



**FRESH EXPRESS DELIVERY  
HOLDINGS GROUP CO., LTD.**

**鮮馳達控股集團有限公司**

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

Interim Report  
**2016**

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## **CORPORATE INFORMATION**

### **BOARD OF DIRECTORS**

### **EXECUTIVE DIRECTORS**

Mr. Pan Junfeng (*Chairman*)  
Mr. Tang Dacong  
Mr. Chung Yuk Lun  
(resigned on 1 December 2016)

### **NON-EXECUTIVE DIRECTOR**

Mr. Wen Cyrus Jun-ming  
(appointed on 8 December 2016)

### **INDEPENDENT NON-EXECUTIVE DIRECTORS**

Dr. Leung Hoi Ming  
Mr. Mak Ka Wing, Patrick  
Mr. Sung Wing Sum  
Ms. Hui Wai Man Shirley  
(resigned on 1 December 2016)

### **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>

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **FINANCIAL REVIEW**

For the six months ended 30 September 2016, the revenue of the Group was approximately RMB958 million (six months ended 30 September 2015: approximately RMB932 million), representing an increase of approximately 3% from the six months ended 30 September 2015. The consolidated profit attributable to owners of the Company amounted to approximately RMB39 million for the six months ended 30 September 2016 (six months ended 30 September 2015: approximately RMB35 million). Earnings per share was approximately RMB0.04 for the six months ended 30 September 2016 (six months ended 30 September 2015: approximately RMB0.07).

### **RESULTS AND APPROPRIATIONS**

#### **Revenue**

The revenue of the Group was approximately RMB958 million (six months ended 30 September 2015: approximately RMB932 million), representing an increase of approximately 3% from the six months ended 30 September 2015. The Group is currently maintaining the market shares in the market.

#### **Gross Profit**

Gross profit of the Group increased from approximately RMB50 million for the six months ended 30 September 2015 to approximately RMB63 million for the six months ended 30 September 2016. The gross profit margin for the current period increased from 5.4% to 6.7% as the Company targets to generate higher market shares.

#### **Other operating expenses**

Other operating expenses of the Group were approximately RMB3.6 million (six months ended 30 September 2015: approximately RMB6.6 million), representing a significant decrease of approximately 45.5% from the six months ended 30 September 2015 mainly due to the implement of cost control.

#### **Profit for the period attributable to owners**

The profit for the period attributable to owners of the Company amounted to approximately RMB38.8 million for the six months ended 30 September 2016 (six months ended 30 September 2015: approximately RMB35.5 million). Basic earnings per share were approximately RMB0.04 as compared with basic earnings per share of approximately RMB0.07 for the preceding period. The profit for the period attributable to owners of the Company increased was mainly due to enlarging the market shares during the period.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

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

Bank and cash balances as at 30 September 2016 was approximately RMB300.3 million (31 March 2016: approximately RMB124.2 million). The Group's debt-to-equity ratio measured on the basis of the Group's total liabilities of approximately RMB609.8 million (31 March 2016: approximately RMB186.1 million) to the total equity of positive of approximately RMB586.5 million (31 March 2016: positive of approximately RMB343.3 million) is 1.04 (31 March 2016: 0.54).

### **CAPITAL STRUCTURE**

On 20 June 2016, the Company has issued 450,510,000 Placing Shares under the placing agreement. Details were set out in the circular and announcement of the Company dated 20 June 2016.

### **PROSPECTS**

As mentioned in the annual report of FY2015/2016, the direction for future developments in the business of the Group will still be the rapid establishment of a nation-wide cold chain logistics purchasing network for various kinds of food and a nation-wide cold chain logistics food distribution network based on its cold chain food logistic distribution plant, with an aim to become the most competitive cold chain food distribution and delivery services provider in China.

### **EMPLOYMENT**

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 30 September 2016, there were no charges on the Group's assets.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **CAPITAL AND OTHER COMMITMENTS**

The Group had no any capital commitment as at 30 September 2016 (31 March 2016: Nil).

### **CONTINGENT LIABILITIES**

The Group had no any contingent liabilities as at 30 September 2016 (31 March 2016: Nil).

