福記食品服務控股有限公司

FU JI FOOD AND CATERING SERVICES HOLDINGS LIMITED

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 1175)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2007

FINANCIAL HIGHLIGHTS:

	Unaudited		
	Six months ended 30 September		
	2007	2006	POP Changes
	(RMB'000)	*(RMB'000)*	*(%)*
Turnover	**780,154**	534,790	+45.9%
Catering Services	**627,882**	413,810	+51.7%
Chinese Restaurants	**125,468**	102,367	+22.6%
Convenience Food and Others	**26,804**	18,613	+44.0%
Profit from operations	**249,789**	198,686	+25.7%
Profit attributable to Shareholders	**196,770**	172,153	+14.3%
Basic earnings per share *(RMB cents)*	**37.6**	34.2	+9.9%

MANAGEMENT DISCUSSION AND ANALYSIS

FU JI Food and Catering Services Holdings Limited (the "Company") and its subsidiaries (known together as the "Group") achieved commendable growth in revenue and earnings as well as made concrete progress in expanding its core businesses during the six months ended 30 September 2007 (the "Relevant Period"). Turnover for the first half of 2007/08 reached a new high at approximately RMB780.2 million, 45.9% more than in the first half of 2006/07. Gross profit margin and operating profit margin for the Relevant Period were 58.3% (first half 2006/07: 56.3%) and 32.0% (first half 2006/07: 37.2%) respectively. The Group's gross profit for the Relevant Period was RMB455.0 million and net profit was RMB196.8 million, 51.0% and 14.3% higher respectively against the corresponding period last year. Basic earnings per share were RMB37.6 cents (first half 2006/07: RMB34.2 cents).

In compliance with Hong Kong Financial Reporting Standard ("HKFRS") 2, and Hong Kong Accounting Standards ("HKASs") 32 and 39, there were non-cash charges of approximately RMB3,897,000 (first half 2006/07: RMB4,134,000) and approximately RMB26,416,000 (first half 2006/07: RMB2,541,000) respectively to the Group's net profits for the Relevant Period.

MARKET REVIEW

As the Chinese government continues to tighten food safety requirements and the country's economy and industries keep expanding, demand for contract catering services will maintain an upward trend. This macro-environment works to the apparent benefit of established catering service providers like the Group; recognised for offering nutritious meals at reasonable prices and backed by reliable services.

BUSINESS REVIEW

The Group continued to strengthen its vertically integrated business model to support its three main core businesses. Efforts were made to optimise control of the entire supply chain from sourcing and processing of food ingredients to delivering meals and dishes to customers, with special emphasis on improving facilities in its sourcing and initial processing centres ("SIPCs"). The Group operated four established SIPCs in Shandong, Zhejiang and Anhui during the Relevant Period and will set up an additional SIPC in Guangxi. Using the same proven operation model, these centres allow the Group to centralise procurement of food materials and ingredients, giving it a cost advantage, and also effective product quality control. The SIPCs are supplemented by seven local distribution and processing centres ("LDPCs") and these two types of facilities are both subjected to strict hygiene controls in compliance with relevant health and safety standards. Supported by standardised and automated production facilities, the Group reported an improvement in operational efficiency.

The Group has been expanding strategically from its base in the Yangtze River Delta region to coastal regions and economic zones including the Pearl River Delta and Bohai Bay Rim area. The regional distribution and processing centres ("RDPCs") in Jiading, Shanghai and Beijing will commence operation by the end of fiscal year 2007/08 and in the first quarter of fiscal year 2008/09 respectively. The Jiading RDPC and Beijing RDPC will serve as the logistics hubs of the Huadong region and in the vicinity of Beijing, facilitating planning and control of procurement, and movement of inventories and products.

Catering Services

Bolstered by growing demand for contract catering from institutions and the education sector, the Group's Catering Services business continued to expand as the Group's principal revenue and profit growth driver. During the six months ended 30 September 2007, revenue from this business increased by 51.7% to approximately RMB627.9 million, and operating profit grew by 45.2% to approximately RMB219.1 million. As at 30 September 2007, the Group produced a total of approximately 657,000 sets of meals daily (excluding railway meals), representing 42.1% growth compared to approximately 462,500 sets as at the end of September 2006. The Catering Services business accounted for 80.5% of the Group's total turnover.

The Group operated four main types of Catering Services, namely, institutional catering, school catering, exhibition and event catering, and railway catering during the period under review.

