



e p i c u r e a n | 惟膳  
**Epicurean and Company, Limited**  
**惟膳有限公司**

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

**INTERIM RESULTS ANNOUNCEMENT**  
**FOR THE PERIOD ENDED 30 SEPTEMBER 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.**

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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.*

## **FINANCIAL HIGHLIGHTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2011**

Consolidated turnover was HK\$64.2 million for the period under review, representing an increase of 98% compared with HK\$32.4 million recorded in the corresponding period last year.

Turnover from food and beverage business and information technology business was HK\$35.1 million and HK\$29.1 million respectively (2010: HK\$5.4 million and HK\$27.0 million respectively).

Loss attributable to owners of the Company increased to HK\$7.3 million from HK\$6.4 million compared with the corresponding period last year.

Operating profit from food and beverage business segment was HK\$3.4 million (2010: loss of HK\$2.3 million).

The Group has disposed of two subsidiaries under information technology business segment at a consideration of HK\$2.8 million and recorded loss on disposal of HK\$5.4 million.

The Group has acquired 70% equity interest in a subsidiary, which is providing food processing solutions and catering services in Hong Kong, at a total consideration of HK\$3.5 million with an option to acquire the remaining 30% equity interest at a total consideration of up to HK\$1.5 million (subject to adjustment). A discount on the acquisition of interests in a subsidiary amounted to HK\$1.7 million has been recorded for the acquisition.

## INTERIM RESULTS

The board of directors (the “Board”) of the Company hereby announces the unaudited condensed consolidated interim financial statements of the Company and its subsidiaries (hereinafter collectively referred to as the “Group”) for the period ended 30 September 2011, together with the comparative unaudited consolidated figures for the corresponding period last year:

### CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

For the six months ended 30 September 2011

	Note	For the six months ended 30 September		For the three months ended 30 September	
		2011 HK\$'000	2010 HK\$'000	2011 HK\$'000	2010 HK\$'000
Turnover	2	<b>64,157</b>	32,391	<b>32,545</b>	19,763
Cost of sales and services rendered		<b>(25,915)</b>	(11,789)	<b>(13,352)</b>	(6,514)
Gross profit		<b>38,242</b>	20,602	<b>19,193</b>	13,249
Other income		<b>508</b>	730	<b>197</b>	369
Discount on acquisition of interest in a subsidiary	3	<b>1,746</b>	—	<b>—</b>	—
Operating expenses		<b>(46,225)</b>	(25,670)	<b>(20,831)</b>	(15,751)
Operating loss		<b>(5,729)</b>	(4,338)	<b>(1,441)</b>	(2,133)
Finance costs	4(a)	<b>(1,042)</b>	(1,259)	<b>(416)</b>	(591)
Loss before income tax	4	<b>(6,771)</b>	(5,597)	<b>(1,857)</b>	(2,724)
Income tax expense	5	<b>(482)</b>	(848)	<b>(696)</b>	(785)
Loss for the period		<b>(7,253)</b>	(6,445)	<b>(2,553)</b>	(3,509)
<b>Other comprehensive loss, net of tax</b>					
Exchange loss arising from translation of foreign operations		<b>(338)</b>	(16)	<b>(146)</b>	(58)
<b>Total comprehensive loss for the period</b>		<b>(7,591)</b>	(6,461)	<b>(2,699)</b>	(3,567)

		For the six months ended 30 September		For the three months ended 30 September	
		2011	2010	2011	2010
	<i>Note</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Loss for the period attributable to:					
Owners of the Company		(7,311)	(6,445)	(2,539)	(3,509)
Non-controlling interests		58	—	(14)	—
		<u>(7,253)</u>	<u>(6,445)</u>	<u>(2,553)</u>	<u>(3,509)</u>
Total comprehensive loss for the period attributable to:					
Owners of the Company		(7,649)	(6,461)	(2,685)	(3,567)
Non-controlling interests		58	—	(14)	—
		<u>(7,591)</u>	<u>(6,461)</u>	<u>(2,699)</u>	<u>(3,567)</u>
Loss per share (HK cents)	6				
— Basic		<u>(0.67)</u>	<u>(0.62)</u>	<u>(0.23)</u>	<u>(0.32)</u>
— Diluted		<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>

# CONDENSED STATEMENT OF FINANCIAL POSITION

As at 30 September 2011

		At 30 September 2011 (Unaudited) HK\$'000	At 31 March 2011 (Audited) HK\$'000
<b>NON-CURRENT ASSETS</b>			
Plant and equipment		16,448	9,565
Goodwill on consolidation		1,728	1,728
Other intangible assets		3,376	1,168
Deferred tax		714	324
		<u>22,266</u>	<u>12,785</u>
<b>CURRENT ASSETS</b>			
Other financial assets		15,680	15,809
Inventories		900	160
Debtors, deposits and prepayments	7	12,580	6,735
Amount due from a related company		515	515
Time deposits		3,030	2,367
Cash and bank balances		19,536	23,173
		<u>52,241</u>	<u>48,759</u>
Assets of a disposal group classified as held for sale		<u>—</u>	<u>16,093</u>
		<u>52,241</u>	<u>64,852</u>
<b>DEDUCT :</b>			
<b>CURRENT LIABILITIES</b>			
Bank loan, secured		499	—
Creditors, accruals and deposits received	8	17,606	12,083
Income tax payable		1,702	771
		<u>19,807</u>	<u>12,854</u>
Liabilities directly associated with assets for sale		<u>—</u>	<u>4,472</u>
		<u>19,807</u>	<u>17,326</u>
<b>NET CURRENT ASSETS</b>		<u>32,434</u>	<u>47,526</u>