### **EVENTS AFTER THE REPORTING PERIOD**

On 25 November 2016, the Company entered into a placing agreement with a placing agent in respect of the placement of 218,820,000 ordinary shares to not less than six independent Placers at a price of HK\$0.41 per share. Details please refer to the announcement of the Company dated 25 November 2016.

### **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 six months ended 30 September 2016.

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

As at the end of the financial period under review, none of the Directors, chief executive or their associates had any personal, family, corporate or other beneficial interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) as recorded in the register required to be kept under section 352 of the SFO, or 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.

## MANAGEMENT DISCUSSION AND ANALYSIS

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

As at 30 September 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 3)
		Long position	Short position	
Marvel Light Holdings Limited (Note 1)	Beneficial owner	328,115,352	–	29.99
Bomao Holdings Limited	Interest in controlled corporation (Note 1)	328,115,352	–	29.99
Harvest (Overseas) Investment Limited	Interest in controlled corporation (Note 1)	328,115,352	–	29.99
安徽豐收投資有限公司 (Anhui Harvest Investment Company Limited*)	Interest in controlled corporation (Note 1)	328,115,352	–	29.99
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	–	29.99
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	–	29.99
Fortunate Gravity Hongkong Limited (Note 2)	Beneficial owner	217,720,000	–	19.90
Cherry International Hongkong Limited	Interest in controlled corporation (Note 2)	217,720,000	–	19.90

## MANAGEMENT DISCUSSION AND ANALYSIS

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

Name of shareholders	Capacity/Nature of interest	Number of Shares held		Percentage of total holding (Note 3)
		Long position	Short position	
上海新泉投資有限公司	Interest in controlled corporation (Note 2)	217,720,000	–	19.90
龐道滿 (Pang Dao Mun)	Interest in controlled corporation (Note 2)	217,720,000	–	19.90

\* For identification purpose only

#### 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 \*). 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, which is in turn owned as to 80% by Mr. 龐道滿 (Pang Dao Mun). All above interests duplicate each other.
3. The percentage is calculated based on the number of issued share capital of the Company as at 30 September 2016, which are 1,094,107,188 shares.

Save as disclosed above, as at 30 September 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.



## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **CORPORATE GOVERNANCE**

In the opinion of the Directors, the Company has complied with the code provisions of the Code on Corporate Governance Practices (the “Code”) as set out in Appendix 14 of the Listing Rules throughout the six months ended 30 September 2016, except for the deviation of A.2.1, A.4.1 and F.1.2 of the Code.

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 Company does not at present have any officer holding the position of Chief Executive Officer (“CEO”). Mr. Pan Junfeng (“Mr. Pan”) is the chairman of the Company and has also carried out the responsibilities of CEO. Mr. Pan possesses the essential leadership skills to manage the Board and extensive knowledge in the business of the Group. The Board considers the present structure to be more 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.

Pursuant to A.4.1 of the Code, non-executive directors should be appointed for specific terms, subject to re-election. For the period ended 30 September 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 bye-laws.

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.

### **REVIEW OF INTERIM REPORT**

The Audit Committee constitutes three independent non-executive Directors. The unaudited results of the Group for the six months ended 30 September 2016 have been reviewed by the Audit Committee.

### **MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS**

The Company has adopted the Model Code as set out in Appendix 10 of the Listing Rules. Having made specific enquiry to all Directors, they have confirmed that they complied with the required standards as set out in the Model Code during the six months ended 30 September 2016.

## CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 September 2016

		Six months ended 30 September	
	Notes	2016 RMB'000 (Unaudited)	2015 RMB'000 (Unaudited)
<b>Revenue</b>	4	<b>957,960</b>	931,622
Cost of inventories sold		<u>(894,461)</u>	<u>(881,362)</u>
<b>Gross profit</b>		<b>63,499</b>	50,260
Other income		333	2,744
Staff costs		(8,276)	(4,514)
Operating lease rentals		(1,183)	(1,524)
Depreciation		(5,637)	(353)
Fuel and utility costs		(548)	(317)
Other operating expenses		<u>(3,627)</u>	<u>(6,649)</u>
<b>Profit from operations</b>		<b>44,561</b>	39,647
Finance costs		<u>(917)</u>	<u>(811)</u>
<b>Profit before tax</b>	5	<b>43,644</b>	38,836
Income tax	6	<u>(4,893)</u>	<u>(3,338)</u>
Profit for the period		<b>38,751</b>	35,498
<b>Other comprehensive income:</b>			
<i>Items that may be reclassified to profit or loss:</i>			
Exchange differences on translating foreign operations		<u>1,164</u>	<u>1,078</u>
<b>Total comprehensive income for the period</b>		<u><b>39,915</b></u>	<u><b>36,576</b></u>

## CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 September 2016

		<b>Six months ended</b>	
		<b>30 September</b>	
	<i>Notes</i>	<b>2016</b>	2015
		<b>RMB'000</b>	RMB'000
		<b>(Unaudited)</b>	(Unaudited)
<b>Profit/(loss) for the period attributable to:</b>			
Owners of the Company		38,777	35,498
Non-controlling interests		<u>(26)</u>	<u>–</u>
		<b><u>38,751</u></b>	<b><u>35,498</u></b>
<b>Total comprehensive income/(loss)</b>			
<b>for the period attributable to:</b>			
Owners of the Company		39,941	36,576
Non-controlling interests		<u>(26)</u>	<u>–</u>
		<b><u>39,915</u></b>	<b><u>36,576</u></b>
<b>Earnings per share</b>			
Basic (RMB per share)	7	<u>0.04</u>	<u>0.07</u>
Diluted (RMB per share)		<u>0.04</u>	<u>0.07</u>

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	<i>Notes</i>	At 30 September 2016 RMB'000 (Unaudited)	At 31 March 2016 RMB'000 (Audited)
<b>Non-current assets</b>			
Property, plant and equipment	9	660,422	12,667
Prepaid land lease payments		24,182	–
		<u>684,604</u>	<u>12,667</u>
<b>Current assets</b>			
Inventories		20,822	58,497
Trade receivables	10	179,770	202,121
Prepaid land lease payments		676	–
Prepayments, deposits and other receivables	11	10,203	131,985
Bank and cash balances		300,250	124,187
		<u>511,721</u>	<u>516,790</u>
<b>Current liabilities</b>			
Trade payables	12	89,551	84,259
Accruals and other payables		60,874	76,159
Consideration payable		79,000	–
Current tax liabilities		8,821	7,710
Borrowings	13	38,000	18,000
		<u>276,246</u>	<u>186,128</u>
<b>Net current assets</b>		<u>235,475</u>	<u>330,662</u>
<b>Total assets less current liabilities</b>		<u>920,079</u>	<u>343,329</u>
<b>Non-current liabilities</b>			
Borrowings	13	333,569	–
<b>NET ASSETS</b>		<u>586,510</u>	<u>343,329</u>
<b>Capital and reserves</b>			
Share capital	14	9,086	5,277
Reserves		577,352	337,954
Equity attributable to owners of the Company		<u>586,438</u>	<u>343,231</u>
Non-controlling interests		72	98
<b>TOTAL EQUITY</b>		<u>586,510</u>	<u>343,329</u>

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to owners of the Company						Non-controlling interests	Total
	Share capital	Share premium	Foreign currency translation reserve	Accumulated losses	Total			
	RMB'000 (Unaudited)	RMB'000 (Unaudited)	RMB'000 (Unaudited)	RMB'000 (Unaudited)	RMB'000 (Unaudited)	RMB'000 (Unaudited)	RMB'000 (Unaudited)	
At 1 April 2015	3,864	1,732,553	(74,200)	(1,546,620)	115,597	163	115,760	
Placing of new shares	528	88,744	-	-	89,272	-	89,272	
Total comprehensive income for the period	-	-	1,078	35,498	36,576	-	36,576	
At 30 September 2015	<u>4,392</u>	<u>1,821,297</u>	<u>(73,122)</u>	<u>(1,511,122)</u>	<u>241,445</u>	<u>163</u>	<u>241,608</u>	
At 1 April 2016	5,277	1,900,180	(73,215)	(1,489,011)	343,231	98	343,329	
Placing of new shares	3,809	199,457	-	-	203,266	-	203,266	
Total comprehensive income/(loss) for the period	-	-	1,164	38,777	39,941	(26)	39,915	
At 30 September 2016	<u>9,086</u>	<u>2,099,637</u>	<u>(72,051)</u>	<u>(1,450,234)</u>	<u>586,438</u>	<u>72</u>	<u>586,510</u>	