Institutional catering

With strong presence in the Yangtze River Delta region, the Pearl River Delta region and Bohai Bay Rim area, the Group extended coverage of its catering services to more labour-intensive industrial zones in the regions. Its customers include industrial parks, commercial and office premises, large-scale multinational, state-owned, privately owned and Taiwanese corporations and industrial enterprises.

School catering

During the period under review, the Group provided catering services to various tertiary educational institutions in Shanghai and Suzhou, such as Songjiang University Town, the Tianping College of Suzhou, and the University of Science and Technology of Suzhou. When the Jiading RDPC is set up by the end of fiscal year 2007/08, the Group will be able to capture a bigger share of the school catering market, expanding its service coverage to particularly secondary and primary schools. Apart from ensuring the food it supplies to schools has good nutritional value, the Group will also install and use heat sterilisation technology to guarantee its products meet the high hygiene standards required by the education sector.

Exhibition and event catering

The new segment secured contracts from two leading exhibition centres in Shanghai during the period under review. With the exhibition industry in Shanghai flourishing and bringing in visitors from all over and outside the country, the segment has very bright prospect. The Group believes the new business will boost the gross profit margin of its Catering Services business and become a driver of its overall growth in the future.

The Group is an official caterer of the 2008 Beijing Olympics. It signed two catering service contracts for the global sports event in April 2007. A testament to the high quality of the Group's products and services, the contracts will boost the Group's brand and reputation, and in turn enable it to expand business coverage in Beijing and to other areas of the country.

Railway catering

Since June 2007, the Group has been providing catering services on 24 trains, for long and short routes, reaching 10 cities and provinces operated by seven different railway authorities. With development of the railway system being an integral part of the People's Republic of China ("PRC")'s transportation infrastructure, and a major focus as outlined in the 11th Five Year Plan of the country, this segment has a favourable environment for growth. To support development of the business, the Group plans to build more central food processing centres, and distribution, storage and logistics centres in major cities along railway routes it now serves. The Group sees huge potential for its railway catering business.

Restaurants

Chinese Restaurant

The Chinese Restaurants business is the Group's second major revenue contributor, accounting for 16.1% of the Group's total turnover. During the Relevant Period, the Group operated six Chinese Restaurants — four in Shanghai and two in Suzhou.

For the first half of fiscal year 2007/08, the Group's Chinese Restaurants business managed stable growth, achieving a 22.6% rise in turnover to RMB125.5 million. The growth was mainly attributable to the increased average-per-head spending of mid- to high-end customers targeted by the Group, and an increase in the number of operating restaurants. Over the years, the Group has strived to ensure its restaurants offer diverse dishes and keep their menus fresh and attractive. This commitment, and the introduction of the prestigious "FU JI Club" dining concept, together, which promise pleasurable dining experiences for customers, has allowed the Group to deliver continuously strong performances in the highly competitive restaurant sector.

Theme Restaurant

Drawing from its success with Chinese restaurants, the Group ventured into the Theme Restaurant business. It signed an agreement to acquire majority interests in Sky Charm Group Limited ("Sky Charm") on 27 September 2007. Sky Charm is an investment holdings company whose primary business is the Golden Hans buffet restaurant chain. Golden Hans is a chain of leisure German-style microbrewery houses with presence in 24 PRC cities. Golden Hans specialises in a variety of self-brewed German beers and Brazilian BBQ buffet. The acquisition will generate synergies for the Group at large as the procurement and processing of food ingredients and raw materials for Golden Hans restaurants can be undertaken via its centralised sourcing, processing and distribution centres. The arrangement will allow Sky Charm to enhance its profit margin and the Group to enjoy economies of scale as well as more efficient application of resources. The consideration is subject to a cap of HK$800 million pursuant to the agreement. The acquisition was completed on 1 November 2007, upon which Sky Charm became a majority owned subsidiary of the Company.

Convenience Food and Others

The Convenience Food and Others segment achieved satisfactory sales performance in the first half of 2007/08, capitalising on an efficient logistics network and distribution channels. Turnover increased to RMB26.8 million, representing a growth of 44.0%. The Group's centralised system has allowed the business to share costs and resources in providing highly nutritious and healthy convenience food to primarily urban dwellers in Shanghai and Suzhou. The Convenience Food and Others business accounted for 3.4% of the Group's total turnover during the review period.