	<b>At</b> <b>30 September</b> <b>2011</b> <b>(Unaudited)</b> <i>Note</i> <b>HK\$'000</b>	<b>At</b> <b>31 March</b> <b>2011</b> <b>(Audited)</b> <b>HK\$'000</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>	<b>54,700</b>	60,311
<b>NON-CURRENT LIABILITIES</b>		
Convertible bonds	<b>(37,316)</b>	(36,714)
Bank loans, secured	<b>(132)</b>	—
<b>NET ASSETS</b>	<b><u>17,252</u></b>	<b><u>23,597</u></b>
<b>REPRESENTING:</b>		
<b>EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY</b>		
Share capital	<b>10,953</b>	10,953
Reserves	<b>5,198</b>	12,644
	<b>16,151</b>	23,597
Non-controlling interests	<b>1,101</b>	—
<b>TOTAL EQUITY</b>	<b><u>17,252</u></b>	<b><u>23,597</u></b>

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

## Attributable to owners of the Company

	Share capital		Share premium		Special reserve	Exchange reserve	Employee share-based compensation reserve	Convertible bonds equity reserve	Total	Non-controlling interests	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 April 2010 (Audited)	7,703	(45,301)	44,139	3,801	2,216	4	2,800	15,362	—	15,362	
Conversion of convertible bonds	2,000	—	10,556	—	—	—	(700)	11,856	—	11,856	
Placing of shares	1,100	—	20,392	—	—	—	—	21,492	—	21,492	
Acquisition of subsidiaries	150	—	2,225	—	—	—	—	2,375	—	2,375	
Recognition of equity-settled share-based payment expenses	—	—	—	—	—	118	—	118	—	118	
Total comprehensive loss for the period	—	(6,445)	—	—	(16)	—	—	(6,461)	—	(6,461)	
At 30 September 2010 (Unaudited)	<u>10,953</u>	<u>(51,746)</u>	<u>77,312</u>	<u>3,801</u>	<u>2,200</u>	<u>122</u>	<u>2,100</u>	<u>44,742</u>	<u>—</u>	<u>44,742</u>	
At 1 April 2011 (Audited)	10,953	(72,942)	77,312	3,801	1,871	502	2,100	23,597	—	23,597	
Acquisition of a subsidiary	—	—	—	—	—	—	—	—	1,043	1,043	
Recognition of equity-settled share-based payment expenses	—	—	—	—	—	203	—	203	—	203	
Release upon disposal of a subsidiary	—	82	—	—	(82)	—	—	—	—	—	
Total comprehensive loss for the period	—	(7,311)	—	—	(338)	—	—	(7,649)	58	(7,591)	
At 30 September 2011 (Unaudited)	<u>10,953</u>	<u>(80,171)</u>	<u>77,312</u>	<u>3,801</u>	<u>1,451</u>	<u>705</u>	<u>2,100</u>	<u>16,151</u>	<u>1,101</u>	<u>17,252</u>	

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	For the six months ended 30 September	
	2011	2010
	(Unaudited) <i>HK\$'000</i>	(Unaudited) <i>HK\$'000</i>
NET CASH FROM/(USED IN) OPERATING ACTIVITIES	1,773	(9,880)
NET CASH USED IN INVESTING ACTIVITIES	(9,124)	(8,816)
NET CASH (USED IN)/FROM FINANCING ACTIVITIES	<u>(157)</u>	<u>17,886</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(7,508)	(810)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	29,998	31,957
EFFECT OF FOREIGN EXCHANGE RATE CHANGE	<u>76</u>	<u>23</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	<u><b>22,566</b></u>	<u><b>31,170</b></u>

### ANALYSIS OF CASH AND CASH EQUIVALENTS

	At 30 September 2011 (Unaudited) <i>HK\$'000</i>	At 30 September 2010 (Unaudited) <i>HK\$'000</i>
Time deposits	3,030	7,009
Cash and bank balances	19,536	24,604
Bank overdrafts	<u>—</u>	<u>(443)</u>
	<u><b>22,566</b></u>	<u><b>31,170</b></u>



Notes:

## 1. BASIS OF PREPARATION

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

The accounting policies and basis of preparation used in preparing the unaudited consolidated interim results are consistent with those used in the audited consolidated financial statements for the year ended 31 March 2011.

