



epicurean | 惟膳
Epicurean and Company, Limited
惟膳有限公司

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

INTERIM REPORT
FOR THE PERIOD ENDED
30 SEPTEMBER 2012

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

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

FINANCIAL HIGHLIGHTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2012

Consolidated turnover from both continuing and discounted operations was HK\$85.2 million for the period under review, representing an increase of 33% compared with HK\$64.2 million recorded in the corresponding period last year.

Turnover from food and beverage business was HK\$83.7 million (2011: HK\$35.1 million), representing an increase of 138% compared with the corresponding period last year.

Loss attributable to owners of the Company increased to HK\$12.1 million from HK\$7.3 million.

During the period under review, a sale and purchase agreement had been entered into between an indirect wholly-owned subsidiary of the Company and a vendor to acquire 100% equity interest in a food and beverage group which holds franchise rights of well-established restaurants, café and cake shops chain outlets in Hong Kong, as well as recently assigned franchise rights in Guangdong Province, the People's Republic of China and Taiwan, at the total consideration of HK\$80 million.

During the period under review, the Group had disposed of the entire equity interests in Armitage Technologies Holding (BVI) Limited and its subsidiaries in order to discontinue all the businesses of the provision of information solutions and design, development and sale of application software packages.

INTERIM RESULTS

The board of directors (the “Board”) of the Company hereby announces the unaudited condensed consolidated interim financial statements of the Company and its subsidiaries (hereinafter collectively referred to as the “Group”) for the period ended 30 September 2012, together with the comparative unaudited consolidated figures for the corresponding period last year:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

For the six months ended 30 September 2012

	Note	For the six months ended 30 September		For the three months ended 30 September	
		2012 HK\$'000	2011 HK\$'000	2012 HK\$'000	2011 HK\$'000
Continuing operations					
Turnover	2	83,706	35,095	50,295	19,819
Cost of sales and services rendered		(27,455)	(13,086)	(17,656)	(8,076)
Gross profit		56,251	22,009	32,639	11,743
Other income		550	394	337	158
Operating expenses		(61,534)	(20,377)	(35,321)	(12,488)
Operating (loss)/profit		(4,733)	2,026	(2,345)	(587)
Finance costs	3(a)	(2,778)	(1,265)	(1,774)	(653)
(Loss)/Profit before income tax	3	(7,511)	761	(4,119)	(1,240)
Income tax credit/(expense)	4	135	(634)	(92)	(266)
(Loss)/Profit for the period from continuing operations		(7,376)	127	(4,211)	(1,506)
Discontinued operations					
Loss for the period from discontinued operations	5	(4,752)	(7,380)	-	(1,047)
Loss for the period		(12,128)	(7,253)	(4,211)	(2,553)
Other comprehensive (loss)/ income, net of tax					
Exchange (loss)/gain arising from translation of financial statements of foreign operations		(9)	(338)	43	(146)
Total comprehensive loss for the period		(12,137)	(7,591)	(4,168)	(2,699)

	Note	For the six months ended 30 September		For the three months ended 30 September	
		2012 HK\$'000	2011 HK\$'000	2012 HK\$'000	2011 HK\$'000
Loss for the period attributable to:					
Owners of the Company		(12,138)	(7,311)	(4,223)	(2,539)
Non-controlling interests		10	58	12	(14)
		<u>(12,128)</u>	<u>(7,253)</u>	<u>(4,211)</u>	<u>(2,553)</u>
Total comprehensive loss for the period attributable to:					
Owners of the Company		(12,147)	(7,649)	(4,180)	(2,685)
Non-controlling interests		10	58	12	(14)
		<u>(12,137)</u>	<u>(7,591)</u>	<u>(4,168)</u>	<u>(2,699)</u>
(Loss)/Earnings per share (HK cents)	6				
From continuing and discontinued operations					
– Basic		<u>(0.68)</u>	<u>(0.67)</u>	<u>(0.22)</u>	<u>(0.23)</u>
– Diluted		<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
From continuing operations					
– Basic		<u>(0.41)</u>	<u>0.01</u>	<u>(0.22)</u>	<u>(0.14)</u>
– Diluted		<u>N/A</u>	<u>0.11</u>	<u>N/A</u>	<u>N/A</u>
From discontinued operations					
– Basic		<u>(0.27)</u>	<u>(0.68)</u>	<u>N/A</u>	<u>(0.09)</u>
– Diluted		<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>

CONDENSED STATEMENT OF FINANCIAL POSITION

As at 30 September 2012

	At 30 September 2012 (Unaudited) <i>HK\$'000</i>	At 31 March 2012 (Audited) <i>HK\$'000</i>
	<i>Note</i>	
NON-CURRENT ASSETS		
Plant and equipment	32,990	21,818
Goodwill on consolidation	60,285	4,936
Other intangible assets	23,926	5,850
Deferred tax assets	4,018	2,852
	<u>121,219</u>	<u>35,456</u>
CURRENT ASSETS		
Other financial assets	15,550	15,550
Inventories	3,452	1,010
Debtors, deposits and prepayments	7 38,453	15,489
Income tax recoverable	653	121
Time deposits	613	612
Cash and bank balances	26,935	29,628
	<u>85,656</u>	<u>62,410</u>
Assets of a disposal group classified as held for sale	–	15,111
	<u>85,656</u>	<u>77,521</u>
DEDUCT:		
CURRENT LIABILITIES		
Convertible bonds	2,954	37,927
Amount due to a related company	1,289	1,289
Bank loan, secured	13,812	387
Creditors, accruals and deposits received	8 31,985	21,537
Income tax payable	4,122	2,075
	<u>54,162</u>	<u>63,215</u>
Liabilities directly associated with assets for sale	–	7,548
	<u>54,162</u>	<u>70,763</u>
NET CURRENT ASSETS	<u>31,494</u>	<u>6,758</u>

