



**FRESH EXPRESS DELIVERY  
HOLDINGS GROUP CO., LTD.  
鮮馳達控股集團有限公司**

(formerly known as FU JI Food and Catering Services  
Holdings Limited 前稱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  
**2016**

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# Corporate Information

## BOARD OF DIRECTORS

### Executive Directors

Mr. Pan Junfeng (*Chairman*)  
Mr. Huang Shourong  
Mr. Tang Dacong

### 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  
Unit 701, 7/F,  
Citicorp Centre  
18 Whitfield Road,  
Causeway Bay  
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>

## CONTACT

[fedh01175@163.com](mailto:fedh01175@163.com)

# Chairman's Statement

For the year ended 31 March 2016, the Group pursued to develop its cold chain food distribution business wholeheartedly, and has primarily established the nationwide cold chain food distribution network.

With the implementation of the "Internet + Cold Food" strategy of the Group, "Fresh Express Food Distribution Platform", the open distribution platform for bulk buying of frozen food was launched successfully, and the Company has recorded a higher growth rate in terms of performance.

During the financial year, the operating and financial conditions were significantly improved compared to last year. As at 31 March 2016, sales income was approximately RMB1,482.67 million.

In the coming financial year, the Group will invest in the Fresh Express frozen food vertical trading markets in various provinces and cities. Establishment of the frozen food vertical trading markets and the food distribution business of the Company shall form the O2O dual-strategic integrated business model.

China's cold chain food market is worth 2 trillion dollars. It is predicted that as the Company implements its unique business distribution model, it shall enjoy unparalleled advantages in terms of business development. Within the coming three years, the Company shall experience an upsurge in business growth, and shall develop as a cold chain food open platform service provider with the most potential in China, establishing itself as the model standard that successfully transfer from Chinese traditional industry to an Internet + business model.

**Mr. Pan Junfeng**

*Chairman*

30 June 2016

# Management Discussion and Analysis

## **BUSINESS REVIEW**

The Group is engaged in cold chain food integrated distribution in the PRC. During the year, through the fast expansion of the existing business, the cold chain food business had achieved significant growth in revenue. Our cold chain logistic facilities and sales network were deployed efficiently, resulting in the rapid increase of market share. During the year, due to the continuous increase in food raw material costs, rent and labor costs, the Group has discontinued the catering business, and turned to focus on the new cold chain business to enter the nationwide market.

## **RESULTS AND APPROPRIATIONS**

### **Revenue**

The revenue of the Group's continuing operation was approximately RMB1,482.67 million (2015: approximately RMB911.29 million), representing an increase of approximately 62.7% from the last financial year. The increment was mainly due to the fast expansion of the existing convenience food business and the increase in the number of customers in various cities. The sales network was enhanced, which resulted in increased market share in the market. The revenue of the catering services decreased from RMB1.67 million to RMB nil for the year due to termination of catering sites under the keen competition of the catering services business. The catering services are classified as discontinued business. The results of the Group for the year ended 31 March 2016 are set out in the Group's consolidated statement of profit or loss and other comprehensive income.

### **Gross Profit**

Gross profit of the Group increased from approximately RMB67.73 million, which consists of RMB66.52 million from continuing operation and RMB1.21 million from discontinued operation, to approximately RMB81.39 million, which consists of RMB81.39 million from continuing operation and RMB nil from discontinued operation, in 2016 due to the increment in revenue of trading of convenience food products and market share in the market. Whereas, the gross profit margin for the current year decreased from 7.42% to 5.49%.

### **Other operating expenses**

Other operating expenses of the Group were approximately RMB4.00 million, which consists of RMB4.00 million from continuing operation and RMB nil from discontinued operations (2015: approximately RMB2.74 million, which consists of RMB2.74 million from continuing operation and RMB8000 from discontinued operation), representing an increase of approximately 45.89%. The increment was mainly due to professional fees of the Group incurred during the year.

### **Profit for the year attributable to owners of the Company**

The profit for the year attributable to owners of the Company amounted to approximately RMB57.61 million for the year ended 31 March 2016 (2015: approximately RMB43.57 million). Basic earnings per share were approximately RMB10 cents as compared with approximately RMB11 cents for the preceding year.

# Management Discussion and Analysis

## **LIQUIDITY, FINANCIAL RESOURCES AND FUNDING**

The Group's financial position had been significantly improved. Bank and cash balances as at 31 March 2016 was approximately RMB124.19 million (2015: approximately RMB130.33 million). The Group's debt-to-equity ratio measured on the basis of the Group's total liabilities of approximately RMB186.13 million (2015: approximately RMB480.13 million) to the total equity of approximately RMB343.33 million (2015: approximately RMB115.76 million) is 0.54 (2015: 4.15).

## **EMPLOYMENT**

As at 31 March 2016, the Group had 126 (2015: 70) 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 RMB11,696,000 which consists of RMB11,696,000 from continuing operation and RMB nil from discontinued operation (2015: RMB4,946,000, which consists of RMB4,517,000 from continuing operation and RMB429,000 from discontinued operation). 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 2016, there were no charges on the Group's assets.

## **CAPITAL AND OTHER COMMITMENTS**

The Group had no any capital commitment as at 31 March 2016 (2015: Nil).

## **CONTINGENT LIABILITIES**

The Group had no any contingent liabilities as at 31 March 2016 (2015: 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 2016, save for the deviations discussed below. 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 (the “Model Code”) as its own code of conduct regarding directors’ securities transactions. 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 2016.

## BOARD OF DIRECTORS

As at the date of this report, the Board is made up of Six Directors, including three 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 “Biographical Details of Directors and Senior Management” on pages 24 to 26.

The Board members during the year ended 31 March 2016 and as at the date up to this report were:

### Executive Directors

Mr. Pan Junfeng (*Chairman*)#  
Mr. Huang Shourong  
Mr. Tang Dacong (appointed on 24 June 2016)

### Independent Non-executive Directors

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

# *Mr. Pan Junfeng has been appointed as Chairman and Mr. Huang Shourong resigned as Chairman on 24 June 2016*

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.

# Corporate Governance Report

During the year, the Board held 8 meetings and the attendance of the directors at the Board Meetings for the year ended 31 March 2016 is set out as below:

<b>Name of Directors</b>	<b>Number of attendance/Number of Meetings</b>
<b>Executive Directors</b>	
Mr. Pan Junfeng ( <i>Chairman</i> )#	8/8
Mr. Huang Shourong	8/8
Mr. Tang Dacong (appointed on 24 June 2016)	0/0
<b>Independent Non-executive Directors</b>	
Dr. Leung Hoi Ming	8/8
Mr. Mak Ka Wing, Patrick	6/8
Mr. Sung Wing Sum	8/8

# *Mr. Pan Junfeng has been appointed as Chairman and Mr. Huang Shourong resigned as Chairman on 24 June 2016*

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 2016, 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.



# Corporate Governance Report

## **CHAIRMAN AND CHIEF EXECUTIVE OFFICER**

Mr. Huang Shourong (“Mr. Huang”) was appointed chairman of the Company on 12 September 2014. Mr. Huang, albeit resigned from the position of CEO on 23 September 2014, has kept on carrying out the responsibilities of CEO.

Pursuant to A.2.1 of the Code, the roles of chairman and chief executive should be separate and should not be performed by the same individual, with the division of responsibilities between the chairman and chief executive clearly established and set out in writing.

The Board considers that Mr. Huang possesses the essential leadership skills to manage the Board and extensive knowledge in the business of the Group. The present structure is suitable to the Company because it can promote the efficient formulation and implementation of the Company’s strategies. The Board will review the effectiveness of this arrangement from time to time and will consider appointing an individual as CEO when it thinks appropriate.

## **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.

# Corporate Governance Report

## 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.

# Corporate Governance Report

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 1 meeting during the year ended 31 March 2016 and the attendance of the members is as follows:

<b>Name of Members</b>	<b>Number of attendance/Number of Meetings</b>
Dr. Leung Hoi Ming ( <i>Chairman</i> )	1/1
Mr. Mak Ka Wing, Patrick	1/1
Mr. Sung Wing Sum	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.