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

Six months ended 30 September

2016	2015
RMB'000	RMB'000
(Unaudited)	(Unaudited)

<b>Net cash generated from/(used in) operating activities</b>	<b>267,283</b>	<b>(80,754)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of a subsidiary	(315,983)	–
Change in pledged bank deposit	–	(70,000)
Purchase of property, plant and equipment	–	(104)
Interest received	333	2,744
<b>Net cash used in investing activities</b>	<b>(315,650)</b>	<b>(67,360)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Net proceeds from placing of shares	203,266	89,272
Repayment of bank loans	(18,000)	(9,730)
Bank loans raised	38,000	–
<b>Net cash generated from financing activities</b>	<b>223,266</b>	<b>79,542</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>174,899</b>	<b>(68,572)</b>
Effect of foreign exchange rate changes	1,164	1,078
<b>Cash and cash equivalents at beginning of period</b>	<b>124,187</b>	<b>130,329</b>
<b>Cash and cash equivalents at end of period</b>	<b>300,250</b>	<b>62,835</b>

# NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## 1. GENERAL INFORMATION

Fresh Express Delivery Holdings Group Co., Limited was incorporated in the Cayman Islands 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 is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands and principal place of business is Unit D, 12/F, Seabright Plaza, 9-23 Shell Street, North Point, Hong Kong. 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 period, the Company and its subsidiaries (collectively "the Group") were principally engaged in cold chain food integrated distribution in People's Republic of China (the "PRC").

## 2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The unaudited condensed consolidated interim financial statements ("Interim Financial Statements") have been prepared in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting" ("HKAS 34") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and the applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

The Interim Financial Statements should be read in conjunction with the 2016 annual financial statements. The accounting policies and methods of computation used in the preparation of the Interim Financial Statements are consistent with those used in the annual financial statements for the year ended 31 March 2016.

## 3. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

In the current period, the Group has adopted all the new and revised HKFRSs issued by the HKICPA that are relevant to its operations and effective for its accounting period beginning on 1 April 2016. 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 period and prior periods.

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

## NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 4. REVENUE AND SEGMENT INFORMATION

The Group has only one operating segment which is principally engaged in the cold chain food integrated distribution in the PRC.

	Six months ended 30 September	
	2016	2015
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Revenue from external customers	<b><u>957,960</u></b>	<b><u>931,622</u></b>

### 5. PROFIT BEFORE TAX

The Group's profit before tax is stated after charging/(crediting) the following:

	Six months ended 30 September	
	2016	2015
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Interest income	(333)	(2,744)
Cost of inventories sold	<b>894,461</b>	881,362
Amortisation of prepaid land lease payment	<b>169</b>	–
Depreciation	<b>5,468</b>	353
Minimum lease payments under operating leases in respect of land and buildings	<b>1,183</b>	1,524
Directors' remuneration	<b><u>432</u></b>	<b><u>297</u></b>



## NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 6. INCOME TAX

	Six months ended 30 September	
	2016	2015
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Current tax – PRC enterprise income tax		
Provision for the period	<b>4,893</b>	<b>3,338</b>

No provision for Hong Kong Profits Tax has been made for the periods ended 30 September 2016 and 30 September 2015 as the Group did not generate any assessable profits arising in Hong Kong during these periods. 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 period ended 30 September 2016 and 30 September 2015, in which, an entity incorporated in the Tibet Autonomous Region of the PRC was entitled to preferential tax rates of 9% for the periods ended 30 September 2016 and 30 September 2015 as determined in accordance with the relevant PRC income tax rules and regulations.

