39%	0.78%
November	102,520,000	5,126,000	0.18%	0.37%
December	129,630,000	5,892,273	0.21%	0.43%
2016				
January	43,840,000	2,192,000	0.08%	0.16%
February	54,495,925	3,205,643	0.12%	0.23%
March	76,790,000	4,276,111	0.15%	0.31%
April	342,310,000	17,115,500	0.62%	1.25%
May	90,180,000	4,509,000	0.16%	0.33%
June	16,660,000	876,842	0.03%	0.06%
July	35,660,000	1,876,842	0.07%	0.14%
August	60,860,000	3,580,000	0.13%	0.26%
1-7 September	13,600,000	2,720,000	0.10%	0.20%
Post-Announcement Period				
15 – 30 September *(Note 1)*	383,408,136	34,855,285	1.25%	2.55%

Source: Bloomberg

Notes:

1) The trading of the Shares on the Stock Exchange was suspended from 8 September 2016 to 14 September 2016 (both days inclusive) pending the release of the Joint Announcement. Trading of the Shares on the Stock Exchange was resumed on 15 September 2016.

2) Calculated based on the 2,777,450,000 Shares in issue as at the Latest Practicable Date.

3) Calculated based on the 1,367,639,917 Shares held by public Shareholders as at the Latest Practicable Date.

As illustrated in the table above, the average daily trading volume of the Shares was thin in general during the Pre-Announcement Period. Except for the interval from 8 September to 30 September 2015 and the month of April 2016, the average daily trading volume of the Shares was less than 1.0% of the total number of the Shares in issue as at the Latest Practicable Date and was less than 1.0% of the total number of the Shares held by public Shareholders as at the Latest Practicable Date. As explained above, the relatively high average daily trading volume of the Shares for the interval from 8 September to 30 September 2015 was considered to be due to the market reaction to the First Share Disposal and the relatively high average daily trading volume of the Shares for April 2016 was considered to be due to the market reaction to the Second Share Disposal.

We note that the average daily trading volume of the Shares in the Post-Announcement Period as a percentage of the total number of the Shares in issue and as a percentage of the total number of the Shares held by public Shareholders increased significantly. We consider that the relatively high average daily trading volume of the Shares during the Post-Announcement Period is most likely due to the market's reaction to the Offers and it is uncertain whether such trading momentum could be sustained in the absence of the Offers in light that the average daily trading volume of the Shares during the Pre-Announcement Period was in general significantly lower than that during the Post-Announcement Period.

The Independent Shareholders, especially those with significant shareholdings in the Company, should note that if they wish to realize their investments in the Shares, they might not be able to dispose of the Shares in the market without exerting a downward pressure on the market price of the Shares which may be lower than the Share Offer Price, given the thin historical average daily trading volume of the Shares. The Share Offer represents an alternative exit for the Independent Shareholders to realize their investments in the Shares at the Share Offer Price.

4. Comparison with comparable companies

Price-to-earnings ratio ("**P/E Ratio**") and price-to-book ratio ("**P/B Ratio**") are the most commonly used benchmarks in valuing a company. However, the Group has been loss making since its tapping into the food and beverage industry in 2010, thus making the P/E Ratio analysis to value the Company not applicable. As the Group recorded an audited net liabilities position as at 31 March 2016, the P/B Ratio analysis to value the Company is also not applicable.

5. Option Offer

Pacific Foundation, on behalf of the Offeror, is making the appropriate offer to the Optionholders in accordance with Rule 13 of the Takeovers Code to cancel all outstanding Share Options (whether vested or not) in exchange for cash.

As at the Latest Practicable Date, the Company had a total of 33,000,000 outstanding Share Options (the "**Outstanding Share Options**") granted under the Share Option Schemes with rights to subscribe for a total of 33,000,000 Option Shares. As noted from the Letter from the Board, all the outstanding Share Options are exercisable as at the Latest Practicable Date.

It is common market practice to adopt a "see-through" price (representing the difference between the share offer price and any given exercise price of the convertible instrument) as the offer/cancellation price for any convertible instrument in conjunction with a general offer for ordinary shares, which complies with Rule 13 of the Takeovers Code.

As set out in the sub-section headed "THE OFFERS – The Option Offer" above, we note that the Option Offer Price under the Option Offer is determined based on the difference between the exercise price of the respective Share Options and the Share Offer Price. In particular, the Option Offer Price for the In Money Options (being the Share Options with an exercise price of HK$0.062 and HK$0.090, respectively) represents the difference between the Share Offer Price and the given exercise price of these Share Options. The Option Offer Price for the out-of-money Share Options (being the Share Options with an exercise price of HK$0.138 and HK$0.210, respectively) is set at a nominal amount of HK$0.00001 per Share Option as the exercise prices of these Share Options are above the Share Offer Price. Therefore, we consider the basis of determining the Option Offer Price is in line with the market practice and fair and reasonable so far as the Optionholders are concerned and is in accordance with the requirements of Rule 13 of the Takeovers Code.

The Optionholders should note that, as stated in the Letter from Pacific Foundation, pursuant to the terms of the Share Option Schemes, if a general offer is made to all the Optionholders, or all such Optionholders other than the Offeror and any person acting in concert with the Offeror, and such offer becomes or is declared unconditional, the grantees of the Share Options shall, notwithstanding any other terms on which his Share Options were granted, be entitled to exercise the Share Options (to the extent not already exercised) to its full extent at any time thereafter and up to the close of such offer, after which the Share Options shall lapse.

CONCLUSION AND RECOMMENDATION

Having considered the principal factors and reasons as discussed above, in particular the following (which should be read in conjunction with and interpreted in the full context of this letter):

(i) the Group's deteriorating financial results and net liabilities position and the uncertainty on whether and when the Group can successfully remodel and turn around its business;

(ii) the price performance of the Shares during the Pre-Announcement Period, which fluctuated generally around the Share Offer Price (despite of certain price surges as analyzed above);

(iii) the Share Offer Price representing a premium over the closing price of the Shares on the Last Trading Date, and a premium over the average closing price of the Shares for the last five, 10 and 30 consecutive trading days up to and including the Last Trading Date;

(iv) the Share Offer Price representing a premium as compared to the net liabilities of the Company per Share of approximately HK$0.0002;

(v) the uncertainty of the sustainability of the Share price momentum during the Post-Announcement Period in the absence of the Offers;

(vi) the relatively high average daily trading volume of the Shares during the Post-Announcement Period was most likely due to the market's reaction to the Offers and it is uncertain whether such trading momentum could be sustained in the absence of the Offers as the average daily trading volume of the Shares was in general significantly low during the Pre-Announcement Period, and thus the Independent Shareholders might not be able to dispose of a significant shareholding in the Company in the market without exerting a downward pressure on the market price of the Shares while the Share Offer represents an alternative exit for the Independent Shareholders to realize their investments in the Shares at the Share Offer Price; and

(vii) the basis of determining the Option Offer Price is in line with the market practice and fair and reasonable and is in accordance with the requirements of Rule 13 of the Takeovers Code,

we consider that the terms of the Offers are fair and reasonable so far as the Independent Shareholders and the Optionholders are concerned. Accordingly, we recommend the Independent Board Committee to advise the Independent Shareholders to accept the Share Offer and the Optionholders to accept the Option Offer.

The Independent Shareholders who would like to realize part or all of their investments in the Shares should closely monitor the market prices of the Shares during the Offer Period and should, having regard to their own circumstances, consider selling their Shares in the open market instead of accepting the Share Offer if the sale proceeds (net of transaction costs) exceed the net amount receivable under the Share Offer.

The Optionholders should closely monitor the market prices of the Shares during the Offer Period and should, having regard to their own circumstances, consider converting their Share Options and selling the conversion shares in the open market instead of accepting the Option Offer if the sale proceeds (net of transaction costs) exceed the net amount receivable under the Option Offer.

Those Independent Shareholders who wish to retain part or all of their investments in the Shares should consider carefully the intentions of the Offeror in relation to the Group after the close of the Offers (with details set out in the section above headed "2.2 Intention of the Offeror in respect of the Group" of this letter and in the Letter from Pacific Foundation).

The Shareholders and the Optionholders should also read carefully the procedures for accepting the Offers with details set out in the Composite Document.

Yours faithfully,
For and on behalf of
BOSC International Company Limited

Heidi Cheng	**Lily Li**
Managing Director	*Associate Director*
Corporate Finance	*Corporate Finance*
Investment Banking	*Investment Banking*

Note: Ms. Heidi Cheng of BOSC International has been a responsible officer of Type 6 (advising on corporate finance) regulated activity since 2004, and Ms. Lily Li of BOSC International has been a licensed representative of Type 6 (advising on corporate finance) regulated activity since 2006.

1. PROCEDURES FOR ACCEPTANCE OF THE OFFERS

To accept the Offers, you should complete and sign the Forms of Acceptance in accordance with the instructions printed thereon, which instructions form part of the Offers.

(a) If the share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares is/are in your name, and you wish to accept the Offers, you must send the Forms of Acceptance duly completed and signed together with the relevant share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) to the Registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, by post or by hand, marked "**Epicurean and Company, Limited – Share Offer**" on the envelope, in any event not later than 4:00 p.m., on the Closing Date or such later time and/or date as the Offeror may determine and announce in accordance with the Takeovers Code.

(b) If the share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares is/are in the name of a nominee company or a name other than your own, and you wish to accept the Offers whether in full or in part of your Shares, you must either:

(i) lodge your share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) with the nominee company, or other nominee, with instructions authorising it to accept the Offers on your behalf and requesting it to deliver in an envelope marked "**Epicurean and Company, Limited – Share Offer**" the duly completed and signed Forms of Acceptance together with the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) to the Registrar; or

(ii) arrange for the Shares to be registered in your name by the Company through the Registrar, and deliver in an envelope marked "**Epicurean and Company, Limited – Share Offer**" the duly completed and signed Forms of Acceptance together with the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) to the Registrar; or

(iii) if your Shares have been lodged with your licensed securities dealer/registered institution in securities/custodian bank through CCASS, instruct your licensed securities dealer/registered institution in securities/custodian bank to authorise HKSCC Nominees Limited to accept the Offers on your behalf on or before the deadline set by HKSCC Nominees Limited. In order to meet the deadline set by HKSCC Nominees Limited, you should check with your licensed securities dealer/registered institution in securities/custodian bank for the timing on the processing of your instruction, and submit your instruction to your licensed securities dealer/registered institution in securities/custodian bank as required by them; or

(iv) if your Shares have been lodged with your investor participant's account maintained with CCASS, authorise your instruction via the CCASS Phone System or CCASS Internet System on or before the deadline set by HKSCC Nominees Limited.

(c) If the share certificate(s) and/or transfer receipts and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares is/are not readily available and/or is/are lost and you wish to accept the Offers in respect of your Shares, the Forms of Acceptance should nevertheless be duly completed and signed and delivered in an envelope marked "**Epicurean and Company, Limited – Share Offer**" to the Registrar together with a letter stating that you have lost one or more of your share certificate(s) and/or transfer receipts and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) or that it/they is/are not readily available. If you find such document(s) or if it/they become(s) available, it/they should be forwarded to the Registrar as soon as possible thereafter. If you have lost your share certificate(s), you should also write to the Registrar for a letter of indemnity which, when completed in accordance with the instructions given, should be returned to the Registrar.

(d) If you have lodged transfer(s) of any of your Shares for registration in your name and have not yet received your share certificate(s), and you wish to accept the Offers in respect of your Shares, you should nevertheless complete and sign the Forms of Acceptance and deliver it in an envelope marked "**Epicurean and Company, Limited – Share Offer**" to the Registrar together with the transfer receipt(s) duly signed by yourself. Such action will be deemed to be an irrevocable instruction and authority to each of Pacific Foundation and/or the Offeror and/or any of their respective agent(s) to collect from the Company or the Registrar on your behalf the relevant share certificate(s) when issued and to deliver such certificate(s) to the Registrar and to authorise and instruct the Registrar to hold such share certificate(s), subject to the terms and conditions of the Offers, as if it was/they were delivered to the Registrar with the Forms of Acceptance.

(e) Acceptance of the Offers will be treated as valid only if the duly completed and signed Forms of Acceptance is received by the Registrar by no later than 4:00 p.m. on the Closing Date or such later time and/or date as the Offeror may determine and announce in accordance with the Takeovers Code and the Registrar has recorded that the Forms of Acceptance and any relevant documents required have been so received, and is:

(i) accompanied by the relevant Share certificate(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) and, if those Share certificate(s) is/are not in your name, such other documents (e.g. a duly stamped transfer of the relevant Share(s) in blank or in your favour executed by the registered holder) in order to establish your right to become the registered holder of the relevant Shares; or

(ii) from a registered Shareholder or his personal representative (but only up to the amount of the registered holding and only to the extent that the acceptance relates to the Shares which are not taken into account under the other subparagraph of this paragraph (e)); or

(iii) certified by the Registrar or the Stock Exchange. If the Forms of Acceptance is executed by a person other than the registered Shareholder, appropriate documentary evidence of authority (such as grant of probate or certified copy of power of attorney) to the satisfaction of the Registrar must be produced.

(f) In Hong Kong, seller's ad valorem stamp duty arising in connection with acceptances of the Offers will be payable by relevant Independent Shareholders at a rate of 0.1% of the market value of the Offer Shares or consideration payable by the Offeror in respect of the relevant acceptances of the Offers, whichever is higher, will be deducted from the cash amount payable by the Offeror to the relevant Independent Shareholder accepting the Offers (where the amount of stamp duty is a fraction of a dollar, the stamp duty will be rounded up to the nearest dollar). The Offeror will arrange for payment of the seller's ad valorem stamp duty on behalf of relevant Independent Shareholders accepting the Offers and will pay the buyer's ad valorem stamp duty in connection with the acceptance of the Offers and the transfer of the Shares.

(g) No acknowledgement of receipt of any Forms of Acceptance, share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) will be given.

(h) The address of the Registrar is Shops 1712-1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.

2. SETTLEMENT

(a) Provided that valid Forms of Acceptance and the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title and/or transfer receipt(s) (and/or any satisfactory indemnity or indemnities required in respect thereof) have been received by the Registrar no later than the latest time for acceptance, a cheque for the amount due to each accepting Shareholder, less the seller's ad valorem stamp duty payable by him, will be despatched to such Shareholder by ordinary post at his own risk as soon as possible but in any event within seven Business Days following the date on which all the relevant documents are received by the Registrar to render such acceptance complete and valid.

(b) Settlement of the consideration to which any Shareholders are entitled under the Offers will be implemented in full in accordance with the terms of the Offers (save with respect of the payment of seller's ad valorem stamp duty), without regard to any lien, right of set-off, counterclaim or other analogous right to which the Offeror may otherwise be, or claim to be, entitled against such Shareholders.

3. ACCEPTANCE PERIOD AND REVISIONS

(a) Unless the Offers have previously been revised or extended with the consent of the Executive, all acceptances of the Offers must be received by the Registrar by 4:00 p.m. on Friday, 4 November 2016, being the Closing Date. The Offers are unconditional.