## 2. TURNOVER

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

	<b>For the six months ended 30 September</b>	
	<b>2011</b>	2010
	<b>(Unaudited)</b>	(Unaudited)
	<b>HK\$'000</b>	HK\$'000
Provision of food and beverage	<b>35,095</b>	5,382
Provision of information solutions		
— System development and integration	<b>3,977</b>	9,586
— Maintenance and enhancement income	<b>297</b>	1,284
Sales of application software packages and related maintenance income	<b>24,788</b>	16,139
	<b><u>64,157</u></b>	<u>32,391</u>

### 3. ACQUISITION OF A SUBSIDIARY

During the period under review, 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 with an option to acquire the remaining 30% equity interest of Qualifresh at the total consideration of up to HK\$1.5 million (subject to adjustment).

The net assets acquired in above acquisition were as follows:

	<b>2011</b> <b>HK\$'000</b>
Net assets acquired:	
Other intangible assets	2,813
Plant and equipment	529
Deferred tax assets	101
Inventories	392
Debtors, deposits and prepayments	3,099
Cash and bank balances	1,928
Creditors, accruals and deposit received	(1,660)
Bank loans, secured	(788)
Income tax payable	(125)
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	6,289
Non-controlling interests	(1,043)
	<hr/>
	5,246
Discount on acquisition of interest in a subsidiary	(1,746)
	<hr/>
Cash consideration for acquisition of a subsidiary	3,500
	<hr/> <hr/>
Net cash outflow arising on acquisition:	
Cash consideration paid	(3,500)
Cash and bank balances acquired	1,928
	<hr/>
	(1,572)
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#### 4. LOSS BEFORE INCOME TAX

Loss before income tax is arrived at after charging:

	For the six months ended 30 September	
	2011 (Unaudited) HK\$'000	2010 (Unaudited) HK\$'000
(a) Finance costs:		
Interest expense on convertible bonds	587	603
Imputed interest expense on convertible bonds	362	509
Interests on bank loans and overdraft repayable within five years	21	102
Finance charge on obligation under finance lease	8	1
Other bank charge	64	44
	<u>1,042</u>	<u>1,259</u>
(b) Other items:		
Amortisation of development costs	—	599
Amortisation of other intangible assets	44	1,429
Depreciation	3,154	734
Less: Amounts capitalised as development costs	—	25
	<u>3,154</u>	<u>709</u>
Loss on disposal of subsidiaries ( <i>Note</i> )	<u>5,414</u>	<u>—</u>

*Note:* During the six months ended 30 September 2011, the Group disposed of its 100% equity interests in Armitage Technologies Limited and Armitage Technologies (Shenzhen) Limited at a loss on disposal of approximately HK\$5.4 million.

#### 5. INCOME TAX

Taxation in the profit or loss represents:

	For the six months ended 30 September	
	2011 (Unaudited) HK\$'000	2010 (Unaudited) HK\$'000
Current tax	(920)	(604)
Deferred tax	438	(244)
Income tax expense	<u>(482)</u>	<u>(848)</u>

- (i) Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands, the Group is not subject to any income tax in the Cayman Islands and British Virgin Islands.
- (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 (2010: 16.5% and 25% respectively).

## 6. LOSS PER SHARE

- (a) The calculation of basic loss per share is based on the Group's loss attributable to owners of the Company of HK\$7,311,000 (2010: HK\$6,445,000) and the weighted average number of ordinary shares of 1,095,300,000 (2010: 1,032,486,000) in issue during the period for the six months ended 30 September 2011, calculated as follows:

	<b>2011</b> <i>HK\$'000</i>	2010 <i>HK\$'000</i>
Loss for the period attributable to the owners of the Company	<u><b>(7,311)</b></u>	<u>(6,445)</u>

### Weighted average number of ordinary shares

	<b>2011</b> <i>'000</i>	2010 <i>'000</i>
Issued ordinary shares at the beginning of the period	<b>1,095,300</b>	770,300
Effect of conversion of convertible bond	—	178,142
Effect of placing of shares	—	76,339
Effect of consideration shares upon acquisition of subsidiaries	—	7,705
Weighted average number of ordinary shares at the end of the period	<u><b>1,095,300</b></u>	<u>1,032,486</u>

- (b) The calculation of basic loss per share is based on the loss attributable to equity shareholders of the Company of HK\$2,539,000 (2010: HK\$3,509,000) and the weighted average number of ordinary shares of 1,095,300,000 (2010: 1,095,300,000) in issue during the period for the three months ended 30 September 2011, calculated as follows:

	<b>2011</b> <i>HK\$'000</i>	2010 <i>HK\$'000</i>
Loss for the period attributable to the owners of the Company	<u><b>(2,539)</b></u>	<u>(3,509)</u>

### Weighted average number of ordinary shares

	<b>2011</b> <i>'000</i>	2010 <i>'000</i>
Issued ordinary shares at the beginning of the period	<b>1,095,300</b>	770,300
Effect of conversion of convertible bond	—	200,000
Effect of placing of shares	—	110,000
Effect of consideration shares upon acquisition of subsidiaries	—	15,000
Weighted average number of ordinary shares at the end of the period	<u><b>1,095,300</b></u>	<u>1,095,300</u>

Diluted loss per share has not been disclosed as no dilutive potential equity shares in existence as at 30 September 2010 and 2011.

