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 2013

Contents

Corporate Information

BOARD OF DIRECTORS

Executive

Chin Chang Keng Raymond

Independent Non-executive

Chung Wai Man

COMPANY SECRETARY

Hui Wing Lok

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

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Royal Bank of Canada Trust Company (Cayman) Limited,
4th Floor, Royal Bank House,
24 Shedden Road, George Town,
Grand Cayman KY1-1110,
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Computershare Hong Kong Investor Services Limited
Shops 1712-1716,
17th Floor, Hopewell Centre,
183 Queen's Road East,
Wan Chai,
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

PRINCIPAL BANKERS

Hang Seng Bank
Level B2,
83 Des Voeux Road,
Central,
Hong Kong

LISTING INFORMATION

The Stock Exchange of Hong Kong Limited
Ordinary shares (Stock Code: 1175)

WEBSITE

http://www.fujicateringhk.com

Financial Summary

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				
	2009	2010	2011	2012	**2013**
	RMB'000	RMB'000	RMB'000	RMB'000	**RMB'000**
RESULTS					
Turnover	177,902	140,525	175,626	198,046	**168,716**
Profit/(loss) before tax	(4,347,097)	(471,872)	(373,907)	1,646,007	**(24,671)**
Income tax	(1,151)	(12)	–	(66)	**(4,121)**
Profit/(loss) for the year	(4,348,248)	(471,884)	(373,907)	1,645,941	**(28,792)**
Attributable to:					
Equity holders of the Company	(4,348,248)	(471,884)	(373,907)	1,645,962	**(28,791)**
Non-controlling interests	–	–	–	(21)	**(1)**
	(4,348,248)	(471,884)	(373,907)	1,645,941	**(28,792)**

	As at 31 March				
	2009	2010	2011	2012	**2013**
	RMB'000	RMB'000	RMB'000	RMB'000	**RMB'000**
ASSETS AND LIABILITIES					
Non-current assets	36,860	27,268	14,999	13,552	**10,307**
Current assets	1,142,615	472,396	367,276	106,368	**92,237**
Current liabilities	(1,579,613)	(2,830,522)	(3,010,573)	(1,065,164)	**(1,075,655)**
Non-current liabilities	(1,462,978)	–	–	–	**–**
Net liabilities	(1,863,116)	(2,330,858)	(2,628,298)	(945,244)	**(973,111)**
Attributable to:					
Equity holders of the Company	(1,863,116)	(2,330,858)	(2,628,818)	(945,743)	**(973,295)**
Non-controlling interests	–	–	520	499	**184**
Total equity	(1,863,116)	(2,330,858)	(2,628,298)	(945,244)	**(973,111)**

Directors' Report

The directors (the "Directors") of FU JI Food and Catering Services Holdings Limited (Provisional Liquidators Appointed) (the "Company") (and together with its subsidiaries, the "Group") are pleased to present their report and the audited consolidated financial statements of the Group for the year ended 31 March 2013.

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 production 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 2013, the Group continued to engage in the provision of catering services and production and sale of convenience food products and related business in the PRC.

During the year, the Group has further enhanced their existing convenience food business by establishing several showrooms located at some regional food ingredients wholesale centres to demonstrate product samples and distribution of promotional pamphlets with food product prices to both existing and potential customers. In addition, the Group continued to enhance its operation with several cost-cutting procedures including reduction of employees and implementation of cost control procedures.

Due to the outbreak of H7N9 bird flu in PRC especially in Central China since February 2013, operations on both the catering services business and the convenience food business were partially affected where most of the operations are situated in Central China. Limited poultry meals were served in the catering sites and sales of convenience food poultry related products were affected.

RESULTS AND APPROPRIATIONS

Revenue

The turnover of the Group was approximately RMB168.72 million (2012: approximately RMB198.05 million), representing a decrease of approximately 14.81% from the last financial year. The turnover of the catering services business was approximately RMB103.43 million (2012: approximately RMB116.12 million), representing a decrease of approximately 10.93%. The decrement was mainly due to environmental enhancement work performed in one of the catering services customer's catering site and the outbreak of H7N9 bird flu where limited poultry meals were served in the catering sites. The turnover of the convenience food business decreased from RMB81.93 million to RMB65.29 million for the year due to decrement in sales of the convenience food poultry related products resulting from the outbreak of H7N9 bird flu and decrement in export of convenience food products to overseas customers. The results of the Group for the year ended 31 March 2013 are set out in the Group's consolidated statement of comprehensive income.

Gross Profit

Gross profit of the Group decreased slightly from approximately RMB56.25 million to approximately RMB54.15 million in 2013 due to the decrement in turnover. Whereas, the gross profit margin for the current year increased from 28.40% to 32.10% resulting from improved cost control procedures.

Other income

Other income increased by 136.36% from approximately RMB0.44 million to RMB1.04 million in 2013 due to a processing fee arrangement of RMB0.7 million with an independent third party on providing processing services on convenience food products.

Debt restructuring cost involving issue of Scheme Shares

Pursuant to the Scheme of Arrangement, Debt Restructuring Agreement and Subscription Agreement, 23,380,000 shares will be issued and allotted to Scheme Creditors as part of the consideration in exchange of discharging the Company's liabilities. RMB14.05 million of cost in relation to the issuance of Scheme Shares is recorded in the current year.

Loss for the year attributable to equity holders

The loss for the year attributable to equity holders of the Company amounted to approximately RMB28.79 million for the year ended 31 March 2013 (2012: profit of approximately RMB1,645.94 million). Basic loss per share was approximately RMB0.05 as compared with basic earnings per share of approximately RMB3.04 for the preceding year. The loss for the year attributable to equity holders of the Company was mainly due to the impairments on due from deconsolidated subsidiaries and the debt restructuring cost involving issue of Scheme Shares.

LIQUIDITY, FINANCIAL RESOURCES AND FUNDING

Bank and cash balances as at 31 March 2013 was approximately RMB11.61 million (2012: approximately RMB21.32 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 2012 and 2013.

