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FU JI Food and Catering Services Holdings Limited

福記食品服務控股有限公司

(Incorporated in the Cayman Islands with limited liability)
(Stock Code : 1175)

Annual Report 2014

Contents

Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. Wang Jianqing *(Chairman)*
Mr. Huang Shourong
(Chief Executive Officer)

Independent Non-executive Directors

Dr. Leung Hoi Ming
Mr. Mak Ka Wing, Patrick
Mr. Sung Wing Sum

COMPANY SECRETARY

Mr. Wan Oi Ming Kevin

AUDITOR

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

Unit D, 12/F.,
Seabright Plaza,
9-23 shell street,
North Point,
Hong Kong

PRINCIPAL BANKERS

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

WEBSITE

http://www.fujicateringhk.com

Chairman's Statement

For the year ended 31 March 2014, 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, through the fast expansion of the existing convenience food business and the increase in the number of showrooms in various cities, the convenience food business had achieved significant growth in turnover. The sales network was enhanced, which resulted in increased market share in the market.

During the year, as the market size of provision of catering services in China was downsizing due to the continuous increase in food raw material costs, rent and labor costs, the management closed down some provision of catering services business.

Upon the completion of the Restructuring of the Company during the year, the financial position of the Group had been successfully improved by turning from net liabilities to net assets amounting to approximately RMB75.23 million as at 31 March 2014. The successful completion of the Subscription by the Investor (now the controlling shareholder of the Company) and the Open Offer in June 2013 contributed new working capital for the continuation as well as the future expansion of the Group's businesses.

In view of the tremendous market prospects of convenience food business, the Group will focus on this aspect. Meanwhile, the Group will strive to explore better investment opportunities in convenience seafood products market.

Wang Jianqing
Chairman

27 June 2014

Management Discussion and Analysis

BUSINESS REVIEW

For the year ended 31 March 2014, 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, through the fast expansion of the existing convenience food business and the increase in the number of showrooms in various cities, the convenience food business had achieved significant growth in turnover. The sales network was enhanced, which resulted in increased market share in the market.

During the year, as the market size of provision of catering services in China was downsizing due to the continuous increase in food raw material costs, rent and labor costs, the management closed down some provision of catering services business.

REVENUE

The turnover of the Group was approximately RMB233.51 million (2013: approximately RMB168.72 million), representing an increase of approximately 38.40% from the last financial year. The turnover of the convenience food business increased from RMB65.29 million to RMB178.98 million for the year, representing an increase of approximately 174.13%. The increment was mainly due to the fast expansion of the existing convenience food business and the increase in the number of showrooms in various cities. The sales network was enhanced, which resulted in increased market share in the market.

The turnover of the catering services business was approximately RMB54.53 million (2013: approximately RMB103.43 million), representing a decrease of approximately 47.28%. The decrement was mainly due to termination of several catering sites under the keen competition of the catering services business and environmental enhancement work performed in one of the catering services customer's catering site. The results of the Group for the year ended 31 March 2014 are set out in the Group's consolidated statement of profit or loss and other comprehensive income.

GROSS PROFIT

Gross profit of the Group decreased from approximately RMB54.15 million to approximately RMB51.09 million in 2014 due to the decrement in turnover of the catering services business. Whereas, the gross profit margin for the current year decreased from 32.10% to 21.58% as the gross profit margin of convenience food business is thinner than catering services business.

GAIN ON COMPLETION OF THE GROUP REORGANISATION AND RESTRUCTURING

Upon completion of the Restructuring on 4 July 2013, the amounts due to deconsolidated subsidiaries were discharged pursuant to the terms of the DRA. The amount payable to the Scheme was settled by the proceeds from the issuance of Subscription Shares, Offer Shares, Preference Shares, Scheme Shares and distribution of cash proceeds from disposal of Restaurant Business and nominated excluded assets in relation to the Restructuring. A gain on completion of the Group Reorganisation and Restructuring was approximately RMB816.25 million (2013: Nil).

OTHER OPERATING EXPENSES

Other operating expenses of the Group were approximately RMB28.69 million (2013: approximately RMB12.98 million), representing an increase of approximately 121.03%. The increment was mainly due to professional fees of approximately RMB22.89 million incurred by Reorganisation and Restructuring of the Group during the period.

PROFIT FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE COMPANY

The profit for the period attributable to owners of the Company amounted to approximately RMB806.54 million for the year ended 31 March 2014 (2013: loss of approximately RMB28.79 million). Basic earnings per share were approximately RMB2.99 as compared with basic loss per share of approximately RMB0.53 for the preceding year. The profit for the year attributable to owners of the Company was mainly due to the gain on completion of the Group Reorganisation and Restructuring.

GROUP RESTRUCTURING AND RESUMPTION OF TRADING OF SHARES

During the year, the Company has successfully completed a series of corporate restructuring exercises, including but not limited to Capital Restructuring, Debt Restructuring, fundraising by ways of Open Offer, Subscription and issue of Preference Shares and Scheme Shares. In addition, pursuant to the order of the High Court of Hong Kong dated 2 July 2013, the Petition was dismissed and the Provisional Liquidators were discharged on 2 July 2013. As all the Resumption Conditions of the Company have been fulfilled on 4 July 2013, the trading in the shares of the Company was resumed on 8 July 2013.

LIQUIDITY, FINANCIAL RESOURCES AND FUNDING

Upon the completion of a series of corporate and debt restructuring exercises of the Company on 4 July 2013, the Group's financial position had been significantly improved. Bank and cash balances as at 31 March 2014 was approximately RMB80.70 million (2013: approximately RMB11.61 million). The Group's debt-to-equity ratio measured on the basis of the Group's total liabilities of approximately RMB55.68 million (2013: approximately RMB1,075.66 million) to the total equity of positive of approximately RMB75.23 million (2013: negative of approximately RMB973.11 million) is 0.74 (2013: not applicable as the Group had a net deficiency in capital).

Management Discussion and Analysis

CAPITAL STRUCTURE

The Company has completed a series of Capital Restructuring including Capital Reduction, Capital Cancellation, Share Consolidation and Capital Increase. As a result, the authorized share capital of the Company after the Capital Restructuring was 20,000,000,000 of HK$0.01 each with total par value of HK$200,000,000 (equivalent to approximately of RMB158.6 million).

On 4 June 2013, the Company has issued 54,129,675 Offer Shares under Open Offer pursuant to the Underwriting Agreement. On 28 June 2013, the Company has issued 202,702,703 Subscription Shares and 135,135,135 Preference Shares to the Investor (now the controlling shareholder of the Company) pursuant to the Subscription Agreement. On 4 July 2013, the Company has issued 23,380,000 New Shares to Scheme Creditors pursuant to the Scheme. Details were set out in the circular and announcement of the Company dated 1 March 2013.

At the year end, the Company comprises of 334,342,053 issued ordinary shares with par value of HK$0.01 each and 135,135,135 issued preference shares with par value of HK$0.01 each as enlarged by the issue of Offer Shares, Subscription Shares, Scheme Shares and Preference Shares.

EMPLOYMENT

As at 31 March 2014, the Group had 550 (2013: 867) 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 RMB17,876,000 (2013: RMB19,453,000). 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 2014, there were no charges on the Group's assets.

CAPITAL AND OTHER COMMITMENTS

The Group had no any capital commitment as at 31 March 2014 (2013: Nil).

CONTINGENT LIABILITIES

The Group had no any contingent liabilities as at 31 March 2014 (2013: Nil).

Corporate Governance Report

The board of directors of the Company (the "Board") is committed to maintain good corporate governance standard and procedures to ensure the integrity, transparency and quality of disclosure in order to enhance the shareholders' value.

The Company has applied the principles and complied with all the applicable code provisions of the Code on Corporate Governance Practices ("Code") as set out in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Listing Rules") for the year ended 31 March 2014, save for the deviations discussed below.

As the Shares have resumed trading on the Stock Exchange since 8 July 2013, the Company and the Directors will strive to follow the internal control manuals and put in place sufficient resources to comply with the Code. As at the date of this report, save for the deviations discussed below, the Company has rectified all the deviations from the Code.

The Board will continuously review and improve the corporate governance practices and standards of the Company to ensure that business activities and decision making processes are regulated in a proper and prudent manner.

DIRECTORS' SECURITIES TRANSACTION

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding directors' securities transactions (the "Model Code"). Having made specific enquiry of all directors of the Company, the directors of the Company have confirmed that they have fully complied with the required standard as set out in the Model Code throughout the year ended 31 March 2014.

BOARD OF DIRECTORS

As at the date of this report, the Board is made up of Five Directors, including two executive Directors, and three independent non-executive Directors (the "INEDs"). The Directors are, collective and individually, aware of their responsibilities to the shareholders. One of the INEDs possesses appropriate professional accounting qualifications and financial management expertise. The Directors' biographical details are set out in the section of "Directors and Senior Management Profiles" on pages 24-25.

The Board members during the year ended 31 March 2014 and as at the date up to this report were:

Executive Directors

Mr. Wang Jianqing *(Chairman)* (appointed on 8 July 2013)
Mr. Huang Shourong *(Chief Executive Officer)* (appointed on 25 July 2013)
Ms. Yang Qin (appointed on 8 July 2013 and retired on 30 August 2013)
Mr. Chin Chang Keng Raymond (resigned on 8 July 2013)

Independent Non-executive Directors

Dr. Leung Hoi Ming (appointed on 8 July 2013)
Mr. Mak Ka Wing, Patrick (appointed on 8 July 2013)
Mr. Sung Wing Sum (appointed on 8 July 2013)
Mr. Chung Wai Man (resigned on 8 July 2013)

The Board conducts at least four regular Board meetings a year at approximately quarterly intervals in addition to other Board meetings that are required for significant and important issues, and for statutory purposes. Appropriate and sufficient information is provided to the Board members in a timely manner to keep them abreast of the Group's latest development and thus assist them in discharging their duties.

