epicurean 惟膳

Epicurean and Company, Limited
惟膳有限公司

(Formerly known as Armitage Technologies Holding Limited
(萬達資訊科技控股有限公司)*)
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 8213)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 2011

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

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

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

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

RESULTS

The board of directors (the "Board") of the Company hereby announces the audited consolidated results of the Company and its subsidiaries (hereinafter collectively referred to as the "Group") for the year ended 31 March 2011, together with the comparative audited consolidated figures for the corresponding year, as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2011

	Note	**2011**	2010
		HK$'000	*HK$'000*
Continuing operations			
Turnover	*2*	**88,334**	52,429
Cost of sales and services rendered		**(31,224)**	(23,586)
Gross profit		**57,110**	28,843
Other income	*3*	**1,266**	549
Operating expenses		**(72,626)**	(38,177)
Impairment loss on development costs		**(10,737)**	(3,319)
Operating loss		**(24,987)**	(12,104)
Finance costs		**(2,588)**	(1,432)
Loss before income tax	*4*	**(27,575)**	(13,536)
Income tax (expense)/credit	*5*	**(66)**	70
Loss for the year from continuing operations		**(27,641)**	(13,466)
Discontinued operations			
Loss for the year from discontinued operations	*10*	**—**	(1,359)
Loss for the year and attributable to equity holders of the Company		**(27,641)**	(14,825)
Other comprehensive loss, net of tax			
Exchange loss arising from translation of financial statements of foreign operations		**(345)**	(20)
Total comprehensive loss for the year and attributable to equity holders of the Company		**(27,986)**	(14,845)
Dividend	*15*	**—**	—
Loss per share (HK cents)	*6*		
From continuing and discontinued operations			
— Basic		**(2.60)**	(1.97)
— Diluted		**N/A**	N/A
From continuing operations			
— Basic		**(2.60)**	(1.79)
— Diluted		**N/A**	N/A

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2011

	Note	2011 HK$'000	2010 HK$'000
NON-CURRENT ASSETS			
Plant and equipment		**9,565**	3,180
Goodwill on consolidation		**1,728**	1,721
Development costs		**—**	11,354
Other intangible assets		**1,168**	70
Club debenture, at cost		**—**	200
Deferred tax		**324**	1,617
Other financial assets		**—**	16,850
		12,785	34,992
CURRENT ASSETS			
Other financial assets		**15,809**	—
Financial assets at fair value through profit or loss		**—**	870
Inventories		**160**	—
Debtors, deposits and prepayments	7	**6,735**	12,478
Amount due from a related company		**515**	—
Pledged bank balance		**—**	55
Time deposits	12	**2,367**	10,000
Cash and bank balances	12	**23,173**	22,076
		48,759	45,479
Assets of a disposal group classified as held for sale	8	**16,093**	—
		64,852	45,479
CURRENT LIABILITIES			
Bank overdrafts, secured	12	**—**	119
Bank loans, secured		**—**	3,186
Bank loan — discounting arrangement, secured		**—**	806
Obligation under finance lease		**—**	21
Creditors, accruals and deposits received	9	**12,083**	10,650
Income tax payable		**771**	332
		12,854	15,114
Liabilities directly associated with assets held for sale	8	**4,472**	—
		17,326	15,114

	Note	2011 HK$'000	2010 HK$'000
NET CURRENT ASSETS		**47,526**	30,365
TOTAL ASSETS LESS CURRENT LIABILITIES		**60,311**	65,357
NON-CURRENT LIABILITIES			
Convertible bonds		**36,714**	47,410
Bank loans, secured		**—**	2,585
		36,714	49,995
NET ASSETS		**23,597**	15,362
REPRESENTING:			
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY			
Share capital		**10,953**	7,703
Reserves		**12,644**	7,659
TOTAL EQUITY		**23,597**	15,362

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2011

	Attributable to equity holders of the Company							
	Share capital	Accumulated losses	Share premium	Special reserve	Exchange reserve	Employee share-based compensation reserve	Convertible bonds equity reserve	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
1.4.2009	7,500	(30,476)	42,836	3,801	2,236	181	—	26,078
Exercise of share options	203	—	1,303	—	—	(389)	—	1,117
Recognition of equity-settled share-based payment expenses	—	—	—	—	—	212	—	212
Recognition of equity component of convertible bonds	—	—	—	—	—	—	2,800	2,800
Total comprehensive loss for the year	—	(14,825)	—	—	(20)	—	—	(14,845)
At 31.3.2010 and 1.4.2010	7,703	(45,301)	44,139	3,801	2,216	4	2,800	15,362
Conversion of convertible bonds	2,000	—	10,556	—	—	—	(700)	11,856
Placing of shares	1,100	—	20,392	—	—	—	—	21,492
Acquisition of subsidiaries	150	—	2,225	—	—	—	—	2,375
Recognition of equity-settled share-based payment expenses	—	—	—	—	—	498	—	498
Total comprehensive loss for the year	—	(27,641)	—	—	(345)	—	—	(27,986)
At 31.3.2011	**10,953**	**(72,942)**	**77,312**	**3,801**	**1,871**	**502**	**2,100**	**23,597**

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 March 2011

	Note	**2011** **HK$'000**	2010 HK$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before income tax			
— Continuing operations		**(27,575)**	(13,536)
— Discontinued operations		**—**	(1,359)
Adjustments for:			
Foreign exchange gain		**(401)**	—
Dividend income		**—**	(8)
Interest income		**(55)**	(38)
Interest income from other financial assets		**(884)**	—
Imputed interest income from other financial assets		**(304)**	—
Interests on bank loans, factoring loans and overdrafts wholly repayable within five years		**138**	936
Interest expense on convertible bonds		**1,186**	214
Imputed interest expense on convertible bonds		**1,163**	210
Finance charge on obligation under finance lease		**18**	6
Depreciation of plant and equipment		**2,936**	772
Loss on disposal of plant and equipment		**895**	181
Amortisation of development costs		**2,021**	2,288
Amortisation of other intangible assets		**1,641**	6
Amortisation of transaction costs on other financial assets		**712**	—
Impairment loss on goodwill on consolidation		**1,721**	—
Impairment loss on development costs		**10,737**	3,319
Equity-settled share-based payment expenses		**498**	212
Impairment loss on trade debtors		**2,520**	484
Change in fair value on derivative component of other financial assets		**633**	—
Unrealised gain on financial assets at fair value through profit or loss		**(94)**	(455)
Operating loss before working capital changes		**(2,494)**	(6,768)
Increase in inventories		**(96)**	—
(Increase)/decrease in debtors, deposits and prepayments		**(2,430)**	4,148
Increase in amount due from a related company		**(515)**	—
Increase in creditors, accruals and deposits received		**1,225**	1,932
Cash used in operations		**(4,310)**	(688)
PRC income tax paid		**(416)**	(119)
Dividend received		**—**	8
Interest received		**55**	38
Interest income from other financial assets		**777**	—
Interests on bank loans, factoring loans and overdrafts wholly repayable within five years paid		**(138)**	(936)
Interest expense on convertible bonds paid		**(1,186)**	(214)
Finance charge on obligation under finance lease paid		**(18)**	(6)
NET CASH USED IN OPERATING ACTIVITIES		**(5,236)**	(1,917)