CAPITAL STRUCTURE

Details of the capital structure of the Company are set out in notes 28 and 29 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 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 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 2 July 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 reorganisation 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.

Pursuant to the Debt Restructuring Agreement, the Investor will subscribe for and the Company will allot and issue to the Investor (or its nominee) upon completion of the share subscription (i) subscription shares and (ii) preference shares. For this purpose, the Company, the Investor and the Provisional Liquidators entered into the Subscription Agreement on 18 January 2013.

On 21 January 2013, the Company published an announcement providing details of the proposed restructuring, which includes, inter alia, the capital restructuring, the debt restructuring, the open offer, the share subscription, and the issuance of Scheme Shares to the Scheme Creditors.

Following the publication of the announcement, on 1 March 2013, the Company despatched to the Company's shareholders a circular relating to the restructuring and the convening of an extraordinary general meeting on 25 March 2013 to approve (i) the proposed capital restructuring; (ii) the amendment of the Memorandum and Articles of Association; (iii) the share subscription; (iv) the open offer; (v) the issuance of Scheme Shares to Scheme Creditors and (vi) the appointment of new directors.

All of the abovementioned resolutions were duly passed by the Shareholders by way of poll and the poll results of the meeting were published on the same day.

On 6 May 2013, the Provisional Liquidators, on behalf of the Company, filed the relevant order confirming the capital restructuring and minute to the Registrar of Companies in the Cayman Islands. The capital restructuring has become effective on 7 May 2013.

On 20 May 2013, the Provisional Liquidators and the Company published and despatched the open offer circular to the Company's shareholders. The open offer circular provides details and timetable of the open offer. The circular was despatched together with the open offer application form and the excess application form on the same day.

All the offer shares were taken up by the qualifying shareholders (including by way of excess application). Such results of the open offer are published on 10 June 2013.

On 28 June 2013, the Company published an announcement providing details of the completion of the share subscription. The share subscription was completed on the same day.

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 "Stock Exchange") (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 Stock Exchange to demonstrate to the Stock Exchange 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. Such date of fulfillment of the conditions was subsequently extended to 10 July 2013 with the approval from the Stock Exchange on 11 June 2013. The resumption conditions comprise:–

(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.

On 26 June 2013, the Company received the conditional listing approval from the Stock Exchange in relation to the listing of and permission to deal in the (i) new shares under the capital restructuring; (ii) new shares which may be issued on exercise of options under the share option scheme of the Company; (iii) offer shares; (iv) subscription shares; (v) Scheme Shares; and (vi) new shares which may be issued upon the conversation of the preference shares. The approval is subject to the fulfillment of other conditions of the capital restructuring, the open offer, the subscription and the debt restructuring.

The Investor and its ultimate beneficial owners do not have any intention to (i) change the existing business operations and structure of the Group; (ii) inject any new assets or businesses into the Group; (iii) dispose of any of the material assets of the Group; (iv) discontinue employment of the current employees of the Group; or (v) introduce any redeployment of fixed assets of the Group other than in the ordinary course of business within 24 months following the resumption of trading in the shares of the Company.

The Company and the Investor confirm that they have no agreement, arrangement, negotiation, intention and/or plan to cause the Group to carry out a principal business other than catering provision and convenience food production within 24 months following the resumption of trading in the shares of the Company.

EMPLOYMENT

As at 31 March 2013, the Group had 867 (2012: 1,205) 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 RMB19,453,000 (2012: RMB23,447,000). 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 2013, 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.

PROPERTY, PLANT AND EQUIPMENT

Details of movements during the financial year under review in the property, plant and equipment of the Group is set out in note 18 to the consolidated 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 2013 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 Stock Exchange.

Since the audit committee has yet to be established, the annual report for the financial year ended 31 March 2013 (the "Annual Report") has not been reviewed by an audit committee.

SHARE CAPITAL

Movement in share capital of the Company is set out in note 28 to the financial statements.

RESERVES AND DISTRIBUTABLE RESERVES

Details of movements in the reserves of the Group during the financial year under review are set out on page 25 to the consolidated financial statements.

MATERIAL RELATED PARTY TRANSACTIONS

Details of the related party transactions are set out in note 31 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 2013.

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 30 and 32 to the consolidated financial statements.

MAJOR CUSTOMERS AND SUPPLIERS

Sales to the five largest customers of the Group accounted for approximately 85% of the Group's total turnover for the year. In particular, sales to the largest customer of the group accounted for approximately 32% of the Group's total turnover for the year.

Purchases from the five largest suppliers of the Group accounted for approximately 75% of the Group's total purchases for the year. In particular, purchases from the Group's largest supplier accounted for approximately 45% of the Group's total purchases for the year.

As far as the Directors are aware, neither the Directors nor any of their associates nor any shareholders (which, to the best knowledge of the Directors, 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 Director
Mr. Chin Chang Keng Raymond

Independent Non-executive Director
Mr. Chung Wai Man

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.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

As at the date of this Annual Report, none of the directors of the Company and directors of the Company's subsidiaries, or their respective associates had interests in businesses, other than being a director of the Company and/or its subsidiaries and their respective associates, which compete or are likely to compete either directly or indirectly, with the businesses of the Company and its subsidiaries as required to be disclosed pursuant to the Listing Rules.

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

As at 31 March 2013, the following shareholders (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 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
安徽省投資集團有限責任公司 (Anhui Province Investment Group Co., Ltd.) (Note 1)	Interest of controlled corporation	391,967,513	Long	87.87%
安徽省創業投資有限公司 (Anhui Province Venture Investment Group., Ltd.) (Note 1)	Interest of controlled corporation	391,967,513	Long	87.87%
安徽豐收投資有限公司 (Anhui Harvest Investment Company Limited) (Note 1)	Interest of controlled corporation	391,967,513	Long	87.87%
Marvel Light Holdings Limited (Note 1)	Beneficial owner	391,967,513	Long	87.87%
Mr. Wei Dong (Note 2)	Beneficial owner/Interest of spouse/Interest of controlled corporation	261,185,000	Long	48.25%
Ms. Yao Juan (Note 3)	Interest of spouse/Interest of controlled corporation	261,185,000	Long	48.25%
Million Decade Limited (Note 2)	Beneficial owner	185,000,000	Long	34.18%
Top Ample Limited (Note 3)	Beneficial owner	75,000,000	Long	14.97%
Janus Capital Management LLC	Investment manager	32,918,000	Long	6.08%

Notes:

1. Pursuant to the Subscription Agreement, 337,837,838 shares will be held by the Investor upon completion of the share subscription (i) subscription shares and (ii) preference shares. As the Investor acts as the underwriter of the open offer under the Underwriting Agreement, the Investor will underwrite 54,129,675 offered shares in the open offer.