During the year, the Board held five meetings and the attendance of the directors at the Board Meetings for the year ended 31 March 2014 is set out as below:

Name of Directors	Number of attendance/Number of Meetings
Executive Directors	
Mr. Wang Jianqing *(Chairman)* (appointed on 8 July 2013)	2/2
Mr. Huang Shourong *(Chief Executive Officer)* (appointed on 25 July 2013)	1/1
Ms. Yang Qin (appointed on 8 July 2013 and retired on 30 August 2013)	0/1
Mr. Chin Chang Keng Raymond (resigned on 8 July 2013)	3/3
Independent Non-executive Directors	
Dr. Leung Hoi Ming (appointed on 8 July 2013)	2/2
Mr. Mak Ka Wing, Patrick (appointed on 8 July 2013)	2/2
Mr. Sung Wing Sum (appointed on 8 July 2013)	2/2
Mr. Chung Wai Man (resigned on 8 July 2013)	3/3

Board minutes are recorded in appropriate details and draft minutes are circulated to all directors and committee members for comments before being approved by the Board at the next immediate meeting. All minutes are kept by the Company Secretary and are open for inspection by the directors.

The Board is responsible for the leadership and control of the Group and oversees the Group's business, strategic decisions and financial performance. The Board delegates to the management team the day-to-day management of the Company's business including the preparation of annual and interim reports, and for implementation of internal control, business strategies and plans developed by the Board.

The Company has received from each of its independent non-executive directors an annual confirmation of his independence pursuant to Rule 3.13 of the Listing Rules and considers all the independent non-executive directors to be independent.

The Board members have no financial, business, family or other material/relevant relationship with each other except those disclosed in the director biographical details.

According to the Company's Articles of Association, all directors (including independent non-executive Directors) are subject to retirement by rotation and re-election at annual general meeting of the Company, notwithstanding that every Director shall be retired at least once every three years.

Pursuant to A.4.1 of the Code, non-executive directors should be appointed for specific terms, subject to re-election. For the year ended 31 March 2014, all the existing independent non-executive Directors were not appointed for a specific term but are subject to retirement and re-election at the forthcoming annual general meeting of the Company (the "AGM") and retirement by rotation and re-election at least once every three years at the AGM in accordance with the provisions of the Company's Articles of Association.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

During the year ended 31 March 2014, the Chairman of the Company is Mr. Wang Jianqing whereas the Chief Executive Officer of the Company is Mr. Huang Shourong. Their roles are separated, with a clear division of responsibilities.

The Chairman is responsible for the leadership of the Board, ensuring its effectiveness in all aspects of its role and for setting its agenda and taking into account any matters proposed by other directors for inclusion in the agenda. Through the Board, he is responsible for ensuring that good corporate governance practices and procedures are followed by the Group.

The Chief Executive Officer is responsible for the day-to-day management of the Group's business.

CONTINUING PROFESSIONAL DEVELOPMENT

Directors keep abreast of responsibilities as a director of the Company and of the conduct, business activities and development of the Group. Every director is fully aware of his responsibilities and obligations under the Listing Rules and relevant statutory requirements. Directors should participate in appropriate continuous professional development to develop and refresh their knowledge and skills to ensure that their contribution to the Board remains informed and relevant.

During the year under review and up to the date of this Annual Report, relevant materials including regulatory updates have been provided to the directors for their reference and study.

BOARD COMMITTEES

The Board has established three committees with clearly-defined written terms of reference. The independent view and recommendations of the three committees ensure proper control of the Group and the continual achievement of the high standard corporate governance practices.

Remuneration Committee

As at the date of this report, the Remuneration Committee (the "RC") comprises three Independent non-executive directors, namely, Dr. Leung Hoi Ming, Mr. Mak Ka Wing, Patrick and Mr. Sung Wing Sum.

The duties of the RC as per the terms of reference were as follows:

(a) to make recommendations to the Board on the remuneration policy for of all directors and senior management and on the establishment of a formal and transparent procedure for developing remuneration policy.

(b) to review and approve on the remuneration policy of the Group proposed by the Chief Executive Officer and make recommendations to the Board.

(c) to review and approve the management's remuneration proposals with reference to the Board's corporate goals and objectives.

(d) to make recommendations to the Board on the remuneration packages of individual executive directors and senior management, including benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of their office or appointment.

(e) to make recommendations to the Board on the remuneration of non-executive directors.

(f) to consider salaries paid by comparable companies, time commitment and responsibilities and employment conditions elsewhere in the Group.

(g) to review and approve compensation payable to executive directors and senior management for any loss or termination of office or appointment to ensure that it is consistent with contractual terms and is otherwise fair and not excessive.

(h) to review and approve compensation arrangements relating to dismissal or removal of directors for misconduct to ensure that they consistent with contractual terms and are otherwise reasonable and appropriate.

(i) to ensure that no director or any of his associates is involved in deciding his own remuneration.

(j) to advise shareholders on how to vote with respect to any service contracts of directors that require shareholders' approval.

(k) to do any such things to enable the Committee to discharge its duties conferred on it by the Board.

(l) to conform to any requirement, direction, and regulation that may from time to time be prescribed by the Board or contained in the Company's constitution or imposed by legislation and/or rules.

The RC has every right to access to professional advice relating to remuneration proposal if considered necessary. The RC has begun to review the remuneration policy for the Directors and senior management.

The RC held one meeting during the year ended 31 March 2014 and the attendance of the members is as follows:

Name of Members	**Number of attendance/Number of Meetings**
Dr. Leung Hoi Ming *(Chairman)* (appointed on 8 July 2013)	1/1
Mr. Mak Ka Wing, Patrick (appointed on 8 July 2013)	1/1
Mr. Sung Wing Sum (appointed on 8 July 2013)	1/1

Audit Committee

As at the date of this report, the Audit Committee (the "AC") comprises three Independent non-executive directors, namely, Dr. Leung Hoi Ming, Mr. Mak Ka Wing, Patrick and Mr. Sung Wing Sum.

The duties of the AC as per the terms of reference were as follows:

(a) to be primarily responsible for making recommendations to the Board on the appointment, reappointment and removal of the external auditors, and to approve the remuneration and terms of engagement of the external auditors, and any questions of its resignation or dismissal.

(b) to review and monitor the external auditors' independence and objectivity and the effectiveness of the audit process in accordance with applicable standards. The Committee should discuss with the external auditors the nature and scope of the audit and reporting obligations before the audit commences.

(c) to develop and implement policy on an external auditor to supply non-audit services. For this purpose, "external auditors" includes any entity that is under common control, ownership or management with the audit firm or any entity that a reasonable and informed third party knowing all relevant information would reasonably conclude to be part of the audit firm nationally or internationally. The Committee should report to the Board, identifying and making recommendations on any matters where action or improvement is needed.

(d) to act as the key representative body for overseeing the Company's relation with the external auditors.

(e) to monitor integrity of the Company's financial statements and annual report and accounts, half-year report and, if prepared for publication, quarterly reports, and to review significant financial reporting judgments contained in them. In reviewing these reports before submission to the Board, the Committee should focus particularly on:–

  (i) any changes in accounting policies and practices;

  (ii) major judgmental areas;

  (iii) significant adjustments resulting from audit;

  (iv) the going concern assumptions and any qualifications;

  (v) compliance with accounting standards; and

  (vi) compliance with the Listing Rules and legal requirements in relation to financial reporting.

(f) Regarding sub-paragraph (e) above:–

  (i) members of the Committee should liaise with the Board and senior management and the Committee must meet, at least twice a year, with the external auditors; and

  (ii) the Committee should consider any significant or unusual items that are, or may need to be, reflected in the report and accounts, it should give due consideration to any matters that have been raised by the Company's staff responsible for the accounting and financial reporting function, compliance officer or external auditors.

(g) to develop and review the Company's policies and practices on corporate governance and make recommendations to the Board.

(h) to review and monitor the training and continuous professional development of directors and senior management.

(i) to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements.

(j) to develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and directors.

(k) to review the Company's compliance with the Corporate Governance Code and report to the Board on the matters set out in Appendix 14 of the Listing Rules "Corporate Governance Code and Corporate Governance Report".

(l) to review the Company's financial controls, internal control and risk management systems.

(m) to discuss the internal control system with management to ensure that management has performed its duty to have an effective internal control system. This discussion should include the adequacy of resources, staff qualifications and experience, training programmes and budget of the Company's accounting and financial reporting function.

(n) to consider major investigation findings on internal control matters as delegated by the Board or on its own initiative and management's response to these findings.

(o) where an internal audit function exists, to ensure co-ordination between the internal and external auditors, and to ensure that the internal audit function is adequately resourced and has appropriate standing within the Company, and to review and monitor its effectiveness.

(p) to review the Group's financial and accounting policies and practices.

(q) to review the external auditors' management letter, any material queries raised by the auditors to management about accounting records, financial accounts or systems of control and management's response.

(r) to ensure that the Board will provide a timely response to the issues raised in the external auditors' management letter.

(s) to review arrangements employees of the Group can use, in confidence, to raise concerns about possible improprieties in financial reporting, internal control or other matters. The Committee should ensure that proper arrangements are in place for fair and independent investigation of these matters and for appropriate follow-up action.

(t) to report to the Board on the matters in this Terms of Reference.

(u) to consider other topics, as defined by the Board.

The AC is authorized by the Board to investigate any activity and seek any information it requires within its term of reference. It is also authorized to obtain outside legal or other independent professional advice and to secure the attendance of outsiders with relevant experience and expertise if it considers this necessary.

Reporting to the Board of Directors of the Company, the AC is dedicated to review and supervise the Group's financial reporting process and internal controls. The financial results for the year ended 31 March 2014 has been reviewed by the Audit Committee. The AC is reviewing the internal controls of the Group.