	At 30 September 2012 (Unaudited) <i>HK\$'000</i>	At 31 March 2012 (Audited) <i>HK\$'000</i>
<i>Note</i>		
TOTAL ASSETS LESS CURRENT LIABILITIES	152,713	42,214
	-----	-----
NON-CURRENT LIABILITIES		
Convertible bonds	77,324	–
Bank loans, secured	4,759	–
Deferred tax liabilities	2,987	566
Amount due to a related company	1,289	1,289
Other payables	288	164
8	-----	-----
	86,647	2,019
	-----	-----
NET ASSETS	66,066	40,195
	=====	=====
REPRESENTING:		
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY		
Share capital	22,430	16,430
Reserves	42,468	22,607
	-----	-----
	64,898	39,037
Non-controlling interests	1,168	1,158
	-----	-----
TOTAL EQUITY	66,066	40,195
	=====	=====

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to owners of the Company									
	Share capital <i>HKS'000</i>	Accumulated losses <i>HKS'000</i>	Share premium <i>HKS'000</i>	Special reserve <i>HKS'000</i>	Exchange reserve <i>HKS'000</i>	Employee share-based compensation reserve <i>HKS'000</i>	Convertible bonds equity reserve <i>HKS'000</i>	Total <i>HKS'000</i>	Non-controlling interests <i>HKS'000</i>	Total <i>HKS'000</i>
At 1 April 2011 (Audited)	10,953	(72,942)	77,312	3,801	1,871	502	2,100	23,597	-	23,597
Acquisition of a subsidiary	-	-	-	-	-	-	-	-	1,043	1,043
Recognition of equity-settled share-based payment expenses	-	-	-	-	-	203	-	203	-	203
Release upon disposal of a subsidiary	-	82	-	-	(82)	-	-	-	-	-
Total comprehensive loss for the period	-	(7,311)	-	-	(338)	-	-	(7,649)	58	(7,591)
At 30 September 2011 (Unaudited)	<u>10,953</u>	<u>(80,171)</u>	<u>77,312</u>	<u>3,801</u>	<u>1,451</u>	<u>705</u>	<u>2,100</u>	<u>16,151</u>	<u>1,101</u>	<u>17,252</u>
At 1 April 2012 (Audited)	16,430	(88,963)	103,610	3,801	1,173	886	2,100	39,037	1,158	40,195
Recognition of equity-settled share-based payment expenses	-	-	-	-	-	390	-	390	-	390
Release upon disposal of a subsidiary	-	-	-	-	(1,211)	-	-	(1,211)	-	(1,211)
Conversion of convertible bonds	6,000	-	31,992	-	-	-	(1,938)	36,054	-	36,054
Recognition of equity component of convertible bond	-	-	-	-	-	-	2,775	2,775	-	2,775
Total comprehensive loss for the period	-	(12,138)	-	-	(9)	-	-	(12,147)	10	(12,137)
At 30 September 2012 (Unaudited)	<u>22,430</u>	<u>(101,101)</u>	<u>135,602</u>	<u>3,801</u>	<u>(47)</u>	<u>1,276</u>	<u>2,937</u>	<u>64,898</u>	<u>1,168</u>	<u>66,066</u>

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	For the six months ended 30 September	
	2012 (Unaudited) <i>HK\$'000</i>	2011 (Unaudited) <i>HK\$'000</i>
NET CASH (USED IN)/FROM OPERATING ACTIVITIES	(14,488)	1,773
NET CASH USED IN INVESTING ACTIVITIES	(4,760)	(9,124)
NET CASH FROM/(USED IN) FINANCING ACTIVITIES	<u>9,417</u>	<u>(157)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(9,831)	(7,508)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	37,379	29,998
EFFECT OF FOREIGN EXCHANGE RATE CHANGE	<u>–</u>	<u>76</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	<u>27,548</u>	<u>22,566</u>

ANALYSIS OF CASH AND CASH EQUIVALENTS

	At 30 September 2012 (Unaudited) <i>HK\$'000</i>	At 30 September 2011 (Unaudited) <i>HK\$'000</i>
Time deposits	613	3,030
Cash and bank balances	<u>26,935</u>	<u>19,536</u>
	<u>27,548</u>	<u>22,566</u>

Notes:

1. BASIS OF PREPARATION

These unaudited consolidated interim results have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations issued by the Hong Kong Institute of Certified Public Accountants, 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 as modified by revaluation of financial assets at fair value through profit or loss and the disclosure requirements of the Rules Governing the Listing of Securities on the GEM of the Stock Exchange.

The accounting policies and basis of preparation used in preparing the unaudited consolidated interim results are consistent with those used in the audited consolidated financial statements for the year ended 31 March 2012.

2. TURNOVER

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

	Continuing operations		Discontinued operations		Total	
	For the six months ended 30 September		For the six months ended 30 September		For the six months ended 30 September	
	2012 (Unaudited) HK\$'000	2011 (Unaudited) HK\$'000	2012 (Unaudited) HK\$'000	2011 (Unaudited) HK\$'000	2012 (Unaudited) HK\$'000	2011 (Unaudited) HK\$'000
Provision of food and beverage services	83,706	35,095	-	-	83,706	35,095
Provision of information solutions						
- System development and integration	-	-	-	3,977	-	3,977
- Maintenance and enhancement income	-	-	-	297	-	297
Sales of application software packages and related maintenance income	-	-	1,483	24,788	1,483	24,788
	<u>83,706</u>	<u>35,095</u>	<u>1,483</u>	<u>29,062</u>	<u>85,189</u>	<u>64,157</u>

3. LOSS BEFORE INCOME TAX

	Continuing operations		Discontinued operations		Total	
	For the six months ended 30 September		For the six months ended 30 September		For the six months ended 30 September	
	2012 <i>HK\$'000</i>	2011 <i>HK\$'000</i>	2012 <i>HK\$'000</i>	2011 <i>HK\$'000</i>	2012 <i>HK\$'000</i>	2011 <i>HK\$'000</i>
(Loss)/Profit before income tax is arrived at after charging:						
(a) Finance costs:						
Interests on bank loans and overdrafts repayable within five years	116	21	-	-	116	21
Interest expense on convertible bonds	623	587	-	-	623	587
Finance charges on obligation under finance lease	-	-	-	8	-	8
Imputed interest expense on convertible bonds	1,181	602	-	-	1,181	602
Other bank charges	858	55	1	9	859	64
	<u>2,778</u>	<u>1,265</u>	<u>1</u>	<u>17</u>	<u>2,779</u>	<u>1,282</u>
(b) Other items:						
Amortisation of other intangible assets	257	42	-	2	257	44
Depreciation	6,142	2,675	52	479	6,194	3,154
	<u>6,142</u>	<u>2,675</u>	<u>52</u>	<u>479</u>	<u>6,194</u>	<u>3,154</u>