(b) If the Offers are extended or revised, the announcement of such extension or revision shall state the next Closing Date or that the Offers will remain open until further notice. For the latter case, at least 14 days' notice in writing will be given to the Shareholders who have not accepted the Offers before the Offers are closed, and an announcement in respect thereof shall be released. If the Offeror revises the terms of the Offers, all Independent Shareholders, whether or not they have already accepted the Offers, will be entitled to accept the revised Offers under the revised terms.

(c) If the Closing Date is extended, any reference in this Composite Document and in the Forms of Acceptance to the Closing Date shall, except where the context otherwise requires, be deemed to refer to the Closing Date so extended.

4. NOMINEE REGISTRATION

To ensure equality of treatment of all Independent Shareholders, those registered Independent Shareholders who hold the Shares as nominees for more than one beneficial owner should, as far as practicable, treat the holding of each beneficial owner separately. It is essential for the beneficial owners of the Shares whose investments are registered in the names of nominees to provide instructions to their nominees of their intentions with regard to the Offers.

5. ANNOUNCEMENTS

(a) By 6:00 p.m. on Friday, 4 November 2016 (or such later time and/or date as the Executive may in exceptional circumstances permit) which is the Closing Date, the Offeror must inform the Executive and the Stock Exchange of its decision in relation to the expiry, revision or extension of the Offers. The Offeror must post an announcement on the Stock Exchange's website by 7:00 p.m. on the Closing Date stating the results of the Offers and whether the Offers have been revised or extended.

The announcement must state the total number of Shares and rights over Shares:

(i) for which acceptances of the Offers have been received;

(ii) held, controlled or directed by the Offeror or persons acting in concert with it before the Offer Period; and

(iii) acquired or agreed to be acquired during the Offer Period by the Offeror or persons acting in concert with it.

The announcement must also include details of any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company which the Offeror or any person acting in concert with it has borrowed or lent (save for any borrowed Shares which have been either on-lent or sold) and specify the percentages of the issued share capital of the Company and the percentages of voting rights of the Company represented by these numbers.

(b) In computing the total number of Shares represented by acceptances, only valid acceptances that have been received by the Registrar no later than 4:00 p.m. on the Closing Date shall be included.

(c) As required under the Takeovers Code, all announcements in respect of the Offers must be made in accordance with the requirements of the Takeovers Code and the GEM Listing Rules.

6. RIGHT OF WITHDRAWAL

(a) Acceptance of the Offers tendered by any Independent Shareholders shall be irrevocable and cannot be withdrawn, except in the circumstances set out below.

(b) If the Offeror is unable to comply with the requirements set out in the paragraph headed "Announcements" above, as set out in Rule 19.2 of the Takeovers Code, the Executive may require that the Independent Shareholders who have tendered acceptances to the Offers be granted a right of withdrawal on terms that are acceptable to the Executive until the requirements set out in that rule are met.

(c) In such case, if the Independent Shareholders withdraw their acceptances, the Offeror and Registrar shall, as soon as possible but in any event within ten days thereof, return by ordinary post the share certificate(s),and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of the Shares lodged with the Forms of Acceptance to the relevant Independent Shareholders.

7. NOTES TO US SHAREHOLDERS

The Composite Document will not be filed under any laws or rules of any jurisdiction other than Hong Kong. The Offeror intends to make the Share Offer available to all Independent Shareholders, including Overseas Holders. As the Share Offer to Overseas Holders might be affected by the applicable laws of the relevant jurisdictions in which they are resident, any Overseas Holders who wish to accept the Share Offer should inform themselves about and observe any applicable requirement in their own jurisdictions (including the obtaining of any governmental or other consent which may be required or the compliance with other necessary formalities and the payment of any transfer or other taxes due in respect of such jurisdictions) and, where necessary, consult their own professional advisers. Acceptance of the Share Offer by any Overseas Holder will constitute a warranty by any such person that such person (i) is permitted under all applicable laws to receive and accept the Share Offer, and any revision thereof, (ii) has observed all the applicable laws and regulations of the relevant jurisdiction in connection with such acceptance, including obtaining any government or other consent which may be required, and (iii) has complied with any other necessary formality and has paid any issue, transfer or other taxes due in such jurisdiction, and that such acceptance shall be valid and binding in accordance with all applicable laws.

The receipt of cash pursuant to the Offers by a US holder of the Offer Shares pursuant to the Share Offer may be a taxable transaction for US federal income tax purposes and under applicable US state and local, as well as foreign and other tax laws. Each holder of the Offer Shares is urged to consult his/her independent professional adviser immediately regarding the applicable tax consequences of the Share Offer.

It may be difficult for US holders of Offer Shares to enforce their rights and claims arising out of the US federal securities laws, since Pacific Foundation, the Offeror and the Company are located in a country other than the US, and some or all of their officers and directors may be residents of a country other than the US. US holders of the Offer Shares may not be able to sue a non-US company or its officers or directors in a non-US court for violations of the US securities laws. Further, it may be difficult to compel a non-US company and its affiliates to subject themselves to a US court's judgment.

Publication or distribution, in whole or in part, of this Composite Document does not constitute an invitation to participate in the Offers in or from any jurisdiction in or from which, or to or from any person to or from whom, it is unlawful to make the Offers under applicable securities laws or otherwise.

8. GENERAL

(a) All communications, notices, Forms of Acceptance, share certificates, transfer receipts, other documents of title (and/or any satisfactory indemnity or indemnities required in respect thereof) and remittances to settle the consideration payable under the Offers to be delivered by or sent to or from the Independent Shareholders will be delivered by or sent to or from them, or their designated agents by post at their own risk, and the Offeror, its beneficial owners, the Company, Veda Capital, Pacific Foundation, BOSC International, the Registrar or the company secretary of the Company, any of their respective directors and professional advisers and any other parties involved in the Offers and any of their respective agents do not accept any liability for any loss or delay in postage or any other liabilities that may arise as a result thereof.

(b) The provisions set out in the Forms of Acceptance form part of the terms of the Offers.

(c) The accidental omission to despatch this Composite Document and/or Forms of Acceptance or any of them to any person to whom the Offers are made will not invalidate the Offers in any way.

(d) The Offers are, and all acceptances will be, governed by and construed in accordance with the laws of Hong Kong.

(e) Due execution of the Forms of Acceptance will constitute an authority to the Offeror, Pacific Foundation or such person or persons as the Offeror may direct to complete, amend and execute any document on behalf of the person or persons accepting the Offers and to do any other act that may be necessary or expedient for the purposes of vesting in the Offeror, or such person or persons as it may direct, the Shares in respect of which such person or persons has/have accepted the Offers.

(f) Acceptance of the Offers by any person or persons will be deemed to constitute a warranty by such person or persons to the Offeror and the Company that the Shares under the Offers are free from all third party rights and Encumbrances whatsoever and together with all rights accruing or attaching thereto including the rights to receive in full all dividends and distributions recommended, declared, made or paid on or after the date on which the Offers are made.

(g) References to the Offers in this Composite Document and the Forms of Acceptance shall include any revision and/or extension thereof.

(h) The making of the Offers to the Overseas Holders may be prohibited or affected by the laws of the relevant jurisdictions. The Overseas Holders should inform themselves about and observe any applicable legal or regulatory requirements. It is the responsibility of each Overseas Holders who wishes to accept the Offers to satisfy himself/herself/itself as to the full observance of the laws and regulations of all relevant jurisdictions in connection therewith, including, but not limited to the obtaining of any governmental, exchange control or other consents and any registration or filing which may be required and the compliance with all necessary formalities, regulatory and/or legal requirements. Such Overseas Holders shall be fully responsible for the payment of any transfer or other taxes and duties due by such Overseas Holders in respect of the relevant jurisdictions. The Overseas Holders are recommended to seek professional advice on deciding whether or not to accept the Offers.

(i) Acceptances of the Offers by any persons will be deemed to constitute a warranty by such persons that such persons are permitted under all applicable laws and regulations to receive and accept the Offers, and any revision thereof, and such acceptances shall be valid and binding in accordance with all applicable laws and regulations. Any such persons will be responsible for any such issue, transfer and other applicable taxes or other governmental payments payable by such persons.

(j) In making their decision, the Independent Shareholders must rely on their own examination of the Offeror, the Group and the terms of the Offers, including the merits and risks involved. The contents of this Composite Document, including any general advice or recommendation contained herein together with the Forms of Acceptance shall not be construed as any legal or business advice on the part of the Offeror, its beneficial owners, the Company, Veda Capital, Pacific Foundation or BOSC International or their respective professional advisers. The Independent Shareholders should consult their own professional advisers for professional advice.

(k) The English texts of this Composite Document and the Forms of Acceptance shall prevail over their respective Chinese texts for the purpose of interpretation in case of inconsistency.

1. SUMMARY OF FINANCIAL INFORMATION OF THE GROUP

The following is a summary of the audited financial results of the Group for each of three years ended 31 March 2016 as extracted from the published annual reports of the Company and the unaudited financial results of the Group for the three months ended 30 June 2016 as extracted from the published first quarterly report of the Company.

	For the three months ended 30 June 2016	Year ended 31 March 2016	2015	2014
	(unaudited)	(audited)	(audited)	(audited)
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
RESULTS				
Revenue	77,575	442,871	505,991	414,613
Loss before income tax	(13,793)	(34,736)	(34,891)	(27,901)
Income tax income/(expense)	32	(3,898)	(2,021)	(289)
Loss for the year	(13,761)	(38,634)	(36,912)	(28,190)
Attributable to:				
Owners of the Company	(13,574)	(38,705)	(36,643)	(27,712)
Non-controlling interests	(187)	71	(269)	(478)
	(13,761)	(38,634)	(36,912)	(28,190)
Loss per share (HK cents)				
– Basic	(0.49)	(1.55)	(1.63)	(1.24)
– Diluted	N/A	N/A	N/A	N/A

	As at 31 March		
	2016	**2015**	**2014**
	(audited)	(audited)	(audited)
	HK$'000	*HK$'000*	*HK$'000*
ASSETS AND LIABILITIES			
Non-current assets	110,390	154,495	158,789
Current assets	81,594	108,029	83,181
Current liabilities	(148,862)	(260,656)	(122,743)
Non-current liabilities	(43,563)	(6,290)	(87,177)
Total equity	(441)	(4,422)	32,050
Attributable to:			
Owners of the Company	372	(5,078)	31,223
Non-controlling interests	(813)	656	827
	(441)	(4,422)	32,050

Notes:

1. No qualified opinion in respect of the audit of the Group for the three years ended 31 March 2014, 2015 and 2016 has been issued by the auditors of the Company.

2. There were no exceptional items because of size, nature or incidence recorded in the audited consolidated financial statements of the Group for the three years ended 31 March 2014, 2015 and 2016 and for the three months period ended 30 June 2016.

3. There was no dividend declared by the Group for the three years ended 31 March 2014, 2015 and 2016 and for the three months period ended 30 June 2016.

The auditors of the Company, PKF, Certified Public Accountants did not issue any qualified or modified opinion on the respective financial statements of the Group for the three years ended 31 March 2014, 2015 and 2016, and the Company had no items which are exceptional or extraordinary because of size, nature or incidence for the same financial years and for the three months period ended 30 June 2016.

2. FINANCIAL INFORMATION OF THE GROUP

Unaudited consolidated financial information of the Group for the period ended 30 June 2016

Set out below is the full text of the unaudited consolidated financial statements of the Group for the period ended 30 June 2016 extracted from the first quarterly report of the Company for the period ended 30 June 2016.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS (UNAUDITED)
For the three months ended 30 June 2016

		For the three months ended 30 June	
		2016	**2015**
	Note	*HK$'000*	*HK$'000*
Revenue	*2*	77,575	127,698
Cost of sales		(24,997)	(38,188)
Gross profit		52,578	89,510
Other income		400	375
Operating expenses		(65,688)	(95,685)
Operating loss		(12,710)	(5,800)
Finance costs		(1,083)	(1,975)
Loss before income tax		(13,793)	(7,775)
Income tax	*3*	32	(880)
Loss for the period		(13,761)	(8,655)

		For the three months ended 30 June	
		2016	**2015**
	Note	*HK$'000*	*HK$'000*
Loss for the period attributable to:			
Owners of the Company		(13,574)	(8,488)
Non-controlling interests		(187)	(167)
		(13,761)	(8,655)
Loss per share *(HK cents)*	*4*		
– Basic		(0.49)	(0.38)
– Diluted		N/A	N/A

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)
For the three months ended 30 June 2016

	2016	2015
	HK$'000	*HK$'000*
Loss for the period	(13,761)	(8,655)
Other comprehensive income for the period, net of tax:–		
Items that may be subsequently reclassified to profit or loss:–		
Exchange gain arising from translation of financial statements of foreign operations	318	123
Total comprehensive loss for the period	(13,443)	(8,532)
Total comprehensive loss for the period attributable to:–		
Owners of the Company	(13,249)	(8,365)
Non-controlling interests	(194)	(167)
	(13,443)	(8,532)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the three months ended 30 June 2016

	Attributable to owners of the Company										
	Share capital HK$'000	Accumulated losses HK$'000	Share premium HK$'000	Special reserve HK$'000	Exchange reserve HK$'000	Employee share-based compensation reserve HK$'000	Convertible bonds equity reserve HK$'000	Other reserve HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total HK$'000
At 1.4.2015 (audited)	22,430	(170,884)	135,200	3,801	92	2,020	2,521	(258)	(5,078)	656	(4,422)
Recognition of equity-settled share-based payment expenses	–	–	–	–	–	8	–	–	8	–	8
Comprehensive loss											
Loss for the period	–	(8,488)	–	–	–	–	–	–	(8,488)	(167)	(8,655)
Other comprehensive income:–											
Exchange gain arising from translation of financial statements of foreign operations	–	–	–	–	123	–	–	–	123	–	123
Total comprehensive loss for the period	–	(8,488)	–	–	123	–	–	–	(8,365)	(167)	(8,532)
At 30.6.2015 (unaudited)	22,430	(179,372)	135,200	3,801	215	2,028	2,521	(258)	(13,435)	489	(12,946)
At 1.4.2016 (audited)	27,775	(207,068)	173,887	3,801	(210)	1,055	1,390	(258)	372	(813)	(441)
Comprehensive loss											
Loss for the period	–	(13,574)	–	–	–	–	–	–	(13,574)	(187)	(13,761)
Other comprehensive income:–											
Exchange gain/(loss) arising from translation of financial statements of foreign operations	–	–	–	–	325	–	–	–	325	(7)	318
Total comprehensive loss for the period	–	(13,574)	–	–	325	–	–	–	(13,249)	(194)	(13,443)
At 30.6.2016 (unaudited)	27,775	(220,642)	173,887	3,801	115	1,055	1,390	(258)	(12,877)	(1,007)	(13,884)

Notes:

1. Basis of preparation

(a) These unaudited condensed consolidated quarterly results have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), Hong Kong Accounting Standards and Interpretations 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 and are prepared under the historical cost convention and the disclosure requirements of the Rules Governing the Listing of Securities on the GEM of the Stock Exchange.

These unaudited condensed consolidated quarterly results should be read in conjunction with the consolidated financial statements for the year ended 31 March 2016, which have been prepared in accordance with HKFRSs.