2. 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.

3. 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 2013, 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" 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 29(b) to the financial statements.

SUBSIDIARIES

Details of the Company's subsidiaries as at 31 March 2013 are set out in note 19 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 33 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 identified 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. Such suitable candidates will be nominated upon Resumption.

CODE ON CORPORATE GOVERNANCE PRACTICES

Since the Provisional Liquidators of the Company have been appointed, the Company has not complied with the Code on Corporate Governance Practices as set out in Appendix 14 to the Listing Rules.

Arrangements will be made to comply with the Code of Corporate Governance Practices before the resumption of the trading in shares of the Company.

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, has confirmed that he complied with the required standards as set out in the Model Code during the year ended 31 March 2013. 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 2013.

AUDITOR

The accompanying financial statements have been audited by ANDA CPA Limited who will retire at the forthcoming annual general meeting and a resolution for their re-appointment as the auditor of the Company 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, 28 June 2013

Biographical Details of Directors and Senior Management

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. Both Raymond Chung Company and Excel Linker Capital (Asia) Limited have been dissolved.

Mr. Chung is currently an independent non-executive director of U-RIGHT International Holdings Limited (Provisional Liquidators Appointed) (stock code: 0627) and China Kingston Mining Holdings Limited (Stock Code: 1380). 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.

SENIOR MANAGEMENT

Mr. An Yong Hong ("Mr. An"), aged 34, obtained a bachelor's degree in philosophy from Xiangtan University*（湘潭大學）in China in 2002. Mr. An has years of management experience in large enterprises and is familiar with business management processes. Mr. An worked as the executive of general office of Hunan Junhe Group Co., Ltd*（湖南駿和集團有限公司）from March 2010 to June 2011. Mr. An later joined Hunan Guangyi Group Co., Ltd*（湖南廣益農業開發集團股份公司）from August 2011 for a year and in charge of the human resources department. Mr. An joined the Group in October 2012 and is currently the vice president of business administration department of the Group.

Ms. Gong Yi Heng ("Ms. Gong"), aged 40, obtained a bachelor's degree in finance and accounting from Changsha University（長沙大學）in China in 1994. Ms. Gong also obtained master of business administration, an online distance learning programme from Columbia Southern University in 2004. Ms. Gong has years of experience in financial management. Before joining the Group, Ms. Gong served as the chairman of the board of supervisors in Guangdong Sunrise Holdings Company Limited（廣東盛潤集團股份有限公司）. Ms. Gong joined the Group in September 2011 and is currently the vice president of the accounting department of the Group.

Biographical Details of Directors and Senior Management

Mr. Zhang Wan Wei ("Mr. Zhang"), aged 40, obtained a bachelor's degree of statistics and international trade from Jiangxi University of Finance and Economics*（江西財經學院）in 1994 and a master in business administration in Shanghai University of Finance and Economics*（上海財經大學）in China in 2009. Mr. Zhang has 17 years of experience in investment and financing. He worked at the Wuxi branch of China Citic Bank*（中信銀行股份有限公司無錫分行）from July 1994 to June 2002 and at Nanhua Development Group Co., Ltd.*（南華發展集團有限公司）from June 2002 to November 2006. He also served as a general manager of Zhejiang Hengxingli Holding Group Co., Ltd.*（浙江恒興力控股集團有限公司）from December 2006 to December 2009. Mr. Zhang joined the Group in March 2010 and is currently the vice president of investment and financing department of the Group.

Mr. Jin Yuan Hai ("Mr. Jin"), aged 31, graduated from Northwestern Polytechnical University*（西北工業大學）in China with a bachelor of computer science and technology in 2003. Mr. Jin has 7 years of experience in software development and information management. Mr Jin worked as the senior development engineer from June 2004 to March 2009 at Shanghai Yiwei Information Technology Co., Ltd.*（上海怡維資訊科技有限公司）. After that, Mr Jin worked as the development director at Jollywiz Digital Business Limited*（上海樂麗電子商務服務有限公司）in Shanghai for 2 years since June 2009. Mr. Jin joined the Group in November 2011 and is currently the vice president of information technology department of the Group and is responsible for the overall development of the information system.

Ms. Du Wei Wei ("Ms. Du"), aged 32, obtained a bachelor's degree of chemical engineering and crafts from Xiamen University*（廈門大學）in China in 2003 and a master in business administration from University Aix-Marseille III in France in 2009. Ms. Du has 7 years of experience in business administration and participated in several international projects. She worked at the international project department of Chiway Education Group*（中鋭教育集團）for 4 years since July 2003 and at Lafarge Group in France in September 2008 to February 2009. Ms. Du joined the Group in June 2009 and is currently the vice president in law and contract management department of the Group.

Mr. Zhou Aijie ("Mr. Zhou"), aged 39, graduated from East China Institute of Chemical Technology*（華東工業大學）with a bachelor of system engineering in 1996 from East China Institute of Chemical Technology*（華東工業大學）, which has later been renamed as East China University of Science and Technology*（華東理工大學）in May 1996. He also obtained a master in business administration from Fudan University*（復旦大學）in China in 2002. Mr. Zhou joined the Group in February 2003 as business development manager and was responsible for the overall development of the Group and is currently the department head of the catering services business department of the Group. Mr. Zhou is currently also working as the guest graduate school instructor of the School of Management of Shanghai University*（上海大學管理學院）since May 2012.

