FU JI Food and Catering Services Holdings Limited
(Provisional Liquidators Appointed)
福記食品服務控股有限公司
（已委任臨時清盤人）
(Incorporated in the Cayman Islands with limited liability)
(Stock Code : 1175)

Annual Report 2012

Contents

Corporate Information

BOARD OF DIRECTORS

Executive

Chin Chang Keng Raymond

Independent Non-executive

Chung Wai Man

AUDITOR

ANDA CPA Limited
21st Floor
Max Share Centre
373 King's Road, North Point
Hong Kong

JOINT AND SEVERAL PROVISIONAL LIQUIDATORS

Lai Kar Yan Derek,
Yeung Lui Ming Edmund and
Darach E. Haughey
35th Floor, One Pacific Place
88 Queensway, Hong Kong

REGISTERED OFFICE

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room 2703-08, 27th Floor
Shui On Centre,
6-8 Harbour Road, Wanchai
Hong Kong

Financial Summary

For the year ended 31 March 2012

A summary of the results and of the assets and liabilities of the Group for the last five financial years, as extracted from the published audited financial statements and restated/reclassified as appropriate, is set out below:

	Year ended 31 March				
	2008 RMB'000	2009 RMB'000	2010 RMB'000	2011 RMB'000	**2012** **RMB'000**
RESULTS					
Turnover	1,915,594	177,902	140,525	175,626	**198,046**
Profit/(loss) before tax	475,776	(4,347,097)	(471,872)	(373,907)	**1,646,007**
Income tax	(49,459)	(1,151)	(12)	–	**(66)**
Profit/(loss) for the year	426,317	(4,348,248)	(471,884)	(373,907)	**1,645,941**
Attributable to:					
Equity holders of the Company	410,956	(4,348,248)	(471,884)	(373,907)	**1,645,962**
Non-controlling interests	15,361	–	–	–	**(21)**
	426,317	(4,348,248)	(471,884)	(373,907)	**1,645,941**

	As at 31 March				
	2008 RMB'000	2009 RMB'000	2010 RMB'000	2011 RMB'000	**2012** **RMB'000**
ASSETS AND LIABILITIES					
Non-current assets	4,287,770	36,860	27,268	14,999	**13,552**
Current assets	1,429,511	1,142,615	472,396	367,276	**106,368**
Current liabilities	(655,141)	(1,579,613)	(2,830,522)	(3,010,573)	**(1,065,164)**
Non-current liabilities	(2,261,873)	(1,462,978)	–	–	**–**
Net assets/(liabilities)	2,800,267	(1,863,116)	(2,330,858)	(2,628,298)	**(945,244)**
Attributable to:					
Equity holders of the Company	2,694,560	(1,863,116)	(2,330,858)	(2,628,818)	**(945,743)**
Non-controlling interests	105,707	–	–	520	**499**
Total equity	2,800,267	(1,863,116)	(2,330,858)	(2,628,298)	**(945,244)**

Directors' Report

The directors (the "Directors") of FU JI Food and Catering Services Holdings Limited (Provisional Liquidators Appointed) (the "Company") are pleased to present their report and the audited consolidated financial statements of the Company and its subsidiaries (collectively the "Group") for the year ended 31 March 2012.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding and the principal activities of its subsidiaries are the provision of Catering Services and sale of Convenience Food products and related business in the People's Republic of China (the "PRC").

BUSINESS REVIEW

For the year ended 31 March 2012, the Group continued to engage in the provision of Catering Services and sale of Convenience Food products and related business in the PRC.

During the year, the Group has commenced a new service line in exporting convenience seafood product since October 2011 by offering tailored made frozen seafood products to seafood using enterprises. Besides, the Group has restructured the Convenience Food Business (which was previously put into temporary suspension in June 2011) to the Semi-processed Food Business since December 2011. The Semi-processed Food Business offers semi-processed food products to small to medium sized catering and manufacturing enterprises.

In addition, the Group has re-commenced the operation of its central factory model since August 2011 (which was suspended in early 2009). Management expected that the central factory model could decrease the material purchase cost, production overhead and wastage cost.

RESULTS AND APPROPRIATIONS

Revenue

When compared with the prior year, the turnover of the Group was approximately RMB198.05 million (2011: approximately RMB175.63 million), representing an increase of approximately 12.77% from the last financial year due to the commencement of convenience seafood business and the restructured Convenience Food Business during the year. The Convenience Food Business contributed approximately RMB81.93 million (2011: approximately RMB5.12 million) turnover to the Group. On the other hand, the turnover of the Catering Services Business was approximately RMB116.12 million (2011: approximately RMB170.51 million), representing a decrease of approximately 31.90%. The decrement was mainly due to the renovation in one of the major catering business customers' catering site which started since October 2011 and the net effect of the termination of several non-profitable catering sites and the commencement of a new catering site during the year. The results of the Group for the year ended 31 March 2012 are set out in the consolidated statement of comprehensive income on page 21.

Gross profit

With the increase in turnover of the Group, the gross profit of the Group increased from approximately RMB47.00 million to approximately RMB56.25 million in 2012. With the re-commencement of the central factory model and the restructured Convenience Food Business, the cost of materials consumed has significantly reduced.

Gain on execution of the Scheme

The Group recorded a gain on execution of the Scheme of approximately RMB1,733.56 million, which representing the indebtedness of the Company shall be fully released and discharged in exchange for Scheme consideration to be distributed to the Scheme Creditors in accordance with the terms of the Scheme on the Effective Date.

Other operating expenses and finance costs

Other operating expenses and financial costs were approximately RMB8.46 million (2011: approximately RMB111.76 million) and approximately RMB38.79 million (2011: approximately RMB113.87 million) respectively, representing a decrease in other operating expenses of approximately 92.43% and a decrease in financial costs of approximately 65.93%, respectively. The decreases were mainly due to the execution of the Scheme as no interest expenses incurred on the bank borrowings and the convertible bonds after the Effective Date of the Scheme.

Profit/loss for the year attributable to equity holders

The profit for the year attributable to equity holders of the Company amounted to approximately RMB1,645.96 million for the year ended 31 March 2012 (2011: loss of approximately RMB373.91 million). Basic earnings per share was approximately RMB3.04 as compared with loss per share of approximately RMB0.69 for the preceding year. The profit for the year attributable to equity holders of the Company was mainly due to the gain on execution of the Scheme during the year. Following the Effective Date of the Scheme, the Company recorded a gain from discharging its liabilities of approximately RMB1,733.56 million during the year. Details are explained in note 10 to the financial statements.

The Directors do not recommend the payment of any dividend for the year ended 31 March 2012 (2011: nil).

LIQUIDITY, FINANCIAL RESOURCES AND FUNDING

Bank and cash balances as at 31 March 2012 was approximately RMB21.32 million (2011: approximately RMB278.85 million). The Group's debt-to-capital ratio measured on the basis of the Group's total liabilities net of bank and cash balances related to the total equity is not applicable as the Group had a net deficiency in capital as at 31 March 2011 and 2012.

CAPITAL STRUCTURE

Details of the capital structure of the Company are set out in notes 29 and 30 to the financial statements.

WINDING-UP PETITION AND APPOINTMENT OF PROVISIONAL LIQUIDATORS

On 7 October 2009, the Company engaged Deloitte Touche Tohmatsu as an independent financial adviser (the "IFA") (i) to assist the Group with the finalization of its financial statements for the year ended 31 March 2009 and (ii) to conduct independent analysis on the Group's financial position with a view to addressing concerns raised by stakeholders of the Company resulting from the delay in the publication of the Company's annual results.

In the course of reviewing the Group's affairs, the IFA identified circumstances that indicated the Group had experienced significant financial challenges, particularly in connection with its catering business operations, the financial position and outlook of which had been deteriorating quite rapidly.

After receiving and discussing the IFA's preliminary findings, on 19 October 2009, the Board of Directors of the Company presented to the High Court of the Hong Kong SAR (the "High Court") a petition (the "Petition") to wind up the Company. On the same day, Messrs Edmund Yeung Lui Ming, Derek Lai Kar Yan and Darach E. Haughey of Deloitte Touche Tohmatsu were appointed as joint and several provisional liquidators of the Company (the "Provisional Liquidators") by the Hong Kong Court.

The Provisional Liquidators are empowered, inter alia, to take possession of the assets of the Group, to close or cease or operate all or any part of the business operations of the Group, to take control of such of the subsidiaries of the Company, joint ventures, associated companies or other entities in which the Company or any of its subsidiaries holds an interest and to consider if thought to be in the best interests of creditors of the Company, to enter into discussions and negotiations for and on behalf of the Company for the purpose of, but not limited to, restructuring of the Company's business, operations, or indebtedness or to Implement a scheme of arrangement between the Company and its creditors and/or shareholders for such restructuring.

The hearing of the Petition against the Company was originally scheduled on 23 December 2009 and the Court adjourned the hearing of the Petition against the Company to 23 January 2013. It is expected that the Petition against the Company will be withdrawn upon the successful implementation of the restructuring of the Company as referred to in the section headed "Restructuring of the Group" below.

RESTRUCTURING OF THE GROUP

On 30 November 2009, the Provisional Liquidators published advertisements in relation to the proposed sale of the Group's assets and business as a going concern and sought expression of interest in relation to such sale. Further to such advertisement, the Provisional Liquidators received expressions of interest from various parties, including companies in the catering and food and beverage industry and other industries as well as various financial investors.

In December 2009, the Provisional Liquidators issued a tender process memorandum and guidance note to those parties who had registered their interest in the proposal sale of the Group's assets and businesses as a going concern and executed confidentiality and non-disclosure agreements with such parties.

On 5 February 2010, the Provisional Liquidators received proposals from potential investors for the sale of the Group's assets and businesses as a going concern. After careful consideration, the Provisional Liquidators considered that the proposal received from Marvel Light Holdings Limited ("Investor") represented the best option available to the Company and its shareholders at that time.

On 16 March 2010, the Company, the Investor and the Provisional Liquidators entered into the Heads of Terms, which are legally binding and set out the agreement of the parties in respect of major provisions of the reorganization proposal and are subject to the execution of definitive documentation. Details of the Heads of Terms are set out in the Company's announcement dated 26 May 2010.

On 29 June 2010, the Company, Fortune Guard Holdings Limited (the "Purchaser", a company wholly-owned by the Investor), the Investor, the Provisional Liquidators and certain members of the Group entered into a sale and purchase agreement which involved the disposal of certain subsidiaries of the Company to the Investor in order to strengthen the remaining Group (the "Phase I Disposal"). Details of the Phase I Disposal are set out in the Company's announcement dated 7 July 2010.

On 17 August 2010, the Provisional Liquidators published advertisements seeking expressions of interest from parties interested in relation to the sale of the remaining non-core assets under the Heads of Terms (the "Nominated Excluded Assets"), which comprise mainly land and buildings in the PRC.

On 30 August 2010, the Provisional Liquidators issued a tender process memorandum and guidance note to those parties who had registered their interest in the Nominated Excluded Assets and executed confidentiality and non-disclosure agreements with such parties.

On 13 January 2011, the Company, the Purchaser, the Investor, the Provisional Liquidators and certain members of the Group entered into a sale and purchase agreement for the disposal of the restaurants business, certain idle food processing centres and certain subsidiaries of the Group which operated as investment vehicles (the "Restaurant Business Disposal"). Details of such disposal are set out in the Company's announcement dated 26 May 2011.

On 31 January 2011, the Provisional Liquidators received a proposal from an interested person for the purchase of the Nominated Excluded Assets. Pursuant to the Heads of Terms, the Investor was granted a Right of First Refusal ("ROFR") to acquire the Nominated Excluded Asset at no less favorable terms than those offered by any interested person. Subsequently on 14 February 2011, the Investor elected to exercise the ROFR to acquire the Nominated Excluded Assets. The terms of the related sale and purchase agreement was under negotiation by the Company, the Investor, the Purchaser, the Provisional Liquidators and certain members of the Group.

On 11 March 2011, the Hong Kong Court directed that a meeting of Scheme Creditors (as defined in the Scheme) be convened for the purpose of considering and, if thought fit, approving (with or without modification) a scheme of arrangement pursuant to section 166 of the Companies Ordinance (Cap. 32) proposed to be made between the Company and the Scheme Creditors.

At the Scheme Creditors' Meeting held on 29 April 2011, the Scheme of Arrangement was approved by the requisite majority of Scheme Creditors and on 17 May 2011 the Hong Kong Court sanctioned the Scheme. On 9 August 2011, the Provisional Liquidators, on behalf of the Company, issued a completion notice notifying the Scheme Creditors that following the satisfaction or waiver of all the conditions as detailed in the Scheme document, the Scheme has become effective on 9 August 2011.