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

### 7. EARNINGS PER SHARE

#### Basic earnings per share

The calculation of basic earnings per share attributable to owners of the Company is based on the profit for the six months period attributable to owners of the Company of approximately RMB38,777,000 (six months ended 30 September 2015: approximately RMB35,498,000) and the weighted average number of 897,157,860 (six months ended 30 September 2015: 536,337,188) of ordinary shares in issue during the period.

#### Diluted earnings per share

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

## NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 8. INTERIM DIVIDEND

The Directors do not recommend the payment of an interim dividend for the six months ended 30 September 2016 (six months ended 30 September 2015: nil).

### 9. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 September 2016, the Group has acquired property, plant and equipment of approximately RMB653,223,000 through the acquisition of a subsidiary.

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

	At 30 September 2016 RMB'000 (Unaudited)	At 31 March 2016 RMB'000 (Audited)
30 days or less	84,828	71,874
31 to 90 days	94,942	130,247
	<u>179,770</u>	<u>202,121</u>

### 11. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	At 30 September 2016 RMB'000 (Unaudited)	At 31 March 2016 RMB'000 (Audited)
Prepayments	9,770	131,558
Deposits	341	335
Other receivable	92	92
	<u>10,203</u>	<u>131,985</u>

## NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 12. TRADE PAYABLES

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

	At 30 September 2016 RMB'000 (Unaudited)	At 31 March 2016 RMB'000 (Audited)
30 days or less	39,145	28,304
31 to 90 days	50,406	55,955
	<u>89,551</u>	<u>84,259</u>

### 13. BORROWINGS

	At 30 September 2016 RMB'000 (Unaudited)	At 31 March 2016 RMB'000 (Audited)
Bank borrowings	38,000	18,000
Other borrowings	333,569	-
	<u>371,569</u>	<u>18,000</u>

The borrowings are repayable as follows:

On demand or within one year	38,000	18,000
In the second year	333,569	-
	<u>371,569</u>	<u>18,000</u>

## NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 13. BORROWINGS (Continued)

The carrying amounts of the Group's bank borrowings are denominated in RMB, the interest rates at 30 September 2016 are 5.61% and 6% (31 March 2016: 5.61%).

Bank borrowings are arranged at fixed interest rates and expose the Group to fair value interest rate risk.

The Group's bank borrowings are secured by (i) the related parties' property and (ii) personal guarantee from related parties as at 30 September 2016 and 31 March 2016.

Other borrowings are unsecured, non-interest bearing and shall not be repayable within one year.

### 14. SHARE CAPITAL

A summary of the share capital of the Company is as follows:

	Number of shares	Amount RMB'000
<i>Authorised:</i>		
Ordinary shares of HK\$0.01 each		
At 31 March 2016, 1 April 2016 and 30 September 2016	19,800,000,000	157,061
Preference shares of HK\$0.01 each		
At 31 March 2016, 1 April 2016 and 30 September 2016	200,000,000	1,586
<i>Issued and fully paid:</i>		
Ordinary shares of HK\$0.01 each		
At 31 March 2016 and 1 April 2016	643,597,188	5,277
Placing of shares	450,510,000	3,809
As at 30 September 2016	1,094,107,188	9,086

Completion of the placing took place on 20 June 2016 pursuant to which 450,510,000 shares were issued under the placing agreement at the price of HK\$0.54 per share. Accordingly, the Company's issued share capital was increased by approximately RMB3,809,000 and its share premium account was increased by approximately RMB199,457,000. Net proceeds were approximately RMB203,266,000 after deducting the issuing expenses of approximately RMB2,405,000.

## **NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

### **15. CONTINGENT LIABILITIES**

The Directors were not aware of any significant contingent liabilities of the Group as at 30 September 2016 (31 March 2016: Nil).

### **16. EVENTS AFTER THE REPORTING PERIOD**

On 25 November 2016, the Company entered into a placing agreement with a placing agent in respect of the placement of 218,820,000 ordinary shares to not less than six independent Placees at a price of HK\$0.41 per share. Details please refer to the announcement of the Company dated 25 November 2016.

### **17. APPROVAL OF THE INTERIM FINANCIAL STATEMENTS**

These Interim Financial Statements were approved and authorised for issue by the Board of Directors on 30 November 2016.