# Corporate Governance Report

- (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, and unless expressly addressed by a separate board risk committee, or by the Board itself, to review the Company's risk management and internal control systems.

# Corporate Governance Report

- (m) to discuss the risk management and internal control systems with management to ensure that management has performed its duty to have effective systems. 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 risk management and 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, risk management and internal control systems. The financial results for the year ended 31 March 2016 has been reviewed by the Audit Committee. The AC is reviewing the internal controls of the Group.

# Corporate Governance Report

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 2 meetings during the year ended 31 March 2016 and the attendance of the members is as follows:

<b>Name of Members</b>	<b>Number of attendance/Number of Meetings</b>
Dr. Leung Hoi Ming	2/2
Mr. Mak Ka Wing, Patrick	2/2
Mr. Sung Wing Sum ( <i>Chairman</i> )	2/2

During the year ended 31 March 2016, the Audit Committee had reviewed the Company's annual report for the year ended 31 March 2016 and the interim report for the six months ended 30 September 2015.

## 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.

# Corporate Governance Report

- (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 1 meeting during the year ended 31 March 2016 and the attendance of the members is as follows:

<b>Name of Members</b>	<b>Number of attendance/Number of Meetings</b>
Dr. Leung Hoi Ming	1/1
Mr. Mak Ka Wing, Patrick ( <i>Chairman</i> )	1/1
Mr. Sung Wing Sum	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 to 28.

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 2016, fees payable to the auditor of the Group for audit and non-audit services amounting to HK\$1,200,000 and HK\$895,000 respectively.



# Corporate Governance Report

## 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 2016, the Company held an annual general meeting. The attendance of the directors at the meeting was as follows:

<b>Name of Directors</b>	<b>Number of attendance/Number of Meetings</b>
<b>Executive Directors</b>	
Mr. Pan Junfeng ( <i>Chairman</i> ) <sup>#</sup>	1/1
Mr. Huang Shourong	1/1
Mr. Tang Dacong (appointed on 24 June 2016)	0/0
<b>Independent Non-executive Directors</b>	
Dr. Leung Hoi Ming	1/1
Mr. Mak Ka Wing, Patrick	0/1
Mr. Sung Wing Sum	1/1

<sup>#</sup> Mr. Pan Junfeng has been appointed as Chairman and Mr. Huang Shourong resigned as Chairman on 24 June 2016



# Corporate Governance Report

## CONSTITUTIONAL DOCUMENTS

During the year ended 31 March 2016, 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 Fresh Express Delivery Holdings Group Co. Limited (formerly known as 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 2016.

## **PRINCIPAL ACTIVITIES**

The principal activity of the Company is investment holding and the principal activities of its subsidiaries are the provision of catering services and production and sale of convenience food products and related business in the People's Republic of China (the "PRC").

## **BUSINESS REVIEW**

A review of the business of the Group during the year, a discussion on the Group's future business development and an analysis of the Group's performance during the year using key financial performance indicators are provided in the "Chairman Statement" on page 3 and the "Management Discussion and Analysis" on pages 4 to 5 of this Annual Report.

The capital risk management and financial risk management objectives and policies of the Group are shown in notes 25 and 5 to the consolidated financial statements on pages 68 and 48 of this Annual Report.

## **Compliance with relevant laws and regulations**

During the year ended 31 March 2016, as far as the Company is aware, there was no material breach of or non-compliance with applicable laws and regulations by the Group that has a significant impact on the business and operations of the Group.

## **Environmental protection**

The Group is committed to the sustainable development of the environment and our society. The Group has endeavored to comply with laws and regulations regarding environmental protection and adopted effective environmental policies to ensure its business operations meet the required standards and ethics in respect of environmental protection.

## **Relationships with employees, customers and suppliers**

The Group recognizes that employees, customers and suppliers and business associates are key stakeholders to the Group's success. It strives to achieve corporate sustainability through engaging its employees, providing quality products and services to its customers, collaborating with business partners (including suppliers and contractors) to deliver quality products and services and supporting our community.

## **RESULTS**

The results of the Group for the year ended 31 March 2016 are set out on pages 29 to 30 of this annual report.

# Directors' 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 74 of this annual report.

## SHARE CAPITAL

Movement in share capital of the Company is set out in note 25 to the financial statements.

## DISTRIBUTABLE RESERVES

There is no reserve available for distribution to shareholders as at 31 March 2016.

## MATERIAL RELATED PARTY TRANSACTIONS

Details of the related party transactions are set out in note 29 to the consolidated financial statements.

## DIRECTORS

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

### Executive Directors

Mr. Pan Junfeng (*Chairman*)#  
Mr. Huang Shourong  
Mr. Tang Dacong (appointed on 24 June 2016)

### Independent Non-executive Directors

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

# *Mr. Pan Junfeng has been appointed as Chairman and Mr. Huang Shourong resigned as Chairman on 24 June 2016*

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 of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) as recorded in the register required to be kept under section 352 of the SFO, or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited ("Stock Exchange") pursuant to 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 TRANSACTIONS, ARRANGEMENT OR CONTRACTS**

As at the end of the year or at any time during the year, there was no transactions, arrangement or contracts 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.

# Directors' Report

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

As at 31 March 2016, 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/Nature of interest	Number of Shares held		Percentage of total holding (Note 5)
		Long position	Short position	
Marvel Light Holdings Limited (Note 1)	Beneficial owner	328,115,352	–	50.98
Bomao Holdings Limited	Interest in controlled corporation (Note 1)	328,115,352	–	50.98
Harvest (Overseas) Investment Limited	Interest in controlled corporation (Note 1)	328,115,352	–	50.98
安徽豐收投資有限公司 (Anhui Harvest Investment Company Limited*)	Interest in controlled corporation (Note 1)	328,115,352	–	50.98
安徽省創業投資有限公司 (Anhui Province Venture Investment Company Ltd.*)	Interest in controlled corporation (Note 1)	328,115,352	–	50.98
安徽省投資集團控股有限公司 (Anhui Province Investment Group Co., Ltd.*)	Interest in controlled corporation (Note 1)	328,115,352	–	50.98

# Directors' Report

Name of shareholders	Capacity/Nature of interest	Number of Shares held		Percentage of total holding <i>(Note 5)</i>
		Long position	Short position	
Fortunate Gravity Hongkong Limited	Beneficial owner	217,720,000	–	33.83
Cherry International Hongkong Limited	Interest in controlled corporation <i>(Note 2)</i>	217,720,000	–	33.83
上海新泉投資有限公司 (Shanghai Xinquan Investment Company Limited*)	Interest in controlled corporation <i>(Note 2)</i>	217,720,000	–	33.83
龐道滿 (Pang Dao Mun)	Interest in controlled corporation <i>(Note 2)</i>	217,720,000	–	33.83
華青發展(控股)集團有限公司 (China Qingdao Development (Holdings) Group Company Limited)	Security interest <i>(Note 3)</i>	100,000,000	–	15.54
青島城市建設投資(集團)有限責任公司 (Qingdao City Construction Investment (Group) Company Limited*)	Interest in controlled corporation <i>(Note 3)</i>	100,000,000	–	15.54
Shanghai International Group Co Ltd	Beneficial owner <i>(Note 4)</i>	40,080,000	–	6.23