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, 28 June 2013

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 22 to 70, which comprise the consolidated and Company statements of financial position as at 31 March 2013, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

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 consolidated 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 2012 (the "2012 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 effects of the limitations in 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 5 December 2012. Accordingly, we were then unable to form an opinion as to whether the 2012 Financial Statements gave 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.

2. Deconsolidation of the 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 years ended 31 March 2009, 2010, 2011, 2012 and 2013. Furthermore, no sufficient evidence had been provided to satisfy ourselves as to the impairments on due from deconsolidated subsidiaries of approximately RMB22,339,000 for the year ended 31 March 2013.

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 2013 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 RMB816,294,000 and RMB8,160,000 shown in the consolidated and Company statements of financial position respectively as at 31 March 2013.

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 2013.

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 2013 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 2013 and 2012 and the financial positions of the Group and of the Company as at 31 March 2013 and 2012, 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 2013 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, 28 June 2013

Consolidated Statement of Comprehensive Income

For the year ended 31 March 2013

	Notes	**2013 RMB'000**	2012 RMB'000
Turnover	7	**168,716**	198,046
Cost of inventories sold		**(114,571)**	(141,801)
Gross profit		**54,145**	56,245
Other income	8	**1,042**	440
Gain on execution of the Scheme	10	**–**	1,733,556
Staff costs		**(19,453)**	(23,447)
Operating lease rentals		**(3,285)**	(2,986)
Depreciation		**(3,288)**	(8,254)
Fuel and utility costs		**(3,908)**	(4,734)
Consumable stores		**(553)**	(795)
Other operating expenses		**(12,983)**	(8,461)
Impairments on due from deconsolidated subsidiaries		**(22,339)**	(56,765)
Debt restructuring cost involving issue of Scheme Shares	27	**(14,049)**	–
(Loss)/profit from operations		**(24,671)**	1,684,799
Finance costs	11	**–**	(38,792)
(Loss)/profit before tax		**(24,671)**	1,646,007
Income tax	12	**(4,121)**	(66)
(Loss)/profit for the year	13	**(28,792)**	1,645,941
Other comprehensive income:			
Exchange differences on translating foreign operations		**1,239**	37,113
Total comprehensive (loss)/income for the year		**(27,553)**	1,683,054
(Loss)/profit for the year attributable to:			
Equity holders of the Company		**(28,791)**	1,645,962
Non-controlling interests		**(1)**	(21)
		(28,792)	1,645,941
Total comprehensive (loss)/income for the year attributable to:			
Equity holders of the Company		**(27,552)**	1,683,075
Non-controlling interests		**(1)**	(21)
		(27,553)	1,683,054
(Loss)/earning per share	17		
Basic (RMB cents per share)		**(5)**	304
Diluted (RMB cents per share)		**(5)**	(4)

Consolidated Statement of Financial Position

At 31 March 2013

	Notes	2013 RMB'000	2012 RMB'000
Non-current assets			
Property, plant and equipment	18	**10,307**	13,552
Current assets			
Inventories	20	**3,656**	2,644
Trade receivables	21	**11,568**	17,607
Due from the Investor	22	**53,914**	54,305
Prepayments, deposits and other receivables	24	**11,488**	10,497
Bank and cash balances	25	**11,611**	21,315
		92,237	106,368
Current liabilities			
Trade payables	26	**32,335**	40,744
Accruals and other payables		**17,822**	22,795
Payable to the Scheme	27	**205,085**	192,507
Due to deconsolidated subsidiaries	23	**816,294**	809,118
Current tax liabilities		**4,119**	–
		1,075,655	1,065,164
Net current liabilities		**(983,418)**	(958,796)
NET LIABILITIES		**(973,111)**	(945,244)
Capital and reserves			
Share capital	28	**5,665**	5,665
Reserves	29(a)	**(978,960)**	(951,408)
Equity attributable to equity holders of the Company		**(973,295)**	(945,743)
Non-controlling interests		**184**	499
TOTAL EQUITY		**(973,111)**	(945,244)

Approved and authorised for issue by the board of directors on 28 June 2013 and are signed on its behalf by:

Chin Chang Keng Raymond
Director

Chung Wai Man
Director

Statement of Financial Position

At 31 March 2013

	Notes	2013 RMB'000	2012 RMB'000
Non-current assets			
Investments in subsidiaries	19	**–**	–
Current assets			
Prepayments, deposits and other receivables		**8,418**	8,471
Due from the Investor	22	**53,914**	54,305
Bank and cash balances		**1,211**	1,141
		63,543	63,917
Current liabilities			
Accruals and other payables		**1,665**	1,486
Payable to the Scheme	27	**205,085**	192,507
Due to deconsolidated subsidiaries	23	**8,160**	6,760
		214,910	200,753
Net current liabilities		**(151,367)**	(136,836)
NET LIABILITIES		**(151,367)**	(136,836)
Capital and reserves			
Share capital	28	**5,665**	5,665
Reserves	29(b)	**(157,032)**	(142,501)
TOTAL EQUITY		**(151,367)**	(136,836)

Approved and authorised for issue by the board of directors on 28 June 2013 and are signed on its behalf by:

Chin Chang Keng Raymond
Director

Chung Wai Man
Director

Consolidated Statement of Changes in Equity

For the year ended 31 March 2013

	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 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)
At 1 April 2012	5,665	1,491,807	7,500	–	(70,174)	(2,380,541)	(945,743)	499	(945,244)
Total comprehensive loss for the year	–	–	–	–	1,239	(28,791)	(27,552)	(1)	(27,553)
Redemption of equity interests by non-controlling equity holders	–	–	–	–	–	–	–	(314)	(314)
At 31 March 2013	5,665	1,491,807	7,500	–	(68,935)	(2,409,332)	(973,295)	184	(973,111)