These unaudited condensed consolidated quarterly results have been prepared in accordance with the same accounting policies adopted in the 2016 annual financial statements, except for all the new and revised HKFRSs issued by the HKICPA that are relevant to its operations and effective for its annual period beginning on 1 April 2016. The adoption of these new and revised HKFRSs did not result in significant changes to the Group's accounting policies, presentation of the Group's condensed consolidated quarterly results and amounts reported for the current period and prior periods.

(b) Adoption of the going concern basis

When preparing the unaudited condensed consolidated quarterly results, the Group's ability to continue as a going concern has been assessed. These unaudited condensed consolidated quarterly results have been prepared by the Directors on a going concern basis notwithstanding that the Group incurred a loss of HK$13,761,000 for the period ended 30 June 2016 and as of that date, the Group had net current liabilities and net liabilities of HK$84,710,000 and HK$13,884,000 respectively as the Directors considered that:–

(1) Mr. Tang Sing Ming Sherman ("Mr. Tang"), who, as at 30 June 2016, provided loans to the Group of HK$78,389,000 and is also the sole beneficial owner of all the convertible bonds issued by the Company in the aggregate principal amount of HK$40,000,000, will provide continuing financial support to the Group. Mr. Tang is the executive director of the Company and one of the beneficiaries of a family trust which hold approximately 50.54% interest in the Company altogether; and

(2) The Group had unutilized banking facilities of HK$25,920,000 as at 30 June 2016. Given the Group maintained strong business relationship with its bankers and based on the past experiences, the Directors considered that the Group is able to renew the facilities when such facilities expire.

After taking into consideration of above factors, the Directors are satisfied that the Group will have sufficient financial resources to meet its financial obligations as they fall due in the foreseeable future and consider that it is appropriate for the unaudited condensed consolidated quarterly results to be prepared on a going concern basis since there are no material uncertainties related to events or conditions that may cost significant doubt upon the Group's ability to continue as a going concern.

2. Revenue

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

	For the three months ended 30 June	
	2016	**2015**
	(unaudited)	**(unaudited)**
	HK$'000	*HK$'000*
Provision of food and beverage services and others	77,575	127,698

3. Income tax

Taxation in the profit or loss represents:

	For the three months ended 30 June	
	2016	**2015**
	(unaudited)	**(unaudited)**
	HK$'000	*HK$'000*
Current tax	1,477	690
Deferred tax	(1,509)	190
	(32)	880

(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, the People's Republic of China ("PRC") and Taiwan are subject to Hong Kong Profits Tax, PRC Enterprise Income Tax and Taiwan Profit-Seeking-Enterprise Income Tax at the rates of 16.5%, 25% and 17% respectively (2015: Hong Kong – 16.5%, PRC – 25%, Taiwan – 17% and Japan – 15% respectively).

4. Loss per share

The calculation of basic loss per share is based on the loss attributable to owners of the Company of HK$13,574,000 (2015: HK$8,488,000) and the weighted average number of ordinary shares of 2,777,450,000 (2015: 2,242,950,000 ordinary shares) in issue during the period ended 30 June 2016.

Diluted loss per share has not been disclosed as no dilutive potential equity shares in existence as at 30 June 2015 and 2016.

Audited consolidated financial information of the Group for the year ended 31 March 2016

Set out below is the full text of the audited consolidated financial statements of the Group for the year ended 31 March 2016 extracted from the annual report of the Company for the year ended 31 March 2016.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
For the year ended 31 March 2016

	Note	2016 HK$'000	2015 HK$'000
Revenue	4	442,871	505,991
Cost of sales		(144,389)	(159,999)
Gross profit		298,482	345,992
Other income	5	3,526	1,851
Gain on disposal of subsidiaries	33	11,539	–
Impairment loss on goodwill	13	(4,293)	–
Impairment loss on other intangible assets	14	(3,147)	–
Impairment loss on plant and equipment	11	(5,648)	(2,185)
Operating expenses		(328,980)	(372,840)
Operating loss		(28,521)	(27,182)
Finance costs	6(a)	(6,215)	(7,709)
Loss before income tax	6	(34,736)	(34,891)
Income tax expense	8(a)	(3,898)	(2,021)
Loss for the year		(38,634)	(36,912)

	Note	2016 *HK$'000*	2015 *HK$'000*
Loss for the year attributable to:–			
Owners of the Company		(38,705)	(36,643)
Non-controlling interests		71	(269)
		(38,634)	(36,912)
Loss per share (HK cents)	*10*		
– Basic		(1.55)	(1.63)
– Diluted		N/A	N/A

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2016

	Note	2016 HK$'000	2015 HK$'000
Loss for the year		(38,634)	(36,912)
Other comprehensive income:–			
Items that may be subsequently reclassified to profit or loss:–			
Exchange gain arising from translation of financial statements of foreign operations		264	279
Other comprehensive income for the year, net of tax		264	279
Total comprehensive loss for the year		(38,370)	(36,633)
Total comprehensive loss for the year attributable to:–			
Owners of the Company		(38,441)	(36,364)
Non-controlling interests		71	(269)
		(38,370)	(36,633)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2016

	Note	2016 HK$'000	2015 HK$'000
NON-CURRENT ASSETS			
Plant and equipment	11	30,118	56,761
Goodwill on consolidation	13	55,095	60,031
Other intangible assets	14	20,133	26,468
Deferred tax assets	15	5,044	11,235
		110,390	154,495
CURRENT ASSETS			
Inventories	16	4,917	6,434
Debtors, deposits and prepayments	17	35,532	51,847
Income tax recoverable		1,174	120
Cash and cash equivalents	18	39,971	49,628
		81,594	108,029
DEDUCT:			
CURRENT LIABILITIES			
Convertible bonds	25	–	79,625
Loans from a director	24	71,716	81,700
Obligations under finance lease	22	238	698
Bank loans, secured	23 & 28	24,888	26,293
Creditors, accruals and deposits received	19	51,794	69,500
Income tax payable		226	2,840
		148,862	260,656
NET CURRENT LIABILITIES		(67,268)	(152,627)

	Note	2016 HK$'000	2015 HK$'000
TOTAL ASSETS LESS CURRENT LIABILITIES		43,122	1,868
NON-CURRENT LIABILITIES			
Convertible bonds	25	38,563	–
Deferred tax liabilities	15	1,986	2,788
Other payables	19	2,835	3,502
Obligations under finance lease	22	179	–
		43,563	6,290
NET LIABILITIES		(441)	(4,422)
REPRESENTING:			
EQUITY ATTRIBUTABLE TO OWNER OF THE COMPANY			
Share capital	20	27,775	22,430
Reserves	21	(27,403)	(27,508)
		372	(5,078)
NON-CONTROLLING INTERESTS		(813)	656
TOTAL EQUITY		(441)	(4,422)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2016

	Attributable to owners of the Company										
	Share capital HK$'000	Accumulated losses HK$'000	Share premium HK$'000	Special reserve HK$'000	Exchange reserve HK$'000	Employee share-based compensation reserve HK$'000	Convertible bonds equity reserve HK$'000	Other reserve HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total HK$'000
At 1.4.2014	22,430	(134,287)	135,200	3,801	(187)	1,820	2,521	(75)	31,223	827	32,050
Acquisition of non-controlling interests	–	–	–	–	–	–	–	(183)	(183)	98	(85)
Recognition of equity-settled share-based payment expenses – *Note 26*	–	–	–	–	–	246	–	–	246	–	246
Share options lapsed	–	46	–	–	–	(46)	–	–	–	–	–
Comprehensive loss											
Loss for the year	–	(36,643)	–	–	–	–	–	–	(36,643)	(269)	(36,912)
Other comprehensive income:–											
Exchange gain arising from translation of financial statements of foreign operations	–	–	–	–	279	–	–	–	279	–	279
Total comprehensive loss for the year	–	(36,643)	–	–	279	–	–	–	(36,364)	(269)	(36,633)
At 31.3.2015 and 1.4.2015	22,430	(170,884)	135,200	3,801	92	2,020	2,521	(258)	(5,078)	656	(4,422)
Recognition of equity-settled share-based payment expenses – *Note 26*	–	–	–	–	–	9	–	–	9	–	9
Release upon disposal of subsidiaries – *Note 33*	–	–	–	–	(566)	–	–	–	(566)	(1,540)	(2,106)
Exercise of share option – *Note 26*	345	–	3,640	–	–	(974)	–	–	3,011	–	3,011
Extension of convertible bonds	–	2,521	–	–	–	–	260	–	2,781	–	2,781
Conversion of convertible bonds – *Note 25*	5,000	–	35,047	–	–	–	(1,391)	–	38,656	–	38,656
Comprehensive loss											
Loss for the year	–	(38,705)	–	–	–	–	–	–	(38,705)	71	(38,634)
Other comprehensive income:–											
Exchange gain arising from translation of financial statements of foreign operations	–	–	–	–	264	–	–	–	264	–	264
Total comprehensive loss for the year	–	(38,705)	–	–	264	–	–	–	(38,441)	71	(38,370)
At 31.3.2016	27,775	(207,068)	173,887	3,801	(210)	1,055	1,390	(258)	372	(813)	(441)

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2016

	Note	2016 HK$'000	2015 HK$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before income tax		(34,736)	(34,891)
Adjustments for:			
Foreign exchange loss		206	798
Interest income		(5)	(3)
Reversal on provision of reinstatement costs		(804)	–
Interest on secured bank loans, repayable within five years		795	726
Interest expense on convertible bonds		1,220	1,600
Imputed interest expense on convertible bonds		375	943
Finance charges on obligations under finance lease		15	37
Depreciation of plant and equipment		31,002	35,025
Loss/(gain) on disposal of plant and equipment		508	(769)
Amortization of other intangible assets		2,131	1,476
Equity-settled share-based payment expenses		9	246
Impairment loss on plant and equipment		5,648	2,185
Impairment loss on goodwill		4,293	–
Impairment loss on other intangible assets		3,147	–
Gain on disposal of subsidiaries	33	(11,539)	–
Operating profit before working capital changes		2,265	7,373
Decrease/(increase) in inventories		270	(1,153)
Increase in debtors, deposits and prepayments		(2,817)	(2,261)
(Decrease)/increase in creditors, accruals and deposits received		(2,313)	7,168

	Note	2016 HK$'000	2015 HK$'000
Cash generated (used in)/from operations		(2,595)	11,127
Income tax paid		(4,057)	(2,031)
Interest received		5	3
Interests paid on bank loans, repayable within five years		(751)	(686)
Interest paid on convertible bonds		–	(802)
Finance charges on obligations under finance lease		(15)	(37)
NET CASH (USED IN)/FROM OPERATING ACTIVITIES		(7,413)	7,574
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment for purchase of plant and equipment		(21,867)	(27,682)
Net cash outflow arising from business combination	*32*	(3,859)	–
Decrease in pledged bank deposit		–	614
Sales proceeds from disposal of plant and equipment		227	–
Net cash outflow arising on disposal of subsidiaries	*33*	(14,019)	–
Payment for acquisition of other intangible assets		(386)	(522)
Payment for acquisition of additional non-controlling interests		–	(85)
NET CASH USED IN INVESTING ACTIVITIES		(39,904)	(27,675)

	Note	2016 HK$'000	2015 HK$'000
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from shares issued on exercise of share options		3,011	–
Increase in loan from a director		35,016	37,200
Capital element of finance lease rentals paid		(756)	(741)
Repayments of secured bank loans		(49,295)	(64,477)
Proceeds from new secured bank loans		49,835	70,982
NET CASH FROM FINANCING ACTIVITIES		37,811	42,964
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(9,506)	22,863
CASH AND CASH EQUIVALENTS AS AT THE BEGINNING OF THE YEAR		49,628	27,233
EFFECT OF EXCHANGE RATES CHANGES		(151)	(468)
CASH AND CASH EQUIVALENTS AS AT THE END OF THE YEAR	*18*	39,971	49,628

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 March 2016

1. General Information

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

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

2. Basis of Preparation

(a) Compliance with Hong Kong Financial Reporting Standards

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

(b) Initial application of HKFRSs

In the current year, the Group initially applied the following revised standards, amendments and interpretations ("revised HKFRSs") issued by the HKICPA, which are effective for the Group's financial year beginning on 1 April 2015:–

Amendments to HKAS 19	Defined Benefit Plans: Employee Contributions
Annual Improvements (2010-2012)	Amendments to HKFRS 8, HKAS 16, HKAS 24 and HKAS 38
Annual Improvements (2011-2013)	Amendments to HKFRS 3, HKFRS 13 and HKAS 40

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

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

The following Hong Kong Financial Reporting Standards in issue at 31 March 2016 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 2015:–

HKFRS 9 (2014)	Financial Instruments[2]
HKFRS 14	Regulatory Deferral Accounts[3]
HKFRS 15	Revenue from Contracts with Customers[2]
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception[1]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations[1]
Amendments to HKAS 1	Disclosure Initiative[1]
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation[1]
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants[1]
Amendments to HKAS 27	Equity Method in Separate Financial Statements[1]
Annual Improvements to HKFRSs 2012-2014 Cycle	Amendments to a number of HKFRSs[1]

1 *Effective for annual periods beginning on or after 1 April 2016*

2 *Effective for annual periods beginning on or after 1 April 2018*

3 *Effective for an entity that first adopts HKFRS for its annual financial statements beginning on or after 1 April 2016 and therefore is not applicable to the Group*

4 *Effective for annual periods beginning on or after a date to be determined*

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

(d) Adoption of the going concern basis

When preparing the consolidated financial statements, the Group's ability to continue as a going concern has been assessed. These consolidated financial statements have been prepared by the Directors on going concern basis notwithstanding that the Group incurred a loss of HK$38,634,000 for the year ended 31 March 2016 and as of that date, the Group had net current liabilities and net liabilities of HK$67,268,000 and HK$441,000 respectively as the Directors considered that:–

(1) Mr. Tang Sing Ming Sherman ("Mr. Tang"), who, as at 31 March 2016, provided loans to the Group of HK$71,716,000 and is the sole beneficial owner of all the convertible bonds issued by the Company in the aggregate principal amount of HK$40,000,000, will provide continuing financial support to the Group. Mr. Tang is the executive director of the Company and one of the beneficiaries of a family trust which hold 60.26% interest in the Company altogether; and

(2) The Group had unutilized banking facilities of HK$15,862,000 as at 31 March 2016. Given the Group maintained strong business relationship with its bankers and based on the past experiences, the Directors considered that the Group is able to renew when the facilities expire.

After taking into consideration of above factors, the Directors are satisfied that the Group will have sufficient financial resources to meet its financial obligations as they fall due in the foreseeable future and consider that it is appropriate for the consolidated financial statements to be prepared on a going concern basis since there are no material uncertainties related to events or conditions that may cast significant doubt upon the Group's ability to continue as a going concern.