\* For identification purpose only

# Directors' Report

## Notes:

1. 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 Ltd\*) and is wholly-owned by 安徽省投資集團控股有限公司 (Anhui Province Investment Group Co., Ltd \*). Out of the 328,115,352 Shares, 135,405,352 Shares were beneficially owned by Marvel Light Holdings Limited, and the remaining 192,710,000 Shares were to be subscribed by Marvel Light Holdings Limited under a Subscription Agreement dated 14 March 2016. All above interests duplicate each other.
2. Fortunate Gravity Hongkong Limited is owned as to as to 90% by Cherry International Hongkong Limited. Cherry International Hongkong Limited is wholly owned by 上海新泉投資有限公司 (Shanghai Xinquan Investment Company Limited)\*, which is in turn owned as to 80% by Mr 龐道滿 (Pang Dao Mun). The 217,720,000 Shares were to be subscribed by Fortunate Gravity Hongkong Limited under a subscription agreement dated 14 March 2016. All above interests duplicate each other.
3. 華青發展(控股)集團有限公司 China Qingdao Development (Holdings) Group Company Limited is wholly owned by 青島城市建設投資(集團)有限責任公司 (Qingdao City Construction Investment (Group) Company Limited\*). All above interests duplicate each other.
4. According to the disclosures by Shanghai International Group Co. Ltd., Guotai Junan Securities (Hong Kong) Limited is wholly owned by Guotai Junan (Hong Kong) Limited, which is in turned wholly owned by Guotai Junan International Holdings Limited. Guotai Junan International Holdings Limited is owned as to 65.22% by Guotai Junan Holdings Limited, which is in turn wholly owned by Guotai Junan Financial Holdings Limited. Guotai Junan Financial Holdings Limited is wholly owned by Guotai Junan Securities Co., Ltd., which is owned as to 46.14% by Shanghai International Group Co., Ltd. All above interests duplicate each other.
5. The percentage is calculated based on the number of issued share capital of the Company as at 31 March 2016, which were 643,597,188 shares.

Save as disclosed above, as at 31 March 2016, 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 2016.

## **PERMITTED INDEMNITY PROVISION**

Under Articles of Association 167(1) of the Company's articles, the directors shall be indemnified and secured harmless out of the assets and profits of the Company from and against all actions, costs, charges, losses, damages and expenses which they or any of them shall or may incur or sustain by or by reason of any act done, concurred in or omitted in or about the execution of their duty, or supposed duty, in their respective offices, provided that this indemnity shall not extend to any matter in respect of any fraud or dishonesty which may attached to any of them. Such permitted indemnity provision is currently in force and was in force throughout the financial year.



## MAJOR CUSTOMERS AND SUPPLIERS

Sales to the five largest customers of the Group accounted for approximately 95% (2015: approximately 63%) of the Group's total turnover for the year. In particular, sales to the largest customer of the group accounted for approximately 45% (2015: approximately 31%) of the Group's total turnover for the year.

Purchases from the five largest suppliers of the Group accounted for approximately 100% (2015: approximately 100%) of the Group's total purchases for the year. In particular, purchases from the Group's largest supplier accounted for approximately 38% (2015: approximately 61%) 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, the Company has maintained a sufficient public float of not less than 25% of the Company's issued shares as required under the Listing Rules throughout the year ended 31 March 2016.

## 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

**Fresh Express Delivery Holdings Group Co., Limited**  
(formerly known as FU JI Food and Catering Services Holdings Limited)  
**Pan Junfeng**  
*Chairman and Executive Director*

Hong Kong, 30 June 2016



# Biographical Details of Directors and Senior Management

## EXECUTIVE DIRECTOR

**Mr. Pan Junfeng** (“Mr. Pan”), aged 59 is currently the deputy general manager of a shipping company that principally engaged in oil and bulk goods trading business in Yangtze region.

Mr. Pan was an executive director of Yuan Heng Gas Holdings Limited (stock code: 332) (retired on 23 September 2014).

**Mr. Huang Shourong** (“Mr. Huang”), aged 40, 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.

**Mr. Tang Dacong** (“Mr. Tang”), aged 48, has over 25 years’ experience in procurement of raw food materials. From 1998 to 2013, Mr. Tang was running his own food materials upstream and downstream trading business. Mr. Tang was previously chairman of 廣西美通食品有限公司 (Guangxi Meitong Foods Co., Ltd.\*) (“Guangxi Meitong”) for the period from December 2013 to mid June 2016 and he resigned from the position after Guangxi Meitong has sold 無錫美通食品科技有限公司 (Wuxi Meitong Food Technology Co., Ltd.\*) to the Company.

## INDEPENDENT NON-EXECUTIVE DIRECTOR

**Dr. Leung Hoi Ming** (“Dr. Leung”), aged 48, 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.

# Biographical Details of Directors and Senior Management

**Mr. Mak Ka Wing, Patrick** (“Mr. Mak”), aged 51, has been appointed as an independent non-executive Director with effect from 8 July 2013. He is also the chairman of the Nomination Committee and the member of the Audit Committee and Remuneration Committee of the Company. He is a registered solicitor of the High Court of Hong Kong and Managing Partner of Patrick Mak & Tse, Solicitors. Mr. Mak has extensive legal experience as a practising solicitor. He 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.

Mr. Mak is currently an independent non-executive director of U-Right International Holdings Limited (stock code: 627).

Mr. Mak was appointed as the independent non-executive Director of EYANG Holdings (Group) Co., Limited (stock code: 117) from 18 September 2013 to 15 July 2015 and Jimei International Entertainment Group Limited (previously known as Sinogreen Energy International Group Limited) (stock code: 1159) for the period from 22 April 2010 to 31 August 2013. At the same time, he was also appointed as the independent non-executive Director and non-executive Director of China Kingstone Mining Holdings Limited (stock code: 1380) for the period from 6 February 2013 to 16 April 2013 and for the period from 17 April 2013 to 13 June 2013 respectively. Furthermore, Mr. Mak was appointed as the independent non-executive Director of Golden Shield Holdings (Industrial) Limited (stock code: 2123) for the period from 6 November 2014 to 11 May 2015. A winding up order against Golden Shield Holdings (Industrial) Limited (in liquidation) was made by the High Court of Hong Kong on 11 May 2015 and the Official Receiver was appointed as its Provisional Liquidator. The subject winding-up petition was filed by a former legal adviser of Golden Shield Holdings (Industrial) Limited (in liquidation) in respect of a claim of approximately HK\$833,000.

**Mr. Sung Wing Sum** (“Mr. Sung”), aged 57, 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 were previously listed on the Growth Enterprise Market of the Stock Exchange but were delisted on 16 December 2013.

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.

Mr. Sung also has been in the position of independent non-executive director for Hidili Industry International Development Limited (Stock code: 1393) since 14 March 2016.

# Biographical Details of Directors and Senior Management

## SENIOR MANAGEMENT

**Ms. Gong Yi Heng** (“Ms. Gong”), aged 45, 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.

**Ms. Du Wei Wei** (“Ms. Du”), aged 35, 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\* (中銳教育集團) 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 44, 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.

**Mr. Tan Rucheng**, aged 45, obtained a bachelor’s degree in food science and engineering from Huazhong Agricultural University in 1997 and a master’s degree in microbiology science from Huazhong Agricultural University in 2004. He worked at Huazhong Agricultural University as the lecturer during 1997 to 2008, and then worked at Fresh Express Delivery Holdings Group Co., Limited (formerly known as FU JI Food and Catering Services Holdings Limited) as the director of research and development department from September 2008 to April 2013. After that, he worked as the marketing director of food business department for Guangxi Yangxiang Holdings Limited\* (廣西揚翔股份有限公司) from September 2013 to November 2014. Currently, he is the person in charge of product research and development department at Fresh Express Delivery Holdings Group Co., Limited (formerly known as FU JI Food and Catering Services Holdings Limited) since November 2014.

**Mr. Zhang Jiacheng**, aged 44, obtained a bachelor of engineering degree from Wuhan Polytechnic University in 1996, and has 7 years of experience in specialized frozen food business management. He once worked at the Yurun Group. Mr. Zhang joined the Group in 2012, and is currently working at the OEM processing and cold chain logistic department.