## 7. DEBTORS, DEPOSITS AND PREPAYMENTS

Debtors, deposits and prepayments comprise:

	At 30 September 2011 (Unaudited) HK\$'000	At 31 March 2011 (Audited) HK\$'000
Trade debtors	6,860	2,939
Less : Accumulated impairment losses	<u>(2,628)</u>	<u>(2,809)</u>
	4,232	130
Rental and utility deposits	4,370	3,243
Prepayments	766	1,734
Interest receivable	496	107
Other debtors	<u>2,716</u>	<u>1,521</u>
	<u><b>12,580</b></u>	<u><b>6,735</b></u>

### (a) Aging analysis

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

	At 30 September 2011 (Unaudited) HK\$'000	At 31 March 2011 (Audited) HK\$'000
0 - 30 days	2,577	96
31 - 60 days	664	—
61 - 90 days	—	—
91 - 180 days	991	32
181 - 365 days	—	2
Over 1 year	<u>—</u>	<u>—</u>
	<u><b>4,232</b></u>	<u><b>130</b></u>

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

	<b>At 30 September 2011 (Unaudited) HK\$'000</b>	<b>At 31 March 2011 (Audited) HK\$'000</b>
At the beginning of the period/year	2,809	1,932
Impairment loss for the period/year	(245)	2,520
Uncollectible amounts write off	—	(1,739)
Exchange adjustment	64	96
	<hr/>	<hr/>
At the end of the reporting period	<b><u>2,628</u></b>	<b><u>2,809</u></b>

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

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

	<b>At 30 September 2011 (Unaudited) HK\$'000</b>	<b>At 31 March 2011 (Audited) HK\$'000</b>
Neither past due nor impaired	<u>1,170</u>	<u>96</u>
Past due but not impaired:		
1-30 days	1,407	—
31-60 days	664	—
61-90 days	—	—
91-180 days	991	32
181-365 days	—	2
Over 1 year	—	—
	<hr/>	<hr/>
	<b><u>3,062</u></b>	<b><u>34</u></b>
	<hr/>	<hr/>
	<b><u>4,232</u></b>	<b><u>130</u></b>

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

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

## 8. CREDITORS, ACCRUALS AND DEPOSITS RECEIVED

Creditors, accruals and deposits received comprise:

	At 30 September 2011 (Unaudited) <i>HK\$'000</i>	At 31 March 2011 (Audited) <i>HK\$'000</i>
Trade creditors	9,069	3,574
Deposit received	1,366	300
Accruals and provisions	6,781	8,033
Other creditors	390	176
	<u>17,606</u>	<u>12,083</u>

The following is an aging analysis of trade creditors:

	At 30 September 2011 (Unaudited) <i>HK\$'000</i>	At 31 March 2011 (Audited) <i>HK\$'000</i>
0-30 days	5,515	1,252
31-60 days	2,358	1,375
61-90 days	500	36
91-180 days	151	135
Over 180 days	545	776
	<u>9,069</u>	<u>3,574</u>

## 9. RELATED PARTY AND CONNECTED TRANSACTIONS

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

	<i>Note</i>	<b>For the six months ended 30 September</b>	
		<b>2011 (Unaudited) HK\$'000</b>	<b>2010 (Unaudited) HK\$'000</b>
(i) Rental expense paid to Supercom Investments Limited *	<i>(a)</i>	—	256
(ii) Rental expense paid to Epicurean Management Limited #	<i>(b)</i>	<b>80</b>	—
(iii) Management fee income from Positive Corporation Limited #	<i>(b)</i>	—	2,453
(iv) Interest expense on convertible bonds paid to First Glory Holdings Limited ("First Glory") #	<i>(c)</i>	<b>587</b>	603
(v) Provision of food and beverage services to I. T. H. K. Limited #	<i>(d)</i>	<b>64</b>	—
(vi) Provision of food and beverage services to Kosmo Delight Limited ("Kosmo") <sup>Δ</sup>	<i>(d)</i>	<b><u>1,159</u></b>	<b><u>—</u></b>

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

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

<sup>Δ</sup> Mr. Chung Hoi Shuen is a member of the key management personnel of the Group and has equity interests in a subsidiary of the Company and Kosmo.

*Notes:*

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

(b) The amounts were predetermined by both parties.