4. INCOME TAX

Taxation in the profit or loss represents:

	For the six months ended 30 September	
	2012	2011
	(unaudited)	(unaudited)
	HK\$'000	HK\$'000
Continuing operations		
Current tax	1,375	959
Deferred tax	(1,510)	(325)
	<u>135</u>	<u>634</u>
Discontinued operations		
Current tax	40	(39)
Deferred tax	119	(113)
	<u>159</u>	<u>(152)</u>
Income tax expense	<u>24</u>	<u>482</u>

- (i) Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands ("BVI"), the Group is not subject to any income tax in the Cayman Islands and the BVI.
- (ii) The Company's subsidiaries incorporated/established in Hong Kong and the People's Republic of China ("PRC") are subject to Hong Kong Profits Tax and PRC Enterprise Income Tax at the rates of 16.5% and 25% respectively (2011: 16.5% and 25% respectively).

5. DISCONTINUED OPERATIONS

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

Loss for the period for the provision of information solutions and design, development and sale of application software packages was as follows:

	For the six months ended 30 September	
	2012 (unaudited) HK\$'000	2011 (unaudited) HK\$'000
Turnover	1,483	29,062
Cost of sales and services rendered	(636)	(12,829)
Gross profit	847	16,233
Other income	–	114
Loss on disposal of subsidiaries – <i>Note 10</i>	(3,839)	(5,332)
Operating expenses	(1,600)	(18,530)
Operating loss	(4,592)	(7,515)
Finance costs	(1)	(17)
Loss before income tax	(4,593)	(7,532)
Income tax (expense)/credit	(159)	152
Loss for the period	(4,752)	(7,380)

6. (LOSS)/EARNINGS PER SHARE

(a) Basis (loss)/earnings per share

The calculation of basic (loss)/earnings per share during the period for the six months ended 30 September 2012 and 2011 is based on the following data:–

	2012		2011	
	Loss attributable to owners HK\$'000	Weighted average number of ordinary shares	(Loss)/Profit attributable to owners HK\$'000	Weighted average number of ordinary shares
Continuing operations	(7,386)	1,777,376,000	69	1,095,300,000
Discontinued operations	(4,752)	1,777,376,000	(7,380)	1,095,300,000
	(12,138)	1,777,376,000	(7,311)	1,095,300,000

Weighted average number of ordinary shares

	2012 '000	2011 '000
Issued ordinary shares at the beginning of the period	1,642,950	1,095,300
Effect of conversion of convertible bonds	134,426	–
	<hr/>	<hr/>
Weighted average number of ordinary shares at the end of the period	<u>1,777,376</u>	<u>1,095,300</u>

The calculation of basic loss per share during the period for the three months ended 30 September 2012 and 2011 is based on the following data:–

	2012		2011	
	Loss attributable to owners <i>HK\$'000</i>	Weighted average number of ordinary shares	Loss attributable to owners <i>HK\$'000</i>	Weighted average number of ordinary shares
Continuing operations	(4,223)	1,910,341,000	(1,492)	1,095,300,000
Discontinued operations	–	1,910,341,000	(1,047)	1,095,300,000
	<hr/>	<hr/>	<hr/>	<hr/>
	<u>(4,223)</u>	<u>1,910,341,000</u>	<u>(2,539)</u>	<u>1,095,300,000</u>

Weighted average number of ordinary shares

	2012 '000	2011 '000
Issued ordinary shares at the beginning of the period	1,642,950	1,095,300
Effect of conversion of convertible bonds	267,391	–
	<hr/>	<hr/>
Weighted average number of ordinary shares at the end of the period	<u>1,910,341</u>	<u>1,095,300</u>

(b) **Diluted earnings per share**

Save for the diluted earnings per share in relation to the continuing operations for the period ended 30 September 2011 is disclosed, no diluted loss per share has been disclosed as no dilutive potential equity shares in existence. The calculation of the diluted earnings per share from the continuing operations for the period ended 30 September 2011 is based on the following data:-

	2011	Weighted average number of ordinary shares
	Profit attributable to owners <i>HK\$'000</i>	
Profit from the continuing operations used in the calculation of basic earnings per share	69	
Interests on convertible bonds	<u>1,804</u>	
Profit from the continuing operations used in the calculation of dilute earnings per share	<u><u>1,873</u></u>	1,695,300,000
		2011 Weighted average number of ordinary shares
Weighted average number of shares for basic earnings per share		1,095,300,000
Effect of dilutive potential ordinary shares:- Convertible bonds		<u>600,000,000</u>
Weighted average number of shares for diluted earnings per share		<u><u>1,695,300,000</u></u>

No dilutive effect of potential ordinary shares in respect of the share options because the exercise prices of Company's share options were higher than the average market price of the share for the period ended 30 September 2011.