	Note	2011 HK$'000	2010 HK$'000
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment for purchase of plant and equipment		**(6,018)**	(240)
Payment for acquisition of subsidiaries	*11*	**(4,559)**	—
Sales proceeds from disposal of plant and equipment		**121**	7
Payment for acquisition of trade mark		**(36)**	—
Payment for purchase of other financial assets		**—**	(16,850)
Payment for purchase of financial assets at fair value through profit or loss		**(10)**	(3)
Increase in development costs		**(1,212)**	(3,212)
Decrease in pledged time deposits and bank balance		**55**	9,025
NET CASH USED IN INVESTING ACTIVITIES		**(11,659)**	(11,273)
CASH FLOWS FROM FINANCING ACTIVITIES			
Net proceeds from issue of convertible bonds		**—**	50,000
Net proceeds from exercise of share options		**—**	1,117
Net proceeds from placing of share		**21,492**	—
Payment of transaction cost on issue of share of acquisition of subsidiaries		**(25)**	—
Payment of transaction cost on conversion of convertible bonds		**(3)**	—
Capital element of finance lease rentals paid		**(159)**	(78)
New secured bank loans raised		**—**	6,000
Repayment of secured bank loans		**(6,577)**	(3,834)
NET CASH FROM FINANCING ACTIVITIES		**14,728**	53,205
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		**(2,167)**	40,015
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		**31,957**	(8,038)
EFFECT OF EXCHANGE RATE CHANGES		**208**	(20)
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	*12*	**29,998**	31,957

Notes:

1. BASIS OF PREPARATION

Statement of compliance

(a) Compliance with Hong Kong Financial Reporting Standards

These consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards ("HKFRS"), Hong Kong Accounting Standards ("HKAS") and Interpretations 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 new and revised Hong Kong Financial Reporting Standards

In the current year, the Group initially applied the following new or revised standards, amendments and interpretations issued ("new HKFRSs") by the HKICPA, which are effective for the Group's financial year beginning on 1 April 2010:

HKAS 27 (Revised)	Consolidated and Separate Financial Statements
HKFRS 3 (Revised)	Business Combinations
HK(IFRIC)-Int17	Distributions of Non-cash Assets to Owners
HK-Int 5	Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause
Amendments to HKAS 39	Eligible Hedged Items
Amendment to HKAS 32	Classification of Rights Issues
Amendments to HKFRS 2	Share-based payment — Group Cash-settled Share-based Payment Transactions
HKFRSs	Improvements to HKFRSs (2009)

Except for the following new HKFRSs, the application of other new HKFRSs had no material impact on the Group's consolidated financial statements for the current or prior accounting periods.

As a result of the adoption of HKFRS 3 (Revised), any business combination acquired on or after 1 April 2011 will be recognised in accordance with the new requirements and detailed guidance contained in HKFRS 3 (Revised). These include the following changes in accounting policies:

— Transaction costs that the Group incurs in connection with a business combination, such as finder's fees, legal fees, due diligence fees and other professional and consulting fees, will be expensed as incurred, whereas previously they were accounted for as part of the cost of the business combination and therefore impacted the amount of goodwill recognised.

— If the Group holds interests in the acquiree immediately prior to obtaining control, these interests will be treated as if disposed of and re-acquired at fair value on the date of obtaining control. Previously, the step-up approach would have been applied, whereby goodwill was computed as if accumulated at each stage of the acquisition.

— Contingent consideration will be measured at fair value at the acquisition date. Subsequent changes in the measurement of that contingent consideration unrelated to facts and circumstances that existed at the acquisition date will be recognised in profit or loss, whereas previously these changes were recognised as an adjustment to the cost of the business combination and therefore impacted the amount of goodwill recognised.

— If the acquiree has accumulated tax losses or other temporary deductible differences and these fail to meet the recognition criteria for deferred tax assets at the date of acquisition, then any subsequent recognition of these assets will be recognised in profit or loss, rather than as an adjustment to goodwill as was previously the policy.

— In addition to the Group's existing policy of measuring the non-controlling interests in the acquiree at the non-controlling interest's proportionate share of the acquiree's net identifiable assets, in future the Group may elect, on a transaction by transaction basis, to measure the non-controlling interest at fair value.

— Any losses incurred by a non-wholly owned subsidiary will be allocated between the controlling and non-controlling interests in proportion to their interests in that entity, even if this results in a deficit balance within consolidated equity being attributed to the non-controlling interests. Previously, if the allocation of losses to the non-controlling interests would have resulted in a deficit balance, the losses were only allocated to the non-controlling interests if the non-controlling interests were under a binding obligation to make good the losses. In accordance with the transitional provisions in HKAS 27 (Revised), this new accounting policy is being applied prospectively and therefore previous periods have not been restated.

In accordance with the transitional provisions in HKFRS 3 (Revised), these new accounting policies will be applied prospectively to any business combinations in the current or future periods. The new policy in respect of recognition in the movement of deferred tax assets will also be applied prospectively to accumulated tax losses and other temporary deductible differences acquired in previous business combinations. No adjustments have been made to the carrying values of assets and liabilities that arose from business combinations whose acquisition dates preceded the application of this revised standard.

As a result of the adoption of HKAS 27 (Revised), the following changes in policies will be applied as from 1 April 2010:

— If the Group acquires an additional interest in a non-wholly owned subsidiary, the transaction will be accounted for as a transaction with equity shareholders (the non-controlling interests) in their capacity as owners and therefore no goodwill will be recognised as a result of such transactions. Similarly, if the Group disposes of part of its interest in a subsidiary but still retains control, this transaction will also be accounted for as a transaction with equity shareholders (the non-controlling interests) in their capacity as owners and therefore no profit or loss will be recognised as a result of such transactions. Previously the Group treated such transactions as step-up transactions, of which the goodwill was calculated as the difference between the consideration paid for the additional interests and the carrying amount of the net assets of the non-wholly owned subsidiary, and partial disposals, respectively.

— If the Group loses control of a subsidiary, the transaction will be accounted for as a disposal of the entire interest in that subsidiary, with any remaining interest retained by the Group being recognised at fair value as if reacquired. In addition, as a result of the adoption of the amendment to HKFRS 5, if at the end of reporting period the Group has the intention to dispose of a controlling interest in a subsidiary, the entire interest in that subsidiary will be classified as held for sale (assuming that the held for sale criteria in HKFRS 5 are met) irrespective of the extent to which the Group will retain an interest. Previously such transactions were treated as partial disposals.

In accordance with the transitional provisions in HKAS 27 (Revised), these new accounting policies will be applied prospectively to transactions in current or future periods and therefore previous periods have not been restated.