Consolidated Statement of Cash Flows

For the year ended 31 March 2013

	Notes	2013 RMB'000	2012 RMB'000
Cash flows from operating activities			
(Loss)/profit before tax		**(24,671)**	1,646,007
Adjustments for:			
Depreciation		**3,288**	8,254
Interest income		**(10)**	(191)
Gain on execution of the Scheme	10	**–**	(1,733,556)
Debt restructuring cost involving issue of Scheme Shares	27	**14,049**	–
Finance costs		**–**	38,792
Foreign exchange loss		**–**	1,844
Impairment on due from deconsolidated subsidiaries		**22,339**	56,765
Impairment of property, plant and equipment		**–**	764
Operating cash flows before working capital changes		**14,995**	18,679
Change in inventories		**(1,012)**	175
Change in prepayments, deposits and other receivables		**(978)**	4,120
Change in trade receivables		**6,082**	(2,124)
Change in trade payables		**(8,409)**	3,729
Change in accruals and other payables		**(5,002)**	(1,494)
Cash generated from operations		**5,676**	23,085
Tax paid		**–**	(66)
Net cash generated from operating activities		**5,676**	23,019
Cash flows from investing activities			
Interest received		**10**	191
Purchase of property, plant and equipment		**(43)**	(71)
Net cash (used in)/generated from investing activities		**(33)**	120
Cash flows from financing activities			
Net cash outflow on execution of the Scheme	10	**–**	(244,522)
Change in balances with deconsolidated subsidiaries		**(15,477)**	(21,185)
Net cash used in financing activities		**(15,477)**	(265,707)

Consolidated Statement of Cash Flows

For the year ended 31 March 2013

	2013 RMB'000	2012 RMB'000
Net decrease in cash and cash equivalents	**(9,834)**	(242,568)
Effect of foreign exchange rate changes	**130**	(14,969)
Cash and cash equivalents at beginning of year	**21,315**	278,852
Cash and cash equivalents at end of year	**11,611**	21,315
Analysis of cash and cash equivalents		
Bank and cash balances	**11,611**	21,315

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 production and sale of convenience food products and related business in People's Republic of China (the "PRC"). 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 address concerns raised by the stakeholders of the Company resulting from the Delay. During the course of IFA's review on the Group's affairs, the IFA identified circumstances that indicated the Group had experienced significant financial challenges, particularly in connection with the Group's catering business services operations, 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 Group, 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 2 July 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. Such date of fulfillment of the conditions was subsequently extended to 10 July 2013 with the approval from the Stock Exchange on 11 June 2013. The resumption conditions comprise:

(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.

On 26 June 2013, the Company received the conditional listing approval from the Stock Exchange in relation to the listing of and permission to deal in the (i) new shares under the capital restructuring; (ii) new shares which may be issued on exercise of options under the share option scheme of the Company; (iii) offer shares; (iv) subscription shares; (v) Scheme Shares; and (vi) new shares which may be issued upon the conversation of the preference shares. The approval is subject to the fulfillment of other conditions of the capital restructuring, the open offer, the subscription and the debt restructuring.

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 "Heads 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, 7 July 2010, 26 May 2011, 21 January 2013, 1 March 2013, 20 May 2013 and 10 June 2013 (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 ("the Scheme") 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 Hong Kong 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 formalising and amending the 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.

Pursuant to the DRA, the Investor will subscribe for and the Company will allot and issue to the Investor (or its nominee) upon completion of the share subscription (i) subscription shares and (ii) preference shares. For this purpose, the Company, the Investor and the Provisional Liquidators entered into the Subscription Agreement on 18 January 2013.

On 21 January 2013, the Company published an announcement providing details of the proposed restructuring, which includes, inter alia, the capital restructuring, the debt restructuring, the open offer, the share subscription, and the issuance of Scheme Shares to the Scheme Creditors.

Following the publication of the announcement, on 1 March 2013, the Company published and despatched to the Company's shareholders a circular relating to the restructuring and the convening of an extraordinary general meeting on 25 March 2013 to approve (i) the proposed capital restructuring; (ii) the amendment of the Memorandum and Articles of Association; (iii) the share subscription; (iv) the open offer; (v) the issuance of Scheme Shares to Scheme Creditors and (vi) the appointment of new directors.

All of the abovementioned resolutions were duly passed by the Shareholders by way of poll and the poll results of the meeting were published on the same day.

On 6 May 2013, the Provisional Liquidators, on behalf of the Company, filed the relevant order confirming the capital reduction and minute to the Registrar of Companies in the Cayman Islands. The capital restructuring has become effective on 7 May 2013.

On 20 May 2013, the Provisional Liquidators and the Company published and despatched the open offer circular to the Company's shareholders. The open offer circular provides details and timetable of the open offer. The circular was despatched together with the open offer application form and the excess application form on the same day.

All the offer shares were taken up by the qualifying shareholders (including by way of excess application). Such results of the open offer were published on 10 June 2013.

On 28 June 2013, the Company published an announcement providing details of the completion of the share subscription. The share subscription was completed on the same day.

2. BASIS OF PREPARATION *(continued)*

Proposed restructuring of the Group *(continued)*

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, signing of the sale and purchase agreement under the disposal of nominated excluded assets, the capital reorganisation, the open offer and the share subscription. The remaining terms, including but not limited to, the issuance of Scheme Shares to the Scheme Creditors, which will be carried out upon the Resumption.

Going concern

The Group incurred a loss attributable to equity holders of the Company of approximately RMB28,791,000 for the year ended 31 March 2013 (2012: a profit of approximately RMB1,645,962,000) and as at that date, the Group had net current liabilities of approximately RMB983,418,000 (2012: RMB958,796,000) and net liabilities of approximately RMB973,111,000 (2012: RMB945,244,000) 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 2012. 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 RMB 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.

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.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Consolidation *(continued)*

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 equity holders of the Company.

Profit or loss and each component of other comprehensive income are attributed to the equity holders 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.

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.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Foreign currency translation *(continued)*

(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 lifes on a straight-line basis. The principal useful life of furniture and equipment is three to ten years.

The residual values, useful lifes 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.

Change in useful lives of furniture and equipment

During the year, the estimated useful lives of certain equipment were revised to better reflect the useful lives of the property, plant and equipment. The useful lives of certain equipment was changed from the old useful lives of five years to new useful lives of eight years.

