epicurean 惟膳

Epicurean and Company, Limited
惟 膳 有 限 公 司

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

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 2013

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.

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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 2013, together with the comparative audited consolidated figures for the corresponding year, as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2013

	Note	2013 HK$'000	2012 HK$'000
Continuing operations			
Turnover	2	**255,065**	89,272
Cost of sales and services rendered		**(83,424)**	(28,777)
Gross profit		**171,641**	60,495
Other income	3	**1,595**	1,118
Gain on bargain purchase of acquisition of a subsidiary	11(a)	**79**	–
Impairment loss on plant and equipment		**(4,775)**	–
Operating expenses		**(175,595)**	(65,080)
Operating loss		**(7,055)**	(3,467)
Finance costs	4(a)	**(5,484)**	(3,462)
Loss before income tax	4	**(12,539)**	(6,929)
Income tax expense	5	**(409)**	(34)
Loss for the year from continuing operations		**(12,948)**	(6,963)
Discontinued operations			
Loss for the year from discontinued operations	6	**(4,752)**	(8,943)
Loss for the year		**(17,700)**	(15,906)
Other comprehensive loss, net of tax			
Exchange gain/(loss) arising from translation of financial statements of foreign operations		**142**	(616)
Exchange differences reclassified to profit or loss upon disposal of subsidiaries		**(1,211)**	–
		(1,069)	(616)
Total comprehensive loss for the year		**(18,769)**	(16,522)
Loss for the year attributable to:			
Owners of the Company		**(17,922)**	(16,021)
Non-controlling interests		**222**	115
		(17,700)	(15,906)
Total comprehensive loss for the year attributable to:			
Owners of the Company		**(18,991)**	(16,637)
Non-controlling interests		**222**	115
		(18,769)	(16,522)

	Note	2013 HK$'000	2012 HK$'000
Loss per share	*7*		
From continuing and discontinued operations			
– Basic		**(0.89)**	(1.23)
– Diluted		**N/A**	N/A
From continuing operations			
– Basic		**(0.66)**	(0.54)
– Diluted		**N/A**	N/A
From discontinued operations			
– Basic		**(0.23)**	(0.69)
– Diluted		**N/A**	N/A

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2013

	Note	2013 HK$'000	2012 HK$'000
NON-CURRENT ASSETS			
Plant and equipment		**40,293**	21,818
Goodwill on consolidation		**60,031**	4,936
Other intangible assets		**25,958**	5,850
Deferred tax assets		**5,630**	2,852
		131,912	35,456
CURRENT ASSETS			
Other financial assets		**15,550**	15,550
Inventories		**4,395**	1,010
Debtors, deposits and prepayments	*8*	**37,633**	15,489
Income tax recoverable		**251**	121
Pledged bank deposit		**613**	–
Cash and bank balances	*13*	**34,012**	30,240
		92,454	62,410
Assets of a disposal group classified as held for sale	*9*	**–**	15,111
		92,454	77,521
CURRENT LIABILITIES			
Convertible bonds		**–**	37,927
Amount due to a related company		**1,289**	1,289
Loan from a director		**10,000**	–
Bank loans, secured		**19,051**	387
Creditors, accruals and deposits received	*10*	**47,240**	21,537
Income tax payable		**2,817**	2,075
		80,397	63,215
Liabilities directly associated with assets held for sale	*9*	**–**	7,548
		80,397	70,763

	Note	2013 HK$'000	2012 HK$'000
NET CURRENT ASSETS		**12,057**	6,758
TOTAL ASSETS LESS CURRENT LIABILITIES		**143,969**	42,214
NON-CURRENT LIABILITIES			
Convertible bonds		**77,769**	–
Deferred tax liabilities		**3,356**	566
Amount due to a related company		**–**	1,289
Other payables	*10*	**435**	164
Bank loans, secured		**2,408**	–
		83,968	2,019
NET ASSETS		**60,001**	40,195
REPRESENTING:			
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY			
Share capital		**22,430**	16,430
Reserves		**36,191**	22,607
		58,621	39,037
Non-controlling interests		**1,380**	1,158
TOTAL EQUITY		**60,001**	40,195

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the year ended 31 March 2013

	Attributable to owners of the Company									
	Share capital *HK$'000*	**Accumulated losses** *HK$'000*	**Share premium** *HK$'000*	**Special reserve** *HK$'000*	**Exchange reserve** *HK$'000*	**Employee share-based compensation reserve** *HK$'000*	**Convertible bonds equity reserve** *HK$'000*	**Total** *HK$'000*	**Non-controlling interests** *HK$'000*	**Total** *HK$'000*
At 1.4.2011	10,953	(72,942)	77,312	3,801	1,871	502	2,100	23,597	–	23,597
Acquisition of a subsidiary	–	–	–	–	–	–	–	–	1,043	1,043
Recognition of equity-settled share-based payment expenses	–	–	–	–	–	384	–	384	–	384
Release upon disposal of a subsidiary	–	–	–	–	(82)	–	–	(82)	–	(82)
Rights issue	5,477	–	26,298	–	–	–	–	31,775	–	31,775
Total comprehensive loss for the year	–	(16,021)	–	–	(616)	–	–	(16,637)	115	(16,522)
At 31.3.2012 and 1.4.2012	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	–	–	–	–	–	403	–	403	–	403
Conversion of convertible bonds	6,000	–	31,590	–	–	–	(1,939)	35,651	–	35,651
Repayment of convertible bonds	–	161	–	–	–	–	(161)	–	–	–
Recognition of equity composition of convertible bonds	–	–	–	–	–	–	2,521	2,521	–	2,521
Total comprehensive loss for the year	–	(17,922)	–	–	(1,069)	–	–	(18,991)	222	(18,769)
At 31.3.2013	**22,430**	**(106,724)**	**135,200**	**3,801**	**104**	**1,289**	**2,521**	**58,621**	**1,380**	**60,001**