7. DEBTORS, DEPOSITS AND PREPAYMENTS

Debtors, deposits and prepayments comprise:

	At 30 September 2012 (Unaudited) <i>HK\$'000</i>	At 31 March 2012 (Audited) <i>HK\$'000</i>
Trade debtors	9,175	4,332
Less: Accumulated impairment losses	(478)	–
	<u>8,697</u>	<u>4,332</u>
Rental and utility deposits	24,173	8,802
Prepayments	2,176	611
Interest receivable	498	109
Other debtors	2,909	1,635
	<u>38,453</u>	<u>15,489</u>

(a) Aging analysis

The Group allows credit period to its customers consuming food processing solutions and catering services normally ranging from 30 days to 60 days depending on their creditworthiness and no credit period to its customers consuming food and beverage services in restaurants, café and cake shops. The following is an aging analysis of trade debtors (net of allowance for doubtful debts) at the end of reporting period:

	At 30 September 2012 (Unaudited) <i>HK\$'000</i>	At 31 March 2012 (Audited) <i>HK\$'000</i>
0 – 30 days	7,133	3,111
31 – 60 days	1,085	153
61 – 90 days	365	207
91 – 180 days	79	299
181 – 365 days	–	562
Over 1 year	35	–
	<u>8,697</u>	<u>4,332</u>

- (b) **Movements of the accumulated impairment losses during the period/year are as follow:**

	At 30 September 2012 (Unaudited) <i>HK\$'000</i>	At 31 March 2012 (Audited) <i>HK\$'000</i>
At the beginning of the period/year	–	2,809
Impairment loss for the period/year	–	242
Acquisition of subsidiaries	478	–
Uncollectible amounts write off	–	(549)
Exchange adjustment	–	115
Classified as hold for sale	–	(2,617)
	<u>–</u>	<u>–</u>
At the end of the reporting period/year	<u>478</u>	<u>–</u>

- (c) **Trade debtors that are not impaired**

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

	At 30 September 2012 (Unaudited) <i>HK\$'000</i>	At 31 March 2012 (Audited) <i>HK\$'000</i>
Neither past due nor impaired	<u>1,006</u>	<u>788</u>
Past due but not impaired:		
1 – 30 days	6,127	2,323
31 – 60 days	1,085	153
61 – 90 days	365	207
91 – 180 days	79	299
181 – 365 days	–	562
Over 1 year	<u>35</u>	<u>–</u>
	<u>7,691</u>	<u>3,544</u>
	<u>8,697</u>	<u>4,332</u>

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, the management believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The Group does not hold any collateral over these balances.

8. CREDITORS, ACCRUALS AND DEPOSITS RECEIVED

Creditors, accruals and deposits received comprise:

	At 30 September 2012 (Unaudited) <i>HK\$'000</i>	At 31 March 2012 (Audited) <i>HK\$'000</i>
Trade creditors	18,544	6,470
Accruals and provisions	9,126	12,639
Other creditors	4,603	2,592
	<u>32,273</u>	<u>21,701</u>
Less: Classified in non-current liabilities	(288)	(164)
Classified in current liabilities	<u><u>31,985</u></u>	<u><u>21,537</u></u>

The following is an aging analysis of trade creditors:

	At 30 September 2012 (Unaudited) <i>HK\$'000</i>	At 31 March 2012 (Audited) <i>HK\$'000</i>
0 – 30 days	9,156	4,186
31 – 60 days	5,891	2,207
61 – 90 days	399	–
91 – 180 days	–	77
Over 180 days	3,098	–
	<u><u>18,544</u></u>	<u><u>6,470</u></u>

9. ACQUISITION OF SUBSIDIARIES

During the period under review, the Group completed the acquisition of 100% equity interest in Mark Limited and its subsidiaries (“Mark Group”), which are currently engaged in the operation of restaurants, café and cake shops, at a total consideration of HK\$80 million which was satisfied by convertible bonds issued by the Company.

During the period ended 30 September 2011, the Group completed the acquisition of 70% equity interest in Qualifresh Catering Limited, which is currently providing food processing solutions and catering services in Hong Kong, at a total consideration of HK\$3.5 million.

The net assets acquired in above acquisition were as follows:

	2012 (unaudited) HK\$'000	2011 (unaudited) HK\$'000
Net assets acquired:		
Other intangible assets	16,292	–
Plant and equipment	12,788	529
Deferred tax assets	–	101
Income tax recoverable	367	–
Inventories	1,895	392
Debtors, deposits and prepayments	11,602	3,099
Cash and bank balances	6,477	1,928
Creditors, accruals and deposit received	(11,411)	(1,660)
Bank loans, secured	(8,767)	(788)
Income tax payable	(1,691)	(125)
Deferred tax liabilities	(2,901)	–
	24,651	3,476
Non-controlling interests	–	(1,043)
	24,651	2,433
Goodwill on acquisition of interests in subsidiaries	55,349	1,067
Consideration for acquisition of subsidiaries	80,000	3,500
Net cash inflow/(outflow) arising on acquisition:		
Cash consideration paid	–	(3,500)
Cash and bank balances acquired	6,477	1,928
	6,477	(1,572)

10. DISPOSAL OF SUBSIDIARIES

During the period under review, the Group had disposed of the entire equity interests in Armitage Technologies Holding (BVI) Limited and its subsidiaries in order to discontinue all the businesses of the provision of information solutions and design, development and sale of application software packages.

During the period ended 30 September 2011, the Group had disposed of the entire equity interests in Armitage Technologies Limited and Armitage Technologies (Shenzhen) Limited.

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

	2012 (unaudited) HK\$'000	2011 (unaudited) HK\$'000
Net assets disposed of:–		
Plant and equipment	2,150	1,068
Trademark	–	77
Deferred tax assets	335	2,005
Club debenture	–	200
Other financial assets	–	763
Debtors, deposits and prepayments	4,993	6,857
Amount due from a fellow subsidiary	–	5,750
Cash and bank balances	5,965	920
Obligations under finance lease	–	(379)
Amount due to a fellow subsidiary	–	(5,750)
Creditors, accruals and deposit received	(6,793)	(3,236)
Income tax payable	–	(36)
	<hr/>	<hr/>
Net assets disposed of	6,650	8,239
Release of exchange reserve	(1,211)	(82)
	<hr/>	<hr/>
	5,439	8,157
Loss on disposal of subsidiaries	(3,839)	(5,332)
	<hr/>	<hr/>
Total consideration	1,600	2,825
	<hr/> <hr/>	<hr/> <hr/>
Total consideration satisfied by:–		
Cash consideration	1,600	2,825
	<hr/> <hr/>	<hr/> <hr/>

11. RELATED PARTY AND CONNECTED TRANSACTIONS

The Group had the following related party and connected transactions under the GEM Listing Rules during the period:

		For the six months ended	
		30 September	
		2012	2011
	<i>Note</i>	(Unaudited)	(Unaudited)
		HK\$'000	HK\$'000
(i) Rental expense paid to Epicurean Management Limited [#]	<i>(a)</i>	120	80
(ii) Provision of food and beverage services to I. T. H. K. Limited ("ITHK") [△]	<i>(b)</i>	–	64
(iii) Provision of food and beverage services to Kosmo Delight Limited ("Kosmo") [*]	<i>(b)</i>	–	1,159
(iv) Interest expense on convertible bonds paid to First Glory Holdings Limited ("First Glory") [#]	<i>(c)</i>	444	587
(v) Interest expense on convertible bonds paid to Strong Venture Limited ("Strong Venture") [#]	<i>(c)</i>	179	–

[#] Mr. Tang Sing Ming Sherman ("Mr. Tang"), an executive director of the Company, has controlling interest in and is a director of Epicurean Management Limited and Strong Venture. He is also a director of First Glory.