The AC conducts at least two regular meetings a year in addition to other meetings that are required for significant and important issues, and for statutory purposes. The AC held one meeting during the year ended 31 March 2014 and the attendance of the members at the AC Meetings for the year ended 31 March 2014 is as follows:

Name of Members	**Number of attendance/Number of Meetings**
Dr. Leung Hoi Ming (appointed on 8 July 2013)	1/1
Mr. Mak Ka Wing, Patrick (appointed on 8 July 2013)	1/1
Mr. Sung Wing Sum *(Chairman)* (appointed on 8 July 2013)	1/1

During the year ended 31 March 2014, the Audit Committee had reviewed the Company's annual report for the year ended 31 March 2014 and the interim report for the six months ended 30 September 2013.

Nomination Committee

As at the date of this report, the Nomination Committee (the "NC") comprises three Independent non-executive directors, namely, Dr. Leung Hoi Ming, Mr. Mak Ka Wing, Patrick and Mr. Sung Wing Sum.

The duties of the NC as per the terms of reference were as follows:

(a) to review the structure, size and composition (including the skills, knowledge, experience and length of service) of the Board at least annually; and make recommendations on the followings:

 (i) any proposed changes to the Board to complement the Company's corporate strategy; and

 (ii) any proposed changes to the Executive Committee by the Chief Executive Officer.

(b) to consider the selection criteria of the directors, and develop procedures for the sourcing and selection of candidates to stand for election by the Company's shareholders (the "Shareholders").

(c) to identify and nominate candidates to the Board for it to recommend to the Shareholders for election as the directors. Sufficient biographical details of nominated candidates shall be provided to the Board and the Shareholders to enable them to make an informed decision.

(d) to identify and nominate candidates to fill casual vacancies of the directors for the Board's approval.

(e) to assess candidates proposed by the Chief Executive Officer as new member(s) of the Executive Committee or to fill Committee vacancies as they arises for the approval of the Board.

(f) to assess the independence of independent non-executive directors on a regular basis having regard to relevant guidelines or requirements of the Listing Rules, review the independent non-executive directors' annual confirmations on their independence and make disclosure of its review results in the Corporate Governance Report.

(g) to regularly review the time required from the director to perform his responsibilities.

(h) to make recommendations to the Board on the appointment or re-appointment of directors and the succession planning for directors, in particular the Chairman of the Board and the Chief Executive Officer.

(i) to do any such things to enable the Committee to discharge its powers and functions conferred on it by the Board.

(j) to conform to any requirement, direction, and regulation that may from time to time be prescribed by the Board or contained in the Company's constitution or imposed by legislation.

The NC held one meeting during the year ended 31 March 2014 and the attendance of the members is as follows:

Name of Members	**Number of attendance/Number of Meetings**
Dr. Leung Hoi Ming (appointed on 8 July 2013)	1/1
Mr. Mak Ka Wing, Patrick *(Chairman)* (appointed on 8 July 2013)	1/1
Mr. Sung Wing Sum (appointed on 8 July 2013)	1/1

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibilities for the preparation of the financial statements of the Group and ensure that the financial statements are in accordance with statutory requirements and applicable accounting standard. The Directors also ensure the timely publication of the financial statements of the Group.

The Statement of external auditors of the Company, ZHONGHUI ANDA CPA Limited, about their reporting responsibilities on the financial statement of the Group is set out in the Report of Auditors on pages 27-29.

The Directors confirm that, to the best of their knowledge, information and belief, having made all reasonable enquiries, they are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

AUDITORS' REMUNERATION

For the year ended 31 March 2014, fees payable to the auditor of the Group for audit and non-audit services amounting to HK$1,500,000 and HK$895,000 respectively.

INTERNAL CONTROLS

The Board, through the AC, has begun to review the effectiveness of the system of internal control of the Group which covered all material controls, including financial, operational and compliance controls and risk management functions.

COMPANY SECRETARY

Pursuant to F.1.2 of the Code, the appointment of the company secretary should be dealt with by a physical board meeting rather than a written resolution. The appointment of the current company secretary was dealt with by a written resolution in September 2013. The Board considers that, prior to the execution of the written resolution to appoint the current company secretary, all Directors were individually consulted on the matter without any dissenting opinion and there was no need to approve the matter by a physical board meeting instead of a written resolution.

COMMUNICATION WITH SHAREHOLDERS AND INVESTORS

To enhance transparency and effectively communicate with shareholders and investors, the board and the Company maintain an on-going dialogue with shareholders mainly through the Company's financial reports, annual general meeting and other general meetings.

The Company also maintains a website at http://www.fujicateringhk.com, as one of communication channel for the shareholders and investors. For any enquiries, the shareholders, the investors, media or the public may contact the Company directly, contact details of which are posted on the Company's website.

During the year ended 31 March 2014, the Company held an annual general meeting. The attendance of the directors at the meeting was as follows:

Name of Directors	**Number of attendance/Number of Meetings**
Executive Directors	
Mr. Wang Jianqing *(Chairman)* (appointed on 8 July 2013)	1/1
Mr. Huang Shourong *(Chief Executive Officer)* (appointed on 25 July 2013)	1/1
Ms. Yang Qin (appointed on 8 July 2013 and retired on 30 August 2013)	0/1
Mr. Chin Chang Keng Raymond (resigned on 8 July 2013)	0/0
Independent Non-executive Directors	
Dr. Leung Hoi Ming (appointed on 8 July 2014)	1/1
Mr. Mak Ka Wing, Patrick (appointed on 8 July 2014)	1/1
Mr. Sung Wing Sum (appointed on 8 July 2014)	1/1
Mr. Chung Wai Man (resigned on 8 July 2013)	0/0

CONSTITUTIONAL DOCUMENTS

During the year ended 31 March 2014, there had been no significant change in the Company's constitutional documents.

SHAREHOLDERS' RIGHTS

Procedures for convening an extraordinary general meeting by shareholders

Pursuant to Article 58 of the Articles of Association of the Company, any one or more shareholders holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the Secretary of the Company, to require an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within two (2) months after the deposit of such requisition. If within twenty-one (21) days of such deposit the Board fails to proceed to convene such meeting the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

Putting forward proposals at general meetings

Members are welcomed to suggest proposals relating to the operations, strategy and/or management of the Group to be discussed at members' meeting. Proposal shall be sent to the Board or the Company Secretary by written requisition. Pursuant to the Articles of Association of the Company, members who wish to put forward a proposal should convene an extraordinary general meeting by the procedures set out in "Procedures for convening an extraordinary general meeting by shareholders" above.

Putting forward enquiries to the Board

For putting forward any enquires to the board of the Company, shareholders may send written enquires to the Company by post or delivery to the principal place of business of the Company in Hong Kong at Unit D, 12/F., Seabright Plaza, 9-23 Shell Street, North Point, Hong Kong.

Directors' Report

The directors (the "Directors") of FU JI Food and Catering Services Holdings Limited (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 2014.

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").

RESULTS

The results of the Group for the year ended 31 March 2014 are set out on page 30 of this annual report.

FINANCIAL SUMMARY

A summary of the published results and of the assets and liabilities of the Group for the last five financial years is set out on page 78 of this annual report.

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 17 to the consolidated financial statements.

SHARE CAPITAL

Movement in share capital of the Company is set out in note 27 to the financial statements.

RESERVES AND DISTRIBUTABLE 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 28 to the financial statements. There is no reserve available for distribution to shareholders as at 31 March 2014.

MATERIAL RELATED PARTY TRANSACTIONS

Details of the related party transactions are set out in note 30 to the consolidated financial statements.

DIRECTORS

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

Executive Directors

Mr. Wang Jianqing (appointed on 8 July 2013)
Mr. Huang Shourong (appointed on 25 July 2013)
Ms. Yang Qin (appointed on 8 July 2013 and retired on 30 August 2013)
Mr. Chin Chang Keng Raymond (resigned on 8 July 2013)

Independent Non-executive Directors

Dr. Leung Hoi Ming (appointed on 8 July 2013)
Mr. Mak Ka Wing, Patrick (appointed on 8 July 2013)
Mr. Sung Wing Sum (appointed on 8 July 2013)
Mr. Chung Wai Man (resigned on 8 July 2013)

During the year up to 7 July 2013, the number of Independent Non-executive Directors had been fallen below the minimum number required under Rule 3.10(1) of the Listing Rules.

In accordance with Article (87) of the Company's Articles of Association, one-third of the Directors for the time being shall retire (by rotation at least once every three years) and, being eligible, offer themselves for re-election at the forthcoming annual general meeting.

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' 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.