Notes:

1. BASIS OF PREPARATION

Statement of compliance

(a) Compliance with Hong Kong Financial Reporting Standards

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

(b) Initial application of Hong Kong Financial Reporting Standards

In the current year, the Group initially applied the following new or revised standards, amendments and interpretations ("new HKFRSs") issued by the HKICPA, which are effective for the Group's financial year beginning on 1 April 2012:–

Amendments to HKAS 12	Deferred Tax: Recovery of Underlying Assets
Amendments to HKFRS 7 (2010)	Disclosures – Transfers of Financial Assets

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

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

The following Hong Kong Financial Reporting Standards in issue at 31 March 2013 have not been applied in the preparation of the Group's consolidated financial statements for the year then ended since they were not yet effective for the annual period beginning on 1 April 2012:–

HKAS 19 (2011)	Employee Benefits [2]
HKAS 27	Separate Financial Statements [2]
HKAS 28	Investments in Associates and Joint Ventures [2]
HKFRS 9	Financial Instruments [4]
HKFRS 10	Consolidated Financial Statements [2]
HKFRS 11	Joint Arrangements [2]
HKFRS 12	Disclosure of Interests in Other Entities [2]
HKFRS 13	Fair Value Measurement [2]
HK(IFRIC)-Int 20	Stripping Costs in the Production Phase of a Surface Mine [2]
Amendments to HKAS 1	Presentation of Items of Other Comprehensive Income [1]
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities [3]
Amendments to HKFRS 7	Disclosures – Offsetting Financial Assets and Financial Liabilities [2]
Amendments to HKFRS 10	Investment Entities [3]
Annual improvements to HKFRSs (2009 – 2011)	Amendments to HKAS 1, HKAS 16 and HKAS 32 [2]

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

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

2. TURNOVER

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

	Continuing operations		**Discontinued operations**		**Total**	
	2013	2012	**2013**	2012	**2013**	2012
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Provision of food and beverage services and others	**255,065**	89,272	**–**	–	**255,065**	89,272
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**	44,833	**1,483**	44,833
	255,065	89,272	**1,483**	49,107	**256,548**	138,379

3. OTHER INCOME

	Continuing operations		**Discontinued operations**		**Total**	
	2013	2012	**2013**	2012	**2013**	2012
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Interest income from other financial assets	**777**	780	**–**	–	**777**	780
Imputed interest income from other financial assets	**–**	280	**–**	–	**–**	280
Amortization of transaction costs on other financial assets	**–**	(540)	**–**	–	**–**	(540)
	777	520	**–**	–	**777**	520
Interest income	**19**	1	**–**	72	**19**	73
Exchange gain	**–**	547	**–**	151	**–**	698
Service fee income	**581**	–	**–**	–	**581**	–
Miscellaneous items	**218**	50	**–**	–	**218**	50
	1,595	1,118	**–**	223	**1,595**	1,341

4. LOSS BEFORE INCOME TAX

	Continuing operations		**Discontinued operations**		**Total**	
	2013 *HK$'000*	2012 *HK$'000*	**2013** *HK$'000*	2012 *HK$'000*	**2013** *HK$'000*	2012 *HK$'000*
Loss before income tax is arrived at after charging/(crediting):						
(a) Finance costs:						
Interests on secured bank loans, repayable within five years	**879**	45	**–**	–	**879**	45
Interest expense on convertible bonds	**1,468**	1,172	**–**	–	**1,468**	1,172
Finance charges on obligation under finance lease	**–**	–	**–**	8	**–**	8
Imputed interest expense on convertible bonds	**1,268**	1,213	**–**	–	**1,268**	1,213
Other bank charges	**1,869**	1,032	**1**	14	**1,870**	1,046
	5,484	3,462	**1**	22	**5,485**	3,484
(b) Other items:						
Amortization of other intangible assets	**670**	257	**–**	–	**670**	257
Bad debts written off	**189**	–	**–**	–	**189**	–
Depreciation	**15,886**	7,117	**40**	747	**15,926**	7,864
Auditor's remuneration	**1,111**	834	**1**	10	**1,112**	844
Exchange loss	**18**	–	**–**	–	**18**	–
Operating lease rentals for properties	**47,162**	16,892	**204**	2,004	**47,336**	18,896
Directors' remuneration	**965**	1,568	**–**	–	**965**	1,568
Other staff salaries and benefits	**68,303**	25,087	**1,143**	19,944	**69,446**	45,031
Retirement scheme contributions	**2,598**	856	**33**	1,891	**2,631**	2,747
Equity-settled share-based payment expenses	**213**	276	**–**	–	**213**	276
Other staff costs	**71,114**	26,219	**1,176**	21,835	**72,290**	48,054
Impairment loss on trade debtors	**–**	–	**–**	242	**–**	242
Impairment loss on plant and equipment	**4,775**	–	**–**	–	**4,775**	–
Cost of inventories sold	**83,424**	28,777	**–**	–	**83,424**	28,777
Loss on disposal of plant and equipment	**303**	–	**–**	59	**303**	59
Loss on disposal of other intangible assets	**2**	–	**–**	–	**2**	–
Unrealized loss on financial assets of fair value through profit or loss	**–**	–	**–**	211	**–**	211

5. INCOME TAX EXPENSE/(CREDIT)

Taxation in the profit or loss represents:

	2013	2012
	HK$'000	*HK$'000*
Continuing operations		
Current tax	**3,003**	1,616
Deferred tax	**(2,594)**	(1,582)
	409	34
Discontinued operations		
Current tax	**–**	–
Deferred tax	**342**	(376)
	342	(376)
Income tax expense/(credit)	**751**	(342)

(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 (2012: 16.5% and 25% respectively).