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

The following HKFRSs in issue at 31 March 2011 have not been applied in the preparation of the consolidated financial statements for the year then ended since they were not yet effective for the annual period beginning on 1 April 2010:

HKAS 24 (Revised)	Related Party Disclosures [2]
HKFRS 9	Financial Instruments [5]
HK(IFRIC)-Int 19	Extinguishing Financial Liabilities with Equity Instruments [1]
Amendments to HKAS 12	Deferred Tax: Recovery of Underlying Assets [4]
Amendments to HKFRS 7	Disclosures — Transfers of Financial Assets [3]
Amendments to HKC(IFRIC)-Int 14	Prepayments of a Minimum Funding Requirement [2]
HKFRSs	Improvements to HKFRSs 2010 [6]

[1] *Effective for annual periods beginning on or after 1 July 2010*
[2] *Effective for annual periods beginning on or after 1 January 2011*
[3] *Effective for annual periods beginning on or after 1 July 2011*
[4] *Effective for annual periods beginning on or after 1 January 2012*
[5] *Effective for annual periods beginning on or after 1 January 2013*
[6] *Amendments to HKFRS 1, HKFRS 7, HKAS 1, HKAS 34, HK(IFRIC)-Int 13 are effective for annual periods beginning on or after 1 January 2011 and amendments to HKFRS 3, HKAS 21, HKAS 28, HKAS 31, HKAS 32, HKAS 39 are effective for annual periods beginning on or after 1 July 2010*

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 Group's consolidated financial statements.

2. TURNOVER

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

	Continuing operations		Discontinued operations		Total	
	2011	2010	**2011**	2010	**2011**	2010
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Provision of food and beverage services	**32,226**	—	**—**	—	**32,226**	—
Provision of information solutions						
— System development and integration	**19,359**	20,978	**—**	—	**19,359**	20,978
— Maintenance and enhancement income	**2,340**	1,541	**—**	—	**2,340**	1,541
Sales of application software packages and related maintenance income	**34,409**	29,910	**—**	—	**34,409**	29,910
Publishing and advertising income	**—**	—	**—**	107	**—**	107
	88,334	52,429	**—**	107	**88,334**	52,536

3. OTHER INCOME

	Continuing operations		Discontinued operations		Total	
	2011	2010	**2011**	2010	**2011**	2010
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Dividend income	**—**	8	**—**	—	**—**	8
Interest income from other financial assets	**884**	—	**—**	—	**884**	—
Imputed interest income from other financial assets	**304**	—	**—**	—	**304**	—
Amortisation of transaction costs on other financial assets	**(712)**	—	**—**	—	**(712)**	—
	476	—	**—**	—	**476**	—
Interest income	**55**	37	**—**	1	**55**	38
Management fee income	**—**	24	**—**	—	**—**	24
Unrealised gain on financial assets at fair value through profit or loss	**94**	455	**—**	—	**94**	455
Exchange gain	**618**	19	**—**	—	**618**	19
Miscellaneous items	**23**	6	**—**	1	**23**	7
	1,266	549	**—**	2	**1,266**	551

4. LOSS BEFORE INCOME TAX

	Continuing operations		Discontinued operations		Total	
	2011	2010	**2011**	2010	**2011**	2010
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Loss before income tax is arrived at after charging/(crediting):						
(a) Finance costs:						
Interests on bank loans, factoring loans and overdrafts wholly repayable within five years	**138**	936	**—**	—	**138**	936
Interest expense on convertible bonds	**1,186**	214	**—**	—	**1,186**	214
Finance charges on obligation under finance lease	**18**	6	**—**	—	**18**	6
Imputed interest expense on convertible bonds	**1,163**	210	**—**	—	**1,163**	210
Other bank charges	**83**	66	**—**	1	**83**	67
	2,588	1,432	**—**	1	**2,588**	1,433
(b) Other items:						
Amortisation of development costs	**2,021**	2,288	**—**	—	**2,021**	2,288
Amortisation of other intangible assets	**1,641**	6	**—**	—	**1,641**	6
Depreciation	**2,990**	840	**—**	12	**2,990**	852
Less: Amounts capitalised as development costs	**(54)**	(80)	**—**	—	**(54)**	(80)
	2,936	760	**—**	12	**2,936**	772
Auditor's remuneration	**463**	310	**—**	5	**463**	315
Operating lease rentals for properties	**8,193**	2,133	**—**	55	**8,193**	2,188
Less: Amounts capitalised as development costs	**(47)**	(151)	**—**	—	**(47)**	(151)
	8,146	1,982	**—**	55	**8,146**	2,037
Directors' remuneration	**1,792**	2,968	**—**	—	**1,792**	2,968
Other staff salaries and benefits	**40,372**	30,512	**—**	834	**40,372**	31,346
Retirement scheme contributions	**2,394**	2,104	**—**	34	**2,394**	2,138
Equity-settled share-based payment expenses	**420**	80	**—**	—	**420**	80
	43,186	32,696	**—**	868	**43,186**	33,564
Less: Amounts capitalised as development costs	**(757)**	(2,630)	**—**	—	**(757)**	(2,630)
Other staff costs	**42,429**	30,066	**—**	868	**42,429**	30,934
Impairment loss on trade debtors	**2,520**	484	**—**	—	**2,520**	484
Impairment loss of goodwil	**1,721**	—	**—**	—	**1,721**	—
Change in fair value on derivative component of other financial assets	**633**	—	**—**	—	**633**	—
Loss on disposal of plant and equipment	**895**	48	**—**	133	**895**	181

5. INCOME TAX

(a) Taxation in the profit or loss represents:

	2011	2010
	HK$'000	*HK$'000*
Current tax	**602**	451
Deferred tax	**(536)**	(521)
Income tax expense/(credit)	**66**	(70)

(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 ("EIT") at the rates of 16.5% and 25% respectively (2010: 16.5% and 25% respectively).

(iii) On 16 March 2007, the Fifth Plenary Session of the Tenth National People's Congress passed the Corporate Income Tax Law of the People's Republic of China ("New Tax Law") which was effective on 1 January 2008. As a result of the New Tax Law, the statutory income tax rate adopted by the PRC entities, other than the aforesaid subsidiaries below, changed from 33% to 25% with effect from 1 January 2008.

(a) As approved by the relevant PRC tax authority, Guangzhou Armitage Technologies Limited ("GZATL") was entitled to a two-year exemption from EIT followed by 50% tax exemption for the next three years, commencing from the first cumulative profit-making year in 2007. Therefore, GZATL was exempted from EIT for the fiscal years 2007 and 2008. For the following three fiscal years from 2009 to 2011, GZATL is subject to EIT at the rate of 15%. Starting from the fiscal year 2012, GZATL will be subject to EIT at the unified rate of 25% under the New Tax Law.

(b) Armitage Technologies (Shenzhen) Limited ("ATL(SZ)") enjoyed preferential policy in the form of reduced tax rate for five years from the time when the New Tax Law takes effect to transit progressively to the new statutory tax rate. Therefore, ATL(SZ) enjoyed the tax rate of 18% for the year 2008, 20% for the year 2009, 22% for the year 2010, 24% for the year 2011 and 25% for the year 2012.