The principal elements of the proposed restructuring of the Group are, inter alia, as follows:

a) **Capital Restructuring**

The Company will undergo, inter alia, a capital restructuring, involving the capital reduction, the capital cancellation, the capital consolidation and the capital increase.

b) **Share Subscription**

The Company will raise new funds by way of an open offer to all the existing shareholders, and the issuance of ordinary shares and preference shares to the Investor.

c) **Scheme and Debt Restructuring**

The Provisional Liquidators will implement a Scheme of Arrangement to settle the debts owed to the Scheme Creditors by payment of cash and, where applicable, the issue and allotment of new shares in the agreed percentage to Scheme Creditors, to be distributed in accordance with the terms of the Scheme of Arrangement.

The Investor would become a controlling shareholder of the Company upon completion of the proposed restructuring of the Group (the "Completion") as contemplated under the Heads of Terms.

After the Scheme became effective, the Scheme Administrators examined all the claims received from the Scheme Creditors. A first interim dividend of ten per cent and a second interim dividend of one per cent were distributed to the Scheme Creditors with Accepted Claims in November 2011 and June 2012 respectively.

On 5 September 2011, the Company, the Purchaser, the Investor, the Provisional Liquidators and certain members of the Group entered into a sale and purchase agreement for the sales of the Nominated Excluded Assets under the Heads of Terms (the "Phase III Disposal").

In accordance with the sale and purchase agreement, the consideration for the Nominated Excluded Assets comprises the cash consideration of RMB2.5 million and the assumption by the Purchaser of liabilities of approximately RMB480.6 million.

The Shortfall Guarantee, a deed of guarantee granted by the Investor in relation to the net realisation proceeds from the sale and purchase agreement for the Nominated Excluded Assets, was duly executed by the Investor on the same day.

On 5 September 2011, the Company, the Purchaser, the Investor, the Provisional Liquidators and certain members of the Group entered into the Debt Restructuring Agreement (the "DRA") for the purpose of formalising the terms and conditions of the Company's restructuring under the Heads of Terms.

The Debt Restructuring Agreement confirms all of the restructuring process undergone by the Company with the cooperation of the Investor and outlines the remaining components of the restructuring to be conducted in the future, in particular, after the Stock Exchange notifies the Company of the result of its application for Resumption.

PROSPECTS

On 30 July 2010, the Company was placed in the second stage of the delisting procedures pursuant to Practice Note 17 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "HKSE") (the "Listing Rules") and that the Company was required to submit a viable resumption proposal which demonstrates its compliance with the requirement stipulated under Rule 13.24 of the Listing Rules.

On 14 January 2011, a resumption proposal was submitted by the Company to the HKSE to demonstrate to the HKSE that when the resumption proposal is successfully implemented, the Group will have in place suitable structures and have a sufficient level of operations and tangible assets of sufficient value and will be able to fully comply with Rule 13.24 of the Listing Rules.

Following their submission, the Provisional Liquidators and the Company received various queries and verbal comments from the Stock Exchange in relation to the Resumption Proposal and the Company's financial forecasts. The Provisional Liquidators and the Company responded to the queries and verbal comments from the Stock Exchange and included various information in support of the Company's application for the resumption of trading in the shares of the Company (the "Resumption").

On 18 October 2012, the Provisional Liquidators, on behalf of the Company, received a letter from the Stock Exchange informing the Company that the Stock Exchange allows resumption of trading in the shares of the Company subject to fulfillment of the following conditions by 17 June 2013:–

(i) completion of the open offer, subscriptions of shares and preference shares and all other transactions, more particularly described and as contemplated under the Resumption Proposal;

(ii) inclusion in a circular to Shareholders the following:

   (a) detailed disclosure of the Resumption Proposal and information about the Group comparable to prospectus standards;

   (b) profit forecasts for the year ending 31 March 2013 and the six-month ending 30 September 2013 together with reports from the auditors and the financial adviser of the Company under paragraph 29(2) of Appendix 1b of the Listing Rules; and

   (c) a pro forma balance sheet upon completion of the Resumption Proposal and a comfort letter from an independent accounting firm under Rule 4.29 of the Listing Rules;

(iii) provide a comfort letter from auditors or the financial adviser of the Company relating to working capital sufficiency for the next 12 months from the latest practicable date before the expected date of resumption in trading of the shares of the Company;

(iv) publish all outstanding financial results of the Company and address any concerns that may be raised by auditors of the Company through qualification of their audit reports;

(v) provide confirmation from an independent professional party that the Group has an adequate and effective internal control system; and

(vi) discharge of the winding-up petition against the Company and the Provisional Liquidators.

The Company should also comply with the Listing Rules. The Stock Exchange may modify the above resumption conditions if the Company's situation changes.

WARNING STATEMENT

Shareholders and potential investors of the Company should note that, (1) the principal elements of the Restructuring of the Group may be subject to further changes; (2) the trading resumption of the shares of the Company is subject to a number of resumption conditions set out by the Stock Exchange.

EMPLOYMENT

As at 31 March 2012, the Group had 1,205 (2011: 1,235) full-time employees, most of whom were working in the Company's subsidiaries in the PRC. During the year under review, the total employees' costs including Directors' remuneration were approximately RMB23,447,000 (2011: RMB28,369,000). It is the Group's policy that remuneration of the employees is in line with the market and commensurate with the level of pay for similar responsibilities within the industry. Discretionary year-end bonuses are payable to the employees based on individual performance. Other benefits to the employees included medical insurance, retirement schemes, training programs and education subsidies.

CHARGES ON GROUP'S ASSETS

As at 31 March 2012, there were no charges on the Group's assets.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Company's articles of association or the laws of the Cayman Islands which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

CONVERTIBLE BONDS

Details of the convertible bonds are set out in note 28 to the financial statements.

SUFFICIENCY OF PUBLIC FLOAT

Up to the date of this annual report, the trading in the shares of the Company remains in suspension, the sufficiency of public float as required by the Listing Rules is not applicable.

REVIEW BY THE AUDIT COMMITTEE

By the time the financial statements for the year ended 31 March 2012 of the Group were prepared, no audit committee had been established owing to the current insufficient number of Independent Non-executive Directors in accordance with Rule 3.21 of the Listing Rules. Appropriate personnel will be appointed as members of audit committee before the resumption of the trading in the shares of the Company on the HKSE.

Since the audit committee has yet to be established, the annual report for the financial year ended 31 March 2012 (the "Annual Report") has not been reviewed by an audit committee.

DELAY IN DISPATCH OF ANNUAL REPORT FOR THE YEAR ENDED 31 MARCH 2012

Due to suspension of trading in the Company's shares on the HKSE and most of the responsible officers had left the Group, the Company has not been able to dispatch the Annual Report to its members within the due date as required by the Listing Rules.

The delay in the dispatch of the Annual Report constitutes a breach of Rule 13.46(2) of the Listing Rules by the Company.

SHARE CAPITAL AND SHARE OPTIONS

Movements in share capital of the Company and details of share option scheme of the Company are set out in notes 29 and 30 to the financial statements.

INFORMATION ON SHARE OPTION SCHEME

The Company operates a share option scheme (the "Scheme") for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Eligible participants of the Scheme include the Company's directors and employees of the Group. The Scheme was conditionally adopted by the Company's Shareholders on 26 November 2004 and, unless otherwise cancelled or amended, will remain in force for 10 years from that date. The Scheme became effective on 17 December 2004.

The maximum number of shares available for issue under share options which may be granted under the Scheme and any other schemes is 54,129,675 shares, representing 10% of the issued share capital of the Company as at the date of this report. In addition, the maximum number of shares issuable under share options to each eligible participant in the Scheme within any 12-month period is limited to 1% of the shares of the Company in issue at any time. Any further grant of share options in excess of these limits is subject to shareholders' approval in a general meeting.

Share options granted to a connected person (as defined in the Listing Rules) are subject to approval in advance by the Independent Non-executive Directors. In addition, any share options granted to a connected person who is also a substantial shareholder or its associates, in excess of 0.1% of the shares of the Company in issue at any time and with an aggregate value (based on the price of the Company's shares at the date of the grant) in excess of HK$5 million, within any 12-month period, are subject to shareholders' approval in advance in a general meeting.

A nominal consideration of HK$1.00 is payable by the grantee on acceptance of the grant of the options. Options may be exercised in whole or in part at any time during the exercise period of the share options which is determinable by a committee set up by the Directors from time to time, provided that the period within which the shares may be taken up under the options must not be more than ten years from the date of the grant of the options.

There is no general requirement on the minimum period for which an option must be exercised.

The exercise price of the share options is determinable by the committee, but will be no less than the highest of (i) the HKSE closing price of the Company's shares on the date of the offer of the share options; (ii) the average HKSE closing price of the Company's shares for the five trading days immediately proceeding the date of the offer; and (iii) the nominal value of the Company's shares.

Share options do not confer rights on the holders to dividends or to vote at shareholders' meetings.

Movements in number of the outstanding share options granted under the Scheme for the year ended 31 March 2012 are as follows:

Name or Category of participant	Balance as at 1 April 2011	Forfeited during the year	Outstanding as at 31 March 2012	Date of grant	Exercisable period	Exercise price per share(HK$)
Employees:						
In aggregate	120,000	(120,000)	–	25 May 2006	25 May 2007 to 24 November 2014	15.61

MATERIAL RELATED PARTY TRANSACTIONS

Details of the related party transactions are set out in note 33 to the consolidated financial statements.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year ended 31 March 2012.

CONTINGENT LIABILITIES

The Directors were not aware of any significant contingent liabilities of the Group at the balance sheet date.

COMMITMENTS

Details of the commitments of the Group are set out in the note 32 and 34 to the consolidated financial statements.

MAJOR CUSTOMERS AND SUPPLIERS

Sales to the five largest customers of the Group accounted for approximately 82% of the Group's total turnover for the year. In particular, sales to the largest customer of the group accounted for approximately 33% of the Group's total turnover for the year.

Purchases from the five largest suppliers of the Group accounted for approximately 77% of the Group's total purchases for the year. In particular, purchases from the Group's largest supplier accounted for approximately 42% of the Group's total purchases for the year.

As far as the Director is aware, neither the Director nor any of his associates nor any shareholders (which, to the best knowledge of the Director, own more than 5% of the Company's issued share capital) had any beneficial interests in any of the Group's five largest customers or five largest suppliers.

DIRECTORS

The Directors during the year and up to the date of this report were:

Executive Directors

Mr. Chin Chang Keng Raymond *(appointed on 1 June 2011)*

Independent Non-executive Directors

Mr. Wong Chi Keung *(resigned on 24 June 2011)*
Mr. Chung Wai Man *(appointed on 1 June 2011)*

As at the date of this Annual Report, the number of Independent Non-executive Directors falls below the minimum number required under Rule 3.10(1) of the Listing Rules.

DIRECTOR'S SERVICE CONTRACTS

No Directors proposed for re-election at the forthcoming annual general meeting has a service contract which is not determinable by the Group within one year without payment of compensation (other than statutory compensations).

DIRECTORS AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES

As at the end of the financial year under review, none of the Directors, chief executive or their associates had any personal, family, corporate or other beneficial 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 Securities and Futures Ordinance ("SFO")) as recorded in the register required to be kept under section 352 of the SFO, or otherwise as required to be notified to the Company and The Stock Exchange of Hong Kong Limited ("Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO or the Model Code for Securities Transactions by Directors of Listed Issuers.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 March 2012, the following shareholder (other than the Directors or chief executives of the Company whose interests and short positions in the shares, underlying shares and debentures of the Company are disclosed in the section headed "Directors' and chief executives' interests and short positions in the shares, underlying shares and debentures" above) had interests or short positions in the shares, underlying shares and debentures of the Company which were recorded in the register to be kept by the Company under section 336 of the SFO:

Interest in Shares

Name of Shareholder	Capacity	Number of Shares	Position	Approximate Percentage of the Company's Issued Share Capital
Mr. Wei Dong (Note 1)	Beneficial owner/Interest of spouse/ Interest of controlled corporation	261,185,000	Long	48.25%
Ms. Yao Juan (Note 2)	Interest of spouse/Interest of controlled corporation	261,185,000	Long	48.25%
Million Decade Limited (Note 1)	Beneficial owner	185,000,000	Long	34.18%
Top Ample Limited (Note 2)	Beneficial owner	75,000,000	Long	14.97%
Janus Capital Management LLC	Investment manager	32,918,000	Long	6.08%

Notes:

1. 185,000,000 shares are held by Million Decade Limited which is wholly-owned by Mr. Wei Dong. As Mr. Wei Dong is the husband of Ms. Yao Juan, he is deemed to be interested in all of the shares held by Ms. Yao Juan, Million Decade Limited and Top Ample Limited under the SFO.