3. Significant Accounting Policies

(a) Measurement basis

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

(b) Basis of consolidation

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

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

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

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

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

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

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

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

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

(c) Business combination and goodwill

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

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

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

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

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

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

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

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

(d) Revenue recognition

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

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

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

(e) Plant and equipment

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

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

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

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

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

(f) Intangible assets (Other than goodwill)

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

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

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

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

(g) Interests in subsidiaries

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

(h) Investments

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

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

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

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

(ii) Loans and receivables

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

(iii) Held-to-maturity investments

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

(iv) Available-for-sale financial assets

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

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

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

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

(i) Derivative financial instruments

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

(j) Financial guarantees issued, provisions and contingent liabilities

(i) Financial guarantees issued

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

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

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

(ii) Contingent liabilities assumed in business combinations

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

(iii) Other provisions and contingent liabilities

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

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

(k) Borrowings and payables

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

(l) Convertible bonds that contain an equity component

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

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

The liability component is subsequently carried at amortized cost. The interest expense recognized in profit or loss on the liability component is calculated using the effective interest method. The equity component is recognized in the convertible bonds equity reserve until either the note is converted or redeemed. Where the option remains unexercised at the expiry date, the balance stated in convertible bonds equity reserve will be released to accumulated profit or loss. No gain or loss is recognized in profit or loss upon conversion or expiration of the option.

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

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

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

(m) Employee benefits

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

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

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

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

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

(n) Impairment of assets

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

(o) Borrowing costs

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

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

(p) Inventories

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

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

(q) Income tax

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

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

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

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

(r) Cash and cash equivalents

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

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

(s) Leases

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

(i) Classification of assets leased to the Group

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

(ii) Assets acquired under finance leases

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

(iii) Operating lease charges

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

(t) Related parties

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

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

(u) Foreign currency translation

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

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

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

(v) Segment reporting

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

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

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

The Group has only one business segment for current year.

(w) Critical accounting estimate and judgements

Key sources of estimation uncertainty

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

(i) Estimated useful lives of tangible and intangible assets

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

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

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

(iii) Deferred tax assets

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

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

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

(v) Fair values of share options granted

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

(vi) Going concern

Management makes an assessment of the Group's ability to continue as a going concern when preparing the consolidated financial statements. As disclosed in Note 2(d), the validity of the going concern assumptions depends upon (i) the continuing financial support from Mr. Tang Sing Ming Sherman, who is the sole beneficial owner of all the convertible bonds issued by the Company, the executive director of the Company and one of the beneficiaries of a family trust which hold 60.26% interest in the Company altogether at 31 March 2016 and (ii) those unutilized banking facilities of the Group.

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

4. Revenue

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

	2016	**2015**
	HK$'000	*HK$'000*
Provision of food and beverage services and others	442,871	505,991

5. Other Income

	2016	**2015**
	HK$'000	*HK$'000*
Interest income	5	3
Service fee income	1,909	1,410
Franchise income	174	51
Reversal on provision of reinstatement costs	804	–
Miscellaneous items	634	387
	3,526	1,851

6. Loss before Income Tax

	2016	2015
	HK$'000	*HK$'000*
Loss before income tax is arrived at after charging/(crediting):		
(a) Finance costs:–		
Interest expenses on secured bank loans, repayable within five years	795	726
Interest expense on convertible bonds	1,220	1,600
Imputed interest expense on convertible bonds – *Note 25*	375	943
Finance charge on obligations under finance lease	15	37
Other bank charges	3,810	4,403
	6,215	7,709
(b) Other items:–		
Amortization of other intangible assets	2,131	1,476
Depreciation	31,002	35,025
Auditor's remuneration	1,201	1,294
Exchange loss	206	798
Operating lease rentals for properties	91,108	103,551
Directors' remuneration – *Note 7(a)*	490	602
Other staff salaries and benefits	130,084	145,727
Retirement scheme contributions	6,242	6,600
Equity-settled share-based payment expenses	5	130
Other staff costs	136,331	152,457
Cost of inventories sold	144,389	159,999
Loss/(gain) on disposal of plant and equipment	508	(769)

7. Directors' Remuneration and Employees' Emoluments

(a) Pursuant to the Listing Rules, section 383(1)(a), (b), (c) and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, details of emoluments paid by the Group to the Directors during the year were as follows:–

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

No directors waived any emoluments during the year.

	Fees	Basic salaries, allowances and other benefits	Retirement scheme contributions	Equity- settled share-based payment expenses	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
2016					
Executive Director:					
Mr. Tang	–	120	6	4	130
Independent non-executive Directors:					
Mr. Bhanusak Asvaintra	120	–	–	–	120
Mr. Chan Kam Fai Robert	120	–	–	–	120
Mr. Chung Kwok Keung Peter	120	–	–	–	120
	360	–	–	–	360
	360	120	6	4	490

No directors waived any emoluments during the year.

(b) Five highest paid individuals

The remuneration of employees who were not Directors during the year and who were amongst the five (2015: five) highest paid individuals of the Group were as follows:–

	2016	2015
	HK$'000	*HK$'000*
Basic salaries, allowances and benefits in kind	4,684	4,071
Equity-settled share-based payment expenses	3	106
Retirement scheme contributions	90	90
	4,777	4,267

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

	2016	2015
Nil – HK$1,000,000	3	5
HK$1,000,001 – HK$1,500,000	2	–

8. Income Tax Expense

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

	2016	2015
	HK$'000	*HK$'000*
Current tax	2,863	4,500
Deferred tax – *Note 15*	1,035	(2,479)
Income tax expense	3,898	2,021

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

(ii) The Company's subsidiaries incorporated/established in Hong Kong, the People's Republic of China ("PRC"), Taiwan and Japan are subject to Hong Kong Profits Tax, PRC Enterprise Income Tax, Taiwan Profit-Seeking-Enterprise Income Tax and Japan Corporate Income Tax at the rates of 16.5%, 25%, 17% and 15% respectively (2015: Hong Kong – 16.5%, PRC – 25%, Taiwan – 17% and Japan – 15% respectively).

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

	2016	**2015**
	HK$'000	*HK$'000*
Loss before income tax	(34,736)	(34,891)
Tax effect at the Hong Kong profits tax rate of 16.5% (2015: 16.5%)	(5,731)	(5,757)
Tax rates differential	1,750	1,483
Tax effect of income that is not taxable	(2,147)	(21)
Tax effect of expenses that are not deductible	4,318	1,236
Tax effect of unused tax losses not recognized	5,788	5,261
Tax refund	(80)	(181)
Income tax expense	3,898	2,021

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

(i) The unutilized tax losses accumulated in the Hong Kong subsidiaries of the Company amounted to approximately HK$40,016,000 (2015: approximately HK$29,508,000) can be carried forward indefinitely. The unutilized tax losses accumulated in PRC subsidiaries amounted to approximately HK$24,520,000 (2015: approximately HK$6,728,000) can be carried forward for five years. The unutilized tax losses accumulated in Taiwan subsidiary amounted to approximately HK$2,035,000 (2015: HK$Nil) can be carried forward for 10 years. The unutilized tax losses accumulated in Japan subsidiaries amounted to HK$Nil (2015: approximately HK$4,935,000) can be carried forward for seven years. Deductible temporary differences have not been recognized owing to the absence of objective evidence in respect of the availability of sufficient taxable profits that are expected to arise to offset against the deductible temporary differences.

(ii) Pursuant to the Corporate Income Tax Law of the PRC and its implementation rules, the gross amount of dividends received by the Company's subsidiary incorporated in Hong Kong from its PRC subsidiaries in respect of their profits generated since 1 January 2008 is subject to withholding tax at a rate of 5%. Under the Caishui (2008) No. 1, the undistributed profits of the PRC subsidiaries as at 31 December 2007 determined based on the relevant PRC tax rules and regulations are exempted from withholding tax. Since the Group can control the quantum and timing of distribution of profits of the Group's subsidiaries in the PRC, no deferred tax liability was provided as no profit is expected to be distributed by the PRC subsidiaries in the foreseeable future. As at 31 March 2016, the undistributed profits of the PRC subsidiaries amounted to approximately HK$2,758,000 (2015: approximately HK$1,709,000). The corresponding unrecognized deferred tax liabilities were amounted to approximately HK$137,900 (2015: approximately HK$85,000).

9. Dividend

No dividend has been paid or declared by the Company for the years ended 31 March 2016 and 2015.

10. Loss Per Share

The calculation of basic loss per share is based on the loss attributable to owners of the Company of HK$38,705,000 (2015: HK$36,643,000) and the weighted average number of ordinary shares of 2,497,757,000 (2015: 2,242,950,000 ordinary shares) in issue during the year ended 31 March 2016.

The weighted average number of ordinary shares adopted in calculation of basic loss per share for the years ended 31 March 2016 and 2015 have been adjusted to reflect the impact of the share options exercised and conversion of convertible bond effected during the year ended 31 March 2016.

	2016	**2015**
	HK$'000	*HK$'000*
Loss for the year attributable to the owners of the Company	38,705	36,643

Weighted average number of ordinary shares

	2016	2015
	'000	*'000*
Issued ordinary shares at the beginning of the year	2,242,950	2,242,950
Effect of share option exercised	15,736	–
Effect of conversion of convertible bonds	239,071	–
Issued ordinary shares at the end of the year	2,497,757	2,242,950

Diluted loss per share has not been disclosed as no dilutive potential equity shares in existence as at 31 March 2016 and 2015.

11. Plant And Equipment

	Leasehold improvement	Furniture, fixtures and equipment	Motor vehicles	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Cost:				
At 1.4.2014	69,164	46,016	955	116,135
Exchange adjustment	6	18	–	24
Additions	17,376	15,602	–	32,978
Disposal	(7,945)	(4,903)	–	(12,848)
At 31.3.2015	78,601	56,733	955	136,289
Accumulated depreciation:				
At 1.4.2014	29,562	17,455	453	47,470
Exchange adjustment	7	64	–	71
Charge for the year	22,326	12,512	187	35,025
Written back on disposal	(4,897)	(3,375)	–	(8,272)
At 31.3.2015	46,998	26,656	640	74,294

	Leasehold improvement	Furniture, fixtures and equipment	Motor vehicles	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Impairment loss:				
At 1.4.2014	3,736	2,709	–	6,445
Charge for the year	782	1,403	–	2,185
Written back on disposal	(2,036)	(1,360)	–	(3,396)
At 31.3.2015	2,482	2,752	–	5,234
Net book value:				
At 31.3.2015	29,121	27,325	315	56,761
Cost:				
At 1.4.2015	78,601	56,733	955	136,289
Exchange adjustment	22	62	–	84
Business combination – *Note 32*	–	1,645	–	1,645
Additions	13,368	8,856	475	22,699
Disposal of subsidiaries – *Note 33*	(29,839)	(10,235)	–	(40,074)
Disposal	(7,797)	(8,345)	(831)	(16,973)
At 31.3.2016	54,355	48,716	599	103,670
Accumulated depreciation:				
At 1.4.2015	46,998	26,656	640	74,294
Exchange adjustment	52	44	–	96
Charge for the year	16,720	14,103	179	31,002
Disposal of subsidiaries – *Note 33*	(18,959)	(6,820)	–	(25,779)
Written back on disposal	(6,887)	(6,224)	(699)	(13,810)
At 31.3.2016	37,924	27,759	120	65,803
Impairment loss:				
At 1.4.2015	2,482	2,752	–	5,234
Exchange adjustment	30	14	–	44
Charge for the year	3,753	1,895	–	5,648
Disposal of subsidiaries – *Note 33*	(676)	(73)	–	(749)
Written back on disposal	(747)	(1,681)	–	(2,428)
At 31.3.2016	4,842	2,907	–	7,749
Net book value:				
At 31.3.2016	11,589	18,050	479	30,118

At 31 March 2016, the carrying amount of plant and equipment held under finance lease was approximately HK$409,000 (2015: approximately HK$680,000).

The directors considered that there was an indication of impairment for plant and equipment as the Group's certain operation result was worse than expected. As a result, a full impairment loss of HK$5,648,000 (2015: HK$2,185,000) was made for the year ended 31 March 2016.

12. Interests in Subsidiaries

	2016	**2015**
	HK$'000	*HK$'000*
Unlisted shares – *Note 12(a)*	–	–
Amounts due from subsidiaries – *Note 12(c)*	136,047	139,846
	136,047	139,846
Less: Impairment loss on amounts due from subsidiaries	(82,731)	(41,759)
	53,316	98,087

(a) The carrying value of the Company's interests in the subsidiaries as at 31 March 2016 is determined by the Directors on the basis of the underlying assets of the subsidiaries at the time they were acquired by the Company pursuant to the reorganization which took place on 6 December 2001.

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

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

Name of company	Place of incorporation/ establishment	Attributable equity interest % Direct	Indirect	Issued/ registered capital	Principal activities
意紅(上海)餐飲管理有限公司	PRC	–	100	RMB6,500,000	Provision of food and beverage services
意紅(上海)食品有限公司	PRC	–	100	RMB1,800,000	Provision of food and beverage services
大利紅(深圳)餐飲管理有限公司	PRC	–	100	RMB3,500,000	Provision of food and beverage services
Ginza Bairin (Greater China) Holdings Limited	Hong Kong	–	100	HK$2,000,000	Franchise and investment holdings
Everblooming Limited	Hong Kong	–	100	HK$1	Provision of food and beverage services
銀林(上海)餐飲有限公司	PRC	–	100	US$1,000,000	Provision of food and beverage services
Shirokuma (STC) Limited	Hong Kong	–	98	HK$1	Provision of food and beverage services
Shirokuma (YTW) Limited	Hong Kong	–	98	HK$1	Provision of food and beverage services
Shirokuma (TF) Limited	Hong Kong	–	98	HK$1	Provision of food and beverage services
白熊(上海)餐飲管理有限公司	PRC	–	98	US$1,000,000	Provision of food and beverage services
Enmaru (CWB) Limited	Hong Kong	–	90	HK$1	Provision of food and beverage services
炎丸(上海)餐飲管理有限公司	PRC	–	100	US$700,000	Provision of food and beverage services
香港商大利紅有限公司台灣分公司	Taiwan	–	100	TWD1,000,000	Provision of food and beverage services

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

13. Goodwill on Consolidation

	2016	2015
	HK$'000	*HK$'000*
Cost:		
At the beginning of the year	60,031	60,031
Business combination – *Note 32*	2,565	–
Disposal of subsidiaries – *Note 33*	(3,208)	–
At the end of the year	59,388	60,031
Impairment:		
At the beginning of the year	–	–
Charge for the year	4,293	–
At the end of the year	4,293	–
Carrying amount:		
At the end of the year	55,095	60,031

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

	2016	2015
	HK$'000	*HK$'000*
Restaurants, café and cake shops	56,823	56,823
Shanghainese dining restaurants	–	2,141
Food processing solutions and catering services	–	1,067
Logistic and production centre	2,565	–
	59,388	60,031

The recoverable amount of the CGU is determined based on value-in-use calculations. These calculations use cash flow projections based on financial budgets approved by the management covering a five-year period. Cash flows beyond the five-year period are extrapolated. The cash flows are discounted using pre-tax discount rates ranging from 12.41% to 20.43% (2015: 13.11% to 21.23%).

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

– ***Budgeted turnover***

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

– ***Budgeted gross margins***

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

– ***Business environment***

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

For the year ended 31 March 2016, management determines that except for impairment loss on goodwill of approximately HK$1,728,000 (2015: Nil) relates to the operations of restaurants, cafe and cake shops and approximately HK$2,565,000 (2015: Nil) relates to the operations of logistic and production centre, no any other impairment on goodwill based on a value in use is considered necessary. Management believes that any reasonably possible change in any of these assumptions would not cause the aggregate carrying amount of units to exceed its aggregate recoverable amount.