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

	2011	2010
	HK$'000	*HK$'000*
Loss before income tax		
— Continuing operations	**(27,575)**	(13,536)
— Discontinued operations	**—**	(1,359)
	(27,575)	(14,895)
Tax effect at the Hong Kong profits tax rate of 16.5% (2010: 16.5%)	**(4,550)**	(2,458)
Hong Kong and PRC tax rates differential	**41**	186
Tax effect of income that is not taxable	**(553)**	(96)
Tax effect of expenses that are not deductible	**5,171**	2,402
Effect on tax loss not recognised	**16**	271
Underprovision of deferred tax assets in prior year	**(21)**	(74)
Tax holiday	**(38)**	(301)
Income tax expense/(credit)	**66**	(70)

6. LOSS PER SHARE

The calculation of basic loss per share is based on the loss attributable to equity shareholders of the Company of HK$27,641,000 (2010: HK$14,825,000) and the weighted average number of ordinary shares of 1,063,807,000 (2010: 752,670,000) in issue during the year ended 31 March 2011, calculated as follows:

	2011		2010	
	Loss attributable to equity holders	**Weighted average number of ordinary shares**	Loss attributable to equity holders	Weighted average number of ordinary shares
	HK$'000		*HK$'000*	
Continuing operations	**(27,641)**	**1,063,807,000**	(13,466)	752,670,000
Discontinued operations	**—**	**1,063,807,000**	(1,359)	752,670,000
	(27,641)	**1,063,807,000**	(14,825)	752,670,000

Weighted average number of ordinary shares

	2011 *'000*	2010 *'000*
Issued ordinary shares at the beginning of the year	**770,300**	750,000
Effect of share options exercised	**—**	2,670
Effect of conversion of convertible bond	**189,041**	—
Effect of placing of shares	**93,123**	—
Effect of consideration shares upon acquisition of subsidiaries	**11,343**	—
Weighted average number of ordinary shares at the end of the year	**1,063,807**	752,670

Diluted loss per share has not been disclosed as no dilutive potential equity shares in existence as at 31 March 2010 and 2011.

7. DEBTORS, DEPOSITS AND PREPAYMENTS

Debtors, deposits and prepayments comprise:

	2011 *HK$'000*	2010 *HK$'000*
Trade debtors	**2,939**	11,580
Less: Accumulated impairment loss *(Note 7(c))*	**(2,809)**	(1,932)
	130	9,648
Rental and utility deposits	**3,243**	427
Prepayments	**1,734**	1,037
Interest receivable	**107**	—
Other debtors	**1,521**	1,366
	6,735	12,478

(a) Aging analysis

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

	2011 *HK$'000*	2010 *HK$'000*
0 - 30 days	**96**	7,335
31 - 60 days	**—**	213
61 - 90 days	**—**	631
91 - 180 days	**32**	368
181 - 365 days	**2**	352
Over 1 year	**—**	749
	130	9,648

(b) As at 31 March 2011 and 2010, the carrying amounts of trade debtors assigned to a bank with recourse as collateral under discounting arrangement were as follows:

	2011	2010
	HK$'000	*HK$'000*
Trade debtors	**—**	896

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

	2011	2010
	HK$'000	*HK$'000*
At the beginning of the year	**1,932**	1,448
Impairment loss for the year	**2,520**	484
Uncollectible amounts written off	**(1,739)**	—
Exchange adjustment	**96**	—
At the end of the year	**2,809**	1,932

(d) Trade debtors that are not impaired

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

	2011	2010
	HK$'000	*HK$'000*
Neither past due nor impaired	**96**	6,448
Past due but not impaired:		
1 - 30 days	**—**	887
31 - 60 days	**—**	213
61 - 90 days	**—**	631
91 - 180 days	**32**	368
181 - 365 days	**2**	352
Over 1 year	**—**	749
	34	3,200
	130	9,648

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

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

8. ASSETS AND LIABILITIES CLASSIFIED AS HELD FOR SALE

Pursuant to an agreement dated 25 January 2011 entered between two wholly-owned subsidiaries of the Company, Alpha Skill Holdings Limited and Armitage Holdings Limited (collectively as the "Vendor") and an independent third party (the "Purchaser"), the Vendor disposed of 100% interest in two subsidiaries engaged in the provision of information solutions and sales of application software packages, Armitage Technologies Limited ("ATL(HK)") and ATL(SZ), at a total consideration with reference to the combined net assets value or net liability value plus the shareholder's loans at the completion date. ATL(HK) and ATL(SZ) are included in the Group's information technologies segment reporting purposes.

The major classes of assets and liabilities comprising the disposal group classified as held for sale at 31 March 2011 are as follows:

	HK$'000
Assets	
Plant and equipment	1,042
Other intangible assets	76
Club debenture, at cost	200
Deferred tax	1,817
Financial assets at fair value through profit or loss	974
Debtors, deposits and prepayments	7,526
Time deposits	1,500
Cash and bank balances	2,958
Assets classified as held for sale	16,093
Liabilities	
Obligation under finance lease	421
Creditors, accruals and deposits received	4,051
Liabilities classified as held for sale	4,472
Net assets classified as held for sale	11,621

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

	HK$'000
Exchange reserve	150

9. CREDITORS, ACCRUALS AND DEPOSITS RECEIVED

Creditors, accruals and deposits received comprise:

	2011	2010
	HK$'000	*HK$'000*
Trade creditors	**3,574**	1,115
Deferred enhancement and maintenance income — *Note*	**—**	1,747
Deposit received	**300**	—
Accruals and provisions	**8,033**	7,421
Other creditors	**176**	367
	12,083	10,650

Note: Deferred maintenance income represents after-sales maintenance service income from customers in respect of system development and integration projects and sales of application software packages. After the completion of the system development project or sales of application software packages, the Group charged its customers the maintenance service fee in advance.

The following is an aging analysis of trade creditors:

	2011	2010
	HK$'000	*HK$'000*
0 - 30 days	**1,252**	145
31 - 60 days	**1,375**	34
61 - 90 days	**36**	32
91 - 180 days	**135**	106
Over 180 days	**776**	798
	3,574	1,115

10. DISCONTINUED OPERATIONS

The Company passed an ordinary resolution on 1 August 2009 to discontinue all the business of magazine publication and provision of advertising services.