2. 75,000,000 shares are held by Top Ample Limited which is wholly-owned by Ms. Yao Juan. As Ms. Yao Juan is the wife of Mr. Wei Dong, she is deemed to be interested in all of the shares held by Mr. Wei Dong, Top Ample Limited and Million Decade Limited under the SFO.

Save as disclosed herein, there was no person known to any directors or chief executives of the Company, who, as at 31 March 2012, had interests or short positions in the shares, underlying shares and debentures of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under section 336 of the SFO.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBT SECURITIES

Other than as disclosed in the section headed "Share capital and share options" in this report, at no time during the year was the Company or any of its subsidiaries a party to any arrangement to enable any directors or chief executives of the Company (including their spouses or children under 18 years of age) to have any right to subscribe for securities of the Company or any of its associated corporations as defined in the SFO or to acquire benefits by means of acquisition of shares in, or debentures of, the Company or any other body corporate.

DIRECTORS' INTERESTS IN CONTRACTS

As at the end of the year or at any time during the year, there was no contract of significance in relation to the Company's business, to which the Company or any of its subsidiaries was a party, subsisted, and in which a Director had, whether directly or indirectly, a material interest.

RESERVES

Details of the movements in the reserves of the Group and the Company during the year are set out in the consolidated statement of changes in equity and note 31(b) to the financial statements.

SUBSIDIARIES

Details of the Company's subsidiaries as at 31 March 2012 are set out in note 19 to the financial statements.

BANK AND OTHER BORROWINGS

Details of the Group's bank and other borrowings as at 31 March 2012 are set out in notes 27 to 28 to the financial statements.

EVENTS AFTER THE REPORTING PERIOD

Details of the events after the reporting period of the Group are set out in note 35 to the consolidated financial statements.

NON-COMPLIANCE WITH RULES 3.10 AND 3.21 OF THE LISTING RULES

As at the date of this Annual Report, the Company has only one Executive Director and one Independent Non-executive Director. The Company has been identifying suitable candidates for appointment of sufficient number of Executive Directors and Independent Non-executive Directors and reconstitution of the audit committee in order to meet the requirements under Rules 3.10(1), 3.10(2) and 3.21 of the Listing Rules.

CODE ON CORPORATE GOVERNANCE PRACTICES

Mr. Chin Chang Keng Raymond was appointed as Executive Director on 1 June 2011 and Mr. Chung Wai Man was appointed as Independent Non-executive Director on the same day. Consequently, they are unable to comment as to whether the Company has complied with the Code on Corporate Governance Practices contained in Appendix 14 of the Listing Rules throughout the year ended 31 March 2012.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Director of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules. Each of Mr. Chin Chang Keng Raymond, the Executive Director and Mr. Chung Wai Man, the Independent Non-executive Director, who were appointed on 1 June 2011, has confirmed that he complied with the required standards as set out in the Model Code during the year ended 31 March 2012. But the Board makes to representations as to whether the other then Directors had complied with the required standards set out in the model code throughout the year ended 31 March 2012.

AUDITOR

ANDA CPA Limited ("ANDA") has been reappointed as auditor of the Company on 25 March 2012 by the Provisional Liquidators of the Company. A resolution for the reappointment of the Company's retiring auditor, ANDA, will be proposed at the forthcoming annual general meeting.

On behalf of the Board
FU JI Food and Catering Services Holdings Limited
(Provisional Liquidators Appointed)
Chin Chang Keng Raymond
Director

Hong Kong, 5 December 2012

EXECUTIVE DIRECTOR

Mr. Chin Chang Keng Raymond ("Mr. Chin") aged 58, graduated from the Faculty of Accountancy of the Baptist College (currently known as the Hong Kong Baptist University) and holds a diploma in accountancy. He has over 30 years of experience in security, real estate industries and non-performing loan disposal.

Mr. Chin was an executive director of Hong Kong Resources Holdings Company Limited (stock code: 2882) (formerly known as Ocean Grand Chemicals Holdings Limited) from 14 August 2008 to 6 October 2008 and an executive director of Zhidao International (Holdings) Limited (Stock Code: 1220) from 1 September 2008 to 11 January 2012.

As at the date of this report, Mr. Chin does not have any interest in shares or underlying shares of the Company within the meaning of Part XV of the SFO nor does he have any relationship with any director, senior management, chief executive or substantial or controlling shareholder of the Company. Saved as disclosed above, Mr. Chin did not hold any directorships in other listed companies in the past three years.

INDEPENDENT NON-EXECUTIVE DIRECTOR

Mr. Chung Wai Man ("Mr. Chung"), aged 54, holds a Diploma in Business Management and a Certificate of Bank of China Banking Course. He started working in The Kwangtung Provincial Bank in 1976, and his last position before leaving the bank in 1996 was a manager in charge of the Tai Po branch. After leaving The Kwangtung Provincial Bank, Mr. Chung established "Raymond Chung Company", a finance and business consulting firm for corporations in Hong Kong and China. In 2004, he set up another consulting firm, Excel Linker Capital (Asia) Limited, which focuses on providing financial services to corporations in China.

Mr. Chung is currently an independent non-executive director of U-Right International Holdings Limited (Provisional Liquidators Appointed) (stock code: 0627). He was an independent non-executive director of United Gene High-Tech Group Limited (stock code: 0399) (formerly known as Far East Pharmaceutical Technology Company Limited) from 23 March 2007 to 13 May 2009.

As at the date of this report, Mr. Chung does not have any interest in shares or underlying shares of the Company within the meaning of Part XV of the SFO nor does he have any relationship with any director, senior management, chief executive or substantial or controlling shareholder of the Company. Save as disclosed above, Mr. Chung did not hold any directorship in other listed companies in the past three years.

CONFIRMATION OF INDEPENDENCE

Pursuant to Rule 3.13 of the Listing Rules, the Independent Non-executive Director has confirmed with the Company in writing his independence from the Company in accordance with the relevant guidelines. The Company therefore considers that the Independent Non-executive Director to be independent.

On behalf of the Board
FU JI Food and Catering Services Holdings Limited
(Provisional Liquidators Appointed)
Chin Chang Keng Raymond
Director

Hong Kong, 5 December 2012

Independent Auditor's Report

ANDA
CPA Limited
安達會計師事務所有限公司

TO THE SHAREHOLDERS OF
FU JI FOOD AND CATERING SERVICES HOLDINGS LIMITED
(Provisional Liquidators Appointed)
(Incorporated in the Cayman Islands with limited liability)

We were engaged to audit the consolidated financial statements of FU JI Food and Catering Services Holdings Limited (Provisional Liquidators Appointed) (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 21 to 70, which comprise the consolidated and Company statements of financial position as at 31 March 2012, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit and to report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Except for the limitations in the scope of our work as described in the basis for disclaimer of opinion paragraphs and the material uncertainty relating to going concern basis as explained below, we conducted our audit in accordance with Hong Kong Standards on Auditing issued by the HKICPA. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement. However, because of the matters described in the basis for disclaimer of opinion paragraphs, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

BASIS FOR DISCLAIMER OF OPINION

1. Opening balances and corresponding figures

Our audit opinion on the consolidated financial statements of the Group for the year ended 31 March 2011 (the "2011 Financial Statements"), which form the basis for the corresponding figures presented in the current year's consolidated financial statements, was disclaimed because of the significance of the possible effect of the limitations on the scope of our audit and the material uncertainty in relation to going concern basis, and details of which are set out in our audit report dated 31 October 2012. Accordingly, we were then unable to form an opinion as to whether the 2011 Financial Statements gave a true and fair view of the state of affairs of the Group and of the Company as at 31 March 2011 and of the Group's results and cash flows for that year then ended.

2. Deconsolidation of subsidiaries and impairments on due from deconsolidated subsidiaries

Certain subsidiaries of the Company were deconsolidated from the Group since 1 April 2008. No sufficient evidence has been provided to satisfy ourselves as to whether the Company had lost control of the subsidiaries since 1 April 2008 and throughout the year ended 31 March 2009, 2010, 2011 and 2012. Furthermore, no sufficient evidence had been provided to satisfy ourselves as to the impairments on due from deconsolidated subsidiaries of approximately RMB56,765,000 for the year ended 31 March 2012.

Accordingly, no sufficient evidence has been provided to satisfy ourselves, in relation to the deconsolidated subsidiaries, as to the completeness of the transactions of the Group for the year ended 31 March 2012 and the Group's financial position as at that date.

3. Due to deconsolidated subsidiaries

No direct confirmation and other sufficient evidence have been received by us up to the date of this report in respect of the amounts due to deconsolidated subsidiaries of approximately RMB809,118,000 and RMB6,760,000 shown in the consolidated and Company statements of financial position respectively as at 31 March 2012.

4. Commitments and contingent liabilities

No sufficient evidence has been provided to satisfy ourselves as to the existence and completeness of the disclosures of commitments and contingent liabilities as at 31 March 2012.

5. Related party transactions and balances

No sufficient evidence has been provided to satisfy ourselves as to the existence and completeness of the disclosures of the related party transactions for the year ended 31 March 2012 and the balances as at that date as required by Hong Kong Accounting Standard 24 "Related Party Disclosures".

Any adjustments to the figures as described from points 1 to 5 above might have a significant consequential effect on the Group's results and cash flows for the two years ended 31 March 2012 and 2011 and the financial positions of the Group and of the Company as at 31 March 2012 and 2011, and the related disclosures thereof in the consolidated financial statements.

MATERIAL UNCERTAINTY RELATING TO THE GOING CONCERN BASIS

In forming our opinion, we have considered the adequacy of the disclosures made in note 2 to the consolidated financial statements which explains that the Investor has decided to pursue a restructuring of the Company.

The consolidated financial statements have been prepared on a going concern basis on the assumption that the proposed restructuring of the Company will be successfully completed and that, following the restructuring, the Group will continue to meet in full its financial obligations as they fall due in the foreseeable future. The consolidated financial statements do not include any adjustments that would result from a failure to complete the restructuring. We consider that the disclosures are adequate. However, in view of the extent of the material uncertainty relating to the completion of the restructuring, we disclaim our opinion in respect of the material uncertainty relating to the going concern basis.

DISCLAIMER OF OPINION

Because of the significance of the matters described in the basis for disclaimer of opinion paragraphs and the material uncertainty relating to the going concern basis as described above, we do not express an opinion on the consolidated financial statements as to whether they give a true and fair view of the state of affairs of the Group and of the Company as at 31 March 2012 and of the Group's results and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards. In all other respects, in our opinion, the consolidated financial statements have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

ANDA CPA Limited
Certified Public Accountants
Sze Lin Tang
Practising Certificate Number P03614

Hong Kong, 5 December 2012

Consolidated Statement of Comprehensive Income

For the year ended 31 March 2012

	Notes	2012 RMB'000	2011 RMB'000
Turnover	7	**198,046**	175,626
Cost of materials consumed		**(141,801)**	(128,622)
Gross profit		**56,245**	47,004
Other income	8	**440**	2,099
Gain on execution of the Scheme	10	**1,733,556**	–
Staff costs		**(23,447)**	(28,369)
Operating lease rentals		**(2,986)**	(6,220)
Depreciation		**(8,254)**	(9,292)
Fuel and utility costs		**(4,734)**	(13,745)
Consumable stores		**(795)**	(3,597)
Other operating expenses		**(8,461)**	(111,759)
Impairments on due from deconsolidated subsidiaries		**(56,765)**	(136,157)
Profit/(loss) from operations		**1,684,799**	(260,036)
Finance costs	11	**(38,792)**	(113,871)
Profit/(loss) before tax		**1,646,007**	(373,907)
Income tax	12	**(66)**	–
Profit/(loss) for the year	13	**1,645,941**	(373,907)
Other comprehensive income:			
Exchange differences on translating foreign operations		**37,113**	75,911
Total comprehensive income/(loss) for the year		**1,683,054**	(297,996)
Profit/(loss) for the year attributable to:			
Equity holders of the Company		**1,645,962**	(373,907)
Non-controlling interests		**(21)**	–
		1,645,941	(373,907)
Total comprehensive income/(loss) for the year attributable to:			
Equity holders of the Company		**1,683,075**	(297,996)
Non-controlling interests		**(21)**	–
		1,683,054	(297,996)
Earnings/(loss) per share	17		
Basic (RMB cents per share)		**304**	(69)
Diluted (RMB cents per share)		**(4)**	(69)