14. Other Intangible Assets

	Trademark *HK$'000*	Franchise rights *HK$'000*	Brand name *HK$'000*	Total *HK$'000*
Cost:				
At 1.4.2014	1,057	24,527	3,636	29,220
Additions	189	333	–	522
Exchange adjustment	–	(24)	–	(24)
At 31.3.2015	1,246	24,836	3,636	29,718
Accumulated amortization:				
At 1.4.2014	42	866	866	1,774
Charge for the year	118	987	371	1,476
At 31.3.2015	160	1,853	1,237	3,250
Net book value:				
At 31.3.2015	1,086	22,983	2,399	26,468
Cost:				
At 1.4.2015	1,246	24,836	3,636	29,718
Business combination – *Note 32*	1,772	–	–	1,772
Additions	48	338	–	386
Disposal of subsidiaries – *Note 33*	(479)	(824)	(3,636)	(4,939)
Exchange adjustment	–	(4)	–	(4)
At 31.3.2016	2,587	24,346	–	26,933
Accumulated amortization:				
At 1.4.2015	160	1,853	1,237	3,250
Charge for the year	529	1,421	181	2,131
Disposal of subsidiaries – *Note 33*	(36)	(274)	(1,418)	(1,728)
At 31.3.2016	653	3,000	–	3,653

	Trademark	Franchise rights	Brand name	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Impairment loss:				
At 1.4.2015	–	–	–	–
Charge for the year	1,631	1,516	–	3,147
At 31.3.2016	1,631	1,516	–	3,147
Net book value:				
At 31.3.2016	303	19,830	–	20,133

15. Deferred Tax

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

	Tax losses	(Decelerated)/ accelerated depreciation allowances	Brand name	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
At 1.4.2014	(6,432)	(30)	514	(5,948)
Credit for the year – *Note 8(a)*	(817)	(1,617)	(45)	(2,479)
Exchange adjustments	(20)	–	–	(20)
At 31.3.2015 and 1.4.2015	(7,269)	(1,647)	469	(8,447)
Business combination – *Note 32*	–	527	–	527
Disposal of subsidiaries – *Note 33*	1,771	2,589	(566)	3,794
Credit for the year – *Note 8(a)*	2,156	(1,218)	97	1,035
Exchange adjustments	33	–	–	33
At 31.3.2016	(3,309)	251	–	(3,058)

Represented by:–

	2016	2015
	HK$'000	*HK$'000*
Deferred tax liabilities	1,986	2,788
Deferred tax assets	(5,044)	(11,235)
	(3,058)	(8,447)

16. Inventories

	2016	2015
	HK$'000	*HK$'000*
Raw materials	4,140	4,877
Work in progress	64	150
Finished goods	713	1,407
	4,917	6,434

17. Debtors, Deposits and Prepayments

Debtors, deposits and prepayments comprise:–

	2016	2015
	HK$'000	*HK$'000*
Trade debtors	5,681	8,469
Rental and utility deposits	25,548	38,631
Prepayments	3,305	4,156
Other debtors	998	591
	35,532	51,847

(a) Aging analysis

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

	2016	**2015**
	HK$'000	*HK$'000*
0 – 30 days	5,367	7,084
31 – 60 days	310	709
61 – 90 days	3	345
91 – 180 days	1	11
181 – 365 days	–	320
	5,681	8,469

(b) Trade debtors that are not impaired

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

	2016	**2015**
	HK$'000	*HK$'000*
Neither past due nor impaired	5,608	7,062
Past due but not impaired:		
1 – 30 days	69	823
31 – 60 days	3	262
61 – 90 days	1	6
91 – 180 days	–	7
181 – 365 days	–	309
	73	1,407
	5,681	8,469

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

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

18. Cash and Cash Equivalents

	2016	**2015**
	HK$'000	*HK$'000*
Cash and bank balances	39,971	49,628

19. Creditors, Accruals and Deposits Received

Creditors, accruals and deposits received comprise:–

	2016	**2015**
	HK$'000	*HK$'000*
Trade creditors	20,274	28,010
Accruals and provisions	22,336	30,598
Other creditors	12,019	14,394
	54,629	73,002
Less: Classified in non-current liabilities	(2,835)	(3,502)
Classified in current liabilities	51,794	69,500

The following was an aging analysis of trade creditors:–

	2016	2015
	HK$'000	*HK$'000*
0 – 30 days	9,296	16,107
31 – 60 days	7,800	10,432
61 – 90 days	1,968	288
91 – 180 days	323	573
Over 180 days	887	610
	20,274	28,010

20. Capital and Reserves Attributable to Shareholders of the Company

(a) Share capital

Ordinary shares of HK$0.01 each

	2016		2015	
	Number of shares	*HK$'000*	*Number of shares*	*HK$'000*
Authorized:				
At the beginning and end of the year	5,000,000,000	50,000	5,000,000,000	50,000
Issued and fully paid:				
At the beginning of the year	2,242,950,000	22,430	2,242,950,000	22,430
Exercise of share option – *Note 20(a)(i)*	34,500,000	345	–	–
Conversion of convertible bonds – *Note 20(a)(ii)*	500,000,000	5,000	–	–
At the end of the year	2,777,450,000	27,775	2,242,950,000	22,430

Notes:

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

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

(b) Capital management

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

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

21. Reserves

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

	Share premium *HK$'000*	Accumulated losses *HK$'000*	Employee share-based compensation reserve *HK$'000*	Convertible bonds equity reserve *HK$'000*	Total *HK$'000*
The Company					
At 1.4.2014	145,186	(108,738)	1,820	2,521	40,789
Recognition of equity-settled share-based payment expenses – *Note 26*	–	–	246	–	246
Share options lapsed	–	46	(46)	–	–
Loss and total comprehensive loss for the year	–	(46,385)	–	–	(46,385)
At 31.3.2015 and 1.4.2015	145,186	(155,077)	2,020	2,521	(5,350)
Recognition of equity-settled share-based payment expenses – *Note 26*	–	–	9	–	9
Exercise of share option – *Note 25*	3,640	–	(974)	–	2,666
Extension of convertible bonds	–	2,521	–	260	2,781
Conversion of convertible bonds – *Note 26*	35,047	–	–	(1,391)	33,656
Loss and total comprehensive loss for the year	–	(46,248)	–	–	(46,248)
At 31.3.2016	183,873	(198,804)	1,055	1,390	(12,486)

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

(b) As at 31 March 2016 and 2015, in the opinion of the Directors, the Company had no reserve available for distribution to the shareholders.

22. Obligations under Finance Lease

As at 31 March 2016, the Group had obligations under finance lease repayable as follows:–

	Minimum lease payments		**Present value of minimum lease payments**	
	2016	**2015**	**2016**	**2015**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Amounts payable:				
Within one year	246	710	238	698
In the second to fifth year	182	–	179	–
	428	710	417	698
Less: Future finance charges	11	12	–	–
Present value of lease obligations	417	698	417	698

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

23. Bank Loans – Secured

	2016	2015
	HK$'000	*HK$'000*
Bank loans, secured		
– within one year	24,888	26,293

At 31 March 2016, the secured bank loans denominated in Hong Kong Dollar were bearing variable interest rates of HIBOR plus 2.75% to 3.0% (2015: HIBOR plus 2.5% to 3.0%) per annum. The weighted average effective interest rate on the bank loans was 3.29% per annum. The bank loans were secured by corporate guarantee provided by the Company and one subsidiary.

The banking facilities granted to ITHK require it to maintain a net worth of no less than HK$13,000,000 at any time. In the opinion of the Board of Directors, none of the covenants, relating to the secured bank loans had been breached during the years ended 31 March 2016 and 2015.

24. Loans from a Director

The amounts are interest free, unsecured and repayable on demand.

25. Convertible Bonds

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

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

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

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

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

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

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

Movement of liability component for the years ended 31 March 2016 and 2015 was as follow:–

	HK$'000
At 1.4.2014	78,682
Imputed interest expense – *Note 6(a)*	943
At 31.3.2015 and 1.4.2015	79,625
Imputed interest expense – *Note 6(a)*	375
Extension of Convertible Bonds	(2,781)
Converted during the year	(38,656)
At 31.3.2016	38,563

26. Share Options

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

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

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

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

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

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

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

34,500,000 (2015: Nil) share options were exercised during the year ended 31 March 2016. The weighted average share price at the date of shares options exercised during the year was HK$0.171 (2015: not applicable).

Except for 34,500,000 (2015: Nil) share options exercised, no other share options were granted, exercised, lapsed or cancelled during the year ended 31 March 2016 under the Share Option Schemes. There were 2,000,000 share options lapsed during the year ended 31 March 2015 under the Share Option Schemes.

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

	Date of grant	Exercisable period	Exercise price per share *HK$*	Outstanding at 1.4.2014	Lapsed during the year	Outstanding at 31.3.2015 and 1.4.2015	Exercised during the year	Outstanding at 31.3.2016
Category 1: Directors								
Mr. Tang	23.12.2011	23.12.2012 – 22.12.2021	0.062	5,000,000	–	5,000,000	–	5,000,000
	23.12.2011	23.12.2013 – 22.12.2021	0.062	5,000,000	–	5,000,000	–	5,000,000
	23.12.2011	23.12.2014 – 22.12.2021	0.062	5,000,000	–	5,000,000	–	5,000,000
	19.4.2013	19.4.2014 – 18.4.2023	0.090	5,000,000	–	5,000,000	–	5,000,000
	19.4.2013	19.4.2015 – 18.4.2023	0.090	5,000,000	–	5,000,000	–	5,000,000
Mr. Bhanusak Asvaintra	13.8.2010	13.8.2011 – 12.8.2020	0.138	1,000,000	–	1,000,000	(1,000,000)	–
	23.12.2011	23.12.2012 – 22.12.2021	0.062	500,000	–	500,000	(500,000)	–
	19.4.2013	19.4.2014 – 18.4.2023	0.090	500,000	–	500,000	(500,000)	–
Mr. Chan Kam Fai Robert	13.8.2010	13.8.2011 – 12.8.2020	0.138	1,000,000	–	1,000,000	(1,000,000)	–
	23.12.2011	23.12.2012 – 22.12.2021	0.062	500,000	–	500,000	(500,000)	–
	19.4.2013	19.4.2014 – 18.4.2023	0.090	500,000	–	500,000	(500,000)	–
Mr. Chung Kwok Keung Peter	13.8.2010	13.8.2011 – 12.8.2020	0.138	1,000,000	–	1,000,000	(1,000,000)	–
	23.12.2011	23.12.2012 – 22.12.2021	0.062	500,000	–	500,000	(500,000)	–
	19.4.2013	19.4.2014 – 18.4.2023	0.090	500,000	–	500,000	(500,000)	–
Category 2: Employees	23.3.2010	23.3.2011 – 22.3.2020	0.210	2,000,000	–	2,000,000	–	2,000,000
	13.8.2010	13.8.2011 – 12.8.2020	0.138	5,000,000	–	5,000,000	(2,000,000)	3,000,000
	13.8.2010	13.8.2012 – 12.8.2020	0.138	5,000,000	–	5,000,000	(2,000,000)	3,000,000
	23.12.2011	23.12.2012 – 22.12.2021	0.062	3,400,000	–	3,400,000	(3,400,000)	–
	23.12.2011	23.12.2013 – 22.12.2021	0.062	4,500,000	–	4,500,000	(4,500,000)	–
	23.12.2011	23.12.2014 – 22.12.2021	0.062	5,600,000	–	5,600,000	(5,600,000)	–
	19.4.2013	19.4.2014 – 18.4.2023	0.090	6,500,000	(1,000,000)	5,500,000	(5,500,000)	–
	19.4.2013	19.4.2015 – 18.4.2023	0.090	6,500,000	(1,000,000)	5,500,000	(5,500,000)	–
Total of all categories				69,500,000	(2,000,000)	67,500,000	(34,500,000)	33,000,000

The share options outstanding as at 31 March 2016 had a weighted average exercise price of HK$0.093 (2015: HK$0.090) and a weighted average remaining contractual life of 5.78 years (2015: 6.86 years).

(b) For the years ended 31 March 2015 and 2016, total equity settled share-based payment expenses recognized were as follows:–

	HK$'000
At 1.4.2014	292
Recognized in profit or loss for the year – *Note 21*	(246)
At 31.3.2015 and 1.4.2015	46
Recognized in profit or loss for the year – *Note 21*	(9)
At 31.3.2016	37

27. Contingent Liabilities

Financial guarantees issued by the Company

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

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

As at the end of the reporting period, the Directors of the Company do not consider there is possibility that a claim will be made against the Company under any of the guarantees. The maximum liability of the Company at the end of the reporting period under the guarantees issued is the outstanding amount of the facilities drawn down by ITHK, Truth and EMAL which are approximately HK$11,325,000, HK$1,813,000 and HK$11,750,000 respectively. Since the fair value of financial guarantees issued at inception date is immaterial, no provision and amortization on financial guarantees issued has been recognized in the Company's statement of profit or loss.

28. Banking Facilities

As at 31 March 2016, the Group's bank facilities to the extent of HK$40,750,000 (2015: HK$45,000,000) were secured by corporate guarantees provided by the Company and a subsidiary *(Note 23)*.

As at 31 March 2016, the facilities were utilized to the extent of HK$24,888,000 (2015: HK$26,293,000) by the Group *(Note 23)*.

29. Operating Lease Arrangements

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

	2016	**2015**
	HK$'000	*HK$'000*
Within one year	53,263	73,239
More than one year but within five years	62,852	59,433
	116,115	132,672

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

30. Related Party and Connected Transactions

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

		Note	2016 HK$'000	2015 HK$'000
(i)	Interest expense on convertible bonds to Strong Venture#	(a)	622	1,600
(ii)	Interest expense on convertible bonds to Mr. Tang	(a)	598	–
(iii)	Rental expense to Joint Allied Limited##	(b)	1,446	1,371
(iv)	Rental expense to Assets Partner Limited##	(b)	1,872	1,404
(v)	Rental expense to Jebson Development Limited##	(b)	639	552

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

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

Notes:

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

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

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

Key management compensation

	2016	2015
	HK$'000	*HK$'000*
Fees for key management personnel	360	360
Salaries, allowances and other benefits in kind	5,919	5,105
Retirement scheme contributions	123	112
Equity-settled share-based payment expenses	8	221
	6,410	5,798

31. Retirement Benefit Costs

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

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

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

32. Business Combination

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

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

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

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

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

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

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

33. Disposal of Subsidiaries

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

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

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

34. Nature and Extent of Financial Instrument Risks

(a) Credit risk

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

The carrying amounts of financial assets as at 31 March 2016, which represented the Group's significant exposure to credit risks, were as follows:–

	2016	**2015**
	HK$'000	*HK$'000*
Debtors and deposits	32,227	47,691
Cash and bank balances	39,971	49,628
	72,198	97,319

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

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

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

The default risk of the industry and country in which customers operate also has an influence on credit risk but to a lesser extent. At the end of reporting period, the Group has a certain concentration of credit risk as 0% (2015: 6.9%) and 0% (2015: 17.2%) of the total trade debtors was due from the largest customer and five largest customers respectively.