FINANCIAL REVIEW

Liquidity and Financial Resources

The Group's financial position is sound with stable cash flow. As at 30 September 2007, the Group's total Shareholders' equity amounted to RMB2,466,376,000, representing an increase of 37.6% compared with 31 March 2007. As at 30 September 2007, the Group's cash and cash equivalents totalled RMB329,939,000 (31 March 2007: RMB556,630,000). Net current assets were RMB145,636,000 (31 March 2007: RMB448,933,000).

Subsequent to the balance sheet date, on 18 October 2007, the Company issued Hong Kong dollar settled zero coupon convertible bonds due 2010 (the "Citi Bonds") convertible into ordinary shares of the Company in an aggregate principal amount of RMB1.5 billion. The estimated net proceeds from the Citi Bonds, after deduction of commission and administrative expenses, are approximately RMB1,458,000,000.

Taking the above figures into account, together with healthy balance of cash and cash equivalents, available bank loans and strong operational cash flows, management is confident that the Group will have adequate resources to settle any debts and to finance its daily operational and capital expenditures.

The reporting currency of the Group is in Renminbi and the Group's monetary assets, monetary liabilities and transactions are principally denominated in Renminbi, Hong Kong dollars and US dollars. As the fluctuation in the exchange rates among these currencies was minimal during the Relevant Period, and is expected to be insignificant going forward, the Group believes its exposure to risks from exchange rate movement is limited.

Capital Structure

As at 30 September 2007, the Group had total debts made up of bank loans principally bearing fixed annual interest rates of 5.832% to 8.01% (31 March 2007: between 4.860% and 6.732%) and three-year zero coupon convertible bonds due 2009 (the "Bonds 2009") (RMB836,614,000 in total) (31 March 2007: RMB1,296,835,000). As at 30 September 2007, the Group's total Shareholders' equity was RMB2,466,376,000 (31 March 2007: RMB1,792,386,000). Based on the above, its gearing ratio was approximately 33.9% (31 March 2007: 72.4%).

On 9 November 2006, the Company issued the Bonds 2009 in an aggregate principal amount of HK$1 billion convertible into ordinary shares of the Company. Holders of the Bonds 2009 have the right to convert them into ordinary shares of the Company at any time beginning from 20 December 2006 and thereafter up to the close of business on 25 October 2009 at the conversion price of HK$ 17.51 per share (subject to adjustment) (the "Conversion Price"). During the period under review, the Company issued and allotted a total of 30,154,192 new shares as a result of conversion of the Bonds 2009 in the total amount of HK$528,000,000 at the Conversion Price. In addition, during the current period under review, 260,000 employee share options were exercised. After the issuances, as at 30 September 2007, the number of issued shares of the Company was increased to 540,665,655.

Save as disclosed above, there has been no change in the share capital of the Company during the period under review.

Subsequent to the balance sheet date, the Company issued and allotted a total of 571,101 new shares as a result of conversion of the Bonds 2009 in the total amount of HK$10,000,000 at the Conversion Price.

The detailed terms and particulars of the Bonds 2009 were set out in the Group's financial statements for the year ended 31 March 2007 and the press announcement dated 10 October 2006.

Group Structure

Other than establishing five wholly-owned subsidiaries in the PRC – FU JI Famous Delicacies Club (Shanghai) Catering Co. Ltd., Tian Yang Mei Tong Agricultural Development Co. Ltd., Auterlan (Beijing) Food Industry Co. Ltd., Shanghai Dong Rui Catering Services Ltd. and Beijing Yao Du Catering Co. Ltd., during the period under review, there has been no material change in the Group's structure.

Use of proceeds from initial public offering

Shares of the Company were listed on the Main Board of the Stock Exchange of Hong Kong Limited (the "HKSE") on 17 December 2004 with a total of 115,000,000 offer shares. Net proceeds from the new shares issue were approximately HK$324,612,000 (equivalent to approximately RMB344,089,000) (the "Net Proceeds"). As at 30 September 2007, the Net Proceeds had been utilised as follows:

- all of the approximately RMB143 million as stated in the listing prospectus was spent on establishing centralised processing centres;
- all of the approximately RMB72 million as stated in the listing prospectus was spent on establishing sourcing and initial processing centres;
- all of the approximately RMB38 million as stated in the listing prospectus was spent on establishing large scale Chinese restaurants; and
- all of the approximately RMB30 million as stated in the listing prospectus was used as general working capital.

Going forward, the Group will continue to utilise the remaining Net Proceeds to grow its businesses according to the Group's strategies. These strategies will be closely monitored and reviewed by the Board with reference to actual business conditions.