6. DISCONTINUED OPERATIONS

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

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

	2013	2012
	HK$'000	*HK$'000*
Turnover	**1,483**	49,107
Cost of sales and services rendered	**(636)**	(17,744)
Gross profit	**847**	31,363
Other income	**–**	223
Loss on disposal of subsidiaries – *Note 12*	**(3,839)**	(5,332)
Operating expenses	**(1,417)**	(35,551)
Operating loss	**(4,409)**	(9,297)
Finance costs	**(1)**	(22)
Loss before income tax	**(4,410)**	(9,319)
Income tax (expense)/credit	**(342)**	376
Loss for the year	**(4,752)**	(8,943)

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

	2013	2012
	HK$'000	*HK$'000*
Operating activities	**(1,174)**	640
Investing activities	**–**	(933)
Financing activities	**–**	(42)
	(1,174)	(335)

7. LOSS PER SHARE

The calculation of basic loss per share is based on the loss attributable to owners of the Company of HK$17,922,000 (2012: HK$16,021,000) and the weighted average number of ordinary shares of 2,009,525,000 (2012: 1,300,295,000 shares) in issue during the year ended 31 March 2013 calculated as follows:

	2013		2012	
	Loss attributable to owners	**Weighted average number of ordinary shares**	Loss attributable to owners	Weighted average number of ordinary shares
	HK$'000		*HK$'000*	
Continuing operations	**(13,170)**	**2,009,525,000**	(7,078)	1,300,295,000
Discontinued operations	**(4,752)**	**2,009,525,000**	(8,943)	1,300,295,000
	(17,922)	**2,009,525,000**	(16,021)	1,300,295,000

Weighted average number of ordinary shares

	2013	2012
	'000	*'000*
Issued ordinary shares at the beginning of the year	**1,642,950**	1,095,300
Effect of conversion of convertible bond	**366,575**	–
Effect of rights issue	**–**	204,995
Weighted average number of ordinary shares at the end of the year	**2,009,525**	1,300,295

Diluted loss per share has not been disclosed as no dilutive potential equity shares in existence as at 31 March 2012 and 2013.

8. DEBTORS, DEPOSITS AND PREPAYMENTS

Debtors, deposits and prepayments comprise:

	2013 *HK$'000*	2012 *HK$'000*
Trade debtors	**9,337**	4,332
Less: Accumulated impairment loss *(Note 8(b))*	**–**	–
	9,337	4,332
Rental and utility deposits	**24,662**	8,802
Prepayments	**2,397**	611
Interest receivable	**107**	109
Other debtors	**1,130**	1,635
	37,633	15,489

(a) Aging analysis

The trading terms with the Group's customers are mainly on cash and credit card settlements, except for well established corporate customers who entitled credit term of 30-45 days. For credit card settlements, the banks normally settle the balances within 2-3 days. The following was an aging analysis of trade debtors, which included outstanding balances for credit card settlements, (net of accumulated impairment losses) at the end of the reporting period:

	2013 *HK$'000*	2012 *HK$'000*
0 – 30 days	**7,404**	3,111
31 – 60 days	**1,475**	153
61 – 90 days	**75**	207
91 – 180 days	**88**	299
181 – 365 days	**295**	562
	9,337	4,332

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

	2013 *HK$'000*	2012 *HK$'000*
At the beginning of the year	**–**	2,809
Impairment loss for the year	**–**	242
Uncollectible amounts written off	**–**	(549)
Exchange adjustment	**–**	115
Classified as held for sale	**–**	(2,617)
At the end of the year	**–**	–

(c) Trade debtors that are not impaired

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

	2013	2012
	HK$'000	*HK$'000*
Neither past due nor impaired	**5,639**	788
Past due but not impaired:		
1 – 30 days	**1,765**	2,323
31 – 60 days	**1,475**	153
61 – 90 days	**75**	207
91 – 180 days	**88**	299
181 – 365 days	**295**	562
	3,698	3,544
	9,337	4,332

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.

9. ASSETS AND LIABILITIES CLASSIFIED AS HELD FOR SALE

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

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

	2012
	HK$'000
Assets	
Plant and equipment	3,838
Deferred tax assets	677
Debtors, deposits and prepayments	3,457
Time deposits	617
Cash and bank balances	6,522
Assets classified as held for sale	15,111
Liabilities	
Creditors, accruals and deposits received	7,548
Liabilities classified as held for sale	7,548
Net assets classified as held for sale	7,563

Accumulated income recognized directly in equity relating to disposal group classified as held for sale:

	2012
	HK$'000
Exchange reserve	1,211

10. CREDITORS, ACCRUALS AND DEPOSITS RECEIVED

Creditors, accruals and deposits received comprise:

	2013	2012
	HK$'000	*HK$'000*
Trade creditors	**20,595**	6,470
Accruals and provisions	**17,795**	12,639
Other creditors	**9,285**	2,592
	47,675	21,701
Less: Classified in non-current liabilities	**(435)**	(164)
Classified in current liabilities	**47,240**	21,537

The following was an aging analysis of trade creditors:

	2013	2012
	HK$'000	*HK$'000*
0 – 30 days	**10,423**	4,186
31 – 60 days	**9,797**	2,207
61 – 90 days	**303**	–
91 – 180 days	**65**	77
Over 180 days	**7**	–
	20,595	6,470

11. ACQUISITION OF SUBSIDIARIES

(a) During the year ended 31 March 2013, the Group completed the acquisition of the entire equity interest in Mark Limited and its subsidiaries (collectively referred to as the "Mark Group") from Strong Venture Limited ("Strong Venture"), which is wholly and benefically owned by a director of the Company, Mr. Tang Sing Ming Sherman, at a total consideration of HK$80 million which was satisfied by convertible bonds issued by the Company. Mark Group is operating restaurants, café and cake shops in Hong Kong.