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 2014, 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:

Name of shareholders	Capacity and nature of interest	Number of Shares interested in *(Note 1)*	Number of Preference Shares interested in *(Note 2)*	Total number of Shares and underlying Shares interested in	Approximate percentage in the Shares *(Note 3)*
Marvel Light Holdings Limited *(Note 4)*	Beneficial owner	177,280,217 (L) 177,280,217 (S)	135,135,135 (L) 135,135,135 (S)	312,415,352 (L) 312,415,352 (S)	93.44% (L) 93.44% (S)
Bomao Holdings Limited	Interest in controlled corporation *(Note 4)*	177,280,217 (L) 177,280,217 (S)	135,135,135 (L) 135,135,135 (S)	312,415,352 (L) 312,415,352 (S)	93.44% (L) 93.44% (S)

Name of shareholders	Capacity and nature of interest	Number of Shares interested in *(Note 1)*	Number of Preference Shares interested in *(Note 2)*	Total number of Shares and underlying Shares interested in	Approximate percentage in the Shares *(Note 3)*
Harvest (Overseas) Investment Limited	Interest in controlled corporation *(Note 4)*	177,280,217 (L) 177,280,217 (S)	135,135,135 (L) 135,135,135 (S)	312,415,352 (L) 312,415,352 (S)	93.44% (L) 93.44% (S)
安徽豐收投資有限公司 (Anhui Harvest Investment Company Limited*)	Interest in controlled corporation *(Note 4)*	177,280,217 (L) 177,280,217 (S)	135,135,135 (L) 135,135,135 (S)	312,415,352 (L) 312,415,352 (S)	93.44% (L) 93.44% (S)
安徽省創業投資有限公司 (Anhui Province Venture Investment Group Co., Ltd.*)	Interest in controlled corporation *(Note 4)*	177,280,217 (L) 177,280,217 (S)	135,135,135 (L) 135,135,135 (S)	312,415,352 (L) 312,415,352 (S)	93.44% (L) 93.44% (S)
安徽省投資集團有限責任公司 (Anhui Province Investment Group Co., Ltd.*)	Interest in controlled corporation *(Note 4)*	177,280,217 (L) 177,280,217 (S)	135,135,135 (L) 135,135,135 (S)	312,415,352 (L) 312,415,352 (S)	93.44% (L) 93.44% (S)
Three Dragons Limited *(Note 5)*	Security interest	177,280,217 (L)	135,135,135 (L)	312,415,352 (L)	93.44% (L)
ADM Galleus Fund I Limited	Interest in controlled corporation *(Note 5)*	177,280,217 (L)	135,135,135 (L)	312,415,352 (L)	93.44% (L)
ADM Galleus Fund II Limited	Interest in controlled corporation *(Note 5)*	177,280,217 (L)	135,135,135 (L)	312,415,352 (L)	93.44% (L)
ADM Investment Management Limited	Interest in controlled corporation *(Note 5)*	177,280,217 (L)	135,135,135 (L)	312,415,352 (L)	93.44% (L)
Yiu Chiu Fai	Beneficial owner and family interest *(Note 6)*	23,800,000 (L)	–	23,800,000 (L)	7.11% (L)

* *English translation/transliteration for identification purpose only*

Notes:

1. (L) denotes long position and (S) denotes short position.

2. This represents the preference shares in the capital of the Company with a par value of HK$0.01 each issued and allotted on 28 June 2013 ("Preference Shares"), which entitles the holder to convert into Shares on a one-to-one basis.

3. The percentage is calculated by dividing "the total number of Shares and underlying Shares" by "the Shares in issue as at 30 September 2014, being 334,342,053 Shares".

4. Marvel Light Holdings Limited is wholly owned by Bomao Holdings Limited, which in turn is wholly owned by Harvest (Overseas) Investment Limited, which in turn is wholly owned by 安徽豐收投資有限公司 (Anhui Harvest Investment Company Limited*), which in turn is owned as to 40% by 安徽省創業投資有限公司 (Anhui Province Venture Investment Group Co., Ltd.*), which in turn is wholly owned by 安徽省投資集團有限責任公司 (Anhui Province Investment Group Co., Ltd.*). Their interests in the 312,415,352 Shares and the underlying Shares therefore duplicate each other.

5. Based on the disclosure of interests forms filed, Three Dragons Limited is owned as to 22% by ADM Galleus Fund I Limited and as to 78% by ADM Galleus Fund II Limited. Both ADM Galleus Fund I Limited and ADM Galleus Fund II Limited are wholly owned by ADM Investment Management Limited and their interests in the 312,415,352 Shares and the underlying Shares duplicate each other.

6. Mr. Yiu Chiu Fai personally owns 23,720,000 shares representing 7.09% in the shares, whereas 80,000 shares representing 0.02% in the shares are owned by his child/spouse.

Save as disclosed above, as at 31 March 2014, no person had registered an interest or short position in the shares or underlying shares of the Company that was required to be recorded pursuant to Section 336 of the SFO.

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 2014.

MAJOR CUSTOMERS AND SUPPLIERS

Sales to the five largest customers of the Group accounted for approximately 59% of the Group's total turnover for the year. In particular, sales to the largest customer of the group accounted for approximately 36% of the Group's total turnover for the year.

Purchases from the five largest suppliers of the Group accounted for approximately 58% of the Group's total purchases for the year. In particular, purchases from the Group's largest supplier accounted for approximately 37% 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.

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.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors as at 27 June 2014, the latest practicable date prior to the issue of this report, the Company believe that the number of securities of the Company which are on the hands of the public is above the relevant prescribed minimum percentage.

AUDITOR

The accompanying financial statements have been audited by ZHONGHUI 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
Huang Shourong
Executive Director and Chief Executive Officer

Hong Kong, 27 June 2014

Biographical Details of Directors and Senior Management

EXECUTIVE DIRECTOR

Mr. Wang Jianqing ("Mr. Wang"), aged 45, obtained his Bachelor's degree in Industrial Management Engineering from Zhenjiang Shipbuilding College (now known as the Jiangsu University of Science and Technology). Mr. Wang currently holds directorships in certain subsidiaries of the Group.

He is currently executive director of Yuan Heng Gas Holdings Limited (stock code: 332) since December 2009 and the general manager of Guangzhou Circle Energy Company Ltd. since January 2009.

Mr. Huang Shourong ("Mr. Huang"), aged 38, holds a bachelor's degree in hydraulic engineering with Tsinghua University and a master's degree in business administration with Fudan University, both of the People's Republic of China. In 2005, Mr. Huang completed the International MBA Program co-developed by Massachusetts Institute of Technology in the United States of America and Fudan University.

Mr. Huang has over 8 years' experience in business administration and joined the Centaline Group in 2005. Prior to joining the Group, Mr. Huang was the vice-secretary of the executive committee of a former subsidiary of the Group. Mr. Huang currently holds directorships in certain subsidiaries of the Group.

INDEPENDENT NON-EXECUTIVE DIRECTOR

Dr. Leung Hoi Ming ("Dr. Leung"), aged 46, has extensive knowledge and experience in risk management of financial instruments, treasury business and financial derivative products. He has served DBS Bank for eight years and was Senior Vice President in the Treasury and Markets Division upon his departure from the bank on 22 May 2009. Dr. Leung started his career in the finance industry in 1996 with Citibank as quantitative analyst in the Equity Derivatives Asia Department. He had served a few other financial institutes before joining DBS Bank Ltd as a financial product specialist as well and had held various roles in business development, trading and risk management.

Dr. Leung, a native Hong Kong citizen with Chinese nationality, holds a Bachelor (First Class Honours) degree of Science (1990) from the Chinese University of Hong Kong, a Master degree of Science in Mathematics (1993) and a Doctor degree of Philosophy in Mathematics (1996) from the California Institute of Technology, and a Master degree of Science in Investment Management (1999) from the Hong Kong University of Science and Technology.

He also has been in the position of independent non-executive director for Yuan Heng Gas Holdings Limited (Stock Code: 332) since 19 January 2010.

Mr. Mak Ka Wing, Patrick ("Mr. Mak"), aged 49, is a registered solicitor of the High Court of Hong Kong and a managing partner of Patrick Mak & Tse Solicitors. Mr. Mak has over 10 years legal experience as a practicing solicitor. Mr. Mak was awarded the Common Professional Examination Certificate in Laws by the University of Hong Kong in 1995 and was awarded his Postgraduate Certificate in Laws (P.C.LL) by the University of Hong Kong in 1998. On 21 April 2001, Mr. Mak admitted as a solicitor of the High Court of Hong Kong. Mr. Mak was appointed as a civil celebrant of Marriages by the Deputy Registrar of Marriages of Hong Kong in October 2008 and would last for 5 years till October 2013. In December 2012, Mr. Mak was appointed as the attesting officer of the Association of China-Appointed Attesting Officers Limited.

Mr. Mak served as an independent non-executive director and non-executive director of China Kingston Mining Holdings Limited (stock code: 1380) for the period from 6 February 2013 to 16 April 2013 and from 17 April 2013 to 13 June 2013 respectively. Currently, Mr. Mak is an independent non-executive director of both Karce International Holdings Company Limited (stock code: 1159) and U-RIGHT International Holdings Limited (Provisional Liquidators Appointed) (stock code: 627). Mr. Mak is also a director of Asia Green Agriculture Corporation which was incorporated under the laws of the State of Nevada, USA.

Mr. Sung Wing Sum ("Mr. Sung"), aged 55, has over 30 years of experience in accounting, auditing and financial management in Hong Kong and the PRC including over 20 years in several audit firms. Mr. Sung worked at the audit departments of Kwan Wong Tan & Fong for about 16 years since March 1981 and later worked for Deloitte Touche Tohmatsu from August 1997 to December 1999. Mr. Sung worked as the qualified accountant and company secretary for Tungda Innovative Lighting Holdings Limited since its listing to October 2003, a company whose shares are listed on the Growth Enterprise Market of the Stock Exchange (stock code: 8229).

Mr. Sung had become a member of the Hong Kong Institute of Certified Public Accountants since 1996 and was admitted as a fellow of the association in 2004. Mr. Sung was admitted as a fellow of the Association of Chartered Certified Accountants in 2000. In 2003, Mr. Sung obtained an executive master of business administration from the West Coast Institute of Management and Technology of Australia. In 2005, Mr. Sung became the associate of the Institute of Chartered Secretaries and Administrators and the Hong Kong Institute of Chartered Secretaries. Mr. Sung was admitted as an associate of the Institute of Chartered Accountants in England and Wales in 2007. Mr. Sung is currently a practicing member of the Hong Kong Institute of Certified Public Accountants.

SENIOR MANAGEMENT

Ms. Gong Yi Heng ("Ms. Gong"), aged 41, 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.

Mr. Jin Yuan Hai ("Mr. Jin"), aged 32, 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.

Biographical Details of Directors and Senior Management

Ms. Du Wei Wei ("Ms. Du"), aged 33, 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 40, 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.