Charge on Assets and Contingent Liabilities

As at 30 September 2007, the Group had bank deposits denominated in Hong Kong dollars, equivalent to RMB143,758,000 (31 March 2007: RMB262,544,000), which are pledged to secure bank facilities granted to the Group.

As at 30 September 2007, the Group had contingent liabilities in the amount of approximately RMB46,970,000 (31 March 2007: RMB32,686,000) in respect to the adoption of preferential tax treatments for determining the income tax liabilities of certain wholly owned subsidiaries in Shanghai.

HUMAN RESOURCE

As at 30 September 2007, the Group had 7,428 employees in the PRC and Hong Kong (31 March 2007: 4,653 employees). All employees are remunerated according to their performance, experience and prevailing market rates. The Group provides retirement benefits in the form of Mandatory Provident Fund entitlement to employees in Hong Kong. A similar scheme is also provided to employees in the PRC.

OUTLOOK

The Group expects an increasing number of enterprises in China to outsource their catering needs to professional caterers. To seize on such opportunities, the Group will focus on upgrading its centralised system with the aim of improving productivity and maximising the use of its facilities.

The Jiading RDPC and Beijing RDPC are being constructed and will serve as the logistics hubs of the Huadong region and areas in the vicinity of Beijing respectively. Scheduled to begin commercial operation by the end of fiscal year 2007/08, the Jiading RDPC will primarily focus on providing nutritious meals for the education sector. As for the Beijing RDPC, which will begin operation in the first quarter of 2008/09 fiscal year, it will facilitate expansion of the Group's business coverage to key economic regions in the Bohai Bay Rim area, including Beijing itself, Tianjin and Qindao. The two RDPCs will each increase the total production capacity of the Group by 300,000 sets of meals per day. The Group aims to further develop and strengthen its vertically integrated business model by expanding the capacity of its existing SIPCs in Shouguang (Shandong Province), Linqu (Shandong Province), Ningbo (Zhejiang Province) and Qingyang (Anhui Province) and establishing a new SIPC in Guangxi Province.

Looking forward, the Group will continue to seek opportunities to develop higher-end new markets, especially those promising higher profit margins (such as railway catering and event-based catering). The Group will expand its business by continuously upgrading existing centralised processing centres. As well, by building new centralised processing centres and Chinese Restaurants, the Group will be able to meet demand for its services, and serve the growing number of restaurant goers longing for delicious Chinese cuisine.

The acquisition and operation of the Golden Hans buffet restaurant chain in 24 cities in China has seen the Group made inroads in the theme restaurant sector in the country. Armed with extensive experience in catering services and Chinese restaurant operation, the Group is confident of the prospects its theme restaurants especially with the "dining out" concept gaining popularity in the PRC. The acquisition has also allowed the Group to benefit from greater economies of scale other than giving it another remarkable revenue stream.

The Group also plans to support the LDPCs by establishing "central kitchens" that provide catering services to areas beyond reach of the centres. The Group is prepared to capture significant business opportunities in the still budding catering services sector in China. In addition, the Group will further strengthen its internal management systems and, at the same time, expand operational scale through strategic alliances with customers and other relevant working authorities. The Group is confident of its ability to increase market share in the future, and consolidate its position as a leading domestic Catering Services provider in China.

ISSUE OF CITI BONDS

On 11 October 2007, the Company entered into a Subscription Agreement with Citigroup Global Markets Limited ("Citigroup"), whereby Citigroup agreed to subscribe and pay for or to procure subscribers to subscribe and pay for the Renminbi denominated but Hong Kong dollar settled zero coupon Bonds to be issued at par by the Company in an aggregate principal amount of RMB1,315 million. In addition, the Company also granted an option to subscribe up to an additional aggregated principal amount of RMB185 million, in whole or in part, to Citigroup, which exercised such option in full on 12 October 2007. The initial conversion price is HK$32.825 per share. Assuming full conversion of the Citi Bonds at the initial conversion price of HK$32.825 per share, the Citi Bonds will be convertible into 47,162,207 new shares, representing approximately 8.01% of the enlarged issued share capital of the Company. The Citi Bonds were issued on 18 October 2007 and listed on the HKSE on 22 October 2007.

The estimated net proceeds from the Citi Bonds' issuance, after deduction of commissions and administrative expenses, are approximately RMB1,458,000,000 in aggregate. The net proceeds will be used primarily for general corporate purposes, including capital expenditure, working capital and for possible acquisitions of businesses, or investment in joint ventures and/or strategic alliances. The Company also intends to use approximately HK$800,000,000 of the net proceeds to acquire 60% stake in Sky Charm, the holding company for a group of companies operating the Golden Hans chain of restaurants.