# Independent Auditor's Report



## **TO THE SHAREHOLDERS OF FRESH EXPRESS DELIVERY HOLDINGS GROUP CO., LIMITED**

(FORMERLY KNOWN AS FU JI FOOD AND CATERING SERVICES HOLDINGS LIMITED)

*(Incorporated in the Cayman Islands with limited liability)*

We have audited the consolidated financial statements of Fresh Express Delivery Holdings Group Co., Limited (formerly known as FU JI Food and Catering Services Holdings Limited) (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 29 to 73, which comprise the consolidated statement of financial position as at 31 March 2016, 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 audit opinion.

# Independent Auditor's Report

## **OPINION**

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as at 31 March 2016, and of its financial performance and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

### **ZHONGHUI ANDA CPA Limited**

*Certified Public Accountants*

#### **Fong Tak Ching**

Practising Certificate Number P06353

Hong Kong, 30 June 2016

# Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 March 2016

	<i>Notes</i>	<b>2016</b> <b>RMB'000</b>	2015 RMB'000
<b>Continuing operation</b>			
Revenue	6	<b>1,482,665</b>	911,286
Cost of inventories sold		<b>(1,401,274)</b>	(844,763)
Gross profit		<b>81,391</b>	66,523
Other income	7	<b>9,436</b>	64
Staff costs		<b>(11,696)</b>	(4,517)
Operating lease rentals		<b>(2,306)</b>	(1,440)
Depreciation		<b>(416)</b>	(833)
Fuel and utility costs		<b>(556)</b>	(287)
Consumable stores		<b>(286)</b>	(37)
Other operating expenses		<b>(3,996)</b>	(2,739)
<b>Profit from operations</b>		<b>71,571</b>	56,734
Finance costs	9	<b>(1,326)</b>	(2,006)
<b>Profit before tax</b>		<b>70,245</b>	54,728
Income tax	10	<b>(12,701)</b>	(10,745)
<b>Profit for the year from continuing operation</b>		<b>57,544</b>	43,983
<b>Discontinued operation</b>			
Loss for the year from discontinued operation	11	–	(422)
<b>Profit for the year</b>	12	<b>57,544</b>	43,561
<b>Other comprehensive income that may be subsequently reclassified to profit or loss:</b>			
Exchange differences on translating foreign operations		<b>985</b>	(2,401)
<b>Total comprehensive income for the year</b>		<b>58,529</b>	41,160



# Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 March 2016

<i>Notes</i>	<b>2016</b> <b>RMB'000</b>	2015 RMB'000
<b>Profit/(loss) for the year attributable to:</b>		
Owners of the Company		
Profit from continuing operation	<b>57,609</b>	43,993
Loss from discontinued operation	–	(422)
	<b>57,609</b>	43,571
Non-controlling interests		
Loss from continuing operation	<b>(65)</b>	(10)
	<b>57,544</b>	43,561
<b>Total comprehensive income/(loss) for the year attributable to:</b>		
Owners of the Company	<b>58,594</b>	41,170
Non-controlling interests	<b>(65)</b>	(10)
	<b>58,529</b>	41,160
<b>Earnings per share</b>		
15		
Basic (RMB per share)		
From continuing operation	<b>0.10</b>	0.11
From discontinued operation	–	–
	<b>0.10</b>	0.11
Diluted (RMB per share)		
From continuing operation	<b>0.10</b>	0.09
From discontinued operation	–	–
	<b>0.10</b>	0.09

# Consolidated Statement of Financial Position

At 31 March 2016

	<i>Notes</i>	<b>2016</b> <b>RMB'000</b>	2015 RMB'000
<b>Non-current assets</b>			
Property, plant and equipment	16	<b>12,667</b>	960
<b>Current assets</b>			
Inventories	17	<b>58,497</b>	23,564
Trade receivables	18	<b>202,121</b>	163,375
Prepayments, deposits and other receivables	19	<b>131,985</b>	67,666
Pledged bank deposits	20	-	210,000
Bank and cash balances	21	<b>124,187</b>	130,329
		<b>516,790</b>	594,934
<b>Current liabilities</b>			
Trade payables	22	<b>84,259</b>	156,225
Accruals and other payables	23	<b>76,159</b>	83,180
Bank borrowings	24	<b>18,000</b>	227,730
Current tax liabilities		<b>7,710</b>	12,999
		<b>186,128</b>	480,134
<b>Net current assets</b>		<b>330,662</b>	114,800
<b>NET ASSETS</b>		<b>343,329</b>	115,760
<b>Capital and reserves</b>			
Share capital	25	<b>5,277</b>	3,864
Reserves	26(a)	<b>337,954</b>	111,733
Equity attributable to owners of the Company		<b>343,231</b>	115,597
Non-controlling interests		<b>98</b>	163
<b>TOTAL EQUITY</b>		<b>343,329</b>	115,760

Approved and authorised for issue by the board of directors on 30 June 2016 and signed on its behalf by:

**Pan Junfeng**  
*Director*

**Tang Dacong**  
*Director*



# Consolidated Statement of Changes in Equity

For the year ended 31 March 2016

	Attributable to owners of the Company							
	Share capital RMB'000	Share premium RMB'000	Statutory reserve RMB'000	Foreign currency translation reserve RMB'000	Accumulated losses RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total RMB'000
At 1 April 2014	3,864	1,732,553	7,500	(71,799)	(1,597,691)	74,427	804	75,231
Total comprehensive (loss)/income for the year	-	-	-	(2,401)	43,571	41,170	(10)	41,160
Disposal of subsidiaries	-	-	(7,500)	-	7,500	-	(631)	(631)
At 31 March 2015	3,864	1,732,553	-	(74,200)	(1,546,620)	115,597	163	115,760
At 1 April 2015	3,864	1,732,553	-	(74,200)	(1,546,620)	115,597	163	115,760
Total comprehensive income/(loss) for the year	-	-	-	985	57,609	58,594	(65)	58,529
Placing of new shares	1,413	167,627	-	-	-	169,040	-	169,040
At 31 March 2016	5,277	1,900,180	-	(73,215)	(1,489,011)	343,231	98	343,329

# Consolidated Statement of Cash Flows

For the year ended 31 March 2016

	2016 RMB'000	2015 RMB'000
<b>Cash flows from operating activities</b>		
Profit before tax		
From continuing operation	<b>70,245</b>	54,728
From discontinued operation	-	1,039
Adjustments for:		
Depreciation	<b>416</b>	3,857
Interest income	<b>(9,436)</b>	(64)
Gain on disposal of property, plant and equipment	-	(3,490)
Loss on disposal of subsidiaries	-	123
Operating cash flows before working capital changes	<b>61,225</b>	56,193
Change in inventories	<b>(34,933)</b>	(6,558)
Change in trade receivables	<b>(38,746)</b>	(146,837)
Change in prepayments, deposits and other receivables	<b>(64,319)</b>	(60,645)
Change in trade payables	<b>(71,966)</b>	325,992
Change in accruals and other payables	<b>(6,574)</b>	64,063
Cash (used in)/generated from operations	<b>(155,313)</b>	232,208
Income tax paid	<b>(17,990)</b>	(5,095)
<b>Net cash (used in)/generated from operating activities</b>	<b>(173,303)</b>	227,113
<b>Cash flows from investing activities</b>		
Change in pledged bank deposits	<b>10,000</b>	(210,000)
Purchase of property, plant and equipment	<b>(12,123)</b>	(76)
Proceeds from disposals of property, plant and equipment	-	7,200
Interest received	<b>9,436</b>	64
<b>Net cash generated from/(used in) investing activities</b>	<b>7,313</b>	(202,812)

# Consolidated Statement of Cash Flows

For the year ended 31 March 2016

	2016 RMB'000	2015 RMB'000
<b>Cash flows from financing activities</b>		
Bank loans raised	–	102,690
Repayment of bank loans	<b>(10,000)</b>	(74,960)
Net proceeds from the placing of shares	<b>169,040</b>	–
<b>Net cash generated from financing activities</b>	<b>159,040</b>	27,730
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(6,950)</b>	52,031
Effect of foreign exchange rate changes	<b>808</b>	(2,402)
Cash and cash equivalents at beginning of year	<b>130,329</b>	80,700
<b>Cash and cash equivalents at end of year</b>	<b>124,187</b>	130,329
<b>Analysis of cash and cash equivalents</b>		
Bank and cash balances	<b>124,187</b>	130,329
	<b>124,187</b>	130,329

# Notes to the Financial Statements

For the year ended 31 March 2016

## 1. GENERAL INFORMATION

Fresh Express Delivery Holdings Group Co., Limited (formerly known as 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”).