Consolidated Statement of Financial Position

At 31 March 2012

	Notes	2012 RMB'000	2011 RMB'000
Non-current assets			
Property, plant and equipment	18	**13,552**	14,999
Current assets			
Inventories	20	**2,644**	2,819
Trade receivables	21	**17,607**	15,483
Due from the Investor	22	**54,305**	55,505
Prepayments, deposits and other receivables	24	**10,497**	14,617
Bank and cash balances	25	**21,315**	278,852
		106,368	367,276
Current liabilities			
Trade payables	26	**40,744**	37,015
Accruals and other payables		**22,795**	24,289
Payable to the Scheme	10	**192,507**	–
Due to deconsolidated subsidiaries	23	**809,118**	785,360
Bank borrowings	27	**–**	24,599
Convertible bonds	28	**–**	2,139,310
		1,065,164	3,010,573
Net current liabilities		**(958,796)**	(2,643,297)
NET LIABILITIES		**(945,244)**	(2,628,298)
Capital and reserves			
Share capital	29	**5,665**	5,665
Reserves	31	**(951,408)**	(2,634,483)
Equity attributable to equity holders of the Company		**(945,743)**	(2,628,818)
Non-controlling interests		**499**	520
TOTAL EQUITY		**(945,244)**	(2,628,298)

Approved by:

Chin Chang Keng Raymond
Director

Chung Wai Man
Director

Statement of Financial Position

At 31 March 2012

	Notes	2012 RMB'000	2011 RMB'000
Non-current assets			
Investments in subsidiaries	19	**–**	3
Current assets			
Prepayments, deposits and other receivables		**8,471**	8,739
Due from the Investor	22	**54,305**	55,505
Bank and cash balances		**1,141**	254,724
		63,917	318,968
Current liabilities			
Accruals and other payables		**1,486**	13,939
Payable to the Scheme	10	**192,507**	–
Due to deconsolidated subsidiaries	23	**6,760**	8,576
Bank borrowings	27	**–**	24,599
Convertible bonds	28	**–**	2,139,310
		200,753	2,186,424
Net current liabilities		**(136,836)**	(1,867,456)
NET LIABILITIES		**(136,836)**	(1,867,453)
Capital and reserves			
Share capital	29	**5,665**	5,665
Reserves	31(b)	**(142,501)**	(1,873,118)
TOTAL EQUITY		**(136,836)**	(1,867,453)

Approved by:

Chin Chang Keng Raymond
Director

Chung Wai Man
Director

Consolidated Statement of Changes in Equity

For the year ended 31 March 2012

	Attributable to equity holders of the Company								
	Share capital RMB'000	Share premium RMB'000	Statutory reserve RMB'000	Capital reserve RMB'000	Foreign currency translation reserve RMB'000	Accumulated losses RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total RMB'000
At 1 April 2010	5,665	1,491,807	7,500	137,468	(183,198)	(3,790,100)	(2,330,858)	–	(2,330,858)
Total comprehensive loss for the year	–	–	–	–	75,911	(373,907)	(297,996)	–	(297,996)
Contribution from minority shareholders	–	–	–	–	–	–	–	520	520
Equity settled share-based payment transactions	–	–	–	36	–	–	36	–	36
Forfeiture of share options	–	–	–	(6,094)	–	6,094	–	–	–
At 31 March 2011	5,665	1,491,807	7,500	131,410	(107,287)	(4,157,913)	(2,628,818)	520	(2,628,298)
At 1 April 2011	5,665	1,491,807	7,500	131,410	(107,287)	(4,157,913)	(2,628,818)	520	(2,628,298)
Total comprehensive income for the year	–	–	–	–	37,113	1,645,962	1,683,075	(21)	1,683,054
Forfeiture of share options	–	–	–	(659)	–	659	–	–	–
Release upon execution of the Scheme	–	–	–	(130,751)	–	130,751	–	–	–
At 31 March 2012	5,665	1,491,807	7,500	–	(70,174)	(2,380,541)	(945,743)	499	(945,244)

Consolidated Statement of Cash Flows

For the year ended 31 March 2012

	Note	2012 RMB'000	2011 RMB'000
Cash flows from operating activities			
Profit/(loss) before tax		**1,646,007**	(373,907)
Adjustments for:			
Depreciation		**8,254**	9,292
Interest income		**(191)**	(249)
Gain on execution of the Scheme	10	**(1,733,556)**	–
Finance costs		**38,792**	113,871
Equity settled share-based payment expenses		**–**	36
Foreign exchange loss		**1,844**	71,942
Impairments on due from deconsolidated subsidiaries		**56,765**	136,157
Impairment of assets		**764**	527
Operating cash flows before working capital changes		**18,679**	(42,331)
Change in inventories		**175**	2,223
Change in prepayments, deposits and other receivables		**4,120**	26,691
Change in trade receivables		**(2,124)**	(3,253)
Change in trade payables		**3,729**	16,368
Change in accruals and other payables		**(1,494)**	(569)
Cash generated from/(used in) operations		**23,085**	(871)
Tax paid		**(66)**	–
Net cash generated from/(used in) operating activities		**23,019**	(871)
Cash flows from investing activities			
Interest received		**191**	249
Purchase of property, plant and equipment		**(71)**	(94)
Proceeds from disposal of property, plant and equipment		**–**	3,069
Decrease in pledged bank deposit		**–**	67,719
Net cash generated from investing activities		**120**	70,943
Cash flows from financing activities			
Net cash outflow on execution of the Scheme	10	**(244,522)**	–
Net cash received from the Investor on Phase I disposal		**–**	49,811
Change in balances with deconsolidated subsidiaries		**(21,185)**	(56,908)
Net cash used in financing activities		**(265,707)**	(7,097)
Net (decrease)/increase in cash and cash equivalents		**(242,568)**	62,975
Effect of foreign exchange rate changes		**(14,969)**	(24,378)
Cash and cash equivalents at beginning of year		**278,852**	240,255
Cash and cash equivalents at end of year		**21,315**	278,852
Analysis of cash and cash equivalents			
Bank and cash balances		**21,315**	278,852

1. GENERAL INFORMATION

FU JI Food and Catering Services Holdings Limited (Provisional Liquidators Appointed) was incorporated in the Cayman Islands on 8 April 2004 as an exempted company with limited liability under the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The address of its registered office and principal place of business are disclosed in the corporate information section of the annual report. The Company's shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") and the trading in shares of the Company has been suspended since 29 July 2009.

The Company is an investment holding company. During the year, the Company and its subsidiaries (collectively "the Group") were principally engaged in the provision of Catering Services and sale of Convenience Food products and related business. The principal activities of the Company's subsidiaries are set out in note 19 to the consolidated financial statements.

2. BASIS OF PREPARATION

Winding-up petition and appointment of the provisional liquidators

On 29 July 2009, 26 August 2009 and 22 September 2009, the Company announced that there shall be certain delay in the publication of the annual results announcement and dispatch of the annual report of the Company for the year ended 31 March 2009 (the "Delay").

On 7 October 2009, the Company engaged Deloitte Touche Tohmatsu as an independent financial adviser (the" IFA") (i) to assist the Group with the finalisation of its financial statements for the year ended 31 March 2009 and (ii) to conduct independent analysis on the Group's financial position with a view to addressing concerns raised by the stakeholders of the Company resulting from the Delay. During the course of IFA's reviewing on the Group's affairs, the IFA identified circumstances that indicated the Group had experienced significant financial challenges, particularly in connection with business operations of the Group's catering business services, the financial position and outlook of which had been deteriorating quite rapidly.

On 19 October 2009, the Company petitioned to the High Court of the Hong Kong Special Administrative Region (the "High Court") for the winding-up of the Company (the "Petition"). On the same day, Messrs. Edmund Yeung Lui Ming, Derek Lai Kar Yan and Darach E. Haughey of Deloitte Touche Tohmatsu were appointed as joint and several provisional liquidators (the "Provisional Liquidators") of the Company by the High Court. The Provisional Liquidators are empowered, inter alia, to take possession of the assets of the Company and its subsidiaries and, if thought to be in the best interests of creditors of the Company, to enter into any agreements necessary or desirable to effectively restructure the affairs of the Company.

The hearing of the Petition against the Company was originally scheduled on 23 December 2009 and the High Court adjourned the hearing of the Petition against the Company to 23 January 2013. It is expected that the Petition against the Company will be withdrawn upon the successful implementation of the restructuring of the Company as referred to in the section headed "Proposed restructuring of the Group" below.

2. BASIS OF PREPARATION *(continued)*

Suspension of trading in the shares of the Company

At the request of the Company, trading in shares of the Company has been suspended since 29 July 2009. By a letter dated 28 January 2010, the Stock Exchange informed the Provisional Liquidators that the Company was placed in the first stage of the delisting procedures under Practice Note 17 ("PN 17") to the Listing Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"), and the Company was required to submit a viable resumption proposal by 27 July 2010.

Upon the expiry of the first delisting stage, the Company was unable to submit the resumption proposal. On 30 July 2010, the Company was placed in the second stage of the delisting procedures pursuant to PN 17 of the Listing Rules and that the Company was still required to submit a viable resumption proposal to the Stock Exchange fulfilling certain requirements set out by the Stock Exchange therein including but not limited to the followings:

(i) demonstrate sufficient operations or assets under Rule 13.24 of the Listing Rules;

(ii) publish outstanding financial results and address any audit qualifications;

(iii) demonstrate that the Company has an adequate financial reporting system and internal control procedures to meet its obligations under the Listing Rules; and

(iv) withdraw or dismiss the winding-up petition presented against the Company, and discharge the Provisional Liquidators.

If the Company fails to submit a viable resumption proposal to address the above conditions to the Stock Exchange at least 10 business days before 29 January 2011, the Stock Exchange might consider to proceed to place the Company in the third stage of the delisting procedures pursuant to PN 17 to the Listing Rules. In response to the requests from the Stock Exchange, on 14 January 2011, the Provisional Liquidators, on behalf of the Company, submitted a resumption proposal (the "Resumption Proposal") to the Stock Exchange.

Following their submission, the Provisional Liquidators and the Company received various queries and verbal comments from the Stock Exchange in relation to the Resumption Proposal and the Company's financial forecasts. The Provisional Liquidators and the Company responded to the queries and verbal comments from the Stock Exchange and included various information in support of the Company's application for the resumption of trading in the shares of the Company (the "Resumption").

2. BASIS OF PREPARATION *(continued)*

Suspension of trading in the shares of the Company *(continued)*

On 18 October 2012, the Provisional Liquidators, on behalf of the Company, received a letter from the Stock Exchange informing the Company that the Stock Exchange allows the Resumption subject to fulfillment of the following conditions by 17 June 2013:–

(i) completion of the open offer, subscriptions of shares and preference shares and all other transactions, more particularly described and as contemplated under the Resumption Proposal;

(ii) inclusion in a circular to Shareholders the following:

(a) detailed disclosure of the Resumption Proposal and information about the Group comparable to prospectus standards;

(b) profit forecasts for the year ending 31 March 2013 and the six-month ending 30 September 2013 together with reports from the auditors and the financial adviser of the Company under paragraph 29(2) of Appendix 1b of the Listing Rules; and

(c) a pro forma balance sheet upon completion of the Resumption Proposal and a comfort letter from an independent accounting firm under Rule 4.29 of the Listing Rules;

(iii) provide a comfort letter from auditors or the financial adviser of the Company relating to working capital sufficiency for the next 12 months from the latest practicable date before the expected date of resumption in trading of the shares of the Company;

(iv) publish all outstanding financial results of the Company and address any concerns that may be raised by auditors of the Company through qualification of their audit reports;

(v) provide confirmation from an independent professional party that the Group has an adequate and effective internal control system; and

(vi) discharge of the winding-up petition against the Company and the Provisional Liquidators.

The Company should also comply with the Listing Rules. The Stock Exchange may modify the above resumption conditions if the Company’s situation changes.

2. BASIS OF PREPARATION *(continued)*

Proposed restructuring of the Group

On 16 March 2010, Marvel Light Holdings Limited (the "Investor"), the Company and the Provisional Liquidators entered into the heads of terms (the "Head of Terms") setting out the agreement of the parties in respect of major provisions of the reorganisation proposal on the Company (the "Reorganisation Proposal"). Further details of the Reorganisation Proposal are described in the Company's announcements dated 26 May 2010 and 7 July 2010 (the "Announcements"). Unless otherwise specified, capitalised terms used herein shall have the same meanings as in the Announcements. As set out in the Heads of Terms, the Reorganisation Proposal will mainly involve the execution of the following transactions, as the case may be:

(i) the intra-group transfer of the Catering and Restaurant Businesses including the relevant business contracts, assets and/or employees of the Group which the Provisional Liquidators consider necessary for the continuation of the Catering and Restaurant Businesses by the Group;

(ii) the transfer and disposal of such right, title and interest in certain assets of the Group to the Investor;

(iii) the execution of a management agreement between the Company and the Investor pursuant to which the Investor shall provide management services to the Catering and Restaurant Businesses for a fee;

(iv) the debt restructuring and the capital reorganisation of the Company;

(v) the submission of the resumption proposal to the Stock Exchange for the purpose of seeking the resumption of the trading of the Shares on the Stock Exchange;

(vi) the subscription of the new shares and preference shares of the Company by the Investor; and

(vii) the disposal of assets of the Group by way of Scheme of Arrangement to fully compromise and discharge all indebtedness due from the Group to the Scheme Creditors by creating a trust to hold certain assets of the Group for the purpose of payment and distribution to the Scheme Creditors.