中汇
ZHONGHUI

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

We have audited the consolidated financial statements of FU JI Food and Catering Services Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 30 to 77, which comprise the consolidated and company statements of financial position as at 31 March 2014, and the consolidated statement of profit or loss and other 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 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 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. We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

BASIS FOR QUALIFIED OPINION

1. Opening balances and corresponding figures

Our audit opinion on the consolidated financial statements of the Group for the year ended 31 March 2013 (the "2013 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 28 June 2013. Accordingly, we were then unable to form an opinion as to whether the 2013 Financial Statements gave a true and fair view of the state of affairs of the Group and of the Company as at 31 March 2014 and of the Group's results and cash flows for the year then ended.

2. Deconsolidation of the 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, and for the period from 1 April 2013 to 4 July 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 2014.

3. Gain on completion of the Group reorganisation and restructuring

As explained in note 10 to the consolidated financial statements, upon completion of the Group reorganisation and restructuring on 4 July 2013, the Company recognised a gain on completion of the Group reorganisation and restructuring of approximately RMB816,247,000 for the year ended 31 March 2014.

No sufficient evidence has been provided to satisfy ourselves as to certain liabilities of the Company being discharged under the Group reorganisation and restructuring. As a result, we are unable to satisfy ourselves as to the gain on completion of the Group reorganisation and restructuring of approximately RMB816,247,000 included in the consolidated statement of profit or loss and other comprehensive income.

Any adjustments that are found necessary in relation to matters as described in points 1 to 3 above might have a consequential effect on the Group's results and cash flows for the year ended 31 March 2013 and 2014 and the financial positions of the Group as at 31 March 2013, and the related disclosures thereof in the consolidated financial statements.

QUALIFIED OPINION

In our opinion, except for the possible effects of the matters as described in the basis for qualified opinion paragraphs, the consolidated financial statements give a true and fair view of the state of affairs of the Group and of the Company as at 31 March 2014 and of the results and cash flows of the Group for the year ended 31 March 2014 in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

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

Hong Kong, 27 June 2014

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 March 2014

	Notes	2014 RMB'000	2013 RMB'000
Turnover	7	**233,506**	168,716
Cost of inventories sold		**(182,411)**	(114,571)
Gross profit		**51,095**	54,145
Other income	8	**29**	1,042
Gain on completion of the Group reorganisation and restructuring	10	**816,247**	–
Staff costs		**(17,876)**	(19,453)
Operating lease rentals		**(3,060)**	(3,285)
Depreciation		**(3,466)**	(3,288)
Fuel and utility costs		**(3,872)**	(3,908)
Consumable stores		**(52)**	(553)
Other operating expenses		**(28,741)**	(12,983)
Impairments on property, plant and equipment		**(145)**	–
Impairments on due from deconsolidated subsidiaries		**–**	(22,339)
Debt restructuring cost involving issue of Scheme Shares		**–**	(14,049)
Profit/(loss) before tax		**810,159**	(24,671)
Income tax	11	**(3,627)**	(4,121)
Profit/(loss) for the year	12	**806,532**	(28,792)
Other comprehensive income that may be subsequently reclassified to profit or loss:			
Exchange differences on translating foreign operations		**(2,864)**	1,239
Total comprehensive income/(loss) for the year		**803,668**	(27,553)
Profit/(loss) for the year attributable to:			
Owners of the Company		**806,542**	(28,791)
Non-controlling interests		**(10)**	(1)
		806,532	(28,792)
Total comprehensive income/(loss) for the year attributable to:			
Owners of the Company		**803,678**	(27,552)
Non-controlling interests		**(10)**	(1)
		803,668	(27,553)
Earnings/(loss) per share	16		
Basic (RMB cents per share)		**299**	(53)
Diluted (RMB cents per share)		**265**	(53)

Consolidated Statement of Financial Position

At 31 March 2014

	Notes	2014 RMB'000	2013 RMB'000
Non-current assets			
Property, plant and equipment	17	**8,451**	10,307
Current assets			
Inventories	19	**17,006**	3,656
Trade receivables	20	**16,538**	11,568
Due from the Investor	21	**–**	53,914
Prepayments, deposits and other receivables	23	**8,221**	11,488
Bank and cash balances	24	**80,700**	11,611
		122,465	92,237
Current liabilities			
Trade payables	25	**30,233**	32,335
Accruals and other payables		**19,564**	17,822
Payable to the Scheme	26	**–**	205,085
Due to deconsolidated subsidiaries	22	**–**	816,294
Current tax liabilities		**5,888**	4,119
		55,685	1,075,655
Net current assets/(liabilities)		**66,780**	(983,418)
NET ASSETS/(LIABILITIES)		**75,231**	(973,111)
Capital and reserves			
Share capital	27	**3,864**	5,665
Reserves	28(a)	**70,563**	(978,960)
Equity attributable to owners of the Company		**74,427**	(973,295)
Non-controlling interests		**804**	184
TOTAL EQUITY		**75,231**	(973,111)

Approved and authorised for issue by the board of directors on 27 June 2014 and signed on its behalf by:

Wang Jianqing
Director

Huang Shourong
Director

Statement of Financial Position

At 31 March 2014

	Notes	2014 RMB'000	2013 RMB'000
Non-current assets			
Investments in subsidiaries	18	**–**	–
Current assets			
Due from the Investor	21	**–**	53,914
Due from subsidiaries	18	**54,892**	–
Prepayments, deposits and other receivables		**–**	8,418
Bank and cash balances		**67**	1,211
		54,959	63,543
Current liabilities			
Accruals and other payables		**1,348**	1,665
Payable to the Scheme	26	**–**	205,085
Due to deconsolidated subsidiaries	22	**–**	8,160
		1,348	214,910
Net current assets/(liabilities)		**53,611**	(151,367)
NET ASSETS/(LIABILITIES)		**53,611**	(151,367)
Capital and reserves			
Share capital	27	**3,864**	5,665
Reserves	28(b)	**49,747**	(157,032)
TOTAL EQUITY		**53,611**	(151,367)

Approved and authorised for issue by the board of directors on 27 June 2014 and signed on its behalf by:

Wang Jianqing
Director

Huang Shourong
Director

Consolidated Statement of Changes in Equity

For the year ended 31 March 2014

	Attributable to owners of the Company							
	Share capital	**Share premium**	**Statutory reserve**	**Foreign currency translation reserve**	**Accumulated losses**	**Total**	**Non-controlling interests**	**Total**
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 April 2012	5,665	1,491,807	7,500	(70,174)	(2,380,541)	(945,743)	499	(945,244)
Total comprehensive income/(loss) for the year	–	–	–	1,239	(28,791)	(27,552)	(1)	(27,553)
Redemption of equity interests by non-controlling owners	–	–	–	–	–	–	(314)	(314)
At 31 March 2013	5,665	1,491,807	7,500	(68,935)	(2,409,332)	(973,295)	184	(973,111)
At 1 April 2013	5,665	1,491,807	7,500	(68,935)	(2,409,332)	(973,295)	184	(973,111)
Total comprehensive (loss)/income for the year	–	–	–	(2,864)	806,542	803,678	(10)	803,668
Contribution from non-controlling shareholders	–	–	–	–	–	–	630	630
Capital restructuring:								
– Capital reduction	(5,099)	–	–	–	5,099	–	–	–
– Share subscription	1,611	117,626	–	–	–	119,237	–	119,237
– Open offer	428	31,216	–	–	–	31,644	–	31,644
– Issue of preference shares	1,074	78,417	–	–	–	79,491	–	79,491
– Issue of Scheme Shares	185	13,487	–	–	–	13,672	–	13,672
At 31 March 2014	3,864	1,732,553	7,500	(71,799)	(1,597,691)	74,427	804	75,231

Consolidated Statement of Cash Flows

For the year ended 31 March 2014

	2014 RMB'000	2013 RMB'000
Cash flows from operating activities		
Profit/(loss) before tax	**810,159**	(24,671)
Adjustments for:		
Depreciation	**3,466**	3,288
Interest income	**(13)**	(10)
Gain on completion of the Group reorganisation and restructuring	**(816,247)**	–
Debt restructuring cost involving issue of Scheme Shares	**–**	14,049
Impairment on due from deconsolidated subsidiaries	**–**	22,339
Impairments on property, plant and equipment	**145**	–
Operating cash flows before working capital changes	**(2,490)**	14,995
Change in inventories	**(13,350)**	(1,012)
Change in trade receivables	**(4,970)**	6,082
Change in prepayments, deposits and other receivables	**3,219**	(978)
Change in trade payables	**(2,102)**	(8,409)
Change in accruals and other payables	**1,742**	(5,002)
Cash (used in)/generated from operations	**(17,951)**	5,676
Income tax paid	**(1,858)**	–
Net cash (used in)/generated from operating activities	**(19,809)**	5,676
Cash flows from investing activities		
Purchase of property, plant and equipment	**(1,755)**	(43)
Interest received	**13**	10
Net cash used in investing activities	**(1,742)**	(33)
Cash flows from financing activities		
Payment to the Scheme	**(187,131)**	–
Proceeds from the issue of ordinary shares	**119,237**	–
Proceeds from the issue of preference shares	**79,491**	–
Net proceeds from the open offer	**31,644**	–
Proceeds from the Distribution	**52,789**	–
Capital injection from non-controlling shareholders	**630**	–
Change in balances with deconsolidated subsidiaries	**–**	(15,477)
Net cash generated from/(used in) financing activities	**96,660**	(15,477)

Consolidated Statement of Cash Flows

For the year ended 31 March 2014

	2014 RMB'000	2013 RMB'000
Net increase/(decrease) in cash and cash equivalents	**75,109**	(9,834)
Effect of foreign exchange rate changes	**(6,020)**	130
Cash and cash equivalents at beginning of year	**11,611**	21,315
Cash and cash equivalents at end of year	**80,700**	11,611
Analysis of cash and cash equivalents		
Bank and cash balances	**80,700**	11,611

1. GENERAL INFORMATION

FU JI Food and Catering Services Holdings Limited (the "Company") 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 had been suspended since 29 July 2009 and has been resumed on 5 July 2013.