(a) Loss for the year for the publishing and advertising income was as follows:

	2011	2010
	HK$'000	*HK$'000*
Turnover	**—**	107
Cost of sales and services rendered	**—**	(149)
Gross loss	**—**	(42)
Other income	**—**	2
Operating expenses	**—**	(1,318)
Operating loss	**—**	(1,358)
Finance costs	**—**	(1)
Loss before income tax	**—**	(1,359)
Income tax expenses	**—**	—
Loss for the year	**—**	(1,359)

(b) The net cash flows incurred by publishing and advertising income was as follows:

	2011	2010
	HK$'000	*HK$'000*
Operating activities	**—**	61
Investing activities	**—**	—
Financing activities	**—**	—
	—	61

11. ACQUISITION OF SUBSIDIARIES

On 29 June 2010, the Group completed the acquisition of 75% and 25% interest in Netaria Limited and its subsidiaries (the "Netaria Group") from Strong Venture Limited ("Strong Venture") and Caddell Investments Limited ("Caddell") at considerations of HK$5,279,000 and HK$3,000,000 respectively. Together with the acquisition, the Strong Venture also assigned a shareholder's loan of Netaria Group of HK$1,721,000 to the Group at its face value. The considerations payable to Strong Venture and Caddell were satisfied by cash and issuing 15,000,000 shares of the Company at HK$0.20 per share respectively. The market price of the Company's share at the date of completion was HK$0.16 per share and issuing costs was approximately HK$25,000. Strong Venture, a company incorporated in BVI, is wholly owned by Mr. Tang Sing Ming Sherman, the director of the Company. Caddell, a company incorporated in BVI, is an independent third party to the Group.

The net assets acquired in above acquisition are as follows:

	HK$'000
Net assets acquired:	
Other intangible assets	2,779
Deposit paid	173
Plant and equipment	3,068
Inventories	64
Debtors, deposits and prepayments	1,405
Cash and bank balances	2,441
Creditors, accruals and deposits received	(3,905)
Income tax payable	(45)
Deferred tax liabilities	(29)
	5,951
Goodwill arising on acquisition	1,728
Total consideration	7,679
Total consideration satisfied by:	
15,000,000 consideration shares issued upon completion	2,400
Cash consideration	7,000
Assignment of debt	(1,721)
Total consideration	7,679
Net cash outflow arising on acquisition:	
Cash consideration paid	7,000
Less: Cash and bank balances acquired	(2,441)
	4,559

Acquisition related costs incurred during the year to this acquisition amounting to approximately HK$555,000 was included in operating expenses in the profit or loss.

The newly acquired subsidiaries contributed HK$3,812,000 and HK$26,721,000 to the Group's profit and revenue for the year ended 31 March 2011, respectively, for the period between the date of acquisition and the end of the reporting period.

Had the acquisition been completed on 1 April 2010, total Group's loss and revenue for the year ended 31 March 2011 would be HK$26,268,000 and HK$93,476,000 respectively. This proforma information was for illustrative purposes only and was not necessarily an indication of the turnover and result of the Group that would actually have been impacted had the acquisition been completed on 1 April 2010, nor was it intended to be a projection of future result.

12. CASH AND CASH EQUIVALENTS

	2011	2010
	HK$'000	*HK$'000*
Time deposits	**2,367**	10,000
Cash and bank balances	**23,173**	22,076
Bank overdrafts, secured	**—**	(119)
	25,540	31,957
Cash and cash equivalents included in disposal group held for sale	**4,458**	—
	29,998	31,957

13. RELATED PARTY AND CONNECTED TRANSACTIONS

Except for the acquisition of 75% interest in the Netaria Group as disclosed in note 11, the Group had the following material transactions with its related parties in which certain directors of the Company have controlling interest under the GEM Listing Rules during the year:

			2011	2010
		Note	*HK$'000*	*HK$'000*
(i)	Rentals paid to Supercom Investments Limited ("Supercom") *	*(a)*	**504**	504
(ii)	Management fee income from Supercom *	*(b)*	**—**	12
(iii)	Management fee income from Kingspecial Investments Limited *	*(b)*	**—**	12
(iv)	Management fee income from Positive Corporation Limited ("Positive") #	*(b)*	**2,889**	—
(v)	Rental expenses paid to Positive #	*(c)*	**797**	—
(vi)	Interest expense on convertible bonds paid to First Glory Holdings Limited #	*(d)*	**1,186**	—

* Mr. Lee Shun Hon, Felix has controlling interest.

Mr. Tang Sing Ming Sherman has controlling interest.

Note:

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

(b) The amounts were predetermined by both parties.

(c) The transaction has entered into based on the normal commercial terms.

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

The directors have reviewed the above related parties and connected transactions and are of the opinion that these transactions were effected on normal commercial terms (or better to the Group) and in the ordinary course of the business of the Group.

Key management compensation

	2011	2010
	HK$'000	*HK$'000*
Fees for key management personnel	**—**	—
Salaries, allowances and other benefits in kind	**5,821**	5,061
Retirement scheme contributions	**125**	103
Equity-settled share-based payment expenses	**498**	174
	6,444	5,338

14. SEGMENT AND ENTITY-WIDE INFORMATION

In the past, the Group managed its business by two geographical divisions, Hong Kong and PRC. These divisions were the basis on which the Group reported its segment information. After the completion of acquiring a new business, food and beverage business, the most senior executive management of the Group believes that it is the best interests to the shareholders of the Company to assess the operating results of the Group in terms of resource allocation and performance assessment by business segments which are information technology business and food and beverage business. The comparative figures have been restated as a result of the change of segment information presented.

Principal activities are as follows:

Food and beverage	—	provision of food and beverage service
Information technology	—	provision of information solutions and design, development and sales of application software packages

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

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

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

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

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

Information about these segments is presented below:

	Food and beverage		Information technology		Total	
	2011	2010	**2011**	2010	**2011**	2010
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
REVENUE						
Total revenue*	**32,226**	—	**56,108**	52,429	**88,334**	52,429
SEGMENT RESULTS	**1,243**	—	**(22,059)**	(6,992)	**(20,816)**	(6,992)
Interest income	**—**	—	**52**	35	**52**	35
Unallocated corporate income					**480**	2
Unallocated corporate expenses					**(4,703)**	(5,149)
Operating profit/(loss)	**1,243**	—	**(22,007)**	(6,957)	**(24,987)**	(12,104)
Finance cost					**(2,588)**	(1,432)
Loss before income tax					**(27,575)**	(13,536)
Income tax expenses/(credit)	**(657)**	—	**591**	70	**(66)**	70
Loss for the year					**(27,641)**	(13,466)

* No inter-segment revenue occurred during the years ended 31 March 2011 and 2010.

	Food and beverage		Information technology		Total	
	2011	2010	**2011**	2010	**2011**	2010
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
ASSETS						
Segment assets	**21,211**	—	**42,338**	46,557	**63,549**	46,557
Unallocated corporate assets					**109,419**	68,111
Inter-segment assets					**(95,331)**	(34,656)
Discounted operations					**—**	459
Total assets					**77,637**	80,471
LIABILITIES						
Segment liabilities	**(20,284)**	—	**(69,077)**	(14,765)	**(89,361)**	(14,765)
Unallocated corporate liabilities					**(63,350)**	(50,337)
Inter-segment assets					**98,671**	—
Discounted operations					**—**	(7)
Total liabilities					**(54,040)**	(65,109)
Other information:						
Depreciation and amortisation	**3,673**	—	**2,979**	3,146	**6,652**	3,146
Capital expenditure	**6,747**	—	**2,839**	3,532	**9,586**	3,532

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

	Hong Kong		PRC		Total	
	2011	2010	**2011**	2010	**2011**	2010
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
REVENUE	**59,102**	29,813	**29,232**	22,616	**88,334**	52,429

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

	Hong Kong		PRC		Inter-segment		Total	
	2011	2010	**2011**	2010	**2011**	2010	**2011**	2010
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
ASSETS								
Carrying amount of segment assets	**64,588**	79,475	**22,395**	18,514	**(9,346)**	(17,518)	**77,637**	80,471
Capital expenditure	**7,437**	1,264	**2,149**	2,268	**—**	—	**9,586**	3,532

The total amount of turnover from a group of companies from information technology segment amounted to 10 per cent or more of the Group's turnover was HK$13.8 million (2010: HK$13.9 million).