On 11 March 2011, the High Court directed that a meeting of Scheme Creditors (as defined in the Scheme) be convened for the purpose of considering and, if thought fit, approving (with or without modification) a scheme of arrangement pursuant to section 166 of the Companies Ordinance (Cap. 32) proposed to be made between the Company and the Scheme Creditors.

At the Scheme Creditors' Meeting held on 29 April 2011, the Scheme of Arrangement was approved by the requisite majority of Scheme Creditors and on 17 May 2011 the High Court sanctioned the Scheme. On 9 August 2011, the Provisional Liquidators, on behalf of the Company, issued a completion notice notifying the Scheme Creditors that following the satisfaction or waiver of all the conditions as detailed in the Scheme document, the Scheme has become effective on 9 August 2011 (the "Effective Date").

2. BASIS OF PREPARATION *(continued)*

Proposed restructuring of the Group *(continued)*

On 5 September 2011, the Company, the Purchaser, the Investor, the Provisional Liquidators and certain members of the Group have entered into the Debt Restructuring Agreement (the "DRA") for the purpose of formalizing terms and conditions of the Company's restructuring under the Heads of Terms.

The DRA confirms all of the restructuring processes undergone by the Company with the cooperation of the Investor and outlines the remaining components of the restructuring to be conducted in the future, in particular, after the Stock Exchange notifies the Company of the result of its application for the Resumption.

Following the signing of the DRA, the Provisional Liquidators addressed several key terms under the agreement including, distribution of the first and second interim dividend to the Scheme Creditors with Accepted Claims and signing of the sale and purchase agreement under the disposal of nominated excluded assets. The remaining terms, including but not limited to, the capital reorganization, the open offer and the share subscription, which will be carried out upon the Resumption.

Going concern

As at 31 March 2012, the Group had net current liabilities of approximately RMB958,796,000 (2011:RMB2,643,297,000) and net liabilities of approximately RMB945,244,000 (2011: RMB2,628,298,000) respectively. These conditions indicate the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern. Therefore, the Group may be unable to realise its assets and discharge its liabilities in the normal course of business.

The consolidated financial statements have been prepared on a going concern basis on the assumption that the proposed restructuring of the Company will be successfully completed, and that, following the financial restructuring, the Group will continue to meet in full its financial obligations as they fall due in the foreseeable future.

Should the Group be unable to achieve a successful restructuring and to continue its business as a going concern, adjustments would have to be made to the consolidated financial statements to adjust the value of the Group's assets to their recoverable amounts, to provide for any further liabilities which might arise and to reclassify non-current assets and liabilities as current assets and liabilities, respectively.

3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

In the current year, the Group has adopted all the new and revised Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants that are relevant to its operations and effective for its accounting year beginning on 1 April 2011. HKFRSs comprise Hong Kong Financial Reporting Standards; Hong Kong Accounting Standards; and Interpretations. The adoption of these new and revised HKFRSs did not result in significant changes to the Group's accounting policies, presentation of the Group's financial statements and amounts reported for the current year and prior years.

The Group has not applied the new and revised HKFRSs that have been issued but are not yet effective. The Group has already commenced an assessment of the impact of those new and revised HKFRSs but is not yet in a position to state whether these new HKFRSs would have a material impact on its results of operations and financial position.

4. SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

These financial statements have been prepared in accordance with HKFRSs, accounting principles generally accepted in Hong Kong and the applicable disclosures required by the Listing Rules and by the Hong Kong Companies Ordinance.

These financial statements have been prepared under the historical cost convention. The functional currencies of the Company and its subsidiaries in the People's Republic of China (the "PRC") are Hong Kong dollars ("HK$") and Renminbi ("RMB") respectively. For the purpose of presenting the consolidated financial statements, the Group adopted Renminbi as its presentation currency.

The preparation of financial statements in conformity with HKFRSs requires the use of key assumptions and estimates. It also requires management to exercise its judgments in the process of applying the accounting policies. The areas involving critical judgments and areas where assumptions and estimates are significant to these financial statements are disclosed in note 5 to the financial statements.

The significant accounting policies applied in the preparation of these financial statements are set out below.

Consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to 31 March. Subsidiaries are entities over which the Group has control. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group has control.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date the control ceases.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Consolidation *(continued)*

The gain or loss on the disposal of a subsidiary that results in a loss of control represents the difference between (i) the fair value of the consideration of the sale plus the fair value of any investment retained in that subsidiary and (ii) the Company's share of the net assets of that subsidiary plus any remaining goodwill relating to that subsidiary and any related accumulated foreign currency translation reserve.

Intragroup transactions, balances and unrealised profits are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests represent the equity in subsidiaries not attributable, directly or indirectly, to the Company. Non-controlling interests are presented in the consolidated statement of financial position and consolidated statement of changes in equity within equity. Non-controlling interests are presented in the consolidated statement of comprehensive income as an allocation of profit or loss and total comprehensive income for the year between the non-controlling shareholders and owners of the Company.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling shareholders even if this results in the non-controlling interests having a deficit balance.

In the Company's statement of financial position, the investments in subsidiaries are stated at cost less allowance for impairment losses. The results of subsidiaries are accounted for by the Company on the basis of dividends received and receivable.

Foreign currency translation

(a) *Functional and presentation currency*

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency").

(b) *Transactions and balances in each entity's financial statements*

Transactions in foreign currencies are translated into the functional currency on initial recognition using the exchange rates prevailing on the transaction dates. Monetary assets and liabilities in foreign currencies are translated at the exchange rates at the end of each reporting period. Gains and losses resulting from this translation policy are recognised in profit or loss.

Non-monetary items that are measured at fair values in foreign currencies are translated using the exchange rates at the dates when the fair values are determined.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Foreign currency translation *(continued)*

(b) Transactions and balances in each entity's financial statements (continued)

When a gain or loss on a non-monetary item is recognised in other comprehensive income, any exchange component of that gain or loss is recognised in other comprehensive income. When a gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is recognised in profit or loss.

(c) Translation on consolidation

The results and financial position of all the Group entities that have a functional currency different from the Company's presentation currency are translated into the Company's presentation currency as follows:

– Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;

– Income and expenses for each statement of comprehensive income are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the exchange rates on the transaction dates); and

– All resulting exchange differences are recognised in the foreign currency translation reserve.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities and of borrowings are recognised in the foreign currency translation reserve. When a foreign operation is sold, such exchange differences are recognised in consolidated profit or loss as part of the gain or loss on disposal.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are recognised in profit or loss during the period in which they are incurred.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Property, plant and equipment *(continued)*

Depreciation of property, plant and equipment is calculated at rates sufficient to write off their cost less their residual values over the estimated useful lives on a straight-line basis. The principal useful life is as follows:

Furniture and equipment	3 to 10 years

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

The gain or loss on disposal of property, plant and equipment is the difference between the net sales proceeds and the carrying amount of the relevant asset, and is recognised in profit or loss.

Operating leases

Leases that do not substantially transfer all the risks and rewards of ownership of assets to the Group are accounted for as operating leases. Lease payments (net of any incentives received from the lessor) are recognised as an expense on a straight-line basis over the lease term.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the first-in, first-out basis. The cost of finished goods and work in progress comprises raw materials, direct labour and an appropriate proportion of all production overhead expenditure, and where appropriate, subcontracting charges. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

Recognition and derecognition of financial instruments

Financial assets and financial liabilities are recognised in the statement of financial position when the Group becomes a party to the contractual provisions of the instruments.

Financial assets are derecognised when the contractual rights to receive cash flows from the assets expire; the Group transfers substantially all the risks and rewards of ownership of the assets; or the Group neither transfers nor retains substantially all the risks and rewards of ownership of the assets but has not retained control on the assets. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid is recognised in profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Trade and other receivables

Trade and other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less allowance for impairment. An allowance for impairment of trade and other receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. The amount of the allowance is the difference between the receivables' carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate computed at initial recognition. The amount of the allowance is recognised in profit or loss.

Impairment losses are reversed in subsequent periods and recognised in profit or loss when an increase in the receivables' recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the receivables at the date the impairment is reversed shall not exceed what the amortised cost would have been had the impairment not been recognised.

Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents represent cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term highly liquid investments which are readily convertible into known amounts of cash and subject to an insignificant risk of change in value. Bank overdrafts which are repayable on demand and form an integral part of the Group's cash management are also included as a component of cash and cash equivalents.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial liabilities and equity instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument under HKFRSs. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. The accounting policies adopted for specific financial liabilities and equity instruments are set out below.

Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

Convertible bonds

Convertible bonds which entitle the holder to convert the loans into a fixed number of equity instruments at a fixed conversion price are regarded as compound instruments consist of a liability and an equity component. At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for similar non-convertible debt. The difference between the proceeds of issue of the convertible bonds and the fair value assigned to the liability component, representing the embedded option for the holder to convert the loans into equity of the Group, is included in equity as capital reserve. The liability component is carried as a liability at amortised cost using the effective interest method until extinguished on conversion or redemption.

Transaction costs are apportioned between the liability and equity components of the convertible bonds based on their relative carrying amounts at the date of issue. The portion relating to the equity component is charged directly to equity.

If the bond is converted, the capital reserve, together with the carrying amount of the liability component at the time of conversion, is transferred to share capital and share premium as consideration for the shares issued. If the bond is redeemed, the capital reserve is released directly to retained profits.

Trade and other payables

Trade and other payables are stated initially at their fair value and subsequently measured at amortised cost using the effective interest method unless the effect of discounting would be immaterial, in which case they are stated at cost.

Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and is recognised when it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably.

(a) Revenue arising from provision of catering services and restaurant operations is recognised when the related services together with food products are rendered and provided to customers.

(b) Revenue from sales of food products is recognised when the products are delivered at the customers' premises which is taken to be the point in time when the customers have accepted the goods and the related risks and rewards of ownership.

(c) Interest income is recognised on a time-proportion basis using the effective interest method.

Employee benefits

(a) Short term employee benefits and defined contribution retirement plans

Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees. Where payments or settlement is deferred and the effect would be material, these amounts are stated at their present values.

(b) Equity-settled share-based payments

The fair value of share options granted to employees is recognised as an employee cost with a corresponding increase in a capital reserve within equity. The fair value is measured at grant date using the binomial option pricing model (the "Binomial Model"), taking into account the terms and conditions upon which the options were granted. Where the employees have to meet vesting conditions before becoming unconditionally entitled to the options, the total estimated fair value of the options is spread over the vesting period, taking into account the probability that the options will vest.

During the vesting period, the number of share options that is expected to vest is reviewed. Any adjustment to the cumulative fair value recognised in prior years is charged/credited to profit or loss for the year of the review, unless the original employee expenses qualify for recognition as an asset, with a corresponding adjustment to the capital reserve. On vesting date, the amount recognised as an expenses is adjusted to reflect the actual number of options that vest (with a corresponding adjustment to the capital reserve) except where forfeiture is only due to not achieving vesting conditions that relate to the market price of the Company's shares. The equity amount is recognised in the capital reserve until either the option is exercised (when it is transferred to the share premium account) or the option expires (when it is released directly to retained profits).

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Employee benefits *(continued)*

(c) Termination benefits

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

Borrowing costs

Borrowing costs are expensed in profit or loss in the period in which they are incurred, except to the extent that they are capitalised as being directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to get ready for its intended use or sale.

The capitalisation of borrowing costs as part of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

Taxation

Income tax represents the sum of the current tax and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit recognised in profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences, unused tax losses or unused tax credits can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Taxation *(continued)*

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, based on tax rates that have been enacted or substantively enacted by the end of the reporting period. Deferred tax is recognised in profit or loss, except when it relates to items recognised in other comprehensive income or directly in equity, in which case the deferred tax is also recognised in other comprehensive income or directly in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Related parties

A related party is a person or entity that is related to the Group.

(a) A person or a close member of that person's family is related to the Group if that person:

  (i) has control or joint control over the Group;

  (ii) has significant influence over the Group; or

  (iii) is a member of the key management personnel of the Company or of a parent of the Company.