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

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



The Directors have reviewed the above related party 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

	For the six months ended 30 September	
	2011 (Unaudited) HK\$'000	2010 (Unaudited) HK\$'000
Fees for key management personnel	—	—
Salaries, allowances and other benefits in kind	2,005	2,845
Retirement scheme contributions	39	63
Equity-settled share-based payment expenses	203	118
	<b>2,247</b>	<b>3,026</b>

## 10. SEGMENT AND ENTITY-WIDE INFORMATION

The most senior executive management of the Group believes that it is the best interests to the shareholders of the Company to assess the operating results of the Group in terms of resource allocation and performance assessment by business segments which are food and beverage business and information technology 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-segment 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 for the six months ended 30 September 2011 is presented below:

	Food and beverage		Information technology		Total	
	2011 HK\$'000	2010 HK\$'000	2011 HK\$'000	2010 HK\$'000	2011 HK\$'000	2010 HK\$'000
<b>REVENUE</b>						
Total revenue*	<u>35,095</u>	<u>5,382</u>	<u>29,062</u>	<u>27,009</u>	<u>64,157</u>	<u>32,391</u>
<b>SEGMENT RESULTS</b>	<u>3,387</u>	<u>(2,262)</u>	<u>(7,510)</u>	<u>(1,586)</u>	<u>(4,123)</u>	<u>(3,848)</u>
Interest income	—	—	20	31	20	31
Unallocated corporate income					261	498
Unallocated corporate expenses					<u>(1,887)</u>	<u>(1,019)</u>
Operating profit/(loss)	3,387	—	(7,490)	(1,555)	(5,729)	(4,338)
Finance cost					<u>(1,042)</u>	<u>(1,259)</u>
Loss before income tax					(6,771)	(5,597)
Income tax expenses/(credit)	(634)	(480)	152	(368)	<u>(482)</u>	<u>(848)</u>
Loss for the period					<u>(7,253)</u>	<u>(6,445)</u>

\* No inter-segment revenue occurred during the two periods ended 30 September 2011 and 2010.

	Food and beverage		Information technology		Total	
	2011 HK\$'000	2010 HK\$'000	2011 HK\$'000	2010 HK\$'000	2011 HK\$'000	2010 HK\$'000
<b>ASSETS</b>						
Segment assets	40,141	35,818	32,996	47,229	73,137	83,047
Unallocated corporate assets					58,448	72,732
Inter-segment assets					<u>(57,078)</u>	<u>(61,268)</u>
Total assets					<u>74,507</u>	<u>94,511</u>
<b>LIABILITIES</b>						
Segment liabilities	(29,591)	(38,085)	(67,273)	(72,105)	(96,864)	(110,190)
Unallocated corporate liabilities					(64,124)	(37,697)
Inter-segment liabilities					<u>103,733</u>	<u>98,149</u>
Total liabilities					<u>(57,255)</u>	<u>(49,738)</u>

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

## **INTERIM DIVIDEND**

The Board does not recommend the payment of an interim dividend in respect of the period ended 30 September 2011 (2010: Nil).

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **BUSINESS REVIEW**

The Group's unaudited total turnover for the six months ended 30 September 2011 amounted to HK\$64.1 million (2010: HK\$32.4 million), representing an increase of 98% compared with the corresponding period last year. Net loss attributable to owners of the Company was increased to HK\$7.3 million from HK\$6.4 million.

#### **Food and Beverage Business**

Leveraging on the thriving economy and the ever-sustainable growth of the number of mainland visitors to Hong Kong, the overall retail sector was robust. Amid the favourable operating environment and the public started to regain the confidence in Japanese food and products, results of the food and beverage ("F&B") business of the Company were encouraging. The F&B business segment posted a total revenue of HK\$35.1 million (2010: HK\$5.4 million) during the period under review, or a growth of 550% compared with the previous interim period.

During the period under review, we completed the acquisition of a company providing food processing solutions and catering services in Hong Kong. The new business has since been attributing positive cash flow to the Company.

Meanwhile, the existing Japanese franchise restaurants had proven with convincing results. In light of the increasing popularity of Japanese tonkatsu dining concept, more resources had been directed to expand the number of outlets in Hong Kong. During the interim period, one additional shop was added into the Japanese tonkatsu portfolio, totaling six outlets under operation as at the date of this announcement, including one in the PRC. This Japanese tonkatsu brand has contributed a significant portion of the Group's overall income.

However, the sturdy economy which stimulates the growth in the retail sector has been bringing challenges and uncertainties to our F&B business operation. During the period under review, we observed unprecedented increases in costs in various aspects, especially in food and raw materials costs, labour and rental expenses, which would affect our overall profitability. Our management had been and will continue to closely monitor the effect of the operating costs and at the same time, improve our efficiency to counterbalance the negative impact on our profit margin.

## **Information Technology Business**

### *Hospitality Software Solutions and Online Distribution Services*

For the six months ended 30 September 2011, turnover from hospitality software and online distribution services amounted to HK\$23.8 million (2010: HK\$13.4 million), representing an increase of 78% as compared with the corresponding period last year. However, the increase in turnover was mainly due to the increase in the hardware sale, which amounted to HK\$7.8 million (2010: HK\$1.8 million) during the period under review, representing 31% (2010: 13%) to the total turnover. In order to broaden the source of income and coupling with the information technology (“I.T.”) business which is facing fierce price competition, the Group has been actively involving in hardware sale, which is a very low profit margin business. The performance of the Southern and Northeastern Regions were good whereas the Western Region recorded the best improvement when compared with the corresponding period last year.