The Company is an investment holding company. During the year, the Company and its subsidiaries (collectively “the Group”) was principally engaged in the production and trading of convenience food products in the People’s Republic of China (the “PRC”). The principal activities of the Company’s subsidiaries are set out in note 31 to the financial statements.

## 2. 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 2015. HKFRSs comprise Hong Kong Financial Reporting Standards; Hong Kong Accounting Standards and Interpretations. The adoption of these new and revised HKFRSs did not result in significant changes to the Group’s accounting policies, presentation of the Group’s financial statements and amounts reported for the current year and prior years.

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

## 3. 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.

# Notes to the Financial Statements

For the year ended 31 March 2016

## 3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

### Statement of compliance *(continued)*

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 4 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.

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.

# Notes to the Financial Statements

For the year ended 31 March 2016

## 3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

### Consolidation *(continued)*

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.

### 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.

#### *(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.

# Notes to the Financial Statements

For the year ended 31 March 2016

## 3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

### Foreign currency translation *(continued)*

#### *(c) Translation on consolidation*

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

- Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- Income and expenses are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the exchange rates on the transaction dates); and
- All resulting exchange differences are recognised in the foreign currency translation reserve.

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

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

### Property, plant and equipment

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

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



# Notes to the Financial Statements

For the year ended 31 March 2016

## 3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

### Property, plant and equipment *(continued)*

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

Construction in progress represents buildings under construction and plant and machinery pending installation, and is stated at cost less impairment losses. Depreciation begins when the relevant assets are available for use.

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.

### 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.



# Notes to the Financial Statements

For the year ended 31 March 2016

## 3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

### Recognition and derecognition of financial instruments *(continued)*

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 pledged bank deposits, 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.

### 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.

# Notes to the Financial Statements

For the year ended 31 March 2016

## 3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

### Borrowings

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

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

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

### Employee benefits

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

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

# Notes to the Financial Statements

For the year ended 31 March 2016

## 3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

### Employee benefits *(continued)*

#### *(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\$30,000 (before 1 June 2014: 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.

### Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

To the extent that funds are borrowed generally and used for the purpose of obtaining a qualifying asset, the amount of borrowing costs eligible for capitalisation is determined by applying a capitalisation rate to the expenditures on that asset. The capitalisation rate is the weighted average of the borrowing costs applicable to the borrowings of the Group that are outstanding during the period, other than borrowings made specifically for the purpose of obtaining a qualifying asset.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

# Notes to the Financial Statements

For the year ended 31 March 2016

## 3. 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.

# Notes to the Financial Statements

For the year ended 31 March 2016

## 3. 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).
  - (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); or
  - (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Company or to a parent of the Company.

# Notes to the Financial Statements

For the year ended 31 March 2016

## 3. 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 production 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.

### Discontinued operations

A discontinued operation is a component of the Group, the operations and cash flows of which can be clearly distinguished from the rest of the Group and which represents a separate major line of business or geographical area of operations, or is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations, or is a subsidiary acquired exclusively with a view to resale.

Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale in accordance with HKFRS 5 "Non-current Assets Held for Sale and Discontinued Operations", if earlier. It also occurs when the operation is abandoned.

When an operation is classified as discontinued, a single amount is presented in the statement of profit or loss and other comprehensive income, which comprises:

- The post-tax profit or loss of the discontinued operation; and
- The post-tax gain or loss recognised on the measurement to fair value less costs to sell, or on the disposal, of the assets or disposal group constituting the discontinued operation.

### 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.



# Notes to the Financial Statements

For the year ended 31 March 2016

## 3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

### Impairment of assets *(continued)*

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.

### 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.



# Notes to the Financial Statements

For the year ended 31 March 2016

## 4. CRITICAL JUDGEMENTS AND KEY ESTIMATES

### Key sources of estimation uncertainty

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

(a) *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.

(b) *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.

(c) *Impairment loss for bad and doubtful debts*

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

(d) *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.

# Notes to the Financial Statements

For the year ended 31 March 2016

## 5. FINANCIAL RISK MANAGEMENT

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

### (a) Foreign currency risk

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

The Group 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 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 42% (2015: 58%) and 72% (2015: 68%) 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.

# Notes to the Financial Statements

For the year ended 31 March 2016

## 5. 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		Total contractual undiscounted cash flow within 1 year or on demand	
	2016 RMB'000	2015 RMB'000	2016 RMB'000	2015 RMB'000
Trade payables	84,259	156,225	84,259	156,225
Accruals and other payables	76,159	83,180	76,159	83,180
Bank borrowings	18,000	227,730	18,180	238,238
	<b>178,418</b>	467,135	<b>178,598</b>	477,643

### (d) Interest rate risk

The Group's bank deposits and bank borrowings bear interests at fixed interest rates and therefore are subject to fair value interest rate risks.

The Group's exposure to interest-rate risk arises from its bank balances. These bank balances 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 0.5% (2015: 0.5%) and all other variables were held constant, the consolidated profit after tax of the Group would increase or decrease by approximately RMB371,000 (2015: RMB384,000) mainly as a result of higher or lower interest income on floating rate bank deposits and after netting off the interest expenses on borrowings.

### (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.

# Notes to the Financial Statements

For the year ended 31 March 2016

## 5. 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:

	2016 RMB'000	2015 RMB'000
<b>Financial assets</b>		
Loans and receivables:		
Trade receivables	202,121	163,375
Prepayments, deposits and other receivables	427	473
Pledged bank deposits	–	210,000
Bank and cash balances	124,187	130,329
	<b>326,735</b>	504,177
<b>Financial liabilities</b>		
Financial liabilities at amortised cost:		
Trade payables	84,259	156,225
Accruals and other payables	76,159	83,180
Bank borrowings	18,000	227,730
	<b>178,418</b>	467,135

# Notes to the Financial Statements

For the year ended 31 March 2016

## 6. REVENUE

The Group's revenue is analysed as follows:

	2016 RMB'000	2015 RMB'000
Catering services	-	1,667
Trading of convenience food products	1,482,665	911,286
	<b>1,482,665</b>	912,953
Representing:		
Continuing operation	1,482,665	911,286
Discontinued operation ( <i>note 11</i> )	-	1,667
	<b>1,482,665</b>	912,953

## 7. OTHER INCOME

	2016 RMB'000	2015 RMB'000
Gain on disposal of property, plant and equipment	-	3,490
Interest income	9,436	64
Others	-	1
	<b>9,436</b>	3,555
Representing:		
Continuing operation	9,436	64
Discontinued operation ( <i>note 11</i> )	-	3,491
	<b>9,436</b>	3,555

# Notes to the Financial Statements

For the year ended 31 March 2016

## 8. 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 2016, the Group's revenue is derived from trading of convenience food products (2015: catering services business and trading of convenience food products).

The accounting policies of the operating segments are the same as those described in note 3 to the financial statements. Segment profits or losses do not include interest income, income tax, finance costs and other unallocated corporate income and expenses. Segment assets do not include bank and cash balances and other unallocated corporate assets. Segment liabilities do not include bank borrowings and other unallocated corporate liabilities.