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 the People's Republic of China (the "PRC"). The principal activities of the Company's subsidiaries are set out in note 18 to the financial statements.

2. BASIS OF PREPARATION

Completion of the restructuring of the Group and resumption of trading in the shares of the Company

Trading in the shares of the Company was suspended on the Main Board of the Stock Exchange at the request of the Company on 29 July 2009.

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

Since then, the Provisional Liquidators had commenced restructuring the Company. On 16 March 2010, Marvel Light Holdings Limited (the "Investor"), the Company and the Provisional Liquidators entered into the heads of terms setting out the agreement of the parties in respect of major provisions of the reorganisation proposal (the "Reorganisation Proposal") to grant the Investor an exclusive right to prepare and submit a resumption proposal to the Stock Exchange with the view to resume trading of the Company's shares. Further details of the Reorganisation Proposal are described in the Company's announcements dated 26 May 2010 and 7 July 2010.

2. BASIS OF PREPARATION *(continued)*

Completion of the restructuring of the Group and resumption of trading in the shares of the Company *(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.

On 1 March 2013, the Company despatched to the Company's shareholders a circular in relation to the proposed restructuring and the notice of convening an extraordinary general meeting on 25 March 2013. All of the resolutions in relation to the restructuring were duly passed by the shareholders by way of poll on 25 March 2013 and the poll results of the extraordinary general meeting were published on the same day. Further details were set out in the announcements of the Company dated 1 March 2013 and 25 March 2013. Unless otherwise specified, capitalised terms used herein shall have the same meanings as in the respective public announcements made by the Company.

On 2 July 2013, the Provisional Liquidators were discharged and the petition for winding up of the Company was dismissed by the High Court. On 4 July 2013, the proposed restructuring was completed, and all resumption conditions have been fulfilled. Upon the granting of listing approval from the Stock Exchange, trading in the shares of the Company was resumed on 8 July 2013.

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 2013. HKFRSs comprise Hong Kong Financial Reporting Standards; Hong Kong Accounting Standards ("HKAS") 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 except as stated below.

3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS *(continued)*

(a) Amendments to HKAS 1 "Presentation of Financial Statements"

Amendments to HKAS 1 titled Presentation of Items of Other Comprehensive Income introduce new terminology for statement of comprehensive income and income statement. Under the amendments to HKAS 1, a statement of comprehensive income is renamed as a statement of profit or loss and other comprehensive income and an income statement is renamed as a statement of profit or loss. The amendments to HKAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements.

The amendments to HKAS 1 require additional disclosures to be made in the other comprehensive income section such that items of other comprehensive income are grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss; and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis.

The amendments have been applied retrospectively, and hence the presentation of items of other comprehensive income has been modified to reflect the change. Other than the above mentioned presentation changes, the application of the amendments to HKAS 1 does not result in any impact on profit or loss, other comprehensive income and total comprehensive income.

The Group has not applied the new HKFRSs that have been issued but are not yet effective. The Group has already commenced an assessment of the impact of these new 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, and the applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange 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 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 certain key assumptions and estimates. It also requires the directors to exercise its judgements in the process of applying the accounting policies. The areas involving critical judgements 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. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The Group has power over an entity when the Group has existing rights that give it the current ability to direct the relevant activities, i.e. activities that significantly affect the entity's returns.

When assessing control, the Group considers its potential voting rights as well as potential voting rights held by other parties, to determine whether it has control. A potential voting right is considered only if the holder has the practical ability to exercise that right.

Subsidiaries are 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.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Consolidation *(continued)*

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

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

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

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions (i.e. transactions with owners in their capacity as owners). The carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the Company.

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"). The consolidated financial statements are presented in RMB, which is the Company's presentation currency and the functional currency of the principal operating subsidiaries of the Group.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Foreign currency translation *(continued)*

(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.

(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 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.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

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.

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 annual rate is as follows:

Furniture and equipment	10%-33%
Leasehold improvement	Over the unexpired terms of the lease

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

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

Operating leases

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

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the 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 expires. The difference between the carrying amount of the financial liability derecognised and the consideration paid is recognised in profit or loss.

The Group's financial assets include bank and cash balances and trade and other receivables.

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 recoverable amount of the receivables 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.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

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.

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.

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.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Employee benefits

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

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

(b) *Pension obligations*

The Group operates a defined contribution Mandatory Provident Fund retirement benefits scheme ("MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance, for those employees who are eligible to participate in the MPF Scheme. Contributions are made based on 5% of the employees' relevant income, subject to a ceiling of monthly relevant income of HK$25,000 and are charged to profit or loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme.

The Group also participates in a defined contribution retirement scheme organised by the government in the PRC. The Group is required to contribute a specific percentage of the payroll of its employees to the retirement scheme. The contributions are charged to profit or loss as they become payable in accordance with the rules of the retirement scheme. No forfeited contributions may be used by the employers to reduce the existing level of contributions.

(c) *Termination benefits*

Termination benefits are recognised at the earlier of the dates when the Group can no longer withdraw the offer of those benefits and when the Group recognises restructuring costs and involves the payment of termination benefits.

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 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 of disposal 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) *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 *(continued)*

Key sources of estimation uncertainty

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

(a) Impairment of assets

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

(b) Property, plant and equipment and depreciation

The Group determines the estimated useful lives, residual values and related depreciation charges for the Group's property, plant and equipment. This estimate is based on the historical experience of the actual useful lives and residual values of property, plant and equipment of similar nature and functions. The Group will revise the depreciation charge where useful lives 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.

(e) Income tax

Significant estimates are required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

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.

6. FINANCIAL RISK MANAGEMENT *(continued)*

(a) Foreign currency risk

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

The Group 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 a related company and bank balances. In order to minimise credit risk, the Directors review the recoverable amount of each individual receivable regularly to ensure that adequate impairment losses are recognised for irrecoverable receivable. In this regard, the Directors consider that the Group's credit risk is significantly reduced.

At the end of the reporting period, the Group had certain concentration of credit risk as approximately 17% (2013: 28%) and 46% (2013: 87%) 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 management monitors the working capital position to ensure that there is adequate liquidity to meet all the financial obligations when they become due and to maximise the return of the Group's financial resources.

6. FINANCIAL RISK MANAGEMENT *(continued)*

(c) Liquidity risk *(continued)*

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	
	2014	2013
	RMB'000	RMB'000
Trade payables	**30,233**	32,335
Accruals and other payables	**19,564**	17,822
Payable to the Scheme	**–**	205,085
Due to deconsolidated subsidiaries	**–**	816,294
	49,797	1,071,536

(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% (2013: 1%) and all other variables were held constant, the consolidated profit before tax of the Group would increase or decrease by approximately RMB757,000 (2013: the consolidated loss before tax of the Group would decrease or increase by approximately RMB5,000) 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.

6. FINANCIAL RISK MANAGEMENT *(continued)*

(f) Financial instruments by category

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

	2014 **RMB'000**	2013 RMB'000
Financial assets		
Loans and receivables:		
Trade receivables	**16,538**	11,568
Due from the Investor	**–**	53,914
Other receivables	**–**	–
Prepayments, deposits and other receivables	**8,026**	11,142
Bank and cash balances	**80,700**	11,611
	105,264	88,235
Financial liabilities		
Financial liabilities at amortised cost:		
Trade payables	**30,233**	32,335
Accruals and other payables	**19,564**	17,822
Payable to the Scheme	**–**	205,085
Due to deconsolidated subsidiaries	**–**	816,294
	49,797	1,071,536

7. TURNOVER

The Group's turnover is analysed as follows:

	2014 RMB'000	2013 RMB'000
Catering services business	**54,526**	103,430
Convenience food and related business	**178,980**	65,286
	233,506	168,716

8. OTHER INCOME

	2014 RMB'000	2013 RMB'000
Interest income	**13**	10
Processing fee income	**–**	698
Others	**16**	334
	29	1,042

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 2014, 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, income tax, gain on completion of the Group reorganisation and restructuring, 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, current tax liabilities and other unallocated corporate liabilities.

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 2014:			
Revenue from external customers	**54,526**	**178,980**	**233,506**
Segment profit	**3,534**	**17,026**	**20,560**
Depreciation	**3,046**	**375**	**3,421**
Impairments on property, plant and equipment	**145**	**–**	**145**
Income tax	**641**	**2,995**	**3,636**
Additions to segment non-current assets	**–**	**934**	**934**
At 31 March 2014:			
Segment assets	**19,183**	**30,256**	**49,439**
Segment liabilities	**44,476**	**2,405**	**46,881**
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	44,213	3,625	47,838

9. SEGMENT INFORMATION *(continued)*

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

	2014 RMB'000	2013 RMB'000
Revenue:		
Total turnover of reportable segments disclosed as consolidated turnover	**233,506**	168,716
Profit or loss:		
Total profit of reportable segments	**20,560**	21,097
Gain on completion of the Group reorganisation and restructuring	**816,247**	–
Impairments on due from deconsolidated subsidiaries	**–**	(22,339)
Debt restructuring cost involving issue of Scheme Shares	**–**	(14,049)
Corporate and unallocated profit or loss	**(26,648)**	(9,380)
Consolidated profit/(loss) before tax	**810,159**	(24,671)
Assets:		
Total assets of reportable segments	**49,439**	28,497
Corporate and unallocated assets		
Due from the Investor	**–**	53,914
Bank and cash balances	**80,700**	11,611
Others	**777**	8,522
Consolidated total assets	**130,916**	102,544
Liabilities:		
Total liabilities of reportable segments	**46,881**	47,838
Corporate and unallocated liabilities		
Payable to the Scheme	**–**	205,085
Due to deconsolidated subsidiaries	**–**	816,294
Others	**8,804**	6,438
Consolidated total liabilities	**55,685**	1,075,655

9. SEGMENT INFORMATION *(continued)*

Geographical information:

	2014 **RMB'000**	2013 RMB'000
Revenue:		
The PRC	**233,506**	142,612
Philippines	**–**	26,104
	233,506	168,716

Information about revenue from the Group's one (2013: four) customer individually contributing over 10% of total revenue of the Group as follows:

	2014 **RMB'000**	2013 RMB'000
Customer A	**82,910**	30,973
Customer B *(Note)*	**–**	24,734
Customer C *(Note)*	**–**	54,744
Customer D	**–**	23,441
	82,910	133,892

Note: These customers individually contributing less than 10% of total revenue of the Group for the year ended 31 March 2014.