The continuous economic growth in China has led to the overall prosperity in the hospitality sector. Local chains are being formed and therefore there is a strong requirement on group solutions for hotels. Having been in the industry as solutions provider for years, the Company has been establishing a good reputation in the industry. However, the prosperity in the industry also brought in many new comers who are willing to lower their price to a cut throat level in order to compete with companies like us. As such, even the market appears to be positive, the Group’s I.T. business is facing with the dilemma of whether to insist on our current price strategy or to lower our price level in order to stay competitive.

For our online booking services, as at 30 September 2011, we have around twenty five hotel customers (2010: twenty) who have joined our online booking website [www.fangcoo.com](http://www.fangcoo.com) (房庫).

### *Outsourcing and Information Solutions and Application Software Package Solutions*

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

## **FUTURE PROSPECTS**

### **Food and Beverage Business**

During the interim period, the Group had been aggressively looking for new business opportunities to expand its F&B business activity. Subsequent to the end of the interim period, the Company had entered into a licence agreement in respect of proprietary marks and know-know of Japanese curry from a Japanese F&B operator in early October 2011. In addition, a sale and purchase agreement had been entered into to acquire a group of companies which engage in the business of Shanghainese dim-sum and noodles concepts in Hong Kong. Through these acquisitions, new brand concepts will be introduced into the Company to broaden its business network and diversify the portfolio. The Group is optimistic that the expansion and development of the food and beverage business will contribute promising results and enhance the future prospect of the Group.

Looking forward, the Group will cautiously increase the resources input to speed up the development in both Hong Kong and the PRC markets in the F&B business segment. As at the date of this announcement, the portfolio of the F&B business has been diversified by tapping into the operation of Japanese curry speciality shop and the Shanghainese dim-sum and noodle restaurants after the completion of the acquisitions mentioned above. Depending on the searching of suitable locations, new shops for the Japanese curry and Shanghai cuisine restaurants will be targeted to open before the end of this financial year. In addition, the Company will make its first attempt to the cafe business by opening its first wellness cafe in Hong Kong in the coming few months.

The Group will continue to explore other opportunities in the F&B business, both in Hong Kong and the PRC, in order to further enhance the Group's income. Meanwhile, new locations will be identified to extend the network of the current restaurant brand names. Besides, more resources will be allocated to enhance the productivity of the food catering and servicing company to meet the increasing demand of services required by the restaurants operated by the Group, as well as other independent food operators. We are happy to report that the planning of our new central kitchen is making satisfactory progress and we expect that the construction of the new central kitchen will be able to commence within this financial year. The management believes that fueled by the sustainable economic growth in Hong Kong and the PRC, the long term development of the F&B business is promising and will become the most important core of the Group's business operation.

## **Information Technology Business**

### *Hospitality Software Solutions and Online Distribution Services*

Due to the tightening financial and credit control policy in the PRC, as a result, the capital expenditure and investment by the hotel industry in the PRC was decelerating significantly. The fact that we are facing with the keen price competition and the overall costs related to human resources increased by more than 30% compared with that of corresponding period last year, the hospitality software and online distribution services will be facing severe challenges in the second half of this fiscal year.

Having set up the Channel Division and assigned a specialist to deal with channel management in the first fiscal quarter, we are expecting to build up more trust-worthy distribution channels and partnerships in the industry. We hope that with this new set up in place, more business can be generated from channels and partners.

The current after sales maintenance and technical support structure seemed not sufficient enough to cope with the ever-increasing customer's requirements. As such, the Group is considering to outsource the maintenance and supporting work to independent third party in order to eliminate the increasing administrative and operating work load while to keep the reasonable profit margin to the Group.

## **FINANCIAL REVIEW**

For the six months ended 30 September 2011, the Group recorded a total turnover of HK\$64.1 million (2010: HK\$32.4 million), the turnover increased by 98% compared with the corresponding period last year.

Turnover generated from food and beverage business was HK\$35.1 million (2010: HK\$5.4 million). The dramatic increase in the turnover was resulted from the Group started the food and beverage business since the second fiscal quarter of last year.

Turnover generated from information technology business was HK\$29.1 million (2010: HK\$27.0 million), representing an increase of 8% compared with corresponding period last year. The hardware sale under the information technology business was HK\$7.8 million (2010: HK\$1.8 million), representing an increase of HK\$6.0 million compared with the corresponding period last year.

Loss attributable to owners of the Company was HK\$7.3 million (2010: HK\$6.4 million). During the period under review, food and beverage business segment contributed an operating profit of HK\$3.4 million (2010: loss of HK\$2.3 million) to the Company.