15. DIVIDEND

The Board does not recommend the payment of any dividend in respect of the year ended 31 March 2011 (2010: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group's total turnover for both continuing and discontinued operations for the year ended 31 March 2011 amounted to HK$88.3 million (2010: HK$52.5 million), representing an increase of 68% compared with the corresponding period last year. Net loss attributable to equity holders of the Company was increased to HK$27.6 million from HK$14.8 million.

Food and Beverage Business

After the completion of the acquisition of a group of companies which are operating a Japanese restaurant franchise at the end of the first fiscal quarter, our food and beverage business has been growing at a promising pace with a turnover of HK$32.2 million during the year under review. The Group has currently 5 outlets under operation (including one in Shanghai) for the Japanese restaurant franchise up to the date of this report and all of their performances are satisfactory.

The Group has also opened an outlet of Japanese ramen and izakaya in Hong Kong under the short term lease during the third fiscal quarter to test the market receptivity of this new business initiative. Since the opening of this temporary outlet, the feedback from the market is encouraging, and the Group will study in more detail the viability, potentiality and the possibility in establishing a new permanent chain of this business initiative.

As the financial result of our food and beverage operation has contributed a satisfactory result to the Group, the Board is optimistic that our food and beverage business will continue to enhance the future prospect for the Group's sustainable development.

Information Technology Business

Hospitality Software Solutions and Online Distribution Services

For the year ended 31 March 2011, turnover from hospitality software solutions and online distribution services amounted to HK$29.2 million, representing an increase of 29% compared with last year.

In the first half of this fiscal year, strong interest in fixed asset investment has led to the continuous growth in the hospitality industry in the PRC. The number of contracts concluded for our hotel management systems ("***Pegasus***") has reached a record high during the year under review. However, due to the Chinese government's tightening of its credit control over property investment and rising interest rates since the beginning of the third fiscal quarter, the investment sentiment has been slowing down. After the events of World Expo in Shanghai and Asia Games in Guangzhou, the Chinese government as well as the commercial sectors have significantly scaled down their investments in the hospitality industry in the last couples of months. As a result, the sales volume of ***Pegasus*** had dropped considerably since the fourth fiscal quarter.

In order to strengthen our distribution channels, we have set up the Channel Division and assigned a specialist to deal with channel management since the first fiscal quarter. We have also established business relationships with a number of new business partners, especially in the northern and remote regions in China such as Xinjiang. Nevertheless, only a few contracts have been concluded sourcing from these connections during the year under review.

For our online booking services, we have around twenty hotel customers who have joined our online booking website www.fangcoo.com (房庫).

Outsourcing and Information Solutions and Applications Software Packages Solutions

The total turnover generated from the outsourcing and information solutions and application software package solution for the year ended 31 March 2011 was HK$26.9 million, representing a decrease of 10% when compared with HK$29.8 million recorded in last year.

During the year under review, the services being provided via insourcing contracts with the Hong Kong largest airline operator and the largest private container terminal operator in Hong Kong and Shenzhen, and via offshore development team built in our Shenzhen subsidiary for the Hong Kong's largest air cargo terminal operator, have been continuing and revenue generated from those accounts was steady.

The two contracts concluded in the fourth fiscal quarter with the largest credit union in supporting the operations of a quasi-government organisation and a large supplier of heavy building materials in Hong Kong have proceeded in accordance with the agreed schedules.

Turnover generated from the Group's proprietary ERP application software packages Armitage Industrial Management System ("***AIMS***"), together with its previous version ***Konto 21***, decreased to HK$4.4 million, representing a 19% decrease when compared with HK$5.4 million of last year. The performance of application software packages for the last few quarters are below our expectation owing to the shrinking and highly competitive ERP market in the Pearl River Delta Region. In the fourth fiscal quarter, we only concluded one new contract with an existing manufacturing customer to provide service for the ***AIMS*** application enhancements.

FUTURE PROSPECTS

Food and Beverage Business

The success of the 4 newly opened outlets after the acquisition of the business in the first fiscal quarter has confirmed that the Group's direction on the Japanese restaurant franchise business initiative is the right decision. We target to double the number of outlets of this Japanese restaurant franchise by the end of the next fiscal year based on the market condition and finding the suitable location. The management is happy to report that the first outlet in the PRC which was opened in Shanghai in April 2011, is performing over our expectation. It has ascertained our management's effort in tapping into the PRC market. The Group will cautiously increase the resources input to speed up the development in the PRC market for this Japanese restaurant franchise. In addition, the Group is reviewing the market receptivity and is in the process of planning to set up a new restaurant brand in Japanese ramen and izakaya.

With the growth in operation and the expansion of the management team, the Group believes that it will lower the overall marginal operating costs and in long term will enhance the brand image. With the continuous expansion in mind, the Group has acquired a food catering and servicing company in June this year and is in the process of setting up a central kitchen, for supplying food and beverage services to both its own restaurants and external customers.

Meanwhile, the Group is searching for other opportunities in the food and beverage business, both in Hong Kong and the PRC in order to further enhance the Group's income. Currently, the Group is actively seeking potential partners to co-operate in developing new business in Hong Kong and the PRC. And resources have been allocated to research and develop the Group's own new concept as well as new brand name for future expansion. The Group believes that the long term development of the food and beverage business is highly promising and will become the most important core of the Group's business operation.

Information Technology Business

Hospitality Software Solutions and Online Distribution Services

The stringent control measures by the Chinese government to cool down property investment sentiment since the third fiscal quarter will have a severe impact on our hospitality application business in the coming years. The hospitality industry had invested heavily on construction and renovation in the past few years, as a result of several international events held in the PRC such as Olympic Games, World Expo and Asian Games. However, looking forward, the Group strongly believes that the momentum has been shifted and the hospitality industry investment will reach an impasse. Moreover, faced with the continuous fierce price competition from our competitors, rising staff costs, pressure from Renminbi appreciation and the new tightening cycle of credit control starting in October last year, the Group anticipates that all these factors will pose a severe challenge to our information technology ("I.T.") business in servicing the hospitality industry in the next couple of years.