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

	<b>Discontinued operation</b>	<b>Continuing operation</b>	
	<b>Catering services</b>	<b>Trading of convenience food products</b>	<b>Total</b>
	RMB'000	RMB'000	RMB'000
<b>Year ended 31 March 2016:</b>			
Revenue from external customers	–	1,482,665	1,482,665
Segment profit	–	76,441	76,441
Depreciation	–	416	416
Finance costs	–	1,326	1,326
Income tax	–	12,701	12,701
Additions to segment non-current assets	–	12,123	12,123
<b>At 31 March 2016:</b>			
Segment assets	–	384,517	384,517
Segment liabilities	–	165,872	165,872
<b>Year ended 31 March 2015:</b>			
Revenue from external customers	1,667	911,286	912,953
Segment profit	1,037	60,559	61,596
Depreciation	3,024	833	3,857
Finance costs	–	2,006	2,006
Income tax	1,461	10,745	12,206
Additions to segment non-current assets	–	76	76
<b>At 31 March 2015:</b>			
Segment assets	–	465,514	465,514
Segment liabilities	–	250,859	250,859

# Notes to the Financial Statements

For the year ended 31 March 2016

## 8. SEGMENT INFORMATION (continued)

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

	2016 RMB'000	2015 RMB'000
<b>Revenue:</b>		
Total revenue of reportable segments	1,482,665	912,953
<b>Profit or loss:</b>		
Total profit of reportable segments from continuing operation	76,441	60,559
Finance costs	(1,326)	(2,006)
Corporate and unallocated profit or loss	(4,870)	(3,825)
Consolidated profit before tax from continuing operation	70,245	54,728
<b>Assets:</b>		
Total assets of reportable segments	384,517	465,514
Corporate and unallocated assets		
Bank and cash balances	124,187	130,329
Others	20,753	51
Consolidated total assets	529,457	595,894
<b>Liabilities:</b>		
Total liabilities of reportable segments	165,872	250,859
Corporate and unallocated liabilities		
Bank borrowings	18,000	227,730
Others	2,256	1,545
Consolidated total liabilities	186,128	480,134



# Notes to the Financial Statements

For the year ended 31 March 2016

## 8. SEGMENT INFORMATION *(continued)*

### Geographical information:

All the revenue are generated from the PRC. Information about revenue from the Group's five (2015: two) customers individually contributing over 10% of total revenue of the Group as follows:

	2016 RMB'000	2015 RMB'000
Customer A (Trading of convenience food products)	671,863	282,050
Customer B (Trading of convenience food products)	193,153	239,081
Customer C (Trading of convenience food products)	185,235	–
Customer D (Trading of convenience food products)	178,604	–
Customer E (Trading of convenience food products)	172,980	–
	<b>1,401,835</b>	521,131

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.

## 9. FINANCE COSTS

	2016 RMB'000	2015 RMB'000
Interest expenses on bank borrowings	1,326	2,006

# Notes to the Financial Statements

For the year ended 31 March 2016

## 10. INCOME TAX

	2016 RMB'000	2015 RMB'000
Current tax:		
Provision for the PRC enterprise income tax	12,701	12,206
Representing:		
Continuing operation	12,701	10,745
Discontinued operation ( <i>note 11</i> )	-	1,461
	<b>12,701</b>	12,206

No provision for Hong Kong Profits Tax has been made for the years ended 31 March 2016 and 31 March 2015 as the Group did not generate any assessable profits arising in Hong Kong during these years. The Group entities incorporated in the PRC are subject to PRC enterprise income tax that were taxed based on the statutory income tax rate of 25% for the years ended 31 March 2016 and 31 March 2015, in which, an entity incorporated in the Tibet Autonomous Region of the PRC was entitled to preferential tax rates of 9% for the years ended 31 March 2016 and 31 March 2015 as determined in accordance with the relevant PRC income tax rules and regulations.

The reconciliation between the income tax and the profit before tax are as follows:

	2016 RMB'000	2015 RMB'000
Profit before tax from continuing operation	70,245	54,728
Notional tax on profit before tax calculated at the PRC statutory rate	17,561	13,682
Effect of different tax rates in other tax jurisdictions	(7,562)	(2,900)
Tax effect of utilisation of tax losses not previously recognised	(1)	(757)
Tax effect of non-deductible expenses	2,703	720
Income tax for the year (relating to continuing operation)	<b>12,701</b>	10,745

The Group had no significant deferred tax for the years ended 31 March 2016 and 2015.

# Notes to the Financial Statements

For the year ended 31 March 2016

## 11. DISCONTINUED OPERATION

During the year ended 31 March 2015, the Group had ceased its catering services business. As the Group has decided to discontinue its catering services business in order to reserve more resources to focus on the Group's core profitable trading of convenience food products.

- (a) The loss for the year from discontinued operation is analysed as follows:

	<i>Note</i>	2015 RMB'000
Loss from discontinued operation	11(b)	(422)

- (b) The results of the discontinued operation for the year, which have been included in consolidated profit or loss, are as follows:

	2015 RMB'000
Revenue	1,667
Cost of inventories sold	(459)
Gross profit	1,208
Other income	3,491
Staff costs	(429)
Operating lease rentals	(27)
Depreciation	(3,024)
Fuel and utility costs	(49)
Other operating expenses	(8)
Loss on disposal of subsidiaries	(123)
<b>Profit before tax</b>	<b>1,039</b>
Income tax	(1,461)
<b>Loss for the year from discontinued operation</b>	<b>(422)</b>

# Notes to the Financial Statements

For the year ended 31 March 2016

## 12. PROFIT FOR THE YEAR

The Group's profit for the year is stated after charging the following:

	2016 RMB'000	2015 RMB'000
<b>Continuing operation:</b>		
Auditor's remuneration	977	873
Cost of inventories sold	1,401,274	844,763
Depreciation	416	833
Minimum lease payments under operating leases in respect of land and buildings	2,306	1,440
Staff costs (including directors' remuneration – note 13):		
Salaries, bonus and allowances	11,667	4,495
Retirement benefits scheme contributions	29	22
	<b>11,696</b>	<b>4,517</b>

	2016 RMB'000	2015 RMB'000
<b>Discontinued operation:</b>		
Cost of inventories sold	–	459
Depreciation	–	3,024
Minimum lease payments under operating leases in respect of land and buildings	–	27
Loss on disposal of subsidiaries	–	123
Staff costs (including directors' remuneration – note 13):		
Salaries, bonus and allowances	–	429
Retirement benefits scheme contributions	–	–
	–	429

# Notes to the Financial Statements

For the year ended 31 March 2016

## 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
<b>Executive Directors</b>			
Mr. Huang Shourong	343	–	343
Mr. Pan Junfeng	–	–	–
<b>Independent Non-executive Directors</b>			
Mr. Mak Ka Wing, Patrick	127	–	127
Mr. Sung Wing Sum	147	–	147
Mr. Leung Hoi Ming	127	–	127
<b>Total for 2016</b>	<b>744</b>	<b>–</b>	<b>744</b>

	Fee RMB'000	Retirement benefit scheme contributions RMB'000	Total RMB'000
<b>Executive Directors</b>			
Mr. Wang Jianqing (resigned on 24 September 2014)	96	5	101
Mr. Huang Shourong	200	–	200
Mr. Pan Junfeng (appointed on 24 September 2014)	–	–	–
<b>Independent Non-executive Directors</b>			
Mr. Mak Ka Wing, Patrick	123	–	123
Mr. Sung Wing Sum	143	–	143
Mr. Leung Hoi Ming	124	–	124
<b>Total for 2015</b>	<b>686</b>	<b>5</b>	<b>691</b>

# Notes to the Financial Statements

For the year ended 31 March 2016

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

The five highest paid individuals in the Group during the year included one (2015: three) directors whose emoluments are reflected in the analysis presented above. The emoluments of the remaining four (2015: two) individuals are set out below:

	2016 RMB'000	2015 RMB'000
Basic salaries and allowances	1,286	762
Retirement benefit scheme contributions	29	14
	<b>1,315</b>	776

The emoluments of five (2015: 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. DIVIDENDS

The Directors do not recommend the payment of any dividend for each of the years ended 31 March 2016 and 2015.