[△] The Group acquired ITHK as its wholly-owned subsidiary during the period ended 30 September 2012. Prior to the acquisition, Mr. Tang had controlling interest in ITHK.

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

Notes:

- (a) The amounts were predetermined by both parties.
- (b) The transactions were entered based on the normal commercial terms.
- (c) The interest rates were determined as set out in the subscription agreements.

The Directors have reviewed the above related party and connected transactions and are of the opinion that these transactions were effected: (i) on normal commercial terms (or better to the Group); (ii) in the ordinary 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

	For the six months ended 30 September	
	2012	2011
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Fees for key management personnel	180	180
Salaries, allowances and other benefits in kind	2,202	1,825
Retirement scheme contributions	56	39
Equity-settled share-based payment expenses	236	203
	2,674	2,247

12. 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.

After the Group had completed disposal of the entire information technology business, the Group operates in one business unit, and has one reportable and operating segment: food and beverage. Accordingly, the Group dose not have any identifiable segment or any discrete information for segment reporting purpose. Currently, as the Group participated primarily in one geographical location classified by location of sales, i.e. Hong Kong, and the turnover from the PRC only contributed less than 10% of the total turnover of the Group, therefore, no geographical segment analysis is presented.

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend in respect of the six months ended 30 September 2012 (2011: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

The Group's unaudited turnover, from both continuing and discontinued operations, for the six months ended 30 September 2012 amounted to HK\$85.2 million (2011: HK\$64.2 million), representing an increase of 33% compared with the same period of last financial year. The Group's unaudited turnover from continuing operations for the six months ended 30 September 2012 amounted to HK\$83.7 million (2011: HK\$35.1 million), representing an increase of 138%. Net loss attributable to owners of the Company increased to HK\$12.1 million.

Industry Overview

During the interim period ended 30 September 2012, the economic growth in the region remained sluggish. The Hong Kong government cut its estimate for the city's expansion this year after the economy grew at close to the slowest pace since the financial crisis. Not surprisingly, retail sales growth in Hong Kong has been easing as consumer sentiment weakened and spending from mainland visitors pared.

During the period, we observed a general shortage of labour in the industry coupled with climbing labour costs. Other operating costs including food costs, rental rates and utility costs also continued with its uprising track. All these had been bringing further burden to our operation. To cope with such a tough operating landscape, the Group on one hand, continued to carry out its business expansion plan cautiously with an aim to sustain a reasonable growth, and on the other hand, searched for acquisition opportunities of F&B concepts, which were plentiful and less costly.

Business Overview

During the interim period, total revenue of HK\$83.7 million was generated, comparing with the revenue of HK\$35.1 million generated from F&B segment during the same period of last year, a growth of 138% had been achieved. Such a tremendous growth was mainly attributable to the enriched brand portfolio and increasing in shop presence.

The Group had completed the disposal of the entire information technology segment and ventured into two major new brand concepts, one of which was through its lately acquired F&B group, namely a group of restaurants, café and cake shops operated under franchise rights originated from a Japanese counterpart covering Hong Kong, Taiwan and major PRC markets. As this dining concept is already a very strong brand in the market, the new business segment had demonstrated strong sales during the period. This dining concept continued to raise customer interests by developing seasonal products regularly. During the mid-autumn festival, moon-cakes with new favours had been launched to acquire a greater share in the high margin moon-cake business. Our new products had succeeded in attracting the young consumption group and generated additional income to the business segment. Year 2012 also marks the 25th anniversary of this dining concept in Hong Kong. A marketing campaign, accompanied with a series of new product launching had been finalized to celebrate the milestone year. Apart from reinforcing the franchise business in Hong Kong region, exploratory studies for Guangdong Province and Taiwan had been conducted.

Another new dining concept, Japanese curry specialty shop was introduced into the market. As expected, it had been well-received by the community. In the recent months, we observed stabilizing of sales figures after a highflying growth stage during the opening period. Since this was a fresh brand name in the region, sales data had been collected for analyzing spending pattern and customer taste which would provide inspiration for our new product launch and promotional campaign, as well as serving as guidance for our upcoming new outlets.

The difficult macroeconomic environment and the rising operating costs had hindered the pace of business growth under the Japanese tonkatsu franchise. During the review period, growth of sales at outlets in Hong Kong slowed down. Fortunately, performance of the Shanghai shop could still achieved a stable growth for the last six months despite the weakening consumption confidence in the area. The encouraging results in Shanghai outlet had affirmed our perception about the PRC market, and therefore resources had been directed to expand the shop network in the PRC. During the period, locations had been confirmed for new shops in Hong Kong and Shanghai.

Meanwhile, sales of the Shanghainese dining group were satisfactory. We had been keeping on updating the menu with innovative Shanghainese dishes to attract new customers and also spark our frequent visitors interest. The brand had gradually built up its reputation in the community and accordingly, we have sped up the network expansion plan under this brand concept.

For our self-developed wellness café concept, a new outlet had been opened in the second fiscal quarter at a prime shopping center in Hong Kong Island to showcase the dining concept. The performance of the overall business segment was below our expectation. As this segment was relatively small comparing to other dining concepts in our portfolio, the financial impact of which on the Group's overall income was immaterial. Nevertheless, the management believes in the potential of the wellness dining segment and has been striving for improvement through refining and reshaping the brand concept. Therefore, more efforts had been devoted on brand-rebuilding and product development during the period.