The Group also completed the acquisition of equity interest in Tomato Books Co., Limited ("Tomato"), which is operating a bookstore under the business name of "Tomato Books" in Hong Kong, at a total consideration of HK$510,000.

The Directors believe that through the acquisition of these subsidiaries, it offers business opportunities of the Group in developing new brands under the Group's food and beverage business that would further enhance the Group's income and strengthen the Group's market position.

The goodwill recognized is expected to be non-deductible for income tax purposes. The net assets acquired in above acquisitions were as follows:–

	Mark Group	Tomato	Total
	HK$000	*HK$000*	***HK$000***
Net assets acquired:–			
Other intangible assets	16,292	–	**16,292**
Plant and equipment	12,788	–	**12,788**
Deferred tax assets	–	302	**302**
Income tax	367	–	**367**
Inventories	1,895	422	**2,317**
Debtors, deposits and prepayments	11,602	480	**12,082**
Cash and bank balances	6,477	87	**6,564**
Creditors, accruals and deposits received	(11,411)	(702)	**(12,113)**
Bank loans, secured	(8,767)	–	**(8,767)**
Income tax payable	(1,691)	–	**(1,691)**
Deferred tax liabilities	(2,901)	–	**(2,901)**
	24,651	589	**25,240**

	Mark Group	Tomato	Total
	HK$000	*HK$000*	***HK$000***
Gain on bargain purchase of acquisition of a subsidiary	–	(79)	**(79)**
Goodwill on acquisitions of subsidiaries	55,095	–	**55,095**
Consideration for acquisitions of subsidiaries			
Satisfied by:–			
– Convertible bonds	79,746	–	**79,746**
– Cash	–	510	**510**
Total	79,746	510	**80,256**

Acquisition related costs incurred during the year to these acquisitions amounting to approximately HK$1,229,000 were included in operating expenses in the profit or loss.

The newly acquired subsidiaries contributed approximately profit of HK$4,720,000 and revenue of HK$92,996,000 to the Group's loss for the year and revenue for the year ended 31 March 2013, respectively, for the period between the date of acquisition and the end of the reporting period.

Had the acquisition been completed on 1 April 2012, the Group's loss for the year and revenue for the year ended 31 March 2013 would be approximately HK$15,103,000 and HK$305,718,000 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 2012, nor was it intended to be a projection of future result.

(b) During the year ended 31 March 2012, the Group completed the acquisition of 70% equity interest in Qualifresh Catering Limited ("Qualifresh"), which is currently providing food processing solutions and catering services in Hong Kong, at a total consideration of HK$3.5 million.

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

The net assets acquired in above acquisitions were as follows:

	Rainbow Group *HK$'000*	Qualifresh *HK$'000*	2012 Total *HK$'000*
Net assets acquired:			
Other intangible assets	3,636	–	3,636
Plant and equipment	705	529	1,234
Deferred tax assets	1,336	101	1,437
Inventories	52	392	444
Debtors, deposits and prepayments	3,389	3,099	6,488
Cash and bank balances	2,997	1,928	4,925
Amount due to a related company	(3,017)	–	(3,017)
Creditors, accruals and deposit received	(2,070)	(1,660)	(3,730)
Bank loans, secured	–	(788)	(788)
Income tax payable	–	(125)	(125)
Deferred tax liabilities	(591)	–	(591)
	6,437	3,476	9,913
Non-controlling interests	–	(1,043)	(1,043)
	6,437	2,433	8,870
Goodwill on acquisitions of interests in subsidiaries	2,141	1,067	3,208
Consideration for acquisition of subsidiaries	8,578	3,500	12,078

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

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

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

12. DISPOSAL OF SUBSIDIARIES

During the year ended 31 March 2013, the Group had disposed of the entire equity interests in ATHL(BVI) and its subsidiaries (collectively referred to as the "Armitage Group") in order to discontinue all the businesses of the provision of information solutions and design, development and sale of application software packages.

During the year ended 31 March 2012, 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:–

	2013	2012
	HK$'000	*HK$'000*
Net assets disposed of:–		
Plant and equipment	**3,867**	1,068
Trademark	**–**	77
Deferred tax assets	**335**	2,005
Club debenture	**–**	200
Other financial assets	**–**	763
Debtors, deposits and prepayments	**3,276**	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)
Net assets disposed of	**6,650**	8,239
Release of exchange reserve	**(1,211)**	(82)
	5,439	8,157
Loss on disposal of subsidiaries – *Note 6*	**(3,839)**	(5,332)
Total consideration	**1,600**	2,825
Total consideration satisfied by:–		
Cash consideration	**1,600**	2,825

13. CASH AND CASH EQUIVALENTS

	2013	2012
	HK$'000	*HK$'000*
Time deposits	**–**	612
Cash and bank balances	**34,012**	29,628
	34,012	30,240
Cash and cash equivalents included in disposal group held for sale – *Note 9*	**–**	7,139
	34,012	37,379