## 15. EARNINGS PER SHARE

### (a) From continuing and discontinued operations

#### *Basic earnings per share*

The calculation of basic earnings per share attributable to owners of the Company is based on the profit for year attributable to owners of the Company of approximately RMB57,609,000 (2015: approximately RMB43,571,000) and the weighted average number of 572,383,581 (2015: 388,766,340) ordinary shares in issue during the year.

# Notes to the Financial Statements

For the year ended 31 March 2016

## 15. EARNINGS PER SHARE *(continued)*

### (a) From continuing and discontinued operations *(continued)*

#### *Diluted earnings per share*

No diluted earnings per share is presented, as the Company did not have any outstanding dilutive potential ordinary shares during the year.

The calculation of diluted earnings per share attributable to owners of the Company for the year ended 31 March 2015 is based on the profit for the year attributable to owners of the Company of approximately RMB43,571,000 and the weighted average number of ordinary shares of 469,477,188, being the weighted average number of ordinary shares of 388,766,340 used in the basic earnings per share plus the weighted average number of ordinary shares of 80,710,848 assumed to converted of the preference shares on 1 April 2014.

### (b) From continuing operation

#### *Basic earnings per share*

The calculation of basic earnings per share from continuing operation attributable to owners of the Company is based on the profit for year attributable to owners of the Company of approximately RMB57,609,000 (2015: approximately RMB43,993,000) and the denominator used is the same as that detailed above for calculation of basic earnings per share from continuing and discontinued operation.

#### *Diluted earnings per share*

No diluted earnings per share is presented, as the Company did not have any outstanding dilutive potential ordinary shares during the year.

The calculation of diluted earnings per share attributable to owners of the Company for the year ended 31 March 2015 is based on the profit for the year attributable to owners of the Company of approximately RMB43,993,000 and the denominator used is the same as that detailed above for calculation of diluted earnings per share from continuing and discontinued operation.



# Notes to the Financial Statements

For the year ended 31 March 2016

## 15. EARNINGS PER SHARE *(continued)*

### (c) From discontinued operation

#### *Basic loss per share*

The calculation of basic loss per share attributable to owners of the Company is based on the loss for year attributable to owners of the Company of approximately RMBNil (2015: approximately RMB422,000) and the denominator used is the same as that detailed above for calculation of basic earnings per share from continuing and discontinued operation.

#### *Diluted loss per share*

No diluted earnings per share is presented, as the Company did not have any outstanding dilutive potential ordinary shares during the year.

The calculation of diluted loss per share attributable to owners of the Company for the year ended 31 March 2015 is based on the loss for the year attributable to owners of the Company of approximately RMB422,000 and the denominator used is the same as that detailed above for calculation of diluted earnings per share from continuing and discontinued operation.

# Notes to the Financial Statements

For the year ended 31 March 2016

## 16. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvement RMB'000	Furniture and equipment RMB'000	Construction in progress RMB'000	Total RMB'000
<b>Cost</b>				
At 1 April 2014	933	50,895	–	51,828
Additions	–	76	–	76
Disposals	–	(47,525)	–	(47,525)
At 31 March 2015 and 1 April 2015	933	3,446	–	4,379
Additions	–	7,537	4,586	12,123
At 31 March 2016	933	10,983	4,586	16,502
<b>Accumulated depreciation and impairment</b>				
At 1 April 2014	247	43,130	–	43,377
Charge for the year	541	3,316	–	3,857
Disposals	–	(43,815)	–	(43,815)
At 31 March 2015 and 1 April 2015	788	2,631	–	3,419
Charge for the year	125	291	–	416
At 31 March 2016	913	2,922	–	3,835
<b>Carrying amounts</b>				
At 31 March 2016	20	8,061	4,586	12,667
At 31 March 2015	145	815	–	960

# Notes to the Financial Statements

For the year ended 31 March 2016

## 17. INVENTORIES

	<b>2016</b> <b>RMB'000</b>	2015 RMB'000
Finished goods	<b>58,497</b>	23,564

## 18. TRADE RECEIVABLES

Other than cash 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:

	<b>2016</b> <b>RMB'000</b>	2015 RMB'000
30 days or less	<b>71,874</b>	130,391
31 to 90 days	<b>130,247</b>	32,984
	<b>202,121</b>	163,375

### 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:

	<b>2016</b> <b>RMB'000</b>	2015 RMB'000
Neither past due nor impaired	<b>202,121</b>	163,375

# Notes to the Financial Statements

For the year ended 31 March 2016

## 19. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2016 RMB'000	2015 RMB'000
Prepayments	131,558	67,193
Deposits	335	335
Other receivables	92	138
	<b>131,985</b>	67,666

At as 31 March 2016, prepayment of approximately RMB131 million (2015: RMB67 million) was paid to three major suppliers (2015: one major supplier) for guarantee the purchases of goods.

## 20. PLEDGED BANK DEPOSITS

As at 31 March 2015, the Group's pledged bank deposits represented deposits pledged to banks to secure banking facilities granted to the Group as set out in note 24 to the financial statements. The deposits are in RMB and at fixed interest rates of 2.3% – 2.55% p.a.

## 21. 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 RMB124,164,000 (2015: RMB130,130,000). Conversion of RMB into foreign currencies is subject to the PRC's Foreign Exchange Control Regulations.

## 22. TRADE PAYABLES

	2016 RMB'000	2015 RMB'000
Trade payables	84,259	156,225

# Notes to the Financial Statements

For the year ended 31 March 2016

## 22. TRADE PAYABLES (continued)

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

	2016 RMB'000	2015 RMB'000
30 days or less	28,304	91,366
31 to 90 days	55,955	48,303
91 to 180 days	-	16,556
	<b>84,259</b>	156,225

## 23. ACCRUALS AND OTHER PAYABLES

	2016 RMB'000	2015 RMB'000
Accruals and other payables	28,868	11,785
Receipts in advances	47,291	71,395
	<b>76,159</b>	83,180

At as 31 March 2016, receipts in advances of approximately RMB47 million (2015: RMB71 million) was paid by five major customers (2015: two) for guarantee their purchases of goods.

## 24. BANK BORROWINGS

	2016 RMB'000	2015 RMB'000
Bank borrowings	18,000	227,730
The borrowings are repayable as follows:		
On demand or within one year	18,000	227,730

# Notes to the Financial Statements

For the year ended 31 March 2016

## 24. BANK BORROWINGS (continued)

The carrying amounts of the Group's borrowings are denominated in RMB, the interest rate at 31 March 2016 is 5.61% (2015: ranged from 5% to 6.77%).

Bank borrowings of RMB18 million (2015: RMB200 million) are arranged at fixed interest rates and expose the Group to fair value interest rate risk.

The Group's borrowings are secured by (i) personal guarantee from related parties as at 31 March 2016 and 2015, and (ii) the Group's pledged bank deposits of RMB210 million as at 31 March 2015.