(b) Liquidity risk

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

Maturities of the financial liabilities of the Group as at 31 March 2016 were as follows:–

	2016	**2015**
	HK$'000	*HK$'000*
Total amounts of contractual undiscounted obligations:–		
Loans from a director	71,716	81,700
Obligations under finance lease	428	710
Bank and other loans, secured	24,956	26,361
Convertible bonds		
– liability component	40,476	80,629
Creditors and accruals	48,085	62,525
	185,661	251,925
Due for payment:–		
Within one year or on demand	145,803	251,925
In the second to fifth year	39,858	–
	185,661	251,925

(c) Currency risk

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

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

	2016				2015			
	United Stated Dollar	Renminbi	Yen	Taiwan Dollar	United Stated Dollar	Renminbi	Yen	Taiwan Dollar
	US$'000	*RMB'000*	*YEN'000*	*TWD'000*	*US$'000*	*RMB'000*	*YEN'000*	*TWD'000*
Cash and bank balances	26	6	17	1	354	5	354	3
Gross exposure arising from recognized assets	26	6	17	1	354	5	354	3

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

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

It is estimated that a fluctuation of 5% in foreign exchange rates with all other variables held constant would not have a material impact on the Group's loss for the years ended 31 March 2016 and 2015 and accumulated losses as at those dates.

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

(d) Interest rate risk

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

(i) Effective interest profile

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

	2016		2015	
	Effective interest rate %	*HK$'000*	*Effective interest rate %*	*HK$'000*
Fixed rate financial liabilities				
– Obligations under finance lease	2.85	(417)	3.50	(698)
– Convertible bonds				
– liability component	3.24	(38,563)	3.22	(79,625)
Variable rate financial liability				
– Bank and other loans, secured	3.24-3.33	(24,888)	2.73-3.24	(26,293)
Variable rate financial assets				
– Bank balances	0.01-0.05	8,301	0.01-0.05	3,025
Net financial liabilities		(55,567)		(103,591)

(ii) It is estimated that a general increase of 100 basis points in interest rates, with all other variables held constant, would not have a material impact on the Group's loss for the years ended 31 March 2016 and 2015 and accumulated losses as at those dates.

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

(e) Market price risk

Market price risk is the risk that the fair value or future cash flows of a financial instrument traded in the market will fluctuate because of changes in market prices. As at 31 March 2016 and 2015, the Group did not have any financial instrument which is subject to market price risk.

(f) Fair values

The carrying amounts of the Group's financial instruments carried at cost or amortized cost were not materially different from their values as at 31 March 2016 and 2015.

35. Segment and Entity-wide Information

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

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

(b) Geographical information

	PRC		Hong Kong/overseas		Consolidated	
	2016	**2015**	**2016**	**2015**	**2016**	**2015**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Revenue	89,836	68,510	353,035	437,481	442,871	505,991
Other revenue	642	373	2,884	1,478	3,526	1,851
Total revenue	90,478	68,883	355,919	438,959	446,397	507,842
Non-current assets	12,792	19,759	92,554	123,501	105,346	143,260

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

(c) Major customers

The Group's customer base is diversified and no revenues from transactions with a single external customer amount to 10% or more of the Group's revenue for the years ended 31 March 2016 and 2015.

36. Statement of Financial Position of the Company

	Note	2016 HK$'000	2015 HK$'000
NON-CURRENT ASSETS			
Interests in subsidiaries	12	53,316	98,087
		53,316	98,087
CURRENT ASSETS			
Debtors, deposits and prepayments		113	113
Cash and cash equivalents		3,066	42
		3,179	155
DEDUCT:			
CURRENT LIABILITIES			
Convertible bonds	25	–	79,625
Creditors, accruals and deposits received		2,643	1,537
		2,643	81,162
NET CURRENT ASSETS/(LIABILITIES)		536	(81,007)
TOTAL ASSETS LESS CURRENT LIABILITIES		53,852	17,080
NON-CURRENT LIABILITIES			
Convertible bonds	25	38,563	–
		38,563	–
NET ASSETS		15,289	17,080
REPRESENTING:			
Share capital	20(a)	27,775	22,430
Reserves	21	(12,486)	(5,350)
TOTAL EQUITY		15,289	17,080

37. Ultimate Holding Company

The Directors consider the ultimate holding company as at 31 March 2016 to be Glory Sunshine Holding Limited, a company incorporated in BVI.

Set out below is the full text of the audited financial statements of the Group for the year ended 31 March 2015 extracted from the annual report of the Company for the year ended 31 March 2015.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
For the year ended 31 March 2015

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2015

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2015

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

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2015

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2015

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

1. General information

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

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

2. Basis of preparation

(a) Compliance with Hong Kong Financial Reporting Standards

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

(b) Initial application of HKFRSs

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

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

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

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

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

HKFRS 9 (2014)	Financial instruments[1]
HKFRS 14	Regulatory Deferral Amounts[3]
HKFRS 15	Revenue from contracts with customers[2]
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment entities: Applying the consolidation exception[3]
Amendments to HKFRS 10 and HKAS 28	Sale or contribution of assets between an investor and its associate or joint venture[3]
Amendments to HKFRS 11	Accounting for acquisitions of interests in joint operations[3]
Amendments to HKAS 1	Disclosure initiative[3]

Amendments to HKAS 16 and HKAS 38	Clarification of acceptable methods of depreciation and amortization[3]
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer plants[3]
Amendments to HKAS 19	Defined benefit plans: Employee contributions[4]
Amendments to HKAS 27	Equity method in separate financial statements[3]
Amendments to HKFRSs	Annual improvements to HKFRSs 2010–2012 cycle[4]
Amendments to HKFRSs	Annual improvements to HKFRSs 2011–2013 cycle[4]
Amendments to HKFRSs	Annual improvements to HKFRSs 2012–2014 cycle[3]

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

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

(d) Adoption of the going concern basis

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

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

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

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

3. Significant accounting policies

(a) Measurement basis

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

(b) Basis of consolidation

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

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

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

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

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

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

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

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

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

(c) Business combination and goodwill

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

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

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

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

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

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

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

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

(d) Revenue recognition

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

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

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

(e) Plant and equipment

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

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

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

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

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

(f) Intangible assets (Other than goodwill)

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

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

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

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

(g) Interests in subsidiaries

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

(h) Investments

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

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

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

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

(ii) Loans and receivables

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

(iii) Held-to-maturity investments

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

(iv) Available-for-sale financial assets

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

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

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

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

(i) Derivative financial instruments

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

(j) Financial guarantees issued, provisions and contingent liabilities

(i) Financial guarantees issued

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

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

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

(ii) Contingent liabilities assumed in business combinations

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

(iii) Other provisions and contingent liabilities

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

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

(k) Borrowings and payables

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

(l) Convertible bonds that contain an equity component

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

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

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

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

(m) Employee benefits

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

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

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

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

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

(n) Impairment of assets

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

(o) Borrowing costs

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

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

(p) Inventories

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

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

(q) Income tax

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

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

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

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

(r) Cash and cash equivalents

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

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

(s) Leases

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

(i) Classification of assets leased to the Group

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

(ii) Assets acquired under finance leases

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

(iii) Operating lease charges

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

(t) Related parties

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

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

(u) Foreign currency translation

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

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

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

(v) Segment reporting

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

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

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

The Group has only one business segment for current year.

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

(i) Non-current assets held for sale

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

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

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

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

(ii) Discontinued operations

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

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

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

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

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

(x) Critical accounting estimate and judgements

Key sources of estimation uncertainty

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

(i) Estimated useful lives of tangible and intangible assets

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

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

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

(iii) Deferred tax assets

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

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

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

(v) Fair values of share options granted

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

(vi) Going concern

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

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

4. Turnover

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

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

5. Other income

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

6. Loss before income tax

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

7. Directors' remuneration and employees' emoluments

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

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

No Directors waived any emoluments during the year.

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

No directors waived any emoluments during the year.

(b) Five highest paid individuals

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

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

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

	2015	2014
Nil – HK$1,000,000	5	5

8. Income tax expense

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

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

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

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

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

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

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

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

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

9. Loss attributable to owners of the company

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

10. Dividend

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

11. Loss per share

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

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

12. Plant and equipment

	Leasehold improvement *HK$'000*	Furniture, fixtures and equipment *HK$'000*	Motor vehicles *HK$'000*	Total *HK$'000*
Cost:				
At 1.4.2013	40,094	28,612	955	69,661
Exchange adjustment	40	89	–	129
Additions	30,040	18,547	–	48,587
Disposals	(1,010)	(1,232)	–	(2,242)
At 31.3.2014	69,164	46,016	955	116,135
Accumulated depreciation:				
At 1.4.2013	14,767	9,568	258	24,593
Exchange adjustment	81	47	1	129
Charge for the year	15,607	9,009	194	24,810
Written back on disposals	(893)	(1,169)	–	(2,062)
At 31.3.2014	29,562	17,455	453	47,470
Impairment loss:				
At 1.4.2013	3,004	1,771	–	4,775
Charge for the year	732	938	–	1,670
At 31.3.2014	3,736	2,709	–	6,445
Net book value:				
At 31.3.2014	35,866	25,852	502	62,220

	Leasehold improvement HK$'000	Furniture, fixtures and equipment HK$'000	Motor vehicles HK$'000	Total HK$'000
Cost:				
At 1.4.2014	69,164	46,016	955	116,135
Exchange adjustment	6	18	–	24
Additions	17,376	15,602	–	32,978
Disposals	(7,945)	(4,903)	–	(12,848)
At 31.3.2015	78,601	56,733	955	136,289
Accumulated depreciation:				
At 1.4.2014	29,562	17,455	453	47,470
Exchange adjustment	7	64	–	71
Charge for the year	22,326	12,512	187	35,025
Written back on disposals	(4,897)	(3,375)	–	(8,272)
At 31.3.2015	46,998	26,656	640	74,294
Impairment loss:				
At 1.4.2014	3,736	2,709	–	6,445
Charge for the year	782	1,403	–	2,185
Written back on disposals	(2,036)	(1,360)	–	(3,396)
At 31.3.2015	2,482	2,752	–	5,234
Net book value:				
At 31.3.2015	29,121	27,325	315	56,761

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

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

13. INTERESTS IN SUBSIDIARIES

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

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

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

Name of company	Place of incorporation/ establishment	Attributable equity interest % Direct	Attributable equity interest % Indirect	Issued/ registered capital	Principal activities
Marvel Success Limited ("Marvel Success")	BVI	100	–	US$1	Investment holding
Epicurean Management (Asia) Limited ("EMAL")	Hong Kong	–	100	HK$1	Investment holding
I. T. H. K. Limited ("ITHK")	Hong Kong	–	100	HK$300,000	Provision of food and beverage services
意紅(上海)餐飲管理有限公司	PRC	–	100	RMB6,500,000	Provision of food and beverage services
意紅(上海)食品有限公司	PRC	–	100	RMB1,800,000	Provision of food and beverage services
大利紅(深圳)餐飲管理有限公司	PRC	–	100	RMB3,000,000	Provision of food and beverage services
Ginza Bairin (Greater China) Holdings Limited	Hong Kong	–	100	HK$2,000,000	Franchise and investment holding
Seton Limited	Hong Kong	–	100	HK$500,000	Provision of food and beverage services
Albright Limited	Hong Kong	–	100	HK$500,000	Provision of food and beverage services

Name of company	Place of incorporation/ establishment	Attributable equity interest % Direct	Indirect	Issued/ registered capital	Principal activities
Everblooming Limited	Hong Kong	–	100	HK$1	Provision of food and beverage services
銀林(上海)餐飲有限公司	PRC	–	100	US$1,000,000	Provision of food and beverage services
Qualifresh Catering Limited	Hong Kong	–	70	HK$3,350,000	Provision of food and processing solution and catering services
Origin Limited	Hong Kong	–	100	HK$100	Provision of food and beverage services
Broadwill Limited	Hong Kong	–	100	HK$1	Provision of food and beverage services
Broadease Limited	Hong Kong	–	100	HK$1	Provision of food and beverage services
Broadone Limited	Hong Kong	–	100	HK$1	Provision of food and beverage services
Shirokuma (TM) Limited	Hong Kong	–	98	HK$1	Provision of food and beverage services
Shirokuma (TY) Limited	Hong Kong	–	98	HK$1	Provision of food and beverage services
Shirokuma (STC) Limited	Hong Kong	–	98	HK$1	Provision of food and beverage services
Shirokuma (YTW) Limited	Hong Kong	–	98	HK$1	Provision of food and beverage services
Shirokuma (TF) Limited	Hong Kong	–	98	HK$1	Provision of food and beverage services
白熊(上海)餐飲管理有限公司	PRC	–	98	US$1,000,000	Provision of food and beverage services
Xiao Wang (CL) Limited	Hong Kong	–	100	HK$1	Provision of food and beverage services
Xiao Wang (HW) Limited	Hong Kong	–	100	HK$1	Provision of food and beverage services
Xiao Wang (TF) Limited	Hong Kong	–	100	HK$1	Provision of food and beverage services
Xiao Wang (WTC) Limited	Hong Kong	–	100	HK$1	Provision of food and beverage services
Xiao Wang (TWP) Limited	Hong Kong	–	100	HK$1	Provision of food and beverage services
Enmaru (CWB) Limited	Hong Kong	–	90	HK$1	Provision of food and beverage services
炎丸(上海)餐飲管理有限公司	PRC	–	100	US$700,000	Provision of food and beverage services
香港商大利紅有限公司台灣分公司	Taiwan	–	100	TWD1,000,000	Provision of food and beverage services

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

14. Goodwill on consolidation

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

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

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

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

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

– ***Budgeted turnover***

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

– ***Budgeted gross margins***

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

– ***Business environment***

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

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

15. Other intangible assets

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

16. Deferred tax

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

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

Represented by:–

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

17. Inventories

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

18. Debtors, deposits and prepayments

Debtors, deposits and prepayments comprise:–

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

(a) Aging analysis

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

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

(b) Trade debtors that are not impaired

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

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

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

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

19. Cash and cash equivalents

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

20. Creditors, accruals and deposits received

Creditors, accruals and deposits received comprise:–

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

The following was an aging analysis of trade creditors:–

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

21. Capital and reserves attributable to shareholders of the Company

(a) *Share capital*

Ordinary shares of HK$0.01 each

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

(b) *Capital management*

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

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

22. Reserves

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

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

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

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

23. Obligations under finance lease

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

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

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

24. Bank loans – Secured

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

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

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

25. Loan from a director

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

26. Convertible bonds

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

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

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

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

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

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

27. Share options

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

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

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

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

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

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

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

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

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

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

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

	Date of grant	Exercisable period	Exercise price per share *HK$*	Outstanding at 1.4.2013	Granted during the year	Lapsed during the year	Outstanding at 31.3.2014 and 1.4.2014	Granted during the year	Lapsed during the year	Outstanding at 31.3.2015
Category 1: Directors										
Mr. Tang	23.12.2011	23.12.2012 – 22.12.2021	0.062	5,000,000	–	–	5,000,000	–	–	5,000,000
	23.12.2011	23.12.2013 – 22.12.2021	0.062	5,000,000	–	–	5,000,000	–	–	5,000,000
	23.12.2011	23.12.2014 – 22.12.2021	0.062	5,000,000	–	–	5,000,000	–	–	5,000,000
	19.4.2013	19.4.2014 – 18.4.2023	0.090	–	5,000,000	–	5,000,000	–	–	5,000,000
	19.4.2013	19.4.2015 – 18.4.2023	0.090	–	5,000,000	–	5,000,000	–	–	5,000,000
Mr. Bhanusak Asvaintra	13.8.2010	13.8.2011 – 12.8.2020	0.138	1,000,000	–	–	1,000,000	–	–	1,000,000
	23.12.2011	23.12.2012 – 22.12.2021	0.062	500,000	–	–	500,000	–	–	500,000
	19.4.2013	19.4.2014 – 18.4.2023	0.090	–	500,000	–	500,000	–	–	500,000
Mr. Chan Kam Fai Robert	13.8.2010	13.8.2011 – 12.8.2020	0.138	1,000,000	–	–	1,000,000	–	–	1,000,000
	23.12.2011	23.12.2012 – 22.12.2021	0.062	500,000	–	–	500,000	–	–	500,000
	19.4.2013	19.4.2014 – 18.4.2023	0.090	–	500,000	–	500,000	–	–	500,000
Mr. Chung Kwok Keung Peter	13.8.2010	13.8.2011 – 12.8.2020	0.138	1,000,000	–	–	1,000,000	–	–	1,000,000
	23.12.2011	23.12.2012 – 22.12.2021	0.062	500,000	–	–	500,000	–	–	500,000
	19.4.2013	19.4.2014 – 18.4.2023	0.090	–	500,000	–	500,000	–	–	500,000

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

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

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

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

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

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

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

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

28. Contingent liabilities

Financial guarantees issued by the Company

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

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

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

29. Banking facilities

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

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

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

30. Operating lease arrangements

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

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

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

31. Related party and connected transactions

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

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

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

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

Notes:

(a) The amounts were predetermined by both parties.