14. RELATED PARTY AND CONNECTED TRANSACTIONS

Except for the amount due to a related company, loan from a director, the acquisition of 100% interest in the Mark Group and Rainbow Group as disclosed in note 11 and the disposal of the Armitage Group as disclosed in note 12, 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:

			2013	2012
		Note	***HK$'000***	*HK$'000*
(i)	Rental expense to Epicurean Management Limited #	*(a)*	**240**	200
(ii)	Interest expense on convertible bonds to First Glory Holdings Limited ("First Glory") ##	*(b)*	**490**	1,172
(iii)	Interest expense on convertible bonds to Strong Venture #	*(c)*	**978**	–
(iv)	Provision of food and beverage services to I. T. H. K. Limited ("ITHK") ###	*(d)*	**311**	293
(v)	Provision of food and beverage services to Kosmo Delight Limited ("Kosmo")$^{\Delta}$	*(d)*	**–**	1,819
(vi)	Rental expenses to Joint Allied Limited####	*(d)*	**731**	–

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

\## Mr. Tang had controlling interest in First Glory during the time when First Glory held the convertible bonds.

\### Mr. Tang had controlling interest in ITHK through Strong Venture before the Group completed its acquisition of the Mark Group (in which ITHK is one of the group members) on 21 August 2012.

\#### Joint Allied Limited is owned by a family trust in which Mr. Tang is one of the beneficiaries.

Δ Mr. Chung Hoi Shuen was a member of the key management personnel of the Group and has equity interest in Kosmo and a subsidiary of the Company. During the year ended 31 March 2013, the Group had not provided any food and beverage services to Kosmo.

Notes:

(a) The amounts were predetermined by both parties.

(b) The interest rate was determined at 3% per annum as set out in the subscription agreement dated 22 December 2009.

(c) The interest rate was determined at 2% per annum as set out in the subscription agreement dated 15 August 2012.

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

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

Key management compensation

	2013	2012
	HK$'000	*HK$'000*
Fees for key management personnel	**360**	360
Salaries, allowances and other benefits in kind	**3,184**	4,187
Retirement scheme contributions	**97**	93
Equity-settled share-based payment expenses	**353**	107
	3,994	4,747

15. 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 does not have any identifiable segment or any discrete information for segment reporting purpose. Currently, 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.

16. DIVIDEND

The Board does not recommend the payment of any dividend in respect of the year ended 31 March 2013 (2012: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Introduction

From a global perspective, in year 2012, we have seen the economy of China slow down as the impact of the European financial crisis reached across the globe. The slowing down of growth in the economic giant influenced the performance in its neighbourhoods, including Hong Kong. Fortunately, the retail sector was generally robust in the region thanks to the continuous rise in the number of Mainland tourists.

During the reporting period, the food and beverage ("F&B") sector had witnessed continuous growth. Behind the prosperity, however, the industry had been facing great challenges. A severe shortage of retail floor areas in Hong Kong led to rent rates at retail shops spiraling upwards, which directly and indirectly causing operating difficulties to the F&B sector. Moreover, the implementation of statutory minimum wage in Hong Kong by the government had created fierce competition in the labour market. The F&B sector had to compete against other retailers and industries, like property management, security and cleaning for experienced labour. Amid such a tough business environment, improving in operating efficiency and cost control had become increasingly important for the industry.

Despite of the challenge, the Group's revenue from continuing operations for the year ended 31 March 2013 set a new record to HK$255.1 million (2012: HK$89.3 million), representing an increase of 186% compared with the last financial year, which was primarily driven by the addition of new dining concepts, new store openings and overall increase in customer flow.

Business Review

The Group had initiated various new concepts, one of which was a well-established group of restaurants, café and cake shops originated from Japan. As the dining concept is already a very strong brand in the region, the new business had enjoyed solid sales growth and segment profit in fiscal year 2012/2013. After the acquisition, we had taken a dynamic approach to manage the brand concept. During the year, 4 new outlets had been opened, one of which was a crossover outlet designed by a Hong Kong illustrator. This was our very first theme store opened in the region and it had been warmly received by our customers. As part of the marketing campaign to celebrate the 25th anniversary of this dining concept in Hong Kong, we launched "Fans Club", a membership programme to reward the loyalty of our customers. At the same time, we kept on expanding the menu to spark our customers interest. In coming fiscal year, we planned to grow this business to the Greater China region at an accelerated pace. We believe that the concept will be an important growth vehicle of the Group as the geographical coverage broadens.

Another dining concept we had initiated during the reporting year was Japanese curry specialty store. We are glad to report that within such a short period of time, this concept has already brought positive cash flow to the Group. As at the year end, we operated three stores in Hong Kong. And by adapting the successful Hong Kong business model for China, our first store for this concept in Shanghai was opened in late 2012. Since this is a young brand in its segment, we will allocate more resources on brand building in the coming year.

In early 2013, our Taiwanese beef noodle concept unveiled. It had been embraced by customers for the most regional Taiwanese style beef noodle in the market. Customers will continue to see improved Taiwanese food choices and refreshed menu in the months and years ahead.

During the reporting period, the performance of one of our core brands, Japanese tonkatsu franchise, had missed management's expectation. We observed an increasing competition of the dining concept in Hong Kong. Therefore, growth of sales at Hong Kong stores slowed down. However, our Shanghai store had achieved an encouraging growth. We are especially excited by our progress in China and more stores for this brand will be opened in the coming fiscal year. In the year ahead, we will take a more disciplined approach to manage our tonkatsu franchise stores in Hong Kong. In particular, we will improve the service and food quality, enhance our operation efficiency and review our market positioning. In addition to the existing markets we operate, we will also seek for growth opportunities in other Asian markets.