## 25. SHARE CAPITAL

<i>Note</i>	<b>2016</b> <b>RMB'000</b>	2015 RMB'000
<b>Authorised:</b>		
<i>Ordinary shares:</i>		
19,800,000,000 ordinary shares of HK\$0.01 each	<b>157,061</b>	157,061
<i>Preference shares:</i>		
200,000,000 ordinary shares of HK\$0.01 each	<b>1,586</b>	1,586
Total	<b>158,647</b>	158,647
<b>Issued and fully paid:</b>		
<i>Ordinary shares:</i>		
643,597,188 ordinary shares of HK\$0.01 each (31 March 2015: 469,477,188 ordinary shares of HK\$0.01 each)	<b>5,277</b>	3,864

# Notes to the Financial Statements

For the year ended 31 March 2016

## 25. SHARE CAPITAL (continued)

A summary of the movements in the issued share capital of the Company is as follows:

	<i>Notes</i>	<b>Number of shares</b>	<b>Nominal value of shares RMB'000</b>
<i>Ordinary shares:</i>			
At 1 April 2014		334,342,053	2,790
Conversion of preference shares		135,135,135	1,074
At 31 March 2015 and At 1 April 2015		469,477,188	3,864
Placing of shares	(a)	66,860,000	527
Placing of shares	(b)	107,260,000	886
At 31 March 2016		643,597,188	5,277
<i>Preference shares:</i>			
At 1 April 2014		135,135,135	1,074
Conversion of preference shares		(135,135,135)	(1,074)
At 31 March 2015, at 1 April 2015 and 31 March 2016		–	–
<b>Total</b>		<b>643,597,188</b>	<b>5,277</b>

*Notes:*

- (a) Completion of the placing took place on 1 April 2015 pursuant to which 66,860,000 shares were issued under the placing agreement at the price of HK\$1.71 per share. Accordingly, the Company's issued share capital was increased by approximately RMB527,000 and its share premium account was increased by approximately RMB88,749,000. Net proceeds were approximately RMB89,276,000 after deducting the issuing expenses of approximately RMB902,000.
- (b) Completion of the placing took place on 30 November 2015 pursuant to which 107,260,000 shares were issued under the placing agreement at the price of HK\$0.91 per share. Accordingly, the Company's issued share capital was increased by approximately RMB886,000 and its share premium account was increased by approximately RMB78,878,000. Net proceeds were approximately RMB79,764,000 after deducting the issuing expenses of approximately RMB808,000.



# Notes to the Financial Statements

For the year ended 31 March 2016

## 25. SHARE CAPITAL *(continued)*

### 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 2016 and 2015.

## 26. 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.

# Notes to the Financial Statements

For the year ended 31 March 2016

## 26. RESERVES (continued)

### (b) Reserves of the Company

	Share premium RMB'000	Foreign currency translation reserve RMB'000	Accumulated losses RMB'000	Total RMB'000
At 1 April 2014	1,732,553	(61,703)	(1,621,103)	49,747
Total comprehensive income/(loss) for the year	–	355	(3,763)	(3,408)
At 31 March 2015	1,732,553	(61,348)	(1,624,866)	46,339
At 1 April 2015	1,732,553	(61,348)	(1,624,866)	46,339
Total comprehensive income/(loss) for the year	–	7,998	(4,383)	3,615
Placing of new shares	167,627	–	–	167,627
At 31 March 2016	1,900,180	(53,350)	(1,629,249)	217,581

# Notes to the Financial Statements

For the year ended 31 March 2016

## 27. SUMMARISED FINANCIAL POSITION OF THE COMPANY

	2016 RMB'000	2015 RMB'000
<b>Non-current assets</b>		
Investments in subsidiaries	–	–
<b>Current assets</b>		
Due from subsidiaries	224,320	52,463
Prepayments, deposits and other receivables	496	–
Bank and cash balances	5	64
	<b>224,821</b>	52,527
<b>Current liabilities</b>		
Accruals and other payables	1,965	2,324
<b>Net current assets</b>	<b>222,856</b>	50,203
<b>NET ASSETS</b>	<b>222,856</b>	50,203
<b>Capital and reserves</b>		
Share capital	5,275	3,864
Reserves	217,581	46,339
<b>TOTAL EQUITY</b>	<b>222,856</b>	50,203

## 28. 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.

# Notes to the Financial Statements

For the year ended 31 March 2016

## 29. 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.

### 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.

## 30. 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	
	2016 RMB'000	2015 RMB'000
Within one year	1,734	670
In the second to fifth year inclusive	6,346	2,885
Over five years	265	776
	<b>8,345</b>	4,331

# Notes to the Financial Statements

For the year ended 31 March 2016

## 31. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY

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 the end of the reporting period are as follows:

Name	Place of incorporation/ registration	Issued and paid-up capital	Percentage of the ownership interest		Principal activities
			Direct	Indirect	
Create Talent Limited	British Virgin Islands ("BVI")	1 ordinary share of US\$1 each	100%	–	Investment holding
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
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%	Trading of convenience food products
多鮮樂(北京)食品科技有限公司# Dailyfresh (Beijing) Food and Technology Company Limited*	The PRC	RMB77,890,000	–	100%	Trading of convenience food products
西藏詩達食品有限公司^ Xizang Shida Food Company Limited*	The PRC	RMB20,000,000	–	100%	Trading of convenience food products

\* *The English name is for identification purpose only*

# *Wholly-foreign-owned enterprises*

^ *Wholly-domestic-owned enterprises*

# Notes to the Financial Statements

For the year ended 31 March 2016

## 32. MAJOR NON-CASH TRANSACTION

During the year ended 31 March 2016, the bank borrowings of RMB200 million was directly settled by the pledged bank deposit.

In 2015, the trade paybles of RMB200 million was directly settled by bank borrowings.

## 33. EVENTS AFTER THE REPORTING PERIOD

On 30 May 2016, the Company passed the ordinary resolutions (i) in relation to the acquisition of the 25% equity interests in 無錫美通食品科技有限公司 (the “Target”) at the consideration of RMB98,749,000 and the 75% equity interests in the Target at the consideration of RMB296,247,000. (ii) in relation to the the placing agreement dated 14 March 2016 (as supplemented by a supplemental agreement dated 27 April 2016) (collectively the “Placing Agreement”) entered into between the Company and Guotai Junan Securities (Hong Kong) Limited (the “Placing Agent”) as placing agent in relation to a private placing of up to 40,080,000 new ordinary shares at the placing price of HK\$0.54 per share. (iii) in relation to 2 subscription agreements entered into between the Company and Marvel Light Holdings Limited and Fortunate Gravity Hongkong Limited to the subscription of 192,710,000 new ordinary shares and 217,720,000 new ordinary shares respectively at the subscription price of HK\$0.54 per share. (iv) to approve and adopt the share option scheme of the Company and to authorize the board of directors of the Company to administer the Scheme.

On 30 May 2016, the Company passed the special resolutions in relation to change the English name of the Company from “FU JI Food and Catering Services Holdings Limited” to “Fresh Express Delivery Holdings Group Co., Limited” and the Chinese name from “福記食品服務控股有限公司” to “鮮馳達控股集團有限公司”. Further details of the above are described in the Company’s circular dated 6 May 2016.

## 34. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the Board of Directors on 30 June 2016.

# 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				2016 RMB'000
	2012 RMB'000	2013 RMB'000	2014 RMB'000	2015 RMB'000	
<b>RESULTS</b>					
Revenue	198,046	168,716	178,980	911,286	<b>1,482,665</b>
Profit/(loss) before tax	1,646,007	(24,671)	806,625	54,728	<b>70,245</b>
Income tax	(66)	(4,121)	(2,986)	(10,745)	<b>(12,701)</b>
Profit/(loss) for the year	1,645,941	(28,792)	803,639	43,983	<b>57,544</b>
Attributable to:					
Owners of the Company	1,645,962	(28,791)	806,542	43,571	<b>57,609</b>
Non-controlling interests	(21)	(1)	(10)	(10)	<b>(65)</b>
	1,645,941	(28,792)	806,532	43,561	<b>57,544</b>

	As at 31 March				2016 RMB'000
	2012 RMB'000	2013 RMB'000	2014 RMB'000	2015 RMB'000	
<b>ASSETS AND LIABILITIES</b>					
Non-current assets	13,552	10,307	8,451	960	<b>12,667</b>
Current assets	106,368	92,237	122,465	594,934	<b>516,790</b>
Current liabilities	(1,065,164)	(1,075,655)	(55,685)	(480,134)	<b>(186,128)</b>
Net assets/(Net liabilities)	(945,244)	(973,111)	75,231	115,760	<b>343,329</b>
Equity attributable to:					
Owners of the Company	(945,743)	(973,295)	74,427	115,597	<b>343,231</b>
Non-controlling interests	499	184	804	163	<b>98</b>
Total equity	(945,244)	(973,111)	75,231	115,760	<b>343,329</b>