The effect of the changes in estimated useful lives resulted in the depreciation charges for those equipment decreased by approximately RMB4.62 million for the year ended 31 March 2013 and will increase by approximately RMB1.54 million for each of the following three years.

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 weighted average 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.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

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 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.

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.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

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.

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 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 on the transfer of significant risks and rewards of ownership;

(c) Processing fee income is recognised when the service is rendered to the customers; and

(d) 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.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Employee benefits *(continued)*

(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).

(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.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

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.

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.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

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;

(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).

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

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 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.

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.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

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*

The consolidated 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.

(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.

5. CRITICAL JUDGEMENTS AND KEY ESTIMATES

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 lifes, 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.

(c) *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.

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

Key sources of estimation uncertainty *(continued)*

(d) 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.

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 turnover of the Group's PRC entities are substantially denominated in RMB. As the trade receivable and payables the Group's PRC entities are denominated in RMB, the Directors do not expect that there will be any significant currency risk associated with them.

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, amounts due from the Investor 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.

6. FINANCIAL RISK MANAGEMENT *(continued)*

(b) Credit risk *(continued)*

At the end of the reporting period, the Group had certain concentration of credit risk as approximately 28% (2012: 29%) and 87% (2012: 93%) of the Group's trade receivables were due from the Group's largest customer 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).

	Carrying amounts and total contractual undiscounted cash flow within 1 year or on demand	
	2013 RMB'000	2012 RMB'000
Trade payables	**32,335**	40,744
Accruals and other payables	**17,822**	22,795
Due to deconsolidated subsidiaries	**816,294**	809,118
Payable to the Scheme	**205,085**	192,507
	1,071,536	1,065,164

6. FINANCIAL RISK MANAGEMENT *(continued)*

(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% (2012: 1%) and all other variables were held constant, the consolidated loss before tax of the Group would decrease or increase by approximately RMB5,000 (2012: RMB20,000) 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.

(f) Financial instruments by category

The carrying amounts of each of the category of the Group's financial instruments as at the end of the reporting period are as follows:

	2013 **RMB'000**	2012 RMB'000
Financial assets		
Loans and receivables:		
Trade receivables	**11,568**	17,607
Due from the Investor	**53,914**	54,305
Prepayments, deposits and other receivables	**11,142**	9,426
Bank and cash balances	**11,488**	21,315
	88,112	102,653
Financial labilities		
Financial labilities at amortised cost:		
Trade payables	**32,335**	40,744
Accruals and other payables	**17,822**	22,795
Payable to the Scheme	**205,085**	192,507
Due to deconsolidated subsidiaries	**816,294**	809,118
	1,071,536	1,065,164

7. TURNOVER

The Group's turnover is analysed as follows:

	2013 **RMB'000**	2012 RMB'000
Catering services business	**103,430**	116,119
Convenience food and related business	**65,286**	81,927
	168,716	198,046

8. OTHER INCOME

	2013 **RMB'000**	2012 RMB'000
Interest income	**10**	191
Processing fee income	**698**	–
Others	**334**	249
	1,042	440

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 2013, the Group's revenue are derived from catering services business and 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 interest income, finance costs, income tax, gain on execution of the Scheme, debt restructuring cost involving issue of Scheme Shares, 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 due to deconsolidated subsidiaries, 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.

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 2013:			
Revenue from external customers	**103,430**	**65,286**	**168,716**
Segment profit	**15,717**	**5,380**	**21,097**
Depreciation	**3,160**	**128**	**3,288**
Income tax	**2,512**	**1,609**	**4,121**
Additions to segment non-current assets	**43**	**–**	**43**
At 31 March 2013:			
Segment assets	**24,686**	**3,811**	**28,497**
Segment liabilities	**46,725**	**5,232**	**51,957**
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 item:			
Impairment of property, plant and equipment	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	49,160	12,659	61,819

9. SEGMENT INFORMATION *(continued)*

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

	2013 RMB'000	2012 RMB'000
Revenue:		
Total turnover of reportable segments disclosed as consolidated turnover	168,716	198,046
Profit or loss:		
Total profit of reportable segments	21,097	14,663
Gain on execution of the Scheme	–	1,733,556
Debt restructuring cost involving issue of Scheme Shares	(14,049)	–
Impairments on due from deconsolidated subsidiaries	(22,339)	(56,765)
Corporate and unallocated loss	(9,380)	(6,655)
Consolidated total (loss)/profit from operations	(24,671)	1,684,799
Assets:		
Total assets of reportable segments	28,497	35,819
Corporate and unallocated assets		
Due from the Investor	53,914	54,305
Bank and cash balances	11,611	21,315
Others	8,522	8,481
Consolidated total assets	102,544	119,920
Liabilities:		
Total liabilities of reportable segments	51,957	61,819
Corporate and unallocated liabilities		
Payable to the Scheme	205,085	192,507
Due to deconsolidated subsidiaries	816,294	809,118
Others	2,319	1,720
Consolidated total liabilities	1,075,655	1,065,164

9. SEGMENT INFORMATION *(continued)*

Geographical information:

	2013 RMB'000	2012 RMB'000
Revenue:		
Greater China	**142,612**	156,700
Philippines	**26,104**	41,346
	168,716	198,046

Information about revenue from the Group's four (2012: four) customers individually contributing over 10% of total revenue of the Group as follows:

	2013 RMB'000	2012 RMB'000
Customer A	**54,744**	65,205
Customer B	**30,973**	–
Customer C	**24,734**	22,614
Customer D	**23,441**	–
Customer E	**–**	33,374
Customer F	**–**	25,991
	133,892	147,184

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

With effect from the Effective Date of the Scheme, on 9 August 2011, the indebtedness effected by the Scheme were fully released and discharged in exchange for Scheme consideration to be distributed to the Scheme Creditors in accordance with the terms of the Scheme.