Our attempt to enter the hotel distribution business (B2C) by leveraging on the relationship with our existing hotel customers faced obstacles we did not expect previously. Although a lot of efforts were exerted to recruit hotel customers joining our service, we have so far only managed to conclude contracts with around twenty existing hotel customers to join our www.fangcoo.com (房庫) platform and use our online booking service. This is mainly because we need time to build up our experience and reputation in hotel distribution business. We believe that the growth on the application software sales and services will be limited and the Group's future expansion would very much rely on the success of this business initiative. In order to expedite progress in this business, it is necessary for us to recruit experts in the distribution area and put extra efforts in strengthening our sales and marketing strategies. The Board will work hard to balance the substantial investments that would be required to realise this strategic business plan and the potential return that could be gained from this business initiative.

Outsourcing and Information Solutions and Application Software Packages Solutions

Due to the ever increasing competition in pricing in the information technology servicing industry and the difficult operating environment in Hong Kong, the Group has been making continuous losses in the business of outsourcing and information solutions and application software packages solutions since the financial year ended 31 March 2004. In the third fiscal quarter of this fiscal year, a potential buyer approached the

Group and expressed an interest in acquiring part of the Group's I.T. business. After thorough consideration, the Board believes that it is to the best interest of the Group and our shareholders to proceed with the disposal transaction as it provides an opportunity to the Group to streamline the operations of the Group, so that the resources of the Group can be better allocated with a view to optimising the productivity of the Group's operation. In the first quarter of next fiscal year, the Group has disposed of two subsidiaries of the Group's I.T. business which were running outsourcing and information solutions and application software packages solutions in Hong Kong and the PRC.

FINANCIAL REVIEW

Consolidated results of operations

For the year ended 31 March 2011, the Group recorded a total turnover of HK$88.3 million (2010: HK$52.5 million), of which HK$88.3 million (2010: HK$52.4 million) is from continuing operations. For the continuing operations, turnover increased by 69% compared with the previous year.

Turnover generated from food and beverage business was HK$32.2 million (2010: Nil). Revenue generated from information technology business increased by 7% to HK$56.1 million (2010: HK$52.4 million).

Net loss attributable to equity holders of the Company was HK$27.6 million (2010: HK$14.8 million).

Gross profit

The gross profit margin from the continuing operations of the Group was 65% (2010: 55%). It was resulted from the new business, food and beverage business, which contributed a high gross profit margin to the Group.

Expenses

Total operating expenses increased by 90% to HK$72.6 million (2010: HK$38.2 million). This increase was attributable to several reasons.

Firstly, the Company started a new line of business division, namely the food and beverage business. For the year under review, the food and beverage business incurred operating expenses amounting to HK$21.0 million (2010: Nil).

Secondly, due to the increase in turnover in hospitality software solutions and online distribution business by 29% compared with last year, the Company recruited more staff to accommodate the customers' needs. During the year under review, the staff costs and commission expenses in relation to the hospitality software solutions and online distribution business was HK$15.8 million, representing an increase of HK$5.7 million or 56% compared with last year.

Finally, during the year under review, the Company has made impairment loss on development costs and goodwill on consolidation in relation to the subsidiary operating the hospitality software solutions and online distribution business amounted to HK$10.7 million (2010: HK$3.3 million) and HK$1.7 million (2010: Nil) respectively.

On 10 February 2010, the Company issued convertible bonds to First Glory Holdings Limited ("First Glory"). The interest expenses and the imputed interest expenses on convertible bonds was HK$1.2 million and HK$1.2 million respectively (2010: HK$214,000 and HK$210,000 respectively) during the year under review.

Financial resources and liquidity

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

As at 31 March 2011, current assets amounted to HK$64.9 million (2010: HK$45.5 million) of which HK$25.5 million (2010: HK$32.1 million) was cash and bank deposits, HK$6.7 million (2010: HK$12.5 million) was debtors, deposits and prepayments and HK$16.1 million (2010: Nil) was assets of a disposal group classified as held for sale. The Group's current liabilities amounted to HK$17.3 million (2010: HK$15.1 million), including creditors, accruals and deposits received in the amount of HK$12.1 million (2010: HK$10.7 million) and liabilities directly associated with assets held for sale in the amount of HK$4.5 million (2010: Nil). In last year, current liabilities included bank loans, overdraft and obligation under finance lease in the amount of HK$4.1 million.

Current ratio and quick assets ratio as at 31 March 2011 was 3.74 and 3.73 respectively (2010: 3.01 and 3.01 respectively). Debt-to-equity ratio, expressed as a ratio of total debts less pledged time deposits, pledged bank balance, time deposits and cash and bank balances to shareholders' funds, was 1.02 (2010: 2.15).

Foreign exchange

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

Charges on the Group's assets

As at 31 March 2011, except for a motor vehicle with carrying amount of HK$512,000 (2010: HK$171,000, held under the obligation of finance lease, there is no Group's assets which have been pledged or charged. As at 31 March 2010, a bank balance of HK$55,000 and accounts receivable of HK$896,000 have been pledged to a bank to secure general banking facilities granted to the Group.

Capital commitments

For both years under review, the Group had no material capital commitments.

Contingent liabilities

As at 31 March 2011, the Group has contingent liabilities in respect of possible future long service payments to employees under the Employment Ordinance in Hong Kong, with a maximum possible amount of HK$1.3 million (2010: HK$1.6 million).

Subsequent Events

On 25 January 2011, Alpha Skill Holdings Limited ("Alpha Skill) and Armitage Holdings Limited ("AHL"), two wholly-owned subsidiaries of the Company, entered into two separate agreements with Glorywin Holdings Limited ("Glorywin") pursuant to which Alpha Skill conditionally agreed to sell the entire share capital of Armitage Technologies Limited ("ATL(HK)") and AHL conditionally agreed to sell the entire equity interest in Armitage Technologies (Shenzhen) Limited ("ATL(SZ)") at a total consideration with reference to the combined net asset value or net liability value of ATL(HK) and ATL(SZ) plus the shareholder's loans at the completion date. The transaction was completed on 14 June 2011.

On 31 May 2011, Robust Asia Limited, a wholly-owned subsidiary of the Company, entered into an agreement with Mr. Tong Hei Wah Aro, Ms. Tong Shuk Yin Eliza and Mr. Chung Hoi Shuen to acquire 70% of the entire share capital of Qualifresh Catering Limited at a total consideration of HK$3.5 million. The transaction was completed on 1 June 2011.

Other financial assets

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

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

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

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

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

Employees and remuneration policies

As at 31 March 2011, the Group had 392 employees in Hong Kong and the PRC (2010: 309). Remuneration is determined by reference to market terms and in accordance with the performance, qualification and experience of each individual employee. Discretionary bonuses, based on each individual's performance, are paid to employees as recognition and in reward of their contributions. Other fringe benefits such as medical subsidy, medical insurance, education/training subsidies and pension fund plans are offered to most employees. Share options are granted at the discretion of the Board under the terms and conditions of the Employees Share Option Scheme.