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

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

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

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

32. Retirement benefit costs

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

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

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

33. Nature and extent of financial instrument risks

(a) Credit risk

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

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

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

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

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

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

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

(b) Liquidity risk

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

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

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

(c) Currency risk

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

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

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

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

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

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

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

(d) Interest rate risk

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

(i) Effective interest profile

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

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

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

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

(e) Market price risk

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

(f) Fair values

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

34. Segment and entity-wide information

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

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

(b) Geographical information

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

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

(c) Major customers

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

35. Statement of financial position of the Company

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

36. Subsequent events

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

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

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

37. Ultimate holding company

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

3. STATEMENT OF INDEBTEDNESS

Borrowings

At the close of business on 31 August 2016, being the latest practicable date for the purpose of the statement of indebtedness prior to the printing of this Composite Document, the Group had total outstanding borrowings approximately HK$148.0 million, comprised of (i) secured bank loans of approximately HK$25.7 million which are interest-bearing at ranging from 3.22% to 3.29% per annum, repayable within one year and secured by corporate guarantee provided by the Company and one subsidiary of the Company; (ii) finance lease of approximately HK$0.3 million which is interest-bearing at 2.85% per annum, and in which of approximately HK$0.2 million is repayable within one year and the remaining balance is repayable in the second to fifth year; (iii) convertible bonds with the aggregate principal amount of HK$38.6 million which is interest-bearing at 3.24% per annum and repayable within one year; and (iv) loans from a director of approximately HK$83.4 million, which is unsecured, interest-free and repayable within one year.

Contingent liabilities

At the close of business on 31 August 2016, being the latest practicable date for the purpose of the statement of indebtedness prior to the printing of this Composite Document, the Company has issued guarantees to banks in respect of banking facilities of approximately HK$13.0 million, HK$4.0 million and HK$12.4 million granted to wholly-owned subsidiaries, I.T.H.K. Limited ("**ITHK**"), Truth Limited ("**Truth**") and Epicurean Management (Asia) Limited ("**EMAL**"), respectively.

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

At the close of business on 31 August 2016, being the latest practicable date for the purpose of the statement of indebtedness prior to the printing of this Composite Document, the Directors of the Company do not consider there is possibility that a claim will be made against the Company under any of the guarantees. The maximum liability of the Company at the close of business on 31 August 2016 under the guarantees issued is the outstanding amount of the facilities drawn down by ITHK, Truth and EMAL which are approximately HK$13.0 million, HK$1.5 million and HK$11.2 million respectively. Since the fair value of financial guarantees issued at inception date is immaterial, no provision and amortization on financial guarantees issued has been recognized in the Company's statement of profit or loss.

Save as aforesaid or as otherwise disclosed herein and apart from intra-group liabilities, normal trade and other payables, the Group did not have any other loan capital issued or agreed to be issued, bank overdrafts, loans, debt securities issued and outstanding, and authorized or otherwise created but unissued and term loans or other borrowings, indebtedness in the nature of borrowings, liabilities under acceptance (other than normal trade bills) or acceptance credits, debentures, mortgages, charges, finance lease or hire purchase commitments, which are either guaranteed, unguaranteed, secured or unsecured, guarantees or other material contingent liabilities outstanding at the close of business on 31 August 2016.

To the best knowledge of the directors of the Group, having made all reasonable enquiries, there has been no material change in indebtedness or contingent liabilities of the Group since 31 August 2016 up to the Latest Practicable Date.

4. MATERIAL CHANGE

The Directors have confirmed that, save and except for

(i) the Group's portfolio restructure (the "**Portfolio Restructure**") by way of disposal of the business operation in Japan and the entire interests in the Shanghainese dining concept and Taiwan beef noodle chain stores conducted in the financial year ended 31 March 2016 ("**FY2016**") as disclosed in the annual report of the Company for FY2016, which led to the shrinkage of the Group's store network and thus the substantial decrease in the number of stores to 58 as at 30 June 2016, which is expected to be fully reflected in the Group's revenue for the year ending 31 March 2017;

(ii) the material decrease of approximately 39.3% in the unaudited revenue of the Group for the three months ended 30 June 2016 ("**1Q2017**") as compared with that for the same period of 2015 ("**1Q2016**"), which was mainly due to the decline in revenue of the Group's flagship brand of restaurants, café and cake shops, together with its extended brands, in Hong Kong as a result of closure of stores on lease expiry, as disclosed in the quarterly report of the Company for the three months ended 30 June 2016 (the "**Quarterly Report**");

(iii) the material decrease of approximately 41.3% in unaudited gross profit of the Group for 1Q2017 as compared with that for 1Q2016, mainly due to the decrease in revenue as mentioned above, and a decrease of approximately 2.3 percentage points in the gross profit margin of the Group for 1Q2017 as compared with that for 1Q2016 mainly as a result of the rising costs in raw materials and utilities, as disclosed in the Quarterly Report;

(iv) the material increase of approximately 59.9% in the loss attributable to owners of the Company for 1Q2017 as compared with that of 1Q2016, which was mainly due to the net effect of the decrease in gross profit as mentioned above and the decrease of approximately 31.4% in operating expenses of the Group (the latter of which was due to the decrease in the number of operating subsidiaries in 1Q2017 as compared to that of 1Q2016 resulting from Portfolio Restructure), as disclosed in the Quarterly Report; and

(v) the material increase in net liabilities of the Group by approximately HK$13.5 million from approximately HK$0.4 million as at 31 March 2016 to approximately HK$13.9 million as at 30 June 2016 which was mainly as a result of the loss recognized in 1Q2017, as disclosed in the Quarterly Report,

there has been no material change in the financial or trading position or outlook of the Group since 31 March 2016, being the date to which the latest published audited accounts of the Group were made up, and up to and including the Latest Practicable Date.

1. RESPONSIBILITY STATEMENT

The sole director and sole shareholder of the Offeror, being Mr. Chan, accepts full responsibility for the accuracy of the information contained in this Composite Document (other than information relating to the Group, the Vendors and parties acting in concert with any of them), and confirms, having made all reasonable enquires, that to the best of his knowledge, opinions expressed in this Composite Document (other than opinions expressed by the Directors) have been arrived at after due and careful consideration and there are no other facts not contained in this Composite Document, the omission of which would make any statement in this Composite Document misleading.

2. MARKET PRICES

The table below shows the closing price of the Shares quoted on the Stock Exchange on (i) the last day on which trading took place in each of the calendar months during the Relevant Period; (ii) the Last Trading Day; and (iii) the Latest Practicable Date.

Date	**Closing price per Shares** *(HK$)*
31 March 2016	0.1100
29 April 2016	0.1400
31 May 2016	0.1420
30 June 2016	0.1380
29 July 2016	0.1210
31 August 2016	0.1020
7 September 2016 *(being the Last Trading Day) (Note 1)*	0.1130
30 September 2016 *(being the Latest Practicable Date)*	0.1500

Note:

(1) Trading of Shares was suspended from 8 September 2016 to 14 September 2016 pending the release of the Joint Announcement.

During the six-month period prior to commencement of the Offer Period on 14 September 2016 and up to and including the Last Trading Day, the highest closing price of the Shares was HK$0.1610 per Share as quoted on the Stock Exchange on 24 May 2016 and the lowest closing price of the Shares was HK$0.1020 per Share as quoted on the Stock Exchange on 31 August 2016.

3. INTERESTS IN THE COMPANY AND THE OFFEROR AND ARRANGEMENTS IN CONNECTION WITH THE OFFERS

As at the Latest Practicable Date:

(a) save for the Sale Shares, neither the Offeror nor Mr. Chan nor parties acting in concert with the Offeror was interested in or owned or controlled any Shares, derivatives, warrants or convertible or exchangeable securities carrying rights to subscribe for, convert or exchange into, Shares;

(b) there was no outstanding derivative in respect of securities in the Company which has been entered into by the Offeror and/or any person acting in concert with it;

(c) save for the intention expressed by all the independent non-executive Directors that they will reject the Share Offer and by Mr. Tang that he will accept the Option Offer, the Offeror and/or parties acting in concert with it had not received any irrevocable commitment to accept or reject the Offers;

(d) there was no arrangement of the kind referred to in the third paragraph of Note 8 to Rule 22 of the Takeovers Code which existed between the Offeror, the Offeror's associates (as defined under the Takeovers Code) or any person acting in concert with it and any other person;

(e) there was no relevant security (as defined in Note 4 to Rule 22 of the Takeovers Code including shares, warrants, options, derivatives or convertible securities) in the Company which the Offeror or any party acting in concert with it borrowed or lent;

(f) save for the Undertakings (details of which are set out in the paragraph headed "Undertakings and non-acceptance of the Offers" in the "Letter from Pacific Foundation"), there was no agreement, arrangement or understanding (including any compensation arrangement) existing between the Offeror or any person acting in concert with it and any Directors, recent Directors, Shareholders or recent Shareholders having any connection with or dependent upon the Offers;

(g) there was no agreement or arrangement to which the Offeror was a party which related to the circumstances in which the Offeror may or may not invoke or seek to invoke a condition to the Offers; and

(h) No benefit will be given to any Director as compensation for loss of office or otherwise in connection with the Offers.

Pursuant to the terms of the Offer Facility, the Offeror has agreed to charge, including but not limited to, any Shares to be acquired pursuant to the Share Offer in favor of Pacific Foundation (details of which has been set out in the section headed "Financial resources available to the Offeror" in the Letter From Pacific Foundation). Save as aforementioned, there was no agreement, arrangement or understanding that any securities of the Company, acquired in pursuance of the Share Offer would be transferred, charged or pledged to any other persons. As at the Latest Practicable Date, Pacific Foundation is not interested in any securities in the Company.

4. DEALINGS IN SECURITIES AND ARRANGEMENTS IN RELATION TO DEALINGS

During the Relevant Period:

(a) save for the Sale Shares, none of the Offeror nor parties acting in concert with it had dealt for value in any Shares, derivatives, warrants or convertible or exchangeable securities carrying rights to subscribe for, convert or exchange into, Shares;

(b) no person owning or controlling any shareholding in the Company with whom the Offeror, the Offeror's associates (as defined under the Takeovers Code) or any person acting in concert with the Offeror had any arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code had dealt in any Shares, convertible securities, warrants, options or derivatives of the Company;

(c) there were no relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company which the Offeror or parties acting in concert with the Offeror had borrowed or lent.

5. CONSENTS AND QUALIFICATIONS OF PROFESSIONAL ADVISERS

The followings are the names and the qualifications of the professional advisers whose letters, opinions or advice are contained or referred to in this Composite Document:

Name	Qualifications
Pacific Foundation	a corporation licensed to carry on Type 1 (dealing in securities) and Type 9 (asset management) regulated activities under the SFO
Veda Capital	a licenced corporation to carry out Type 6 (advising on corporate finance) regulated activity under the SFO

Each of Pacific Foundation and Veda Capital has given and has not withdrawn its written consent to the issue of this Composite Document with the inclusion herein of its letter, opinions or advice and references to its names in the form and context in which it appear.

As at the Latest Practicable Date, each of Pacific Foundation and Veda Capital did not have any shareholding in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

6. GENERAL

As at the Latest Practicable Date:

(a) The registered office of the Offeror was situated at OMC Chambers, Wickhams Cay 1, Road Town, Tortola, British Virgin Island and the correspondence address of Mr. Chan, the sole director and shareholder of the Offeror, is Unit 4, 2/F, Block B, Hoi Luen Industrial Centre, 55 Hoi Yuen Road, Kwun Tong, Kowloon.

(b) The registered office of Veda Capital was situated at Room 1106, 11/F., Wing On Centre, 111 Connaught Road Central, Hong Kong.

(c) The registered office of Pacific Foundation was situated at 11/F., New World Tower II, 16-18 Queen's Road Central, Hong Kong.

(d) In the event of inconsistency, the English texts of this Composite Document and the Forms of Acceptance shall prevail over their respective Chinese texts.

1. RESPONSIBILITY STATEMENT

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this Composite Document (other than that relating to the Offeror and parties acting in concert with it) and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this Composite Document (other than opinions expressed by the Offeror and parties acting in concert with it) have been arrived at after due and careful consideration and there are no other facts not contained in this Composite Document, the omission of which would make any statement in this Composite Document misleading.

2. SHARE CAPITAL

(a) The authorised share capital of the Company as at the Latest Practicable Date was HK$50,000,000 divided into 5,000,000,000 Shares of HK$0.010 each.

(b) The issued share capital of the Company as at the Latest Practicable Date are as follows:

(i) as at the Latest Practicable Date:

Authorised:

5,000,000,000	Shares	HK$50,000,000

Issued and fully paid up or credited as fully paid up:

2,777,450,000	Shares	HK$27,774,500

(c) Each of the Shares in issue ranks *pari passu* in all respects with each other, including, in particular, as to rights in respect of capital, dividends and voting.

(d) The number of Shares in issue as at 31 March 2016, being the date to which the latest audited financial statements of the Company were made up, was 2,777,450,000. No Shares were issued from that date to the Latest Practicable Date.

(e) As at the Latest Practicable Date, save for the Share Options, the Company does not have any outstanding share options granted under the Share Option Schemes.

(f) Save for the Convertible Bond with an aggregate outstanding amount of HK$40,000,000 which are convertible into 500,000,000 new Shares and Shares Options, the Company has no other shares, options, warrants, derivatives or other securities that carry a right to subscribe for or which are convertible into Shares.

(g) There has been no alteration to the authorised share capital of the Company since the previous end date of its financial year, being 31 March 2016 and there has been no increase in the issued share capital of the Company since 31 March 2016 and up to the Latest Practicable Date.