	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 the Scheme	192,507
Gain on execution of the Scheme	1,733,556

11. FINANCE COSTS

	2013 **RMB'000**	2012 RMB'000
Interest expenses on borrowings that are wholly repayable within five years:		
Bank borrowings	**–**	348
Convertible bonds	**–**	38,444
	–	38,792

12. INCOME TAX

	2013 RMB'000	2012 RMB'000
Current tax:		
– Provision for the Hong Kong profit tax	**348**	–
– Provision for the PRC enterprise income tax	**3,773**	66
	4,121	66

Hong Kong profits tax is calculated at 16.5% of the estimated assessable profits for the year. No provision for Hong Kong profits tax has been made for the year ended 31 March 2012 as the Group has no estimated assessable profit arising in Hong Kong. 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 (loss)/profit before tax are as follows:

	2013 RMB'000	2012 RMB'000
(Loss)/profit before tax	**(24,671)**	1,646,007
Notional tax on (loss)/profit before tax calculated at the PRC statutory rate	**(6,168)**	411,502
Effect of different tax rates in other tax jurisdictions	**2,415**	(148,229)
Tax effect of utilisation of tax losses not previously recognised	**(1,198)**	–
Tax effect of non-deductible expenses	**9,076**	22,860
Tax effect of non-taxable income	**(4)**	(286,067)
	4,121	66

The Group had no significant deferred tax for each of the years ended 31 March 2013 and 2012.

13. (LOSS)/PROFIT FOR THE YEAR

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

	2013 **RMB'000**	2012 RMB'000
Auditor's remuneration	**1,137**	824
Cost of inventories sold	**114,571**	141,801
Depreciation	**3,288**	8,254
Minimum lease payments under operating leases in respect of land and buildings	**3,285**	2,986
Impairment of property, plant and equipment	**–**	764
Net foreign exchange losses	**–**	1,844
Staff costs (including directors' remuneration – *Note 14*):		
Salaries, bonus and allowances	**19,453**	23,443
Retirement benefits scheme contributions	**–**	4
	19,453	23,447

14. DIRECTORS' AND FIVE HIGHEST PAID INDIVIDUAL EMOLUMENTS

The emoluments of each Director were as follows:

	Fee **RMB'000**	**Retirement benefit scheme contributions** **RMB'000**	**Total** **RMB'000**
Executive Director			
Mr. Chin Chang Keng Raymond	**49**	**–**	**49**
Independent Non-executive Director			
Mr. Chung Wai Man	**39**	**–**	**39**
Total for 2013	**88**	**–**	**88**

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

	Fee RMB'000	Retirement benefit scheme contributions RMB'000	Total RMB'000
Executive Director			
Mr. Chin Chang Keng Raymond	50	2	52
Independent Non-executive Director			
Mr. Wong Chi Keung (resigned on 24 June 2011)	29	–	29
Mr. Chung Wai Man	40	2	42
Total for 2012	119	4	123

The five highest paid individuals comprised 5 (2012: 5) individuals whose emoluments represented basic salaries and allowances and retirement benefit scheme contributions of approximately RMB1,021,000 (2012: RMB840,000). The emoluments of all 5 (2012: 5) individuals fell within the band ranging from HK$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. (LOSS)/PROFIT FOR THE YEAR ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

The (loss)/profit for the year attributable to equity holders of the Company included a loss of approximately RMB15,612,000 (2012: a profit of approximately RMB1,688,890,000) 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 2013 and 2012.

17. (LOSS)/EARNINGS PER SHARE

(a) Basic (loss)/earnings per share

The calculation of basic (loss)/earnings per share attributable to equity holders of the Company is based on the loss for the year attributable to equity holders of the Company of approximately RMB28,791,000 (2012: a profit of approximately RMB1,645,962,000) and the weighted average number of 541,296,756 (2012: 541,296,756) ordinary shares in issue during the year.

(b) Diluted loss per share

The calculation of diluted loss per share for the year ended 31 March 2012 was presented below:

(i) Profit attributable to equity holders of the Company used in the calculation of diluted loss per share:

	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:

	2012 RMB'000
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

No diluted loss per share is presented for the year ended 31 March 2013, as there were no dilutive potential ordinary shares outstanding for the year.

18. PROPERTY, PLANT AND EQUIPMENT

	Group Furniture and equipment RMB'000
Cost	
At 1 April 2011	42,459
Additions	7,571
At 31 March 2012 and 1 April 2012	**50,030**
Additions	**43**
At 31 March 2013	**50,073**
Accumulated depreciation and impairment	
At 1 April 2011	27,460
Charge for the year	8,254
Impairments	764
At 31 March 2012 and 1 April 2012	**36,478**
Charge for the year	**3,288**
At 31 March 2013	**39,766**
Carrying amounts	
At 31 March 2013	**10,307**
At 31 March 2012	13,552

During the year, the Group changed the estimated useful lives of certain equipment from five years to eight years. As a result of this change in accounting estimate, the depreciation charges for those equipment decreased by approximately RMB4.62 million for the year ended 31 March 2013 and will increase by approximately RMB1.54 million for each of the following three years.

19. INTEREST IN SUBSIDIARIES

	Company	
	2013	2012
	RMB'000	RMB'000
Unlisted investments:		
At beginning of year	**–**	3
Less: transferred to a direct wholly-own subsidiary	**–**	(3)
At 31 March	**–**	–
Due from subsidiaries	**2,751,149**	2,782,136
Less: impairments	**(2,751,149)**	(2,782,136)
	–	–

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 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 Directors, result in particulars of excessive length.