(b) An entity is related to the Group (reporting entity) if any of the following conditions applies:

  (i) The entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);

  (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);

  (iii) Both entities are joint ventures of the same third party;

  (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity;

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Related parties *(continued)*

(v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group. If the Group is itself such a plan, the sponsoring employers are also related to the Group;

(vi) The entity is controlled or jointly controlled by a person identified in (a); or

(vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

Segment reporting

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

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

Impairment of assets

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets other than inventories and receivables to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of any impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Impairment of assets *(continued)*

Where an impairment loss subsequently reverses, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Provisions and contingent liabilities

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

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

Events after the reporting period

Events after the reporting period that provide additional information about the Group's position at the end of the reporting period or those that indicate the going concern assumption is not appropriate are adjusting events and are reflected in the financial statements. Events after the reporting period that are not adjusting events are disclosed in the notes to the financial statements when material.

5. CRITICAL JUDGEMENTS AND KEY ESTIMATES

Critical judgements in applying accounting policies

In the process of applying the accounting policies, management has made the following judgements that have the most significant effect on the amounts recognised in the financial statements (apart from those involving estimations, which are dealt with below).

(a) *Going concern basis*

These financial statements have been prepared on a going concern basis, the validity of which depends upon the successful implementation of the Group's Reorganisation Proposal and continuance of its business. Details are explained in note 2 to the financial statements.

5. CRITICAL JUDGEMENTS AND KEY ESTIMATES *(continued)*

Critical judgements in applying accounting policies *(continued)*

(b) *Deconsolidation of subsidiaries*

The consolidated financial statements have been prepared based on the books and records maintained by the Group. However, the directors of the Company ("the Directors") considered that the control over certain subsidiaries has been lost from 1 April 2008. The results, assets and liabilities and cash flows of these subsidiaries were deconsolidated from the financial statements of the Group since then.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

(a) *Impairment of assets*

The Group has to exercise judgement in determining whether an asset is impaired or the event previously causing the asset impairment no longer exists, particularly in assessing: (1) whether an event has occurred that may affect the asset value or such event affecting the asset value has not been in existence; (2) whether the carrying value of an asset can be supported by the net present value of future cash flows which are estimated based upon the continued use of the asset or derecognition; and (3) the appropriate key assumptions to be applied in preparing cash flow projections including whether these cash flow projections are discounted using an appropriate rate. Changing the assumptions selected by management to determine the level of impairment, including the discount rates or the growth rate assumptions in the cash flow projections, could materially affect the net present value used in the impairment test.

(b) *Property, plant and equipment and depreciation*

The Group determines the estimated useful lives, residual values and related depreciation charges for the Group's property, plant and equipment. This estimate is based on the historical experience of the actual useful lifes and residual values of property, plant and equipment of similar nature and functions. The Group will revise the depreciation charge where useful lifes and residual values are different to those previously estimated, or it will write off or write down technically obsolete or non-strategic assets that have been abandoned or sold.

5. CRITICAL JUDGEMENTS AND KEY ESTIMATES *(continued)*

Key sources of estimation uncertainty *(continued)*

(c) Impairment loss for bad and doubtful debts

The Group makes impairment loss for bad and doubtful debts based on assessments of the recoverability of the trade and other receivables, including the current creditworthiness and the past collection history of each debtor. Impairments arise where events or changes in circumstances indicate that the balances may not be collectible. The identification of bad and doubtful debts requires the use of judgement and estimates. Where the actual result is different from the original estimate, such difference will impact the carrying value of the trade and other receivables and doubtful debt expenses in the year in which such estimate has been changed. If the financial conditions of the debtors were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required.

(d) Net realisable value of inventories

Net realisable value of inventories is the estimated selling price in the ordinary course of business, less estimated costs of completion and selling expense. These estimates are based on the current market condition and the historical experience of manufacturing and selling products of similar nature. It could change significantly as a result of changes in customer taste and competitor actions. The Group will reassess the estimates by the end of each reporting period.

6. FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks: foreign currency risk, credit risk, liquidity risk and interest rate risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

(a) Foreign currency risk

The Group's entities operating in the PRC have minimal exposures to foreign currency risk as most of their business transactions, assets and liabilities are principally denominated in Renminbi ("RMB"), the functional currencies of those entities.

The Group's is exposed to currency risks primarily arising from the RMB denominated convertible bonds issued by the Company, as the functional currency of the Company is Hong Kong dollars ("HK$"). At the end of the reporting period, if HKD had strengthened or weakened by 5% (2011: 5%) against RMB, with all other variables held constant, the Group's loss before tax for the year would have been RMB nil (2011: RMB82,313,000) lower or higher, mainly as a result of foreign exchange gains or losses on translation of RMB-denominated convertible bonds.

6. FINANCIAL RISK MANAGEMENT *(continued)*

(a) Foreign currency risk *(continued)*

The Group currently does not have a foreign currency hedging policy in respect of foreign currency assets and liabilities. The Group will monitor its foreign currency exposure closely and will consider hedging significant foreign currency exposure should the need arise.

(b) Credit risk

The Group's maximum exposure to credit risk in the event that counterparties fail to perform their obligations at the end of the reporting period in relation to each class of recognised financial assets is the carrying amounts of those assets as stated in the consolidated statement of financial position. The Group's credit risk is primarily attributable to its trade and other receivables, available-for-sale financial assets amounts due from deconsolidated subsidiaries and bank balances. In order to minimise credit risk, the Directors review the recoverable amount of each individual receivable regularly to ensure that adequate impairment losses are recognised for irrecoverable receivable. In this regard, the Directors consider that the Group's credit risk is significantly reduced.

At the end of the reporting period, the Group had certain concentration of credit risk as approximately 29% (2011: 47%) and 93% (2011: 86%) of the Group's trade receivables were due from the Group's largest customers and the five largest customers, respectively.

(c) Liquidity risk

Liquidity risk is the risk that the Group is unable to meet its current obligations when they fall due.

The Group's had a net current liabilities and net liabilities at the end of the reporting period. The Directors have given careful consideration on the measures currently undertaken in respect of the Group's liquidity position. The Directors believe that the Group will be able to meet in full its financial obligations as they fall due upon the completion of the Reorganisation Proposal as further explained in note 2 to these financial statements.

The following table details the remaining contractual maturities of the Group's financial liabilities at the end of the reporting period, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the end of reporting period) and the earliest date the Group can be required to pay.

6. FINANCIAL RISK MANAGEMENT *(continued)*

(c) Liquidity risk *(continued)*

	Carrying amounts		Total contractual undiscounted cash flow within 1 year or on demand	
	2012	2011	**2012**	2011
	RMB'000	RMB'000	**RMB'000**	RMB'000
Trade payables	**40,744**	37,015	**40,744**	37,015
Accruals and other payables	**22,795**	24,289	**22,795**	24,289
Due to deconsolidated subsidiaries	**809,118**	785,360	**809,118**	785,360
Payable to the Scheme	**192,507**	–	**192,507**	–
Bank borrowings	**–**	24,599	**–**	24,599
Convertible bonds	**–**	2,139,310	**–**	2,139,310
	1,065,164	3,010,573	**1,065,164**	3,010,573

(d) Interest rate risk

The Group's exposure to interest-rate risk arises from its bank deposits. These deposits bear interests at variable rates varied with the then prevailing market condition.

At the end of the reporting period, if interest rates had been increased or decreased by 1% (2011: 1%) and all other variables were held constant, the consolidated loss before tax of the Group would decrease or increase by approximately RMB20,000 (2011: RMB239,000) mainly as a result of higher or lower interest income on floating rate bank deposits.

(e) Fair values

The carrying amounts of the Group's financial assets and financial liabilities as reflected in the consolidated statement of financial position approximate their respective fair values.

7. TURNOVER

The Group's turnover is analysed as follows:

	2012 **RMB'000**	2011 RMB'000
Catering Services business	**116,119**	170,509
Convenience Food product and related business	**81,927**	5,117
	198,046	175,626

8. OTHER INCOME

	2012 **RMB'000**	2011 RMB'000
Interest income	**191**	249
Others	**249**	1,850
	440	2,099

9. SEGMENT INFORMATION

The Group's reportable segments are strategic business units that offer different products. They are managed separately because each business requires different technology and marketing strategies. During the year ended 31 March 2012, the Group's revenue are derived from the provision of Catering Services business and sale of Convenience Food and related business.

The accounting policies of the operating segments are the same as those described in note 4 to the financial statements. Segment profits or losses do not include gains or losses from investments, interest income, finance costs, income tax, gain on execution of the Scheme, impairments on due from deconsolidated subsidiaries and other unallocated corporate income and expenses. Segment assets do not include amounts due from the Investor, bank and cash balances and other unallocated corporate assets. Segment liabilities do not include bank borrowings, convertible bonds, payable to the Scheme and other unallocated corporate liabilities. Segment non-current assets do not include financial instruments, deferred tax assets, post-employment benefit assets and rights arising under insurance contracts.

The Group accounts for intersegment sales and transfers as if the sales or transfers were to third parties, i.e. at current market prices.

9. SEGMENT INFORMATION *(continued)*

Information about reportable segment profit or loss, assets and liabilities:

	Catering Services RMB'000	Convenience Food and related business RMB'000	Total RMB'000
Year ended 31 March 2012			
Revenue from external customers	**116,119**	**81,927**	**198,046**
Segment profit	**7,397**	**7,266**	**14,663**
Depreciation	**7,745**	**509**	**8,254**
Income tax	**66**	**–**	**66**
Other material non-cash items:			
Impairment of assets	**764**	**–**	**764**
Additions to segment non-current assets	**7,571**	**–**	**7,571**
At 31 March 2012			
Segment assets	**24,855**	**10,964**	**35,819**
Segment liabilities	**830,849**	**13,753**	**844,602**
Year ended 31 March 2011			
Revenue from external customers	170,509	5,117	175,626
Segment loss	17,819	4,444	22,263
Interest income	35	–	35
Depreciation	8,782	510	9,292
Other material non-cash items:			
Impairment of assets	527	–	527
Additions to segment non-current assets	94	–	94
At 31 March 2011			
Segment assets	34,375	4,496	38,871
Segment liabilities	800,262	8,519	808,781

9. SEGMENT INFORMATION *(continued)*

Reconciliations of reportable segment revenue, profit and loss, assets and liabilities

	2012 RMB'000	2011 RMB'000
Revenue		
Total turnover of reportable segments disclosed as consolidated turnover	**198,046**	175,626
Profit or (loss)		
Total profit/(loss) of reportable segments	**14,663**	(22,263)
Gain on execution of the Scheme	**1,733,556**	–
Impairments on due from deconsolidated subsidiaries	**(56,765)**	(136,157)
Corporate and unallocated loss	**(6,655)**	(101,616)
Consolidated total profit/(loss) from operations	**1,684,799**	(260,036)
Assets		
Total assets of reportable segments	**35,819**	38,871
Corporate and unallocated assets:		
Due from the Investor	**54,305**	55,505
Bank and cash balances	**21,315**	278,552
Others	**8,481**	9,347
Consolidated total assets	**119,920**	382,275
Liabilities		
Total liabilities of reportable segments	**844,602**	808,781
Corporate and unallocated liabilities:		
Bank borrowings	**–**	24,599
Convertible bonds	**–**	2,139,310
Payable to the Scheme	**192,507**	–
Others	**28,055**	37,883
Consolidated total liabilities	**1,065,164**	3,010,573

9. SEGMENT INFORMATION *(continued)*

Geographical information:

	2012 **RMB'000**	2011 RMB'000
Revenue:		
Greater China	**156,700**	175,626
Philippines	**41,346**	–
	198,046	175,626

Information about revenue from four (2011: two) customers of the Group contributing over 10% of total revenue of the Group as follows:

	2012 **RMB'000**	2011 RMB'000
Customer A	**65,205**	129,861
Customer B	**33,374**	–
Customer C	**25,991**	–
Customer D	**22,614**	13,541
	147,184	143,402

In presenting the geographical information, revenue is based on the locations of the customers. At the end of the reporting period, all non-current assets of the Group were located in the Greater China.