(h) The Shares are listed and traded on the GEM. None of the Shares is listed, or dealt in, on other stock exchange, nor is any listing of or permission to deal in Shares being, or proposed to be, sought on any other stock exchange.

3. MARKET PRICES

The table below shows the closing price of the Shares as quoted on the Stock Exchange on (i) the last trading day of each of the calendar months during the Relevant Period; (ii) 7 September 2016, being the Last Trading Day; and (iii) 30 September 2016, being the Latest Practicable Date.

Date	**Closing price per Share** *(HK$)*
2016	
31 March	0.110
29 April	0.140
31 May	0.142
30 June	0.138
29 July	0.121
31 August	0.102
7 September (Last Trading Date) *(Note 1)*	0.113
30 September (Latest Practicable Date)	0.150

Note:

1. Trading in the Shares was suspended during the period from 8 September 2016 to 14 September 2016 pending the release of the Joint Announcement.

Highest and lowest Share prices

During the Relevant Period,

(i) the highest closing price of the Shares as quoted on the Stock Exchange was HK$0.161 per Share on 24 May 2016; and

(ii) the lowest closing price of the Shares as quoted on the Stock Exchange was HK$0.102 per Share on 31 August 2016.

4. DISCLOSURE OF INTERESTS

(a) Directors' and chief executive's interests and short positions in the Shares, underlying Shares and debentures of the Company and its associated corporations

As at the Latest Practicable Date, 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 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 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

Name of Director	Capacity	Number of ordinary Shares held	Approximate % of shareholding in the Company as at the Latest Practicable Date
Mr. Bhanusak Asvaintra	Beneficial owner	2,000,000	0.07%
Mr. Chan Kam Fai Robert	Beneficial owner	2,000,000	0.07%
Mr. Chung Kwok Keung Peter	Beneficial owner	2,000,000	0.07%

(b) *Interests in underlying shares of the Company*

Name of Director	Capacity	Number of underlying Shares held	Approximate % of shareholding in the Company as at the Latest Practicable Date
Mr. Tang *(Note 1)*	Beneficial owner	500,000,000 *(Note 2)*	18%

Name of Director	Date of grant	Exercise price per share	Exercisable period	Number of share options outstanding	Approximate percentage of the issued share capital
Mr. Tang *(Note 1)*	23 December 2011	0.062	From 23 December 2012 to 22 December 2021	5,000,000	0.18%
	23 December 2011	0.062	From 23 December 2013 to 22 December 2021	5,000,000	0.18%
	23 December 2011	0.062	From 23 December 2014 to 22 December 2021	5,000,000	0.18%
	19 April 2013	0.090	From 19 April 2014 to 18 April 2023	5,000,000	0.18%
	19 April 2013	0.090	From 19 April 2015 to 18 April 2023	5,000,000	0.18%

Notes:

1. Ms. Ho Ming Yee, the spouse of Mr. Tang, is deemed to be interested in the same number of Shares held by Mr. Tang.

2. The said 500,000,000 shares of the Company represent the total number of conversion shares attaching to the Convertible Bond in the outstanding principal amount of HK$40,000,000 which would be allotted and issued upon full conversion at the conversion price of HK$0.08 per Share.

(c) Interests in debentures of the Company

Name of Director	Capacity	Amount of Debentures
Mr. Tang *(Note 1)*	Beneficial owner	HK$40,000,000 *(Note 2)*

Notes:

1. Ms. Ho Ming Yee, the spouse of Mr. Tang, is deemed to be interested in the same number of Shares held by Mr. Tang.

2. The said 500,000,000 shares of the Company represent the total number of conversion shares attaching to the Convertible Bond in the outstanding principal amount of HK$40,000,000 which would be allotted and issued upon full conversion at the conversion price of HK$0.08 per Share.

Save as disclosed herein, as at the Latest Practicable Date, 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.

(b) Substantial shareholders' and other persons' interests and short positions in the Shares, underlying Shares and debentures of the Company

Save as disclosed under the section headed "Directors' interests in the securities of the Company or any associated corporations" above, so far as is known to the Directors and chief executive of the Company, as at the Latest Practicable Date, 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, 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company, except the following:

Name of substantial Shareholders	Capacity in which interests were held	Number of ordinary Shares held	Number of Underlying Shares held	Total number of Shares and underlying Shares	Approximate% of shareholding as at the Latest Practicable Date
The Offeror *(Note 1)*	Beneficial owner	1,403,810,083	–	1,403,810,083	50.54%
Mr. Tang *(Note 2)*	Beneficial owner		525,000,000 *(Note 3)*	525,000,000	18.90% *(Note 3)*
Excel Precise International Limited *(Note 4)*	Person having a security interest in shares	1,403,810,083	–	1,403,810,083	50.54%

Notes:

(1) The Shares are held by the Offeror, the entire issued shares of which is owned by Mr. Chan.

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

(3) Mr. Tang holds the Convertible Bond in respect of the outstanding principal amount of HK$40,000,000, under which a total of 500,000,000 Shares of the Company would be issued upon full exercise of the conversion rights attaching thereto. Upon full conversion of the Convertible Bond, Mr. Tang would hold 500,000,000 Shares, representing approximately 18.00% of the issued share capital of the Company as at the Latest Practicable Date. Furthermore, Mr. Tang holds 25,000,000 Share Options and, upon full exercise of such Share Options, Mr. Tang shall hold 25,000,000 Option Shares, representing approximately 0.9% of the issued share capital of the Company as at the Latest Practicable Date.

(4) The controlling shareholder of Excel Precise International Limited is True Promise Investments Limited, which is beneficially owned by Mr. Law Fei Shing.

Save as disclosed above, as at the Latest Practicable Date, so far as is known to the Directors and the chief executive of the Company, the Company had not been notified by any person (other than the Directors or chief executive of the Company) who had interests or short positions in the Shares, underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who were, directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying the rights to vote in all circumstances at general meetings of any member of the Group.

5. ADDITIONAL DISCLOSURE OF INTERESTS

As at the Latest Practicable Date,

(a) save as disclosed in the section headed "Disclosure of Interests" in this Appendix, none of the Offeror or parties acting in concert with it owns, controls or is interested in any Shares or convertible securities, warrants, options or derivatives in respect of any Shares;

(b) save as disclosed in the section headed "Disclosure of Interests" in this Appendix, none of the Directors were interested in any Shares, convertible securities, warrants, options or derivatives of the Company;

(c) neither the Company nor the Directors were interested in any shares, convertible securities, warrants, options or derivatives of the Offeror;

(d) no subsidiary of the Company, nor any pension fund of the Group, nor any adviser to the Company as specified in class (2) of the definition of "associate" under the Takeovers Code, owns or controls any Shares, convertible securities, warrants, options or derivatives of the Company;

(e) no Shares, convertible securities, warrants, options or derivatives of the Company were managed on a discretionary basis by fund managers (other than exempt fund managers) connected with the Company;

(f) neither the Company nor the Directors had borrowed or lent any Shares, convertible securities, warrants, options or derivatives of the Company;

(g) no benefit had been given or will be given to any Director as compensation for loss of office or otherwise in connection with the Offers;

(h) save as the appointment and resignation of the Directors disclosed in the paragraph headed "Intention of the Offeror in relation to the Group" in "Letter from Pacific Foundation" in this Composite Document, there was no agreement or arrangement between any Directors and any other person which is conditional on or dependent upon the outcome of the Offeror or otherwise connected therewith;

(i) save for the Sale and Purchase Agreement in which Mr. Tang is interested, there was no material contract entered into by the Offeror or any party acting in concert with it in which any Director had a material personal interest;

(j) no person had provided any irrevocable commitment to accept or reject the Offers; and

(k) all the independent non-executive Directors, being Mr. Bhanusak Asvaintra, Mr. Chan Kam Fai Robert and Mr. Chung Kwok Keung Peter had expressed their intention in respect of their own beneficial shareholdings in the Company in whole to reject the Share Offer and Mr. Tang had expressed his intention to accept the Option Offer in respect of his Share Options in whole.

6. DEALING IN SECURITIES

(a) As at the Latest Practicable Date, the Company did not have any beneficial interest in the shares, convertible securities, warrants, options and derivatives of the Offeror, and the Company had not dealt for value in any shares, convertible securities, warrants, options or derivatives of the Offeror during the Relevant Period.

(b) Since the Relevant Date and up to and including the Latest Practicable Date, no subsidiary of the Company, nor any pension fund of the Group, nor any adviser to the Company as specified in class (2) of the definition of "associate" under the Takeovers Code (but excluding exempt principal traders), has dealt for value in the Shares, convertible securities, warrants, options or derivatives of the Company.

(c) Since the Relevant Date and up to and including the Latest Practicable Date, no person who has an arrangement of the kind referred to in Note 8 to Rule 22 of the Code with the Company or any person who is an associate of the Company by virtue of classes (1), (2), (3) and (4) of the definition of "associate" in the Code has dealt for value in the Shares, convertible securities, warrants, options or derivatives of the Company.

(d) No Shares, convertible securities, warrants, options or derivatives of the Company were managed on a discretionary basis by any fund managers connected with the Company as at the Latest Practicable Date, and none of them had dealt in any Shares, convertible securities, warrants, options or derivatives of the Company during the Relevant Period.

(e) Reference is made to the announcement of the Company dated 27 April 2016. First Glory disposed of a total of 270,000,000 Shares in the open market by way of placing on 27 April 2016 at the highest price per Share being HK$0.112 and at the average price per Share being HK$0.112. During the Relevant Period and as at the Latest Practicable Date, save as disclosed above and save for the sale of the Sale Shares as contemplated under the Sale and Purchase Agreement, none of the Directors has dealt for value in the shares, convertible securities, warrants, options or derivatives of the Company or the Offeror.

7. DIRECTORS' SERVICE CONTRACTS

The Company has entered into the service agreements below with the following Directors.

Name of Director	Commencement date of the service contract	Expiry date of the service contract	Fixed fee per month *HK$*
Mr. Tang	6 June 2016	17 February 2019	10,000.00
Mr. Bhanusak Asvaintra	6 June 2016	17 February 2019	10,000.00
Mr. Chan Kam Fai Robert	6 June 2016	17 February 2019	10,000.00
Mr. Chung Kwok Keung Peter	6 June 2016	17 February 2019	10,000.00

As at the Latest Practicable Date, save as disclosed above, none of the Directors had any existing or proposed service contract with or any remuneration or emoluments received from any member of the Group or associated companies (i) which is not determinable by the Company within 12 months without payment of compensation, other than statutory compensation; (ii) which (including both continuous and fixed term contracts) had been entered into or amended within six months before the Relevant Date; (iii) which were continuous contracts with a notice period of 12 months or more; or (iv) which were fixed term contracts with more than 12 months to run irrespective of the notice period.

8. LITIGATION

As at the Latest Practicable Date, neither the Company nor any of its subsidiaries was engaged in any litigation, arbitration or claim of material importance and no litigation, arbitration or claim of material importance was known to the Directors to be pending or threatened against the Company or any of its subsidiaries.

9. MATERIAL CONTRACTS

The following contracts (not being contracts entered into in the ordinary course of business carried on or intended to be carried on by the Group) were entered into by members of the Group within two years immediately preceding the Relevant Date and up to the Latest Practicable Date and are or may be material:

(a) the disposal agreement dated 11 February 2015 entered into between the Company as the seller and Simply Global Investments Limited as the purchaser in relation to the disposal of the entire issued share capital of Marvel Success Limited (a wholly-owned subsidiary of the Company) and the assignment of the shareholder's loan to Simply Global Investments Limited (the "**Disposal**");

(b) the termination agreement dated 19 May 2015 entered into between the Company and Simply Global Investments Limited in relation to the termination of the Disposal;

(c) the supplemental deed dated 8 July 2015 (which was entered into between the Company as issuer and Strong Venture Limited in relation to the alteration of certain terms and conditions of the Convertible Bond issued by the Company on 15 August 2012; and

(d) the sale and purchase agreement dated 18 August 2015 entered into between Marvel Success Limited (a direct wholly-owned subsidiary of the Company) as vendor and Simply Global Investments Limited (a company wholly owned by Mr. Tang) as purchaser in relation to the disposal of the entire issued share capital of Alworth Limited and the assignment of the shareholder's loans to Simply Global Investments Limited.

10. EXPERT AND CONSENT

The following are the qualifications of the professional expert who has given opinion or advice, which is contained in this Composite Document:

Name	Qualification
BOSC International Company Limited	a corporation licensed to carry out Type 1 (dealing in securities), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO

The above expert has given and has not withdrawn its written consent to the issue of this Composite Document with the inclusion of its letter or report and references to its name and logo in the form and context in which they respectively appear.

As at the Latest Practicable Date, the above expert does not have any direct or indirect interest in any assets which have been, since 31 March 2016 (the date to which the latest published audited consolidated financial statements of the Group were made up), acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group.

11. GENERAL

(a) The registered office of the Company is situated at PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands and its principal place of business in Hong Kong is at 8th Floor, Pedder Building, 12 Pedder Street, Central, Hong Kong.

(b) The Company's principal share registrar and transfer office of the Company is Royal Bank of Canada Trust Company (Cayman) Limited, 4th Floor, Royal Bank House, 24 Shedden Road, George Town, Grand Cayman KY1-1110, Cayman Islands.

(c) The Hong Kong branch share registrar and transfer office of the Company is Computershare Hong Kong Investor Services Limited, Shops 1712-16, 17/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.

(d) The company secretary of the Company is Mr. Ho King Yee, a member of the Hong Kong Institute of Certified Public Accountant.

(e) The registered address of the Independent Financial Adviser is at 34/F Champion Tower, 3 Garden Road, Central, Hong Kong.

(f) The English text of this Composite Document and the Forms of Acceptance shall prevail over the Chinese translation in the case of inconsistency.

12. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection (i) during normal business hours of the Company (9 a.m. to 5 p.m.) on any weekday (public holidays excepted) at the principal office of the Company at 8th Floor, Pedder Building, 12 Pedder Street, Central, Hong Kong from the date of this Composite Document up to and including the Closing Date, (ii) on the website of the Company (http://www.eacl.com/), and (iii) on the website of the SFC (www.sfc.hk) from the date of this Composite Document up to and including the Closing Date:

(a) the memorandum and articles of association of the Company;

(b) the memorandum and articles of association of the Offeror;

(c) the annual reports of the Company for each of the two financial years ended 31 March 2015 and 31 March 2016, respectively;

(d) the "Letter from Pacific Foundation", the text of which is set out in this Composite Document;

(e) the "Letter from the Board", the text of which is set out in this Composite Document;

(f) the "Letter from the Independent Board Committee", the text of which is set out in this Composite Document;

(g) the "Letter from the Independent Financial Adviser", the text of which is set out in this Composite Document;

(h) the written consent(s) referred to in the paragraph headed "Expert and Consent" in this Appendix;

(i) the written consent(s) referred to in the paragraph headed "Consents and qualifications of professional advisers" in Appendix III to this Composite Document;

(j) the service contracts referred to in the paragraph headed "Directors' Service Contracts" in this Appendix; and

(k) the material contracts referred to under the paragraph headed "Material Contracts" in this Appendix.