Particulars of the Company's principal subsidiaries at 31 March 2013 and 2012 are as follows:

Name	Place of incorporation/ registration	Issued and paid-up capital	Percentage of ownership interest		Principal activities
			Direct	Indirect	
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

19. INTEREST IN SUBSIDIARIES *(continued)*

Name	Place of incorporation/ registration	Issued and paid-up capital	Percentage of ownership interest Direct	Percentage of ownership interest Indirect	Principal activities
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
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
深圳市滋兒餐飲配送服務有限公司 Shenzhen Zi Er 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	–	100%	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	
	2013	2012
	RMB'000	RMB'000
Raw materials and consumable stores	**442**	664
Finished goods	**3,214**	1,980
	3,656	2,644

21. TRADE RECEIVABLES

Other than cash and credit 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	
	2013	2012
	RMB'000	RMB'000
30 days or less	**7,938**	12,989
31 to 90 days	**1,372**	4,119
91 to 180 days	**1,412**	490
Over 180 days	**846**	251
Less: impairments	**–**	(242)
	11,568	17,607

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	
	2013	2012
	RMB'000	RMB'000
At beginning of year	**242**	242
Written off against trade receivables	**(242)**	–
At 31 March	**–**	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	
	2013	2012
	RMB'000	RMB'000
Neither past due nor impaired	**9,310**	17,108
Less than 90 days past due	**1,412**	490
Over 90 days past due	**846**	9
	11,568	17,607

22. DUE FROM THE INVESTOR

	Group and Company	
	2013	2012
	RMB'000	RMB'000
Cash consideration receivable *(Note)*:		
– Disposal of restaurant business	**8,070**	8,129
– Disposal of nominated excluded assets	**45,844**	46,176
	53,914	54,305

Note: Upon execution of the Heads of Terms as mentioned in note 2 to the financial information, the amounts due from the Investor will be subsequently settled by the cash consideration provided by the Investor upon completion of the relevant disposals of business and the 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	
	2013	2012
	RMB'000	RMB'000
Prepayments	**469**	1,071
Deposits	**2,521**	930
Other receivables	**8,498**	8,496
	11,488	10,497

25. BANK AND CASH BALANCES

At the end of the reporting period, the bank and cash balances of the Group denominated in RMB amounted to approximately RMB530,000 (2012: RMB1,052,000). 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	
	2013	2012
	RMB'000	RMB'000
30 days or less	**2,616**	3,864
31 to 90 days	**–**	6,520
Over 180 days	**29,719**	30,360
	32,335	40,744

Included in the Group's trade payables are amounts payable to a deconsolidated subsidiary of the Group approximately RMB2,554,000 (2012: RMB10,384,000).

27. PAYABLE TO THE SCHEME

	Group and Company	
	2013	2012
	RMB'000	RMB'000
Scheme consideration payable to Scheme Creditors to be settled by:		
– Issue of Scheme Shares *(Note)*	**13,964**	–
– Realisation from Investor, presented as due from the Investor:		
– Disposal of restaurant business	**8,071**	8,129
– Disposal of nominated excluded assets	**45,843**	46,176
	53,914	54,305
– Proceeds from the issue of shares to the Investor upon Resumption:		
– Ordinary shares	**104,923**	105,684
– Preference shares	**32,284**	32,518
	137,207	138,202
Payable to the Scheme	**205,085**	192,507

27. PAYABLE TO THE SCHEME *(continued)*

Note:

On 18 January 2013, the Company, the Provisional Liquidators and the Investor have entered into the Subscription Agreement to amend certain terms of the Debt Restructuring Agreement. The Subscription Agreement provided further specific details of the restructuring, which includes, the inter alia, the capital restructuring, the debt restructuring, the open offer, the share subscription, and the issuance of Scheme Shares to the Scheme Creditors. Accordingly, 23,380,000 shares will be issued and allotted to the Scheme Creditors in form of the equity-settled share-based payments. The fair value of Scheme Shares was measured by reference to the fair value of the share subscription and the open offer at HK$0.74 per share and consequently the aggregate sum of approximately HK$17 million (equivalent to approximately RMB14 million) has been recongnised as payable to the Scheme, and the equivalent amount has been charged to the consolidated profit or loss.

28. SHARE CAPITAL

	Company	
	Number of ordinary shares	
	HK$0.01 each	RMB'000
Authorised:		
At 31 March 2013 and 2012	2,000,000,000	21,200
Issued and fully paid:		
At 31 March 2013 and 2012	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.

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 trade and other payables and payable to the Scheme) less cash and cash equivalents.

28. SHARE CAPITAL *(continued)*

Capital management *(continued)*

During 2013, the Group's strategy, which was unchanged from 2012, 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 2013 and 2012 was as follows:

	Group	
	2013	2012
	RMB'000	RMB'000
Total liabilities		
Trade and other payables	**866,451**	872,657
Payable to the Scheme	**205,085**	192,507
Current tax liabilities	**4,119**	–
	1,075,655	1,065,164
Less: Cash and cash equivalents	**(11,611)**	(21,315)
Net debt	**1,064,044**	1,043,849
Total equity	**(973,111)**	(945,244)
Net debt-to-capital ratio	**N/A#**	N/A#

\# *As the Group had a net deficiency in capital at 31 March 2013 and 2012, 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.*

29. RESERVES

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

(b) Reserves of the Company

	Share premium	Capital reserve	Foreign currency translation reserve	Accumulated losses	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
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
Release upon execution of the Scheme	–	(130,751)	–	130,751	–
Forfeiture of share options	–	(659)	–	659	–
Profit for the year	–	–	–	1,688,890	1,688,890
At 31 March 2012	1,491,807	–	(63,320)	(1,570,988)	(142,501)
At 1 April 2012	1,491,807	–	(63,320)	(1,570,988)	(142,501)
Exchange difference on translation into presentation currency	–	–	1,081	–	1,081
Loss for the year	–	–	–	(15,612)	(15,612)
At 31 March 2013	1,491,807	–	(62,239)	(1,586,600)	(157,032)

(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.

29. RESERVES *(continued)*

(c) Nature and purpose of reserves of the Group *(continued)*

(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 foreign currency translation 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.

(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.

30. 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.

31. 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	
	2013 **RMB'000**	2012 RMB'000
Purchases from the Group's deconsolidated subsidiary	**51,500**	59,900

Key management personnel remuneration

Remuneration for key management personnel of the Group, including amounts paid to the Company's directors, the senior management and all of the highest paid employees as disclosed in note 14, is as follows:

	Group	
	2013 **RMB'000**	2012 RMB'000
Short-term employee benefits	**1,467**	1,303

32. 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	
	2013 **RMB'000**	2012 RMB'000
Within one year	**3,404**	2,266
In the second to fifth year inclusive	**9,286**	5,394
Over five years	**–**	323
	12,690	7,983

33. 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.

34. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the Board of Directors on 28 June 2013.