In the past six months, sales of our catering services company remained stable. To increase our competitiveness, more innovative products had been developed to attract new orders. Apart from providing food production solutions and catering services to the F&B industry in the region, it had offered increasing support to our outlets by taking over major preparation procedures at shop front.

Moreover, a new business initiative specializing in casual Japanese dining had opened its first shop in Tsim Sha Tsui in the second fiscal quarter to test the market receptivity. The Board is pleased to announce that the new shop has been generating impressive revenue thanks for the precise market positioning and the successful marketing strategy.

Future Prospects

Our management foresees that the complex macroeconomic environment, the persistent cost inflation pressures and the competitive leasing landscape will continue throughout the year with the attendant uncertainties continuing to impact our business operations. However, we believe that tourist arrivals from PRC can still lend some support to the F&B sector. The Group will implement its business plans cautiously and continue to explore new business opportunities by acquiring local and overseas F&B brand names to enrich and diversify our portfolio.

We believe that after being introduced into our Group, the brand concept under the restaurants, café and cake shops will gain advantage from various aspects, including enhancement of competitiveness, improvement of efficiency and reduction of capital costs. Leveraging on the visionary management and the experienced operating team, we will continue with the expansion of shop coverage in Hong Kong and also begin the planning of our business initiation of the dining concept in Taiwan and Guangdong Province.

For the lately acquired licence right of Taiwanese beef noodles, we are at the final stage of product development. Apart from the signature beef noodles, other regional Taiwanese dishes and beverages will also be offered at our shop to increase the product mix. Meanwhile, several locations have been identified and we expect that the first outlet will be unveiled in late 2012.

Regarding another licence rights, namely ramen and izakaya, market research and positioning strategies formulation are underway. We are currently undergoing site selection evaluation for the first outlet. The first ramen shop will probably be opened next year.

As of the date of this report, the recently identified location for Japanese tonkatsu outlet in a newly erected shopping center at Shanghai was at the stage of finalizing the design and layout. The opening is scheduled after the completion of interior construction work.

In the coming quarters, we will speed up the network expansion plan under the brand of Japanese curry specialty shop. Three additional locations have been identified in both Hong Kong and PRC. Hopefully, new shops will be opened for business before the end of this fiscal year.

In early October 2012, a new outlet under the Shanghainese dining concept has been opened in a large-scale residential area in Hong Kong and the sales figures are encouraging. The premier service and food quality offered at the shops have gained us a loyal customer base. We believe that as the brand reputation builds up, this business segment will be able to contribute a more significant income stream to the Group.

Our management believes that quality products and services are the pillars of a successful dining concept. Therefore, in the coming quarters, we will continue to carry on brand-rebuilding and development strategy reformulation programmes of the wellness café concept. Focus will also be placed on product enhancement and quality control. Hopefully, all these will help to enhance customer flow and invigorate sales in the future.

To coordinate with our rapid network expansion and increasing product mix, our management is of the view that there is an imminent need to establish a new central kitchen to standardize the production and logistics system. We have pursued our business plan to construct a new central kitchen. Currently, we are at the stage of finalizing the design and floor plan. We expect that it will be able to offer a better support for the expansion of the Group in the coming years.

Apart from the abovementioned, the business plan of establishing our scalable chain network in the PRC will be another top agenda of the Group. Riding on the success of our Japanese tonkatsu outlet in Shanghai, we will continue to refine our business model and replicate to other brands in our portfolio.

Given the fact that our brand portfolio composes of a diverse dining concept targeting at a mass market segment, we believe that our business will be more resilient to economic downturn. Looking ahead, we will adhere to our strategy as a multi-brand operator for a sustainable expansion and growth. We strongly believe that our high caliber management team and in-depth operational experience would lead us to a more promising growth in the future.

FINANCIAL REVIEW

For the six months ended 30 September 2012, the Group recorded a total turnover of HK\$85.2 million (2011: HK\$64.2 million), the turnover increased by 33% compared with the corresponding period last year.

Turnover generated from food and beverage business was HK\$83.7 million (2011: HK\$35.1 million), representing an increase of 138% compared with the corresponding period last year. Revenue generated from the discontinued operations, information technology business, was HK\$1.5 million (2011: HK\$ 29.1 million).

Loss attributable to owners of the Company was HK\$12.1 million (2011: HK\$7.3 million).

The gross profit margin of the Group was 67% (2011: 63%). The increase of gross profit margin was due to the introduction of new brand concepts which could have relatively higher gross profit margins.

Total operating expenses increased by 201% to HK\$61.5 million (2011: HK\$20.4 million). Such increase was mainly attributable to the increase in staff and overheads costs as resulted from more shops under different brand concepts have been opened and more operating subsidiaries being acquired after the first fiscal quarter of last year.

The loss from discontinued operations in relation to the disposal of information technology amounted to HK\$4.8 million.

Financial Resources and Liquidity

As at 30 September 2012, the equity attributable to owners of the Company amounted to HK\$64.9 million (at 31 March 2012: HK\$16.2 million). Current assets amounted to HK\$85.7 million (at 31 March 2012: HK\$77.5 million) of which HK\$27.5 million (at 31 March 2012: HK\$30.2 million) was cash and bank deposits, HK\$38.5 million (at 31 March 2012: HK\$15.5 million) was debtors, deposits and prepayment and the assets of a disposal group classified as held for sale amounted to HK\$15.1 million as at 31 March 2012. The Group's current liabilities amounted to HK\$54.2 million (at 31 March 2012: HK\$70.8 million), including creditors, accruals and deposits received in the amount of HK\$32.0 million (at 31 March 2012: HK\$21.5 million), the convertible bonds amounted to 3.0 million (at 31 March 2012: HK\$37.9 million) will be repayable within twelve months and liabilities directly associated with assets held for sale in the amount of HK\$7.5 million as at 31 March 2012.

Current ratio and quick assets ratio were 1.58 and 1.52 respectively (at 31 March 2012: 1.10 and 1.08 respectively). Debt-to-equity ratio, expressed as a ratio of total debts less time deposits and cash and bank balances to shareholders' funds, was 1.71 (at 31 March 2012: 0.88).