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

During the year, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities, save and except the followings:

On 20 May 2010, a placing was completed under a placing agreement dated 18 May 2010 entered into among First Glory as the vendor, the Company and a placing agent. Pursuant to the placing, an aggregate of 110,000,000 shares in the Company have been successfully placed to not less than six placees at the placing price of HK$0.20 per placing share. On 27 May 2010, a subscription was completed under a subscription agreement dated 18 May 2010 entered into between First Glory as the subscriber and the Company as the issuer. Pursuant to the subscription, an aggregate of 110,000,000 shares in the Company (which is equivalent to the number of shares actually placed under the placing) have been issued and allotted by the Company to First Glory at a subscription price of HK$0.20 per share. The net proceeds received by the Company from the subscription amounted to approximately HK$21.5 million.

On 17 May 2010, Marvel Success, a wholly-owned subsidiary of the Company, entered into a sale and purchase agreement with Caddell Investments Limited ("Caddell"), pursuant to which Marvel Success agreed to acquire from Caddell 250 shares in Netaria Limited ("Netaria"), representing 25% of the issued share capital of Netaria at the consideration of HK$3,000,000. Pursuant to the terms of the sale and purchase agreement, the total consideration in the sum of HK$3,000,000 shall be satisfied by Marvel Success procuring the Company to allot and issue 15,000,000 shares in the Company as the consideration shares. The transaction was completed on 29 June 2010 ("Completion Date") and an aggregate of 15,000,000 shares in the Company have been issued and allotted by the Company to Caddell on the Completion Date. As at the Completion Date, the closing share price of the Company was HK$0.16 per share, and the total value of the shares paid to Caddell based on such closing share price was HK$2.4 million. Netaria together with its subsidiaries are currently running a Japanese restaurant franchise.

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

As at 31 March 2011, 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	Corporate	632,845,290 *(Note 1)*	57.78%
Mr. Lee Shun Hon, Felix	Personal	100,000	0.01%

Notes:

1. These shares are held by First Glory Holdings Limited ("First Glory") which is wholly and beneficially owned by Mr. Tang Sing Ming Sherman ("Mr. Tang"). First Glory also holds convertible bonds ("Convertible Bonds") issued by the Company in the aggregate principal amount of HK$39 million pursuant to which a total of 600,000,000 shares of the Company will be issued upon full conversion assuming that there is no adjustment to the initial conversion price of HK$0.065 per share. Mr. Tang is the sole legal and beneficial owner of First Glory. Mr. Tang is deemed to be interested, within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), in the said 632,845,290 shares and the Convertible Bonds which First Glory is interested in.

2. Based on 1,095,300,000 shares of the Company in issue as at 31 March 2011.

(b) Interests and short positions 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 Sing Ming Sherman	Corporate	600,000,000 *(Note 1)*	54.78%

Note:

1. The said 600,000,000 shares represent the total number of shares which will be issued upon full conversion of the Convertible Bonds held by First Glory in the aggregate principal amount of HK$39 million, assuming that there is no adjustment to the initial conversion price of HK$0.065 per share. According to the terms of the Convertible Bonds, conversion of the Convertible Bonds is subject to compliance with the GEM Listing Rules and the Code on Takeovers and Mergers, and any such conversion shall not result in the shareholding of the Company held by the public being less than the then minimum public float requirements as stipulated in the GEM Listing Rules at the time of such conversion. Mr. Tang is deemed to be interested, within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), in the Convertible Bonds held by First Glory.

2. Based on 1,095,300,000 shares of the Company in issue as at 31 March 2011.

(c) Long positions in underlying shares of equity derivatives of the Company

Outstanding options granted to the Directors under the share option scheme adopted on 26 February 2003:

Name	Date of grant	Exercise price per share *HK$*	Exercise period	Approximate percentage of the issued share capital *(Note 1)*	Number of share options outstanding
Mr. Bhanusak Asvaintra	13 August 2010	0.142	13 August 2011 to 12 August 2020	0.09%	1,000,000
Mr. Chan Kam Fai Robert	13 August 2010	0.142	13 August 2011 to 12 August 2020	0.09%	1,000,000
Mr. Chung Kwok Keung Peter	13 August 2010	0.142	13 August 2011 to 12 August 2020	0.09%	1,000,000

Note:

1. Based on 1,095,300,000 shares of the Company in issue as at 31 March 2011.

(d) 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 Sing Ming Sherman	First Glory Holdings Limited	Beneficial owner	1	100%

(e) Interests in debentures of the Company

Name	Type of interests	Amount of Debentures
Mr. Tang Sing Ming Sherman	Corporate	HK$39 million *(Note 1)*

Note:

1. The said HK$39 million represents the aggregate outstanding principal amount of the Convertible Bonds held by First Glory, which is wholly-owned by Mr. Tang. Assuming that there is no adjustment to the initial conversion price of HK$0.065 per share, a total of 600,000,000 shares will be issued upon full conversion of the Convertible Bonds.

Save as disclosed herein, as at 31 March 2011, 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

So far as is known to the directors and chief executive of the Company, as at 31 March 2011, 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

The Company operates a share option scheme adopted on 26 February 2003 ("Share Option Scheme"). As at 31 March 2011, options under Share Option Scheme to subscribe for an aggregate of 17,000,000 shares have been granted to a total of 8 directors and employees of the Group, details as follows:

	Date of grant	Exercisable period	Exercise price per share *HK$*	Outstanding at 1.4.2010	Granted during the year	Outstanding at 31.3.2011
Category 1: Director						
Mr. Bhanusak Asvaintra	13.8.2010	13.8.2011 - 12.8.2020	0.142	—	1,000,000	**1,000,000**
Mr. Chan Kam Fai Robert	13.8.2010	13.8.2011 - 12.8.2020	0.142	—	1,000,000	**1,000,000**
Mr. Chung Kwok Keung Peter	13.8.2010	13.8.2011 - 12.8.2020	0.142	—	1,000,000	**1,000,000**
Category 2: Employee						
	23.3.2010	23.3.2011 - 22.3.2020	0.216	2,000,000	—	**2,000,000**
	13.8.2010	13.8.2011 - 12.8.2020	0.142	—	6,000,000	**6,000,000**
	13.8.2010	13.8.2012 - 12.8.2020	0.142	—	6,000,000	**6,000,000**
Total of all categories				2,000,000	15,000,000	**17,000,000**

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 during the year ended 31 March 2011.

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 of the Company, namely Mr. Bhanusak Asvaintra, Mr. Chan Kam Fai Robert and Mr. Chung Kwok Keung Peter.

Up to the date on which these financial statements for the year ended 31 March 2011 have been approved, the audit committee has held four meetings and has reviewed the Company's draft annual, interim and quarterly financial reports and accounts prior to recommending such reports and accounts to the Board for approval.

CODE OF BEST PRACTICE

The Company has complied with the code provisions set out in Code on Corporate Governance Practices under Appendix 15 of the GEM Listing Rules of the Stock Exchange throughout the year ended 31 March 2011 except the followings:

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

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

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

Hong Kong, 20 June 2011

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

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

** For identification purpose only*