The gross profit margin of the Group was 60% (2010: 64%). The increase in sale of hardware, which is a low profit margin business, and the increasing sales rebate under the information technology business led to a decrease in the overall gross profit margin of the Group.

During the period under review, 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% equity interest in Qualifresh, which is currently providing food processing solutions and catering services in Hong Kong, at a total consideration of HK\$3.5 million with an option to acquire the remaining 30% equity interest of Qualifresh at a total consideration of up to HK\$1.5 million (subject to adjustment). A discount on acquisition of interest in a subsidiary amounted to HK\$1.7 million has been recorded from the acquisition.

Total operating expenses increased by 80% to HK\$46.2 million (2010: HK\$25.7 million). Such increase was attributable to a new line of business division started by the Company in the second fiscal quarter of last year. The operating expenses incurred by the food and beverage business during the period under review was HK\$20.2 million (2010: HK\$6.1 million). In addition, during the period under review, Alpha Skill Holdings Limited and Armitage Holdings Limited, two wholly-owned subsidiaries of the Company, entered into two separate agreements with Glorywin Holdings Limited to sell the entire equity interests in Armitage Technologies Limited and Armitage Technologies (Shenzhen) Limited respectively. The consideration of the disposal was HK\$2.8 million and the Group recorded a loss on disposal of subsidiaries amounted to HK\$5.4 million.

### **Financial Resources and Liquidity**

As at 30 September 2011, the equity attributable to owners of the Company amounted to HK\$16.2 million (at 31 March 2011: HK\$23.6 million). Current assets amounted to HK\$52.2 million (at 31 March 2011: HK\$64.9 million) of which HK\$22.6 million (at 31 March 2011: HK\$25.5 million) was cash and bank deposits, HK\$12.6 million (at 31 March 2011: HK\$6.7 million) was debtors, deposits and prepayment and the assets of a disposal group classified as held for sale amounted to HK\$16.1 million as at 31 March 2011. The Group's current liabilities amounted to HK\$19.8 million (at 31 March 2011: HK\$17.3 million), including creditors, accruals and deposits received in the amount of HK\$17.6 million (at 31 March 2011: HK\$12.1 million) and liabilities directly associated with assets held for sale in the amount of HK\$4.5 million as at 31 March 2011.

Current ratio and quick assets ratio were 2.64 and 2.59 respectively (at 31 March 2011: 3.74 and 3.73 respectively). Debt-to-equity ratio, expressed as a ratio of total debts less time deposits and cash and bank balances to shareholders' funds, was 2.01 (at 31 March 2011: 1.02).

### **Foreign Exchange**

The Group received Renminbi income from sales in China. Fluctuation in exchange rates of Renminbi against foreign currencies could affect the Group's results of operations. During both periods for the six months ended 30 September 2011 and 2010, no hedging transaction or other exchange rate arrangements were made.

### **Significant Investments and Acquisition**

During the period under review, 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% equity interest in Qualifresh, which is currently providing food processing solutions and catering services in Hong Kong, at a total consideration of HK\$3.5 million with an option to acquire the remaining 30% equity interest of Qualifresh at a total consideration of up to HK\$1.5 million (subject to adjustment).

### **Charges on the Group's Assets**

As at 30 September 2011, there was no Group's assets which had been pledged or charged. At 31 March 2011, except for a motor vehicle held under financial lease with carrying amount of HK\$512,000, there was no Group's assets which have been pledged or charged.

### **Capital Commitments**

As at 30 September 2011 and 31 March 2011, the Group had no material capital commitments.

### **Subsequent Events**

On 6 October 2011, Talent Horizon Limited ("Talent"), an indirect wholly-owned subsidiary of the Company, entered into a licence agreement with Shirokuma & Co. ("Shirokuma") and Mr. Kaoru Sato pursuant to which Shirokuma agreed to grant to Talent and its subsidiaries the licence rights at a consideration which was satisfied by Talent issuing and allotting of 100 shares in Talent and by payment of HK\$1,000,000 to Shirokuma. Shirokuma and Mr. Kaoru Sato are independent third parties to the Company.

On 7 October 2011, Marvel Success Limited ("Marvel Success"), a direct wholly-owned subsidiary of the Company, entered into a sale and purchase agreement with Splendid Ray Limited ("Splendid Ray") pursuant to which Marvel Success had conditionally agreed to purchase the entire equity interest and shareholder's loans of Rainbow Sky Enterprises Limited ("Rainbow") from Splendid Ray at a consideration capped at HK\$9,000,000. Splendid Ray is beneficially owned by Mr. Tang, an executive Director of the Company.

With reference to the prospectus of the Company dated 28 October 2011, the Company proposed to raise approximately HK\$32.9 million before expenses by way of the rights issue pursuant to which 547,650,000 rights shares at HK\$0.06 each on the basis of one rights share for every two existing shares held on 28 October 2011 would be issued to qualifying shareholders.

## **Contingent Liabilities**

As at 30 September 2011, the Group had no contingent liabilities. As at 31 March 2011, the Group had 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.