Meanwhile, business of the Shanghainese dining group had picked up gradually and generated stronger cash flow to the Group. The quality food and services offered at our stores had attracted customers to come back frequently. We will adhere to our mission to provide the best-quality service and bring the freshest seasonal ingredients to our customers.

For our self-developed wellness café concept, the results of which had lagged behind other concepts in our portfolio. We observed a slowdown in customer traffic in the stores. We are monitoring each store carefully and reviewing every detail in our operation in order to formulate a comprehensive strategy to tackle with the situation.

During the reporting period, sales of our catering services company remained stable. The gross profit margin, however, had declined slightly due to the increase in cost of production. In the coming year, it will continue to support our outlets.

Future Prospects

As we have outlined the blueprint for development and expansion in the F&B sector for the coming years, our efforts will be dedicated to the implementation of our business plan to materialize our growth. In fiscal year 2013/2014, we expect the global economy will exhibit some similarities with the conditions that prevailed in the last year. Therefore, apart from growing and expanding our F&B business, increase in operating efficiency and effective cost control also topped the corporate agenda. Also, we will enter into a fiscal year with a more rigorous and disciplined approach to manage our store portfolio.

To sustain our growth and reinforce our footing in the industry, we will continue to expand our stores network under the current portfolio. Leveraging on the success of our restaurants, café and cake shops concept in the region, we will introduce the brand to major cities in the Greater China. After the reporting period, two stores have been opened in Shanghai to test the market receptivity. We have also extended footprint to Taiwan by opening the first café in the region. Another location has been secured and will be opened in Taipei for running a cake shop and café.

For the Japanese tonkatsu franchise business, we are reevaluating the current strategy to adopt the ever changing market condition. On another front, we will continue to open new stores in the existing markets we operate as well as expanding to untapped overseas markets should the opportunity arrive. A store in Hong Kong is currently under renovation and will be opened in a few months time. By replicating our successful model from the Shanghai store, we will speed up the network expansion plan in the territory. Two additional stores will be opened in the region very soon.

We consider that the two lately introduced dining concepts, the Japanese curry specialty store and Taiwanese beef noodle, are relatively young and unfamiliar brands in the region. Our strategy and commitment will be mainly on brand building while with a moderate network expansion.

After the reporting period, we have concluded the market study for ramen and izakaya concepts. The first ramen store has been confirmed. We expect that the first ramen store will be opened soon. Observing a gaining popularity of Japanese cuisine in Asia, we will continue to explore other Japanese dining concepts to introduce to our customers.

As mentioned, we will also focus on enhancing our efficiency to maintain a reasonable profit margin. In addition to the cake factory and the catering services company, planning of a new food processing plant with a distribution centre is underway with a hope to take over the majority of back-end food preparation. We expect that the central kitchen and the distribution centre will commence operation before the end of this fiscal year.

Finally, we will review the concept of each shop that has not performed up to management's expectation. We will formulate a comprehensive strategy, including redefining the concept, market repositioning and revamping the store to improve their results.

Looking ahead, we will implement our business expansion plan with caution and care in order to accomplish our goal as a leading hospitality group in the region. As innovation is cornerstone for success, we will continue to search for or develop new concepts to delight our customers and more importantly, to generate value to the Company.

FINANCIAL REVIEW

Consolidated results of operations

For the year ended 31 March 2013, the Group recorded a total turnover of HK$256.5 million (2012: HK$138.4 million), representing an increase of 85% compared with the previous year. Turnover generated from the continuing operations, food and beverage business, was HK$255.1 million (2012: HK$89.3 million), representing an increase of 186% compared with the previous year.

Net loss attributable to owners of the Company was HK$17.9 million (2012: HK$16.0 million).

Gross profit

The gross profit margin from the continuing operations of the Group was 67% (2012: 68%).

Expenses

Total operating expenses for the continuing operations increased by 170% to HK$175.6 million (2012: HK$65.1 million). Such increase was mainly attributable to the increase in staff and overheads costs as resulted from more outlets under different brand concepts have been opened and more corporate expenses incurred by the Group in terms of business growth and combination during the fiscal year.

Financial resources and liquidity

The Group generally relies on internal funds and facilities granted by its bankers and the executive director to finance its operation.

As at 31 March 2013, current assets amounted to HK$92.5 million (2012: HK$77.5 million) of which HK$34.6 million (2012: HK$30.2 million) was cash and bank deposits, HK$37.6 million (2012: HK$15.5 million) was debtors, deposits and prepayment. The assets of a disposed 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$80.4 million (2012: HK$70.8 million), including creditors, accruals and deposits received in the amount of HK$47.2 million (2012: HK$21.5 million). The convertible bonds as at 31 March 2012 and liabilities directly associated with assets held for sales as at 31 March 2012 were HK$37.9 million and HK$7.5 million respectively.

Current ratio and quick assets ratio as at 31 March 2013 was 1.15 and 1.10 respectively (2012: 1.10 and 1.08 respectively). Debt-to-equity ratio, expressed as a ratio of total debts less pledged bank deposit, pledged bank balance, time deposits and cash and bank balances to total equity, was 2.16 (2012: 0.88).

Foreign exchange

The Group received renminbi income from sales in the PRC. Fluctuations in exchange rates of renminbi 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

Except for the pledged bank deposit, there were no Group's assets have been pledged or charged as at 31 March 2013 and 2012.