10. GAIN ON EXECUTION OF THE SCHEME/PAYABLE TO THE SCHEME

With effect from the Effective Date of the Scheme, the indebtedness effected by the Scheme shall be fully released and discharged in exchange for Scheme consideration to be distributed to the Scheme Creditors in accordance with the terms of the Scheme as further explained below:

	Year ended 31 March 2012 RMB'000
Liabilities of Scheme Creditors released and discharged on the Effective Date were as follows:	
Accruals and other payables	**12,437**
Bank borrowings	**24,096**
Convertible bonds	**2,134,052**
	2,170,585
Less:	
Cash settlement to Scheme Creditors	**244,522**
Consideration payable to Scheme Creditors *(Note)*	**192,507**
Gain on execution of the Scheme	**1,733,556**

Note: Scheme consideration include the payment of cash and, where applicable, proceeds from issue and allotment of new shares in the agreed percentage will be distributed to the Scheme Creditors in accordance with the terms of the Scheme. The payable to Scheme Creditors will be settled by the Scheme consideration as further described below:

	At 31 March 2012 HK$'000	**At 31 March 2012** RMB'000 equivalent
Scheme consideration payable to Scheme Creditors to be settled by:		
Realisation from the Investor, presented as due from the Investor:		
– Disposal of restaurant business	**10,000**	**8,129**
– Disposal of nominated excluded assets	**56,800**	**46,176**
	66,800	**54,305**
Proceeds from issue of shares to the Investor upon Resumption		
– Ordinary shares	**130,000**	**105,684**
– Preference shares	**40,000**	**32,518**
Payable to the Scheme	**236,800**	**192,507**

11. FINANCE COSTS

	2012 RMB'000	2011 RMB'000
Interest expenses on borrowings that are wholly repayable within five years:		
Bank borrowings	**348**	392
Convertible bonds	**38,444**	113,479
	38,792	113,871

12. INCOME TAX

	2012 RMB'000	2011 RMB'000
Current tax – Provision for the PRC enterprise income tax	**66**	–

No provision for Hong Kong profits tax has been made as the Group has no estimated assessable profits arising in Hong Kong for each of the years ended 31 March 2012 and 2011.

Tax charge on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates, based on existing legislation, interpretation and practices in respect thereof.

The reconciliation between the income tax and the profit/(loss) before tax are as follows:

	2012 RMB'000	2011 RMB'000
Profit/(loss) before tax	**1,646,007**	(373,907)
Notional tax on profit/(loss) before tax calculated at the PRC statutory rate	**411,502**	(93,477)
Effect of different tax rates in other tax jurisdictions	**(148,229)**	18,204
Tax effect of non-deductible expenses	**22,860**	75,298
Tax effect of non-taxable income	**(286,067)**	(25)
	66	–

The Group had no significant deferred tax for each of the years ended 31 March 2012 and 2011.

13. PROFIT/(LOSS) FOR THE YEAR

The Group's profit/(loss) for the year is stated after charging the following:

	2012 **RMB'000**	2011 RMB'000
Auditor's remuneration	**824**	950
Cost of material consumed	**141,801**	128,622
Depreciation	**8,254**	9,292
Minimum lease payments under operating leases in respect of land and buildings	**2,986**	6,220
Net foreign exchange losses	**1,844**	71,942
Staff costs (including directors' remuneration – note 14):		
Salaries, bonus and allowances	**23,443**	28,309
Retirement benefits scheme contributions	**4**	24
Equity settled share-based payment expenses	**–**	36
	23,447	28,369
Impairment of assets:		
Impairment of property, plant and equipment	**764**	–
Impairment of trade receivables	**–**	242
Impairment of inventories	**–**	125
Impairment of prepayments, deposits and other receivables	**–**	160
	764	527

14. DIRECTORS' AND FIVE HIGHEST PAID INDIVIDUAL EMOLUMENTS

The emoluments of each Director were as follows:

	Notes	Fee RMB'000	Retirement benefit scheme contributions RMB'000	Total RMB'000
Executive Directors				
Mr. Chin Chang Keng Raymond	(i)	**50**	**2**	**52**
Independent Non-executive Director				
Mr. Wong Chi Keung	(ii)	**29**	**–**	**29**
Mr. Chung Wai Man	(i)	**40**	**2**	**42**
Total for 2012		**119**	**4**	**123**

	Notes	Fee RMB'000	Retirement benefit scheme contributions RMB'000	Total RMB'000
Executive Directors				
Mr. Chin Chang Keng Raymond	(i)	–	–	–
Independent Non-executive Director				
Mr. Wong Chi Keung	(ii)	54	3	57
Mr. Chung Wai Man	(i)	–	–	–
Total for 2011		54	3	57

Notes:

(i) Appointed on 1 June 2011

(ii) Resigned on 24 June 2011

14. DIRECTORS' AND FIVE HIGHEST PAID INDIVIDUAL EMOLUMENTS *(continued)*

The five highest paid individuals comprised 5 (2011: 5) individuals whose emoluments represented basic salaries and allowances of approximately RMB840,000 (2011: RMB1,110,000). The emoluments of all 5 (2011:5) individuals fell within the band ranging from Nil to HK$1,000,000 (2011: Nil to HK$1,000,000).

During the year, no emoluments were paid by the Group to any of the Directors as an inducement to join or upon joining the Group or as compensation for loss of office.

15. PROFIT FOR THE YEAR ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

The profit for the year attributable to equity holders of the Company included a profit of approximately RMB1,688,890,000 (2011: a loss of approximately RMB216,399,000) which has been dealt with in the financial statements of the Company.

16. DIVIDENDS

The Directors do not recommend the payment of any dividend for each of the years ended 31 March 2012 and 2011.

17. EARNINGS/(LOSS) PER SHARE

(a) Basic earnings/(loss) per share

The calculation of basic earnings/(loss) per share attributable to equity holders of the Company is based on the profit for the year attributable to equity holders of the Company of approximately RMB1,645,962,000 (2011: a loss of approximately RMB373,907,000) and the weighted average number of 541,296,756 (2011: 541,296,756) ordinary shares in issue during the year.

17. EARNINGS/(LOSS) PER SHARE *(continued)*

(b) Diluted loss per share

(i) Profit attributable to equity holders of the Company:

	Year ended 31 March 2012 RMB'000
Profit attributable to equity holders of the Company used in the calculation of basic earnings per share	**1,645,962**
After tax effect of effective interest on the liability component of convertible bonds	**38,444**
After tax effect on reversal of gain arising from the release of the liability component of convertible bonds	**(1,704,379)**
Loss attributable to equity holders of the Company used in the calculation of diluted loss per share	**(19,973)**

(ii) Weighted average number of ordinary shares:

	Year ended 31 March 2012
Weighted average number of ordinary shares used in the calculation of basic earnings per share	**541,296,756**
Effect of conversion of convertible bonds	**26,123,298**
Weighted average number of ordinary shares used in the calculation of diluted loss per share	**567,420,054**

Note: There was no dilutive potential ordinary shares of the Company's outstanding option, as the exercise price of the options exceeds the closing price of the shares of the Company as quoted on the Stock Exchange on the last trading day prior to suspension. For the year ended 31 March 2011, the diluted loss per share equated the basic loss per share, as the exercise of the Company's outstanding convertible bonds would be anti-dilutive and there was no dilutive potential ordinary shares of the Company's outstanding options.

18. PROPERTY, PLANT AND EQUIPMENT

	Furniture and equipment RMB'000
Cost	
At 1 April 2010	59,380
Additions	94
Disposals	(17,015)
At 31 March 2011 and 1 April 2011	42,459
Additions	7,571
At 31 March 2012	50,030
Accumulated depreciation and impairment	
At 1 April 2010	32,112
Charge for the year	9,292
Disposals	(13,944)
At 31 March 2011 and 1 April 2011	27,460
Charge for the year	8,254
Impairments	764
At 31 March 2012	36,478
Carrying amounts	
At 31 March 2012	13,552
At 31 March 2011	14,999

19. INTEREST IN SUBSIDIARIES

	Company 2012 RMB'000	2011 RMB'000
Unlisted investments:		
At beginning of year	**3**	3
Less: transferred to a direct wholly-owned subsidiary	**(3)**	–
At 31 March	**–**	3
Due from subsidiaries	**2,782,136**	2,878,177
Less: impairments	**(2,782,136)**	(2,878,177)
	–	–

The amounts due from subsidiaries were unsecured, interest-free and had no fixed term of repayment.

The table below lists the subsidiaries of the Company which, in the opinion of the Provisional Liquidators and the Directors, principally affected the results for the year or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the Provisional Liquidators and the Directors, result in particulars of excessive length.

Particulars of the Company's principal subsidiaries at 31 March 2012 and 2011 are as follows:

Name	Place of incorporation/ registration	Issued/ paid-up capital	Percentage of ownership interest Direct	Indirect	Principal activities
Create Talent Limited	British Virgin Islands	1 ordinary share of US$1 each	100%	–	Investment holding
Hong Kong Fulltime Limited	Hong Kong	1 ordinary share of HK$1 each	–	100%	Convenience seafood business
Sky Achieve Limited	British Virgin Islands	200 ordinary shares of US$1 each	–	100%	Investment holding
Fu Ji Management Limited	Hong Kong	100 ordinary shares of HK$1 each	–	100%	Provision of administrative services to group companies
Genius Star International Limited	British Virgin Islands	100 ordinary shares of US$1 each	–	100%	Investment holding
Fully Peace Limited	Hong Kong	1 ordinary share of HK$1 each	–	100%	Investment holding

19. INTEREST IN SUBSIDIARIES *(continued)*

Name	Place of incorporation/ registration	Issued/ paid-up capital	Percentage of ownership interest Direct	Indirect	Principal activities
青島味鮮達餐飲服務有限公司# Qing Dao Wei Xian Da Catering Services Limited*	The PRC	HK$150,000,000	–	100%	Provision of catering services
深圳市福記標準送餐服務系統有限公司 Shenzhen Fu Ji Standard Catering Services System Limited*	The PRC	RMB10,000,000	–	100%	Provision of catering services
上海味碩餐飲配送服務有限公司 Shanghai Weishuo Catering Services Limited*	The PRC	RMB10,000,000	–	100%	Provision of catering services
武漢市味華康餐飲服務有限公司 Wuhan Weihuakang Catering Services Limited*	The PRC	RMB1,000,000	–	100%	Provision of catering services
上海多鮮樂投資管理有限公司 Shanghai Duo Xian Le Investment and Management Company Limited*	The PRC	RMB4,000,000	–	92%	Dormant
上海星躍投資有限公司 Shanghai Xing Yue Investment Company Limited*	The PRC	RMB4,000,000	–	95%	Dormant

* The English name is for identification purpose only

\# Wholly foreign-owned enterprises

20. INVENTORIES

	Group	
	2012 **RMB'000**	2011 RMB'000
Raw materials and consumable stores	**664**	2,819
Finished goods	**1,980**	–
	2,644	2,819

21. TRADE RECEIVABLES

Other than cash and credit card sales, invoices are normally payable within 30 days of issuance, except for certain well-established customers where the terms are extended up to 90 days. Trade receivables are recognised and carried at their original invoiced amounts less allowance for impairment when collection of the full amount is no longer probable. Bad debts are written off as incurred.

An aging analysis of the trade receivables at the end of the reporting period, based on invoice dates, is as follows:

	Group	
	2012 **RMB'000**	2011 RMB'000
30 days or less	**12,989**	9,089
31 to 90 days	**4,119**	3,359
91 to 180 days	**490**	2,478
Over 180 days	**251**	799
Less: impairments	**(242)**	(242)
	17,607	15,483

21. TRADE RECEIVABLES *(continued)*

Impairment of trade receivables

Impairment losses in respect of trade debtors are recorded using an allowance account unless the Group is satisfied that recovery of the amount is remote, in which case the impairment loss is written off against trade debtors directly.

The movement in the allowance for doubtful debts during the year, including both specific and collective loss components, is as follows:

	Group	
	2012	2011
	RMB'000	RMB'000
At beginning of year	**242**	112
Impairment loss recognised	**–**	242
Written off against trade receivables	**–**	(112)
At 31 March	**242**	242

Trade receivables that are not impaired

The aging analysis of trade debtors that are neither individually nor collectively considered to be impaired are as follows:

	Group	
	2012	2011
	RMB'000	RMB'000
Neither past due nor impaired	**17,108**	12,448
Less than 90 days past due	**490**	2,478
Over 90 days past due	**9**	557
	17,607	15,483

22. DUE FROM THE INVESTOR

	Group and Company	
	2012	2011
	RMB'000	RMB'000
Cash consideration receivable *(Note)*:		
– Disposal of restaurant business	**8,129**	7,737
– Disposal of nominated excluded assets	**46,176**	47,768
	54,305	55,505

Note: Upon execution of the Heads of Terms, the amounts due from the Investor will be subsequently settled by the cash consideration provided by the Investor at the completion of certain disposals of business and nominated excluded assets of deconsolidated subsidiaries in accordance with the Heads of Terms.

23. DUE TO DECONSOLIDATED SUBSIDIARIES

The amounts due to deconsolidated subsidiaries were unsecured, interest-free and had no fixed term of repayment.

24. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	Group	
	2012	2011
	RMB'000	RMB'000
Prepayments	**1,071**	2,017
Deposits	**930**	1,368
Other receivables	**8,496**	11,232
	10,497	14,617

25. BANK AND CASH BALANCES

At the end of the reporting period, the bank and cash balances of the Group denominated in Renminbi ("RMB") amounted to approximately RMB1,052,000 (2011: RMB299,000). Conversion of RMB into foreign currencies is subject to the PRC's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations.