During the six months ended 30 September 2010 and 2011, there was no on-going financial exposure to borrowers or other on-going matters of relevance as defined in Rules 17.22 to 17.24 of the GEM Listing Rules.

## **Employees and Remuneration Policies**

As at 30 September 2011, the Group had a total of 281 employees (at 31 March 2011: 392). Remuneration is determined by reference to market terms and in accordance with the performance, qualification and experience of each individual employee. Discretionary bonuses, based on each individual's performance, are paid to employees as recognition and in reward for their contributions. Other fringe benefits such as medical subsidy, medical insurance, education/training subsidies, pension fund plans are offered to most employees. Share options are granted at the discretion of the Board under the terms and conditions of the Employees Share Option Scheme.

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

During the six months ended 30 September 2011, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

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

As at 30 September 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**

<b>Name</b>	<b>Type of interests</b>	<b>Number of shares</b>	<b>Approximate percentage of the issued share capital</b> <i>(Note 2)</i>
Mr. Tang	Corporate	632,845,290 <i>(Note 1)</i>	57.78%
Mr. Lee	Personal	1,100,000	0.10%

*Notes:*

1. These shares are held by First Glory which is wholly and beneficially owned by Mr. Tang. First Glory also holds convertible bonds (“Convertible Bonds”) issued by the Company in the aggregate principal amount of HK\$39 million pursuant to which a total of 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 30 September 2011.

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

<b>Name</b>	<b>Type of interests</b>	<b>Number of shares</b>	<b>Approximate percentage of the issued share capital</b> <i>(Note 2)</i>
Mr. Tang	Corporate	600,000,000 <i>(Note 1)</i>	54.78%

*Notes:*

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 30 September 2011.

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)	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:*

Based on 1,095,300,000 shares of the Company in issue as at 30 September 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	Beneficial owner	1	100%

**(d) Interests in debentures of the Company**

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

*Note:*

The said HK\$39 million represents the aggregate outstanding principal amount of the Convertible Bonds held by First Glory, which is wholly-owned by Mr. Tang. 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 30 September 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**

Save as disclosed under the section headed “Directors’ interests in the securities of the Company or any associated corporations”, so far as is known to the directors and chief executive of the Company, as at 30 September 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 30 September 2011, options under Share Option Scheme to subscribe for an aggregate of 17,000,000 shares have been granted to a total of 8 persons comprising Directors and employees of the Group, details as follows:

	<b>Date of grant</b>	<b>Exercisable period</b>	<b>Exercise price per share HK\$</b>	<b>Outstanding at 1.4.2011 and 30.9.2011</b>
Category 1:				
Director				
Mr. Bhanusak Asvaintra	13.8.2010	13.8.2011 - 12.8.2020	0.142	<b>1,000,000</b>
Mr. Chan Kam Fai Robert	13.8.2010	13.8.2011 - 12.8.2020	0.142	<b>1,000,000</b>
Mr. Chung Kwok Keung Peter	13.8.2010	13.8.2011 - 12.8.2020	0.142	<b>1,000,000</b>
Category 2:				
Employee				
	23.3.2010	23.3.2011 - 22.3.2020	0.216	<b>2,000,000</b>
	13.8.2010	13.8.2011 - 12.8.2020	0.142	<b>6,000,000</b>
	13.8.2010	13.8.2012 - 12.8.2020	0.142	<b>6,000,000</b>
Total of all categories				<b><u>17,000,000</u></b>

## **COMPETING INTERESTS**

None of the directors, the controlling shareholders of the Company 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 six-month period ended 30 September 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, namely Mr. Bhanusak Asvaintra, Mr. Chan Kam Fai Robert and Mr. Chung Kwok Keung Peter.

Up to the date of approval of the Group's unaudited results for the six months ended 30 September 2011, the audit committee had held two meetings and had reviewed the draft interim report and accounts for the six months ended 30 September 2011 prior to recommending such report and accounts to the Board for approval.

## **DIRECTORS' SECURITIES TRANSACTIONS**

Throughout the six months ended 30 September 2011, 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.

## **CODE ON CORPORATE GOVERNANCE PRACTICES**

The Company has complied with the code provisions set out in Code on Corporate Governance Practices under Appendix 15 to the GEM Listing Rules of the Stock Exchange throughout the six months ended 30 September 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 is the Chairman of the Board and the Chief Executive Officer of the Group. 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 Group 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. However, the management of the Company is of the view that the membership of the Board represents rich and diversified background and industry expertise and as such, the management considers that there is no imminent need to amend the relevant provisions of the Articles of Association of the Company.

On behalf of the Board  
**Tang Sing Ming Sherman**  
*Chairman*

Hong Kong, 14 November 2011

*As at the date of this announcement, the Company's executive Directors are Mr. Tang Sing Ming Sherman, Mr. Lee Shun Hon, Felix; the 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 on the "Latest Company Announcements" page for at least 7 days from the date of its posting.*