Capital commitments

As at 31 March 2013 and 2012, the Group did not have material capital commitment.

Contingent liabilities

As at 31 March 2013 and 2012, the Group did not have material contingent liabilities.

Subsequent events

(i) On 19 April 2013, the Company granted share options to eligible participants (the "Grantees") to subscribe for a total of 26,500,000 ordinary shares with par value of HK$0.01 each in the capital of the Company under a new share option scheme adopted on 20 July 2012 ("New Share Option Scheme").

(ii) On 8 May 2013, a wholly-owned subsidiary of the Company, Marvel Success Limited ("Marvel Success") has executed the third supplemental deed with PJ Partners Pte Limited ("PJ Partners"), pursuant to which the maturity date of the PJ Convertible Bond (as defined below) has been further extended to 9 August 2013 or such later date to be mutually agreed in writing between PJ Partners and Marvel Success.

Other financial assets

On 10 February 2010, a wholly-owned subsidiary of the Company, Marvel Success subscribed at face value, a two-year 5% convertible bond ("PJ Convertible Bond") in the principal amount of US$2,000,000 (equivalent to approximately HK$15,500,000 as at 31 March 2013) issued by 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 or 2.5 times the net profit per share of PJ Partners at the time of conversion provided that Marvel Success is allowed to use US$2,000,000 to convert to shares of PJ Partners up to 75% or minimum 25% of the issued share capital of PJ Partners.

At initial recognition, the loan receivable component of PJ Convertible Bond was recognized 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 amortized cost in subsequent measurement.

For derivative component of PJ 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.

On 10 February 2012, Marvel Success executed a supplemental deed with PJ Partners under which the maturity date of the PJ Convertible Bond had been extended for one year from the second anniversary to the third anniversary of the date of the issue of the PJ Convertible Bond.

As at 31 March 2012 and 31 March 2013, the management assessed the possibility of conversion to the shares of PJ Partners by referring to PJ Partners' financial performance and future prospect and concluded that the conversion is not likely to be occurred unless there are any changes in PJ Partners' financial performance and future prospect. Accordingly, the carrying amount of derivate component of PJ Convertible Bond was revalued to zero since 31 March 2011.

On 4 February 2013, Marvel Success executed a second supplemental deed with PJ Partners under which the maturity date of the PJ Convertible Bond had been further extended to 9 May 2013 or such later date to be mutually agreed in writing between PJ Partners and Marvel Success. As at 31 March 2013, the management assessed the recoverability of PJ Convertible Bond and concluded that no impairment was considered necessary.

As Marvel Success and PJ Partners are still in the course of discussing the targets for and the terms of the proposed acquisition in relation to the acquisition of certain companies and business of PJ Partners and its associates, Marvel Success executed a third supplemental deed on 8 May 2013 with PJ Partners under which the maturity date of the PJ Convertible Bond has been further extended to 9 August 2013 or such later date to be mutually agreed in writing between PJ Partners and Marvel Success.

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 2013, the Group had 891 employees in Hong Kong and the PRC (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 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 New Share Option Scheme as well as the previous share option scheme adopted on 26 February 2003 (the "Old 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.

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

As at 31 March 2013, 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 3)*
Mr. Tang Sing Ming Sherman ("Mr. Tang") *(Note 2)*	Beneficiary of a trust	1,673,810,083 *(Note 1)*	74.63%

Notes:

1. Mr. Tang is the founder and one of the beneficiaries of Piety Trust ("Family Trust"), a discretionary family trust for the benefit of certain family members of Mr. Tang. The said 1,673,810,083 shares are held by First Glory which is wholly-owned by Glory Sunshine Holding Limited ("Glory Sunshine"). In turn, Glory Sunshine is wholly-owned by HSBC Trustee (Cook Islands) Limited in its capacity as the trustee of the Family Trust. Mr. Tang is therefore deemed to be interested in the said 1,673,810,083 shares under Part XV of the SFO.

   In addition, Mr. Tang is also the sole legal and beneficial owner of Strong Venture, which held convertible bond issued by the Company in the aggregate principal amount of HK$80 million ("Convertible Bond") 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 was deemed to be interested, within the meaning of Part XV of the SFO, in the Convertible Bond held by Strong Venture.

2. Ms. Ho Ming Yee ("Ms. Ho"), the spouse of Mr. Tang, is deemed to be interested in the same number of shares held by Mr. Tang.

3. Based on 2,242,950,000 shares of the Company in issue as at 31 March 2013.

(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 3)*
Mr. Tang *(Note 2)*	Interest in corporation	1,000,000,000 *(Note 1)*	44.58%

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

Name	Date of grant	Exercise price per share *(Note 4)* *HK$*	Exercisable period	Approximate percentage of the issued share capital *(Note 3)*	Number of share options outstanding
Mr. Tang *(Note 2)*	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 1,000,000,000 shares represent the total number of shares which would be issued upon full conversion of the Convertible Bond held by Strong Venture, which is wholly-owned by Mr. Tang, and the Convertible Bond was issued in the 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 was deemed to be interested, within the meaning of Part XV of the SFO, in the Convertible Bond held by Strong Venture.