26. TRADE PAYABLES

An aging analysis of the trade payables at the end of the reporting period, based on invoice dates, is as follows:

	Group	
	2012	2011
	RMB'000	RMB'000
30 days or less	**3,864**	6,701
31 to 90 days	**6,520**	5,306
91 to 180 days	**–**	14,810
Over 180 days	**30,360**	10,198
	40,744	37,015

Included in the Group's trade payables are amounts payable to the Group's deconsolidated subsidiary of approximately RMB10,384,000 (2011: Nil) which has no fixed term of repayment.

27. BANK BORROWINGS

	Group and Company	
	2012	2011
	RMB'000	RMB'000
Unsecured bank loans denominated in US$	**–**	24,599

These unsecure bank loans carried effective interest at 2.12% (2011: 2.12%) per annum.

28. CONVERTIBLE BONDS

Issue of HK$1,000,000,000 Zero Coupon Convertible Bonds due 2009 (the "UBS Bonds")

On 9 November 2006, the Company issued the zero coupon convertible bonds (the "UBS Bonds") with an aggregate principal amount of HK$1,000,000,000 (equivalent to approximately RMB989,500,000). Each UBS Bond has a face value of HK$10,000 with a maturity date of 9 November 2009 and is unsecured.

The bondholders have the right to convert their bonds into the Company's new ordinary shares at any time during the period from 20 December 2006 and thereafter up to 25 October 2009 at an initial conversion price of HK$17.51 per ordinary share (subject to adjustment).

28. CONVERTIBLE BONDS *(continued)*

Issue of HK$1,000,000,000 Zero Coupon Convertible Bonds due 2009 (the "UBS Bonds") *(continued)*

As a result of the approval and the payment of the final dividend for the year ended 31 March 2007 and the declaration and payment of the interim dividend for the six months ended 30 September 2006 and 2007, the conversion price for the UBS Bonds was adjusted to HK$17.18 per ordinary share with effect from 18 January 2008.

The UBS Bonds, in respect of which conversion rights have not been exercised, will be redeemed at 118.549% of its principal amount on 9 November 2009.

During the year ended 31 March 2008, UBS Bonds with an aggregate principal amount of HK$538,000,000 (approximately equivalent to RMB484,684,000) were converted into the Company's new ordinary shares.

Interest expenses on the UBS Bonds is calculated using the effective interest method by applying the effective rate of 5.990% per annum to the liability component of UBS Bonds.

Issue of RMB1,500,000,000 RMB Denominated HK$ Settled Zero Coupon Convertible Bonds due 2010 (the "Citi Bonds")

On 18 October 2007, the Company issued the RMB denominated HK$ settled zero coupon bonds (the "Citi Bonds") with an aggregate principal amount of RMB1,500,000,000. Each Citi Bond has a face value of RMB100,000 with a maturity date of 18 October 2010 and is unsecured.

The bondholders have the right to convert their bonds into the Company's new ordinary shares at any time during the period from and including 28 November 2007 and thereafter up to 11 October 2010 at an initial conversion price of HK$32.825 per ordinary share at a fixed exchange rate HK$1.00 = RMB0.96893 (subject to adjustment).

The Citi Bonds that are not converted into ordinary shares will be redeemed at 107.3399% of the principal amount on the maturity date.

Since the date of issue up to 31 March 2008, no Citi Bond was converted into the Company's new ordinary shares.

Interest expenses on the Citi Bond is calculated using the effective interest method by applying the effective rate of 5.392% per annum to the liability component of Citi Bond.

28. CONVERTIBLE BONDS *(continued)*

The current portion of liability component of convertible bonds recognised at the end of the reporting period is analysed as follows:

	Group and Company	
	2012 **RMB'000**	2011 RMB'000
At beginning of year	**2,139,310**	2,047,788
Interest charged at effective interest rates	**38,444**	113,479
Exchange difference	**(43,702)**	(21,957)
Released upon execution of the Scheme	**(2,134,052)**	–
At 31 March	**–**	2,139,310

29. SHARE CAPITAL

	Company	
	Number of ordinary shares HK$0.01 each	RMB'000
Authorised:		
At 31 March 2012 and 2011	2,000,000,000	21,200
Issued and fully paid:		
At 31 March 2012 and 2011	541,296,756	5,665

Capital management

The Group's primary objective when managing capital is to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, by pricing products and services commensurately with the level of risk and by securing access to finance at a reasonable cost.

29. SHARE CAPITAL *(continued)*

Capital management *(continued)*

The Group actively and regularly revise and manages its capital structure to maintain a balance between the higher shareholder returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions.

Consistent with industry practice, the Group monitors its capital structure on the basis of a net debt-to-capital ratio. For this purpose, the Group defined net debt as total debt (which includes interest-bearing loans and borrowings, trade and other payables and convertible bonds) less cash and cash equivalents.

During 2012, the Group's strategy, which was unchanged from 2011, was aimed to maintain the net debt-to-capital ratio of no more than 100%. In order to maintain or adjust the ratio, the Group may adjust the amount of dividends paid to shareholders, issue new shares, return capital to shareholders, raise new debt financing or sell assets to reduce debts.

The net debt-to-capital ratio at 31 March 2012 and 2011 was as follows:

	Group	
	2012	2011
	RMB'000	RMB'000
Total liabilities		
Trade and other payables	**872,657**	846,664
Payable to the Scheme	**192,507**	–
Bank borrowings	**–**	24,599
Convertible bonds	**–**	2,139,310
	1,065,164	3,010,573
Less: Cash and cash equivalents	**(21,315)**	(278,852)
Net debt	**1,043,849**	2,731,721
Total equity	**(945,244)**	(2,628,298)
Net debt-to-capital ratio	**N/A#**	N/A#

As the Group had a net deficiency in capital at 31 March 2012 and 2011, the Group's gearing ratio as at that dates were not applicable. The Directors have given careful consideration on the measures currently undertaken in respect of the Group's liquidity position. The Directors believe that the Group will be able to meet in full its financial obligations as they fall due upon the completion of the Reorganisation Proposal, as further explained in note 2 to these financial statements.

30. SHARE OPTION SCHEME

The Company operates a share option scheme (the "Scheme") for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Eligible participants of the Scheme include the company's directors and employees of the Group. The Scheme was conditionally adopted by the Company's Shareholders on 26 November 2004 and, unless otherwise cancelled or amended, will remain in force for 10 years from that date. The Scheme became effective on 17 December 2004.

The maximum number of shares available for issue under share options which may be granted under the Scheme and any other schemes is 54,129,675 shares, representing 10% of the issued share capital of the Company as at the date of this report. In addition, the maximum number of shares issuable under share options to each eligible participant in the Scheme within any 12-month period is limited to 1% of the shares of the Company in issue at any time. Any further grant of share options in excess of these limits is subject to shareholders' approval in a general meeting.

Share options granted to a connected person (as defined in the Listing Rules) are subject to approval in advance by the independent Non-executive Directors. In addition, any share options granted to a connected person who is also a substantial shareholder or its associate, in excess of 0.1% of the share of the Company in issue at any time and with an aggregate value (based on the price of the Company's shares at the date of the grant) in excess of HK$5 million, within any 12-month period, are subject to shareholders' approval in advance in a general meeting.

A nominal consideration of HK$1 is payable by the grantee on acceptance of the grant of the options. Options may be exercised in whole or in part at any time during the exercise period of the share options which is determinable by a committee set up by the Directors from time to time, provided that the period within which the shares may be taken up under the options must not be more than 10 years from the date of the grant of the options.

There is no general requirement on the minimum period for which an option must be exercised.

The exercise price of the share options is determinable by the committee, but will be no less than the highest of (i) the Stock Exchange closing price of the Company's shares on the date of the offer of the share options; (ii) the average Stock Exchange closing price of the Company's shares for the 5 trading days immediately proceeding the date of the offer; and (iii) the nominal value of the Company's shares.

Share options do not confer rights on the holders to dividends or to vote at shareholder's meetings.

30. SHARE OPTION SCHEME *(continued)*

Details of the movements of the outstanding share options granted under the Scheme during the year are summarised as follows:

	Number of share options 2012	Number of share options 2011	Weighted average exercise price HK$
At beginning of year	**120,000**	1,120,000	15.61
Lapsed during the year	**(120,000)**	(1,000,000)	15.61
At 31 March	**–**	120,000	15.61
Exercisable at 31 March	**–**	96,000	15.61

31. RESERVES

(a) The amounts of the Group's reserves and the movements therein are presented in the consolidated statement of changes in equity.

(b) **Reserves of the Company**

	Share premium RMB'000	**Capital reserve** RMB'000	**Exchange reserve** RMB'000	**Accumulated losses** RMB'000	**Total** RMB'000
At 1 April 2010	1,491,807	137,468	(186,484)	(3,180,983)	(1,738,192)
Exchange difference on translation into presentation currency	–	–	81,437	–	81,437
Equity settled share-based transactions	–	36	–	–	36
Forfeiture of share options	–	(6,094)	–	6,094	–
Loss for the year	–	–	–	(216,399)	(216,399)
At 31 March 2011	1,491,807	131,410	(105,047)	(3,391,288)	(1,873,118)
At 1 April 2011	1,491,807	131,410	(105,047)	(3,391,288)	(1,873,118)
Exchange difference on translation into presentation currency	–	–	41,727	–	41,727
Forfeiture of share options	–	(659)	–	659	–
Released upon execution of the Scheme	–	(130,751)	–	130,751	–
Profit for the year	–	–	–	1,688,890	1,688,890
At 31 March 2012	1,491,807	–	(63,320)	(1,570,988)	(142,501)

31. RESERVES *(continued)*

c) Nature and purpose of reserves of the Group

(i) Share premium account

Share premium represents the share premium of the Company, the application of which is governed by the Companies Law of the Cayman Islands. Under the Companies Law (revised) of the Cayman Islands, the funds in the share premium account of the Company are distributable to the shareholders of the Company provided that immediately following the date on which the dividend is proposed to be distributed, the Company will be in a position to pay off its debts as they fall due in the ordinary course of the business.

(ii) Capital reserve

The capital reserve comprises the following:

– the value of the unexercised equity component of convertible bonds issued by the Company recognised in accordance with the accounting policy adopted for convertible bonds in note 4; and

– the fair value of the actual or estimated number of unexercised share options granted to employees of the Company recognised in accordance with the accounting policy adopted for share based payments in note 4.

(iii) Foreign currency translation reserve

The exchange reserve comprise all foreign exchange differences arising from the translation of the financial statement of foreign operations. The reserve is dealt with in accordance with the accounting policies set out in note 4.

31. RESERVES *(continued)*

c) Nature and purpose of reserves of the Group

(iv) PRC statutory reserve

Transfers from retained earnings to statutory reserve fund were made in accordance with the relevant PRC rules and regulations and the articles of association of the Company's subsidiaries established in the PRC and were approved by the respective boards of directors.

Statutory reserve fund can be used to make good previous years' losses, if any, and may be converted into paid-up capital provided that the balance of the statutory reserve fund after such conversion is not less than 25% of their registered capital.

The Company's subsidiaries in the PRC are required to transfer a minimum of 10% of their net profits, as determined in accordance with the PRC accounting rules and regulations, to the statutory reserve fund until the reserve balance reaches 50% of the registered capital. The transfer to this fund must be made before distribution of dividends to equity holders.

32. CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS

The Directors were not aware of any significant contingent liabilities and capital commitments of the Group at the end of the reporting period.

33. RELATED PARTY TRANSACTIONS

In addition to the transactions and balances disclosed elsewhere in these financial statements, the Group entered into the following material related party transactions.

	Group	
	2012 **RMB'000**	2011 RMB'000
Purchases from the Group's deconsolidated subsidiary	**59,900**	–

33. RELATED PARTY TRANSACTIONS *(continued)*

Key management personnel remuneration

Remuneration for key management personnel, including amounts paid to the Directors as disclosed in note 14, is as follows.

	Group 2012 RMB'000	Group 2011 RMB'000
Short-term employee benefits	**1,303**	266
Post-employment benefits	**–**	24
Equity settled share-based payments	**–**	23
	1,303	313

34. LEASE COMMITMENTS

At the end of the reporting period, the total future minimum lease payments under non-cancellable operating leases in respect of land and buildings are analysed as follows:

	Group 2012 RMB'000	Group 2011 RMB'000
Within one year	**2,266**	1,293
In the second to fifth year inclusive	**5,394**	5,171
Over five years	**323**	1,724
	7,983	8,188

35. EVENTS AFTER THE REPORTING PERIOD

Subsequent to the end of the reporting period, there are certain updates on the Group's business and financial restructuring in progress, and further details of which are stated in note 2 to these financial statements.

36. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the Board of Directors on 5 December 2012.