RESULTS

The Board has pleasure to present the unaudited condensed consolidated results of the Group for the six months ended 30 September 2007 together with the comparative figures for 2006 as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 September 2007

	Note	2007 *RMB'000* (Unaudited)	2006 *RMB'000* (Unaudited)
Turnover	*2*	**780,154**	534,790
Other revenue		**15,263**	26,774
Cost of materials consumed		**(325,135)**	(233,484)
Staff costs		**(68,556)**	(41,308)
Operating lease rentals		**(25,628)**	(13,454)
Depreciation and amortisation		**(62,053)**	(35,134)
Fuel and utility costs		**(18,555)**	(10,728)
Other operating expenses		**(45,701)**	(28,770)
Profit from operations	*2*	**249,789**	198,686
Finance costs		**(35,684)**	(10,131)
Profit before taxation	*3*	**214,105**	188,555
Income tax	*4*	**(17,335)**	(16,402)
Profit for the period		**196,770**	172,153
Earnings per share			
— basic	*5(a)*	**RMB37.6 cents**	RMB34.2 cents
— diluted	*5(b)*	**RMB37.5 cents**	N/A
Dividend per share	*6*	**HK$11.5 cents**	HK$10.2 cents

CONDENSED CONSOLIDATED BALANCE SHEET

As at 30 September 2007

	Note	At 30 September 2007 RMB'000 (Unaudited)	At 31 March 2007 RMB'000 (Audited)
Non-current assets			
Fixed assets		**2,775,011**	2,229,754
Goodwill		**10,300**	10,300
Deposits for acquisition and construction of fixed assets		**115,543**	80,734
		2,900,854	2,320,788
Current assets			
Inventories		**32,621**	27,848
Accounts receivable	7	**41,797**	31,094
Deposits, prepayments and other receivables		**65,807**	45,985
Pledged bank deposits		**143,758**	262,544
Cash and cash equivalents		**329,939**	556,630
		613,922	924,101
Current liabilities			
Bank loans		**256,500**	319,500
Accounts payable	8	**36,899**	21,481
Receipts in advance		**21,466**	11,306
Accruals and other payables		**122,867**	99,505
Current income tax		**30,554**	23,376
		468,286	475,168
Net current assets		**145,636**	448,933
Total assets less current liabilities		**3,046,490**	2,769,721
Non-current liabilities			
Convertible bonds		**467,010**	977,335
Bank loans		**113,104**	—
		580,114	977,335
NET ASSETS		**2,466,376**	1,792,386
CAPITAL AND RESERVES			
Capital		**5,680**	5,386
Reserves		**2,460,696**	1,787,000
		2,466,376	1,792,386

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2007

	Share capital RMB'000 (Unaudited)	Share premium RMB'000 (Unaudited)	Capital reserve RMB'000 (Unaudited)	Merger reserve RMB'000 (Unaudited)	Statutory reserve RMB'000 (Unaudited)	Exchange reserve RMB'000 (Unaudited)	Retained profits RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
Balance at 1 April 2007	5,386	990,802	20,791	23,000	11,500	(13,149)	754,056	1,792,386
Share issued under conversion of convertible bonds	291	520,023	(6,094)	—	—	—	—	514,220
Share issued under exercise of share options	3	5,272	(1,351)	—	—	—	—	3,924
Exchange difference on translation into presentation currency	—	—	—	—	—	9,524	—	9,524
Profit for the period	—	—	—	—	—	—	196,770	196,770
Final dividend paid	—	—	—	—	—	—	(54,345)	(54,345)
Equity settled share-based transactions	—	—	3,897	—	—	—	—	3,897
Balance at 30 September 2007	5,680	1,516,097	17,243	23,000	11,500	(3,625)	896,481	2,466,376
Balance at 1 April 2006	5,308	908,701	1,500	23,000	—	(565)	507,617	1,445,561
Share issued under conversion of convertible bonds	10	10,431	(186)	—	—	—	—	10,255
Exchange difference on translation into presentation currency	—	—	—	—	—	(5,437)	—	(5,437)
Profit for the period	—	—	—	—	—	—	172,153	172,153
Final dividend paid	—	—	—	—	—	—	(40,438)	(40,438)
Equity settled share-based transactions	—	—	4,134	—	—	—	—	4,134
Balance at 30 September 2006	5,318	919,132	5,448	23,000	—	(6,002)	639,332	1,586,228