Foreign Exchange

The Group received Renminbi income from sales in China. Fluctuation in exchange rates of Renminbi against foreign currencies could affect the Group's results of operations. During both periods for the six months ended 30 September 2012 and 2011, no hedging transaction or other exchange rate arrangements were made.

Significant Investments and Acquisition

During the period under review, Theola Limited, a wholly-owned subsidiary of the Company, entered into an agreement with Strong Venture to acquire 100% equity interest in Mark Group, which is currently engaged in the operation of restaurants, café and cake shops, at a total consideration of HK\$80 million.

Charges on the Group's Assets

As at 30 September 2012 and 31 March 2012, there was no Group's assets which had been pledged or charged.

Capital Commitments

As at 30 September 2012 and 31 March 2012, the Group did not have material capital commitments.

Contingent Liabilities

As at 30 September 2012 and 31 March 2012, the Group did not have contingent liabilities.

During the six months ended 30 September 2012 and 2011, there was no on-going financial exposure to borrowers or other on-going matters of relevance as defined in Rules 17.22 to 17.24 of the GEM Listing Rules.

Employees and Remuneration Policies

As at 30 September 2012, the Group had a total of 543 employees (at 31 March 2012: 428). Remuneration is determined by reference to market terms and in accordance with the performance, qualification and experience of each individual employee. Discretionary bonuses, based on each individual's performance, are paid to employees as recognition and in reward for their contributions. Other fringe benefits such as medical subsidy, medical insurance, education/training subsidies, pension fund plans are offered to most employees. Share options are granted at the discretion of the Board under the terms and conditions of the Employees Share Option Scheme.

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

During the six months ended 30 September 2012, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

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

As at 30 September 2012, the interests or short positions of the Directors or chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO"), Chapter 571 under the Laws of Hong Kong), which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by directors to be notified to the Company and the Stock Exchange, were as follows:

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

Name	Type of interests	Number of shares	Approximate percentage of the issued share capital (Note 2)
Mr. Tang Sing Ming Sherman ("Mr. Tang")	Corporate	1,673,810,083 (Note 1)	74.63

Notes:

- These shares are held by First Glory which was wholly and beneficially owned by Mr. Tang. In addition, Mr. Tang is also the sole legal and beneficial owner of Strong Venture, which holds two convertible bonds ("Convertible Bonds") issued by the Company. One was issued in the aggregate principal amount of HK\$3 million pursuant to which a total of 50,000,000 ordinary shares of the Company will be issued upon full conversion at the adjusted conversion price of HK\$0.060 per share and the other one was issued in the aggregate principal amount of HK\$80 million pursuant to which a total of 1,000,000,000 ordinary shares of the Company will be issued upon full conversion at the conversion price of HK\$0.080 per share. Accordingly, Mr. Tang is deemed to be interested, within the meaning of Part XV of the SFO (Chapter 571 of the Laws of Hong Kong) in the said 1,673,810,083 shares and the Convertible Bonds which Strong Venture is interested in.

Subsequent to the period under review, the Company was informed by Mr. Tang that the one issued share in the share capital of First Glory (which constitutes the entire issued share capital of First Glory) was transferred by Mr. Tang to Glory Sunshine Holding Limited ("Glory Sunshine") on 8 October 2012. In turn, Glory Sunshine is wholly-owned by HSBC Trustee (Cook Islands) Limited in its capacity as the trustee of Piety Trust ("Family Trust"), a discretionary family trust for the benefit of certain family members of Mr. Tang. Mr. Tang is the founder and one of the beneficiaries of the Family Trust and is deemed to be interested in the said 1,673,810,083 shares under Part XV of the SFO.

- Based on 2,242,950,000 shares of the Company in issue as at 30 September 2012.

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

Name	Type of interests	Number of shares	Approximate percentage of the issued share capital (Note 2)
Mr. Tang	Corporate	1,050,000,000 (Note 1)	46.81%

Outstanding options granted to the Directors under the share option scheme adopted on 26 February 2003 (“Share Option Scheme”):

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

Notes:

1. The said 1,050,000,000 shares represent the total number of shares which will be issued upon full conversion of the Convertible Bonds held by Strong Venture in the aggregate principal amount of HK\$83 million. One was issued in the aggregate principal amount of HK\$3 million pursuant to which a total of 50,000,000 ordinary shares of the Company will be issued upon full conversion at the adjusted conversion price of HK\$0.060 per share and the other one was issued in the aggregate principal amount of HK\$80 million pursuant to which a total of 1,000,000,000 ordinary shares of the Company will be issued upon full conversion at the conversion price of HK\$0.080 per share. Accordingly, Mr. Tang is deemed to be interested, within the meaning of Part XV of the SFO (Chapter 571 of the Laws of Hong Kong), in the Convertible Bonds in the aggregate amount of HK\$83 million held by Strong Venture.
2. Based on 2,242,950,000 shares of the Company in issue as at 30 September 2012.
3. The original exercise price in respect of the share options granted on 13 August 2010 was HK\$0.142 per share. Adjustment of the exercise price of such share options has been made on 28 October 2011 to HK\$0.138 per share as a result of the rights issue by the Company on November 2011.

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

Name of Director	Name of associated corporation	Capacity	Number of ordinary shares	Approximate percentage of attributable interest in corporation
Mr. Tang	First Glory <i>(Note)</i>	Beneficial owner	1	100%
	Strong Venture	Beneficial owner	1	100%

Note:

Subsequent to the period under review, the Company was informed by Mr. Tang that the one issued share in the share capital of First Glory (which constitutes the entire issued share capital of First Glory) was transferred by Mr. Tang to Glory Sunshine on 8 October 2012. In turn, Glory Sunshine is wholly-owned by HSBC Trustee (Cook Islands) Limited in its capacity as the trustee of the Family Trust.