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 PRC.

10. GAIN ON COMPLETION OF THE GROUP REORGANISATION AND RESTRUCTURING

Upon completion of the Group reorganisation and restructuring on 4 July 2013, the amounts due to deconsolidated subsidiaries were discharged pursuant to the terms of the DRA. The amount payable to the Scheme was settled by the proceeds from the issuance of share subscription, open offer, preference shares, scheme shares and distribution of cash proceeds from disposal of restaurant business and nominated excluded assets in relation to the restructuring (the "Distribution").

	2014 **RMB'000**
Debts discharged:	
Due to deconsolidated subsidiaries	**816,247**
Payable to the Scheme	**200,803**
	1,017,050
Satisfied by:	
Cash settlement	
Proceeds from the issue of ordinary shares	**(102,732)**
Proceeds from the issue of preference shares	**(31,610)**
Cash proceeds from the Distribution	**(52,789)**
	(187,131)
Equity settlement	
Issuance of Scheme Shares	**(13,672)**
	(200,803)
Gain on completion of the Group reorganisation and restructuring	**816,247**

11. INCOME TAX

	2014 RMB'000	2013 RMB'000
Current tax:		
– Provision for the Hong Kong Profits Tax	**–**	348
– Over-provision in prior years	**(9)**	–
– Provision for the PRC enterprise income tax	**3,636**	3,773
	3,627	4,121

No provision for Hong Kong Profits Tax has been made for the year ended 31 March 2014 as the Group did not generate any assessable profits arising in Hong Kong during that year. Hong Kong profits tax is calculated at 16.5% of the estimated assessable profits for the year ended 31 March 2013. Tax charge on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates, based on existing legislation, interpretation and practices in respect thereof.

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

	2014 RMB'000	2013 RMB'000
Profit/(loss) before tax	**810,159**	(24,671)
Notional tax on profit/(loss) before tax calculated at the PRC statutory rate	**202,540**	(6,168)
Effect of different tax rates in other tax jurisdictions	**2,941**	2,415
Tax effect of utilisation of tax losses not previously recognised	**(2,391)**	(1,198)
Over-provision in prior years	**(9)**	–
Tax effect of non-deductible expenses	**5,295**	9,076
Tax effect of non-taxable income	**(204,749)**	(4)
	3,627	4,121

The Group had no significant deferred tax for the years ended 31 March 2014 and 2013.

12. PROFIT/(LOSS) FOR THE YEAR

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

	2014 RMB'000	2013 RMB'000
Auditor's remuneration	**1,189**	1,137
Cost of inventories sold	**182,411**	114,571
Depreciation	**3,466**	3,288
Minimum lease payments under operating leases in respect of land and buildings	**3,060**	3,285
Impairment of property, plant and equipment	**145**	–
Staff costs (including directors' remuneration – *note 13*):		
Salaries, bonus and allowances	**17,862**	19,453
Retirement benefits scheme contributions	**14**	–
	17,876	19,453

13. 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 Directors			
Mr. Wang Jianqing (appointed on 8 July 2013)	**146**	**7**	**153**
Mr. Huang Shourong (appointed on 25 July 2013)	**137**	**–**	**137**
Ms. Yang Qin (appointed on 8 July 2013 and resigned on 30 August 2013)	**30**	**–**	**30**
Mr. Chin Chang Keng Raymond (resigned on 8 July 2013)	**13**	**–**	**13**
Independent Non-executive Directors			
Mr. Mak Ka Wing, Patrick (appointed on 8 July 2013)	**90**	**–**	**90**
Mr. Sung Wing Sum (appointed on 8 July 2013)	**104**	**–**	**104**
Mr. Leung Hoi Ming (appointed on 8 July 2013)	**90**	**–**	**90**
Mr. Chung Wai Man (resigned on 8 July 2013)	**13**	**–**	**13**
Total for 2014	**623**	**7**	**630**

13. 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 (resigned on 8 July 2013)	49	–	49
Independent Non-executive Directors			
Mr. Chung Wai Man (resigned on 8 July 2013)	39	–	39
Total for 2013	88	–	88

The five highest paid individuals in the Group during the year included one (2013: nil) director whose emoluments are reflected in the analysis presented above. The emoluments of the remaining four (2013: five) individuals are set out below:

	2014 **RMB'000**	2013 RMB'000
Basic salaries and allowances	**823**	1,021
Retirement benefit scheme contributions	**7**	–
	830	1,021

The emoluments of all five (2013: five) 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.

14. LOSS FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE COMPANY

The loss for the year attributable to owners of the Company included a loss of approximately RMB34,503,000 (2013: approximately RMB15,612,000) which has been dealt with in the financial statements of the Company.

15. DIVIDENDS

The Directors do not recommend the payment of any dividend for each of the years ended 31 March 2014 and 2013.

16. EARNINGS/(LOSS) PER SHARE

(a) Basic earnings/(loss) per share

The calculation of basic earnings/(loss) per share attributable to owners of the Company is based on the profit for year attributable to owners of the Company of approximately RMB806,542,000 (2013: loss of approximately RMB28,791,000) and the weighted average number of 269,958,883 (2013: 54,129,675, as adjusted to reflect the impact of share consolidation on 7 May 2013 and open offer on 4 June 2013) ordinary shares in issue during the year.

(b) Diluted earnings/(loss) per share

The calculation of diluted earnings/(loss) per share attributable to owners of the Company for the year ended 31 March 2014 is based on the profit for the year attributable to owners of the Company of approximately RMB806,542,000 and the weighted average number of ordinary shares of 304,760,808, being the weighted average number of ordinary shares of 269,958,883 in issue during the year used in the basic earnings/(loss) per share calculation plus the weighted average number of ordinary shares of 34,801,925 assumed to converted of the preference shares on 28 December 2013.

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

17. PROPERTY, PLANT AND EQUIPMENT

	Group		
	Leasehold improvement	**Furniture and equipment**	**Total**
	RMB'000	RMB'000	RMB'000
Cost			
At 1 April 2012	–	50,030	50,030
Additions	–	43	43
At 31 March 2013 and 1 April 2013	–	50,073	50,073
Additions	933	822	1,755
At 31 March 2014	933	50,895	51,828
Accumulated depreciation and impairment			
At 1 April 2012	–	36,478	36,478
Charge for the year	–	3,288	3,288
At 31 March 2013 and 1 April 2013	–	39,766	39,766
Charge for the year	247	3,219	3,466
Impairments	–	145	145
At 31 March 2014	247	43,130	43,377
Carrying amounts			
At 31 March 2014	686	7,765	8,451
At 31 March 2013	–	10,307	10,307

18. INTEREST IN SUBSIDIARIES

	Company	
	2014	2013
	RMB'000	RMB'000
Due from subsidiaries	**2,806,041**	2,751,149
Less: Impairments	**(2,751,149)**	(2,751,149)
	54,892	–

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 2014 and 2013 are as follows:

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

18. INTEREST IN SUBSIDIARIES *(continued)*

Name	Place of incorporation	Issued and paid-up capital	Percentage of the ownership interest Direct	Indirect	Principal activities
青島味鮮達餐飲服務有限公司# Qing Dao Wei Xian Da Catering Services Limited*	The PRC	HK$150,000,000	–	100%	Provision of catering services
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%	Production and sales of convenience food products
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
神農客實業(上海)有限公司^ Shennongke Industrial (Shanghai) Company Limited*	The PRC	RMB20,000,000	–	100%	Production and sales of convenience food products

* *The English name is for identification purpose only*

\# *Wholly-foreign-owned enterprises*

^ *Wholly-domestic-owned enterprises*

19. INVENTORIES

	Group	
	2014	2013
	RMB'000	RMB'000
Raw materials and consumable stores	**52**	442
Finished goods	**16,954**	3,214
	17,006	3,656

20. TRADE RECEIVABLES

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

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

	Group	
	2014	2013
	RMB'000	RMB'000
30 days or less	**9,525**	7,938
31 to 90 days	**6,298**	1,372
91 to 180 days	**715**	1,412
Over 180 days	**–**	846
	16,538	11,568

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.

20. TRADE RECEIVABLES *(continued)*

Impairment of trade receivables *(continued)*

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

	Group	
	2014	2013
	RMB'000	RMB'000
At beginning of year	**–**	242
Written off against trade receivables	**–**	(242)
At 31 March	**–**	–

Trade receivables that are not impaired

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

	Group	
	2014	2013
	RMB'000	RMB'000
Neither past due nor impaired	**15,823**	9,310
Less than 90 days past due	**715**	1,412
Over 90 days past due	**–**	846
	16,538	11,568

21. DUE FROM THE INVESTOR

	Group and Company	
	2014	2013
	RMB'000	RMB'000
Cash consideration receivable:		
– Disposal of restaurant business	**–**	8,070
– Disposal of nominated excluded assets	**–**	45,844
	–	53,914

Note: Upon execution of the Heads of Terms, the amounts due from the Investor has been 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.