2. Ms. Ho, the spouse of Mr. Tang, is deemed to be interested in the same number of shares held by Mr. Tang.

3. Based on 2,242,950,000 shares of the Company in issue as at 31 March 2013.

4. The original exercise price in respect of the share options granted on 13 August 2010 was HK$0.142 per share. Adjustment of the exercise price of such share options has been made on 28 October 2011 to HK$0.138 per share as a result of the rights issue by the Company in 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 *(Note)*	Beneficiary of a trust	1	100%

Note:

The one issued share in the share capital of First Glory (which constitutes the entire issued share capital of First Glory) was held by Glory Sunshine. In turn, Glory Sunshine is wholly-owned by HSBC Trustee (Cook Islands) Limited in its capacity as the trustee of the Family Trust. Mr. Tang is the founder and one of the beneficiaries of the Family Trust.

(d) Interests in debentures of the Company

Name	Type of interests	Amount of Debentures
Mr. Tang *(Note 2)*	Interest in corporation	HK$80 million *(Note 1)*

Notes:

1. The said HK$80 million represents the outstanding principal amount of the Convertible Bond held by Strong Venture, which is wholly-owned by Mr. Tang. The Convertible Bond was issued 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.

2. Ms. Ho, the spouse of Mr. Tang, is deemed to be interested in the same number of shares held by Mr. Tang.

Save as disclosed herein, as at 31 March 2013, none of the Directors of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were required pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by directors to be notified to the Company and the Stock Exchange.

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

Save as disclosed under the section headed "Directors' interests in the securities of the Company or any associated corporations", so far as is known to the Directors and chief executive of the Company, as at 31 March 2013, 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, except the following:

Name	**Type of interests**	**Number of shares**	**Approximate percentage of the issued capital** *(Note 4)*
HSBC Trustee (Cook Islands) Limited *(Note 1)*	Interest in corporation	1,673,810,083	74.63%
Glory Sunshine *(Note 1)*	Interest in corporation	1,673,810,083	74.63%
First Glory *(Note 1)*	Beneficial owner	1,673,810,083	74.63%
Strong Venture *(Note 2)*	Beneficial owner	1,000,000,000	44.58%
Ms. Ho *(Note 3)*	Interest in spouse	2,688,810,083	119.88%

Notes:

1. The said 1,673,810,083 shares of the Company are held by First Glory. First Glory is wholly-owned by Glory Sunshine. In turn, Glory Sunshine is wholly-owned by HSBC Trustee (Cook Islands) Limited in its capacity as the trustee of the Family Trust.

2. The said 1,000,000,000 shares represent the total number of shares which would be issued upon full conversion of the Convertible Bond held by Strong Venture, which is wholly-owned by Mr. Tang, and the Convertible Bond was issued in the 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 was deemed to be interested, within the meaning of Part XV of the SFO in the Convertible Bond held by Strong Venture.

3. Ms. Ho is the spouse of Mr. Tang, and is therefore deemed to be interested in the shares of the Company held by Mr. Tang. Please refer to the section headed "Directors' interests in the securities of the Company or any associated corporations" for further details.

4. Based on 2,242,950,000 shares of the Company in issue as at 31 March 2013.

SHARE OPTIONS

As at 31 March 2013, options under the Old Share Option Scheme to subscribe for an aggregate of 48,500,000 shares have been granted to a total of 12 directors and employees of the Group, details as follows:

	Date of grant	Exercisable period	Exercise price per share *(Note 1)* *HK$*	Outstanding at 1.4.2012 and 31.3.2013
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	13.08.2011 – 12.08.2020	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	13.08.2011 – 12.08.2020	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	13.08.2011 – 12.08.2020	0.138	1,000,000
	23.12.2011	23.12.2012 – 22.12.2021	0.062	500,000
Category 2: Employees				
	23.3.2010	23.03.2011 – 22.03.2020	0.210	2,000,000
	13.8.2010	13.08.2011 – 12.08.2020	0.138	6,000,000
	13.8.2010	13.08.2012 – 12.08.2020	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				48,500,000

Note:

1. 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.

2. Subsequent to the year under review, the Company has granted share options on 19 April 2013 to subscribe for a total of 26,500,000 shares under the New Share Option Scheme with an exercise price of HK$0.090 per share, of which: (a) 14,000,000 share options are exercisable from the period commencing on 19 April 2014 and expiring on 18 April 2023; and (b) 12,500,000 share options are exercisable from the period commencing on 19 April 2015 and expiring on 18 April 2023. Please refer the announcement of the Company dated 19 April 2013 for further details.

COMPETING INTERESTS

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

Mr. Tang, an executive Director, is a seasoned entrepreneur in hospitality management and consultancy services. He owns a well established hospitality group which creates and operates a wide variety of food and beverage concepts in Hong Kong and the PRC. Other than the Group, the restaurants currently owned and operated by Mr. Tang and his associates in Hong Kong include a number of Chinese restaurants（namely Joy & Joy 喜双逢, Xia Mian Guan 夏麵館 and Kowloon Tang 九龍廳）, western restaurants (namely The Peak Lookout, The Peak Lookout Airport, 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）. 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 include 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 brands of Italian Tomato, the Japanese curry specialty stores under the name of Shirokuma Curry 白熊咖哩, a casual Japanese dining concept under the name of Daijoubu 大丈夫 and the concept of Taiwanese beef noodles under the brand name of Xiao Wang Beef Noodle 小王牛肉麵), 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 year ended 31 March 2013, the audit committee had held four meetings and had reviewed the draft quarterly report and accounts for the year ended 31 March 2013 prior to recommending such report and accounts to the Board for approval.

DIRECTORS' SECURITIES TRANSACTIONS

Throughout the year ended 31 March 2013, 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 year ended 31 March 2013, 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.

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

Hong Kong, 24 June 2013

As at the date of this announcement, the Company's executive director is Mr. Tang Sing Ming Sherman; 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.