(d) Interests in debentures of the Company

Name	Type of interests	Amount of Debentures
Mr. Tang	Corporate	HK\$83 million <i>(Note 1)</i>

Notes:

1. The said HK\$83 million represents the aggregate outstanding principal amount of the Convertible Bonds held by Strong Venture, which is wholly-owned by Mr. Tang. One was issued in the aggregate principal amount of HK\$3 million pursuant to which a total of 50,000,000 ordinary shares of the Company will be issued upon full conversion at the adjusted conversion price of HK\$0.060 per share and the other one was issued in the aggregate principal amount of HK\$80 million pursuant to which a total of 1,000,000,000 ordinary shares of the Company will be issued upon full conversion at the conversion price of HK\$0.080 per share.

Save as disclosed herein, as at 30 September 2012, none of the Directors of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were required pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by directors to be notified to the Company and the Stock Exchange.

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

Save as disclosed under the section headed “Directors’ interests in the securities of the Company or any associated corporations”, so far as is known to the Directors and chief executive of the Company, as at 30 September 2012, no other persons or companies had interests or short positions in the shares and underlying shares of the Company which were required to be disclosed under provisions of Divisions 2 and 3 of Part XV of the SFO or were interested in, directly or indirectly, 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company.

SHARE OPTIONS

As at 30 September 2012, options under Share Option Scheme to subscribe for an aggregate of 48,500,000 shares have been granted to a total of 12 directors and employees of the Group, details as follows:

	Date of grant	Exercisable period	Exercise price per share <i>(Note)</i> <i>HK\$</i>	Outstanding at 1.4.2012 and 30.9.2012
Category 1:				
Directors				
Mr. Tang	23.12.2011	23.12.2012 – 22.12.2021	0.062	5,000,000
	23.12.2011	23.12.2013 – 22.12.2021	0.062	5,000,000
	23.12.2011	23.12.2014 – 22.12.2021	0.062	5,000,000
Mr. Bhanusak Asvaintra	13.8.2010	13.8.2011 – 12.8.2020	0.138	1,000,000
	23.12.2011	23.12.2012 – 22.12.2021	0.062	500,000
Mr. Chan Kam Fai Robert	13.8.2010	13.8.2011 – 12.8.2020	0.138	1,000,000
	23.12.2011	23.12.2012 – 22.12.2021	0.062	500,000
Mr. Chung Kwok Keung Peter	13.8.2010	13.8.2011 – 12.8.2020	0.138	1,000,000
	23.12.2011	23.12.2012 – 22.12.2021	0.062	500,000
Category 2:				
Employees				
	23.3.2010	23.3.2011 – 22.3.2020	0.210	2,000,000
	13.8.2010	13.8.2011 – 12.8.2020	0.138	6,000,000
	13.8.2010	13.8.2012 – 12.8.2020	0.138	6,000,000
	23.12.2011	23.12.2012 – 22.12.2021	0.062	3,800,000
	23.12.2011	23.12.2013 – 22.12.2021	0.062	5,000,000
	23.12.2011	23.12.2014 – 22.12.2021	0.062	6,200,000
Total of all categories				<u><u>48,500,000</u></u>

Note:

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

COMPETING INTERESTS

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

Mr. Tang, an executive Director, is a seasoned entrepreneur in hospitality management and consultancy services. He owns a well established hospitality group which creates and operates a wide variety of food and beverage concepts in Hong Kong and the PRC. Other than the Group, the restaurants currently owned and operated by Mr. Tang and his associates in Hong Kong include a number of Chinese restaurants (namely Joy & Joy 喜双逢, Xia Mian Guan 夏麵館, Yu Joy 漁喜小菜皇 and Kowloon Tang 九龍廳), Western restaurants (namely The Peak Lookout, Jimmy's Kitchen, Steik World Meats, El Pomposo, Agave, Club 97, La Dolce Vita 97 and iL Posto 97), Japanese restaurants (Rei 礼 and Naha 那霸沖繩料理). Mr. Tang and his associates currently operate one restaurant in the PRC, namely Jimmy's Kitchen Shanghai. The information of these restaurants, including their locations and menus, can be found in the website www.epicurean.com.hk (which is not the website of the Company).

Given the cuisines and dining experiences that these restaurants offer vis-a-vis that are currently offered by the Group's restaurants (which are Japanese tonkatsu under the name of Ginza Bairin 銀座梅林, the Shanghainese dining restaurants under the brand Xia Fei 霞飛, wellness café concept under the names of Quick & Fresh and getgo fresh, restaurants, café and cake shops under the brand of Italian Tomato, the Japanese curry specialty shops under the name of Shirokuma Curry 白熊咖哩 and a casual Japanese dining concept under the name of Daijoubu 大丈夫), Mr. Tang considers that the restaurants currently owned or operated by him and his associates (otherwise than through the Group) are not in competition with the business of the Group.

AUDIT COMMITTEE

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

Up to the date of approval of the Group's unaudited results for the six months ended 30 September 2012, the audit committee had held two meetings and had reviewed the draft interim report and accounts for the six months ended 30 September 2012 prior to recommending such report and accounts to the Board for approval.

DIRECTORS' SECURITIES TRANSACTIONS

Throughout the six months ended 30 September 2012, the Company adopted a code of conduct regarding directors' securities transactions on terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Having made specific enquiries of all Directors, the Company confirms that all of the Company's directors complied with such required standard of dealings and its code of conduct regarding directors' securities transactions.

CORPORATE GOVERNANCE

The Company is firmly committed to maintaining and ensuring a high level of corporate governance standards and will review and improve the corporate governance practices and standards constantly. The Company has complied with the code provisions set out in the Corporate Governance Code (the "Code Provisions") contained in Appendix 15 of the GEM Listing Rules throughout the six months ended 30 September 2012, except for the deviations from Code Provisions A.2.1 and A.4.2 of the Corporate Governance Code. Details of the deviations are set out below.

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

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

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

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

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

On behalf of the Board
Tang Sing Ming Sherman
Chairman

Hong Kong, 12 November 2012

As at the date of this report, the Company's executive Director is Mr. Tang Sing Ming Sherman; the independent non-executive Directors are Mr. Bhanusak Asvaintra, Mr. Chan Kam Fai Robert and Mr. Chung Kwok Keung Peter.