22. DUE TO DECONSOLIDATED SUBSIDIARIES

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

23. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	Group	
	2014	2013
	RMB'000	RMB'000
Prepayments	**195**	469
Deposits	**2,527**	2,521
Other receivables	**5,499**	8,498
	8,221	11,488

24. 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 RMB75,694,000 (2013: RMB530,000). Conversion of RMB into foreign currencies is subject to the PRC's Foreign Exchange Control Regulations.

25. TRADE PAYABLES

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

	Group	
	2014	2013
	RMB'000	RMB'000
180 days or less	**533**	2,616
Over 180 days	**29,700**	29,719
	30,233	32,335

Included in the Group's trade payables were amounts payable to a deconsolidated subsidiary of the Group amounting to RMB2,554,000 at 31 March 2013.

26. PAYABLE TO THE SCHEME

	Group and Company	
	2014	2013
	RMB'000	RMB'000
Scheme consideration payable to Scheme Creditors to be settled by:		
– Issue of Scheme Shares	**–**	13,964
– Realisation from Investor, presented as due from the Investor:		
– Disposal of restaurant business	**–**	8,071
– Disposal of nominated excluded assets	**–**	45,843
	–	53,914
– Proceeds from the issue of shares to the Investor upon resumption:		
– Ordinary shares	**–**	104,923
– Preference shares	**–**	32,284
	–	137,207
Payable to the Scheme	**–**	205,085

26. PAYABLE TO THE SCHEME *(continued)*

Note:

Upon completion of the Group reorganisation and restructuring on 4 July 2013, The amount payable to the Scheme was settled by the proceeds from the issuance of share subscription, open offer, preference shares, Scheme Shares and distribution of cash proceeds from disposal of restaurant business and nominated excluded assets in relation to the restructuring.

27. SHARE CAPITAL

	Notes	**Number of shares**	**Nominal value of shares** RMB'000
Authorised:			
Ordinary shares:			
Ordinary shares of HK$0.01 each at 1 April 2012, 31 March 2013 and 1 April 2013		2,000,000,000	21,200
Capital restructuring: net increase in authorised ordinary share capital	(a)	17,800,000,000	135,861
Ordinary shares of HK$0.01 each at 31 March 2014		19,800,000,000	157,061
Preference shares:			
Capital restructuring: inception of authorised preference share capital of HK$0.01 each during the year and balance at 31 March 2014	(a)	200,000,000	1,586
Total	(a)	20,000,000,000	158,647

27. SHARE CAPITAL *(continued)*

	Notes	Number of shares	Nominal value of shares RMB'000
Issued and fully paid:			
Ordinary shares:			
At 1 April 2012, 31 March 2013 and 1 April 2013		541,296,756	5,665
Capital restructuring	(a)	(487,167,081)	(5,099)
	(a)	54,129,675	566
Open offer	(b)	54,129,675	428
Share subscription	(c)	202,702,703	1,611
Issue of Scheme Shares	(d)	23,380,000	185
At 31 March 2014		334,342,053	2,790
Preference shares:			
Issue of preference shares during the year and balance at 31 March 2014	(e)	135,135,135	1,074
Total		469,477,188	3,864

27. SHARE CAPITAL *(continued)*

Notes:

(a) There was a capital restructuring of the Company effected on 7 May 2013 which comprised the following:

	Prior to the capital restructuring	After the capital reduction (i)	After the capital cancellation (ii)	After the share consolidation (iii)	After the increase in authorised share capital (iv)
Par value of share (HK$)	0.01	0.001	0.001	0.01	0.01
Number of authorised shares	2,000,000,000	2,000,000,000	541,296,756	54,129,675	20,000,000,000
Authorised share capital (HK$)	20,000,000	2,000,000	541,296.75	541,296.75	200,000,000
Authorised share capital (RMB equivalent)	21,200,000	2,120,000	566,500	566,500	158,647,124
Number of issued ordinary shares	541,296,756	541,296,756	541,296,756	54,129,675	54,129,675
Issued ordinary share capital (HK$)	5,412,967.56	541,296.75	541,296.75	541,296.75	541,296.75
Issued ordinary share capital (RMB equivalent)	5,665,000	566,500	566,500	566,500	566,500

(i) reduced the par value of all issued and un-issued ordinary shares in the Company from HK$0.01 to HK$0.001 each;

(ii) cancelled the entire existing un-issued ordinary share capital of the Company;

(iii) consolidated every 10 shares of the Company into 1 new ordinary share; and

(iv) authorised share capital of the Company became HK$200,000,000 divided into 20,000,000,000 new shares of HK$0.01 each.

(b) Open offer

Completion of the open offer took place on 4 June 2013 pursuant to which 54,129,675 offer shares were issued under the open offer on the basis of one offer share for every one share held by the qualifying shareholders after completion of the capital restructuring at the subscription price of HK$0.74 per offer share with par value of HK$0.01 each. Accordingly, the Company's issued ordinary share capital was increased by approximately HK$0.5 million (equivalent to approximately RMB0.4 million) and the share premium account was increased by approximately HK$39.5 million (equivalent to approximately RMB31.2 million).

(c) Subscription

Completion of the Subscription took place on 28 June 2013 pursuant to which 202,702,703 subscription shares were issued to the Investor at the subscription price of HK$0.74 per subscription share with par value of HK$0.01 each. Accordingly, the Company's issued ordinary share capital was increased by approximately HK$2 million (equivalent to approximately RMB1.6 million) and the share premium account was increased by approximately HK$148 million (equivalent to approximately RMB117.6 million).

27. SHARE CAPITAL *(continued)*

Notes: (continued)

(d) Issue of Scheme Shares

Pursuant to the Group reorganisation and restructuring, 23,380,000 new ordinary shares were issued to the scheme creditors on 4 July 2013. Accordingly, the Company's ordinary share capital was increased by approximately HK$0.2 million (equivalent to approximately RMB0.18 million) and share premium account was increased by approximately HK$17.1 million (equivalent to approximately RMB13.5 million).

(e) Issue of preference shares

Completion of the issuance of preference shares took place on 28 June 2013 pursuant to which 135,135,135 preference shares were issued to the Investor at the subscription price of HK$0.74 per preference share with par value of HK$0.01 each. Accordingly, the Company's issued preference share capital was increased by approximately HK$1.4 million (equivalent to approximately RMB1.1 million) and the share premium account was increased by approximately HK$98.6 million (equivalent to approximately RMB78.4 million).

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 manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the payment of dividends, issue new shares, buy-back shares, raise new debts, redeem existing debts or sell assets to reduce debts. No changes were made in the objectives, policies or processes during the years ended 31 March 2014 and 2013.

28. RESERVES

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

(i) Nature of the statutory reserve of the Group

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 owners.

(b) Reserves of the Company

	Share premium	**Foreign currency translation reserve**	**Accumulated losses**	**Total**
	RMB'000	RMB'000	RMB'000	RMB'000
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
Total comprehensive loss for the year	–	–	(15,612)	(15,612)
At 31 March 2013	1,491,807	(62,239)	(1,586,600)	(157,032)
At 1 April 2013	1,491,807	(62,239)	(1,586,600)	(157,032)
Exchange difference on translation into presentation currency	–	536	–	536
Total comprehensive loss for the year	–	–	(34,503)	(34,503)
Capital restructuring:				
– Share subscription	117,626	–	–	117,626
– Open offer	31,216	–	–	31,216
– Issue of preference shares	78,417	–	–	78,417
– Issue of Scheme Shares	13,487	–	–	13,487
At 31 March 2014	1,732,553	(61,703)	(1,621,103)	49,747

29. 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.

30. 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	
	2014	2013
	RMB'000	RMB'000
Purchases from the Group's deconsolidated subsidiary	**–**	51,500

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 13, is as follows:

	Group	
	2014	2013
	RMB'000	RMB'000
Basic salaries and allowances	**1,886**	1,467

31. 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	
	2014	2013
	RMB'000	RMB'000
Within one year	**970**	3,404
In the second to fifth year inclusive	**2,874**	9,286
Over five years	**1,530**	–
	5,374	12,690

32. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the Board of Directors on 27 June 2014.

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				
	2010	2011	2012	2013	**2014**
	RMB'000	RMB'000	RMB'000	RMB'000	**RMB'000**
RESULTS					
Turnover	140,525	175,626	198,046	168,716	**233,506**
Profit/(loss) before tax	(471,872)	(373,907)	1,646,007	(24,671)	**810,159**
Income tax	(12)	–	(66)	(4,121)	**(3,627)**
Profit/(loss) for the year	(471,884)	(373,907)	1,645,941	(28,792)	**806,532**
Attributable to:					
owners of the Company	(471,884)	(373,907)	1,645,962	(28,791)	**806,542**
Non-controlling interests	–	–	(21)	(1)	**(10)**
	(471,884)	(373,907)	1,645,941	(28,792)	**806,532**

	As at 31 March				
	2010	2011	2012	2013	**2014**
	RMB'000	RMB'000	RMB'000	RMB'000	**RMB'000**
ASSETS AND LIABILITIES					
Non-current assets	27,268	14,999	13,552	10,307	**8,451**
Current assets	472,396	367,276	106,368	92,237	**122,465**
Current liabilities	(2,830,522)	(3,010,573)	(1,065,164)	(1,075,655)	**(55,685)**
Net liabilities	(2,330,858)	(2,628,298)	(945,244)	(973,111)	**75,231**
Equity attributable to:					
Owners of the Company	(2,330,858)	(2,628,818)	(945,743)	(973,295)	**74,427**
Non-controlling interests	–	520	499	184	**804**
Total equity	(2,330,858)	(2,628,298)	(945,244)	(973,111)	**75,231**