Notes:

1. BASIS OF PRESENTATION AND PRINCIPAL ACCOUNTING POLICY

The Group's interim financial report for the six months ended 30 September 2007 (the "Interim Financial Report") has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the HKSE (the "Listing Rules"), including compliance with HKAS 34 "Interim financial reporting", issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). The preparation of interim financial report in conformity with HKAS 34 requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

The principal accounting policies adopted in preparing the Interim Financial Report are consistent with those adopted in the 2006/07 annual financial statements. The Group has also adopted a number of new and revised HKFRSs ("New HKFRSs") which became effective for accounting periods beginning on or after 1 January 2007. However, the adoption of these New HKFRSs did not result in significant impact on the Group's results of operations and financial position.

2. TURNOVER AND SEGMENT INFORMATION

Turnover represents the sales value of goods sold supplied and services provided to customers, which excludes business tax and other government surcharges, less sales returns and discounts during the period. An analysis of the Group's unaudited segment revenue and unaudited segment results for business segments for the period is as follows:

	Six months ended 30 September	
	2007	2006
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Turnover		
— Catering Services business	**627,882**	413,810
— Chinese Restaurants business	**125,468**	102,367
— Convenience Food and other related business	**26,804**	18,613
	780,154	534,790
Segment results		
— Catering Services business	**219,148**	150,951
— Chinese Restaurants business	**30,356**	24,807
— Convenience Food and other related business	**1,839**	9,276
	251,343	185,034
Unallocated (expenses)/income, net	**(1,554)**	13,652
Profit from operations	**249,789**	198,686

Geographical segment information is not presented as the Group operates predominantly in the PRC.

Certain comparative figures have been reclassified to conform with the current period's presentation.

3. PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging/(crediting):

	Six months ended 30 September	
	2007	2006
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
(a) Finance costs:		
Interest on bank loans wholly repayable within five years	**9,268**	7,590
Interest on convertible bonds	**26,416**	2,541
	35,684	10,131
(b) Other items:		
Interest income	**(9,186)**	(5,964)
Rental income from sub-letting	**(468)**	(674)
Government grants	**(4,286)**	(18,895)
Cost of materials consumed	**325,135**	233,484
Loss on disposal of property, plant and equipment	**22**	—
Depreciation and amortisation	**62,053**	35,134
Operating leases rentals in respect of premises	**25,628**	13,454

4. INCOME TAX

Income tax expense represents:

	Six months ended 30 September	
	2007	2006
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Current tax – the PRC		
Provision for the period	**17,335**	16,402

No provision for Hong Kong Profits Tax has been made as the Group has no estimated assessable profits arising in Hong Kong for the six months ended 30 September 2006 and 2007.

Taxation for PRC subsidiaries is charged at the approximate current rates of taxation ruling in the PRC.

The Group had no significant potential deferred tax assets and liabilities for the six months ended 30 September 2006 and 2007.

5. EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share for the six months ended 30 September 2007 was based on the profit attributable to Shareholders of RMB196,770,000 (six months ended 30 September 2006: RMB172,153,000) and on the weighted average of 523,911,110 (six months ended 30 September 2006: 502,730,308) ordinary shares in issue during the period.

(b) Diluted earnings per share

The calculation of diluted earnings per share for the six months ended 30 September 2007 was based on the profit attributable to ordinary equity Shareholders of RMB196,770,000 and the weighted average number of ordinary shares of 524,222,767 shares after adjusting for the effect of all dilutive potential ordinary shares arising from the employee share options. Diluted earnings per share for the six months ended 30 September 2006 was not presented because the impact of the exercise of the conversion rights attached to the Bonds 2009 and the outstanding employee share options were ant-dilutive.

6. INTERIM DIVIDEND

The Board has resolved to declare an interim dividend of HK$11.5 cents (2006: HK$ 10.2 cents) per share for the six months ended 30 September 2007. The interim dividend will be paid to the Shareholders whose names appear on the Register of Members of the Company at the close of business on 4 January 2008. The interim dividend will be paid on or around 18 January 2008.

7. ACCOUNTS RECEIVABLE

An ageing analysis of accounts receivable is as follows:

	At 30 September 2007 *RMB'000* *(Unaudited)*	At 31 March 2007 *RMB'000* *(Audited)*
Within 1 month	**19,855**	12,383
More than 1 month but within 3 months	**16,410**	10,619
More than 3 months but within 6 months	**2,893**	7,665
More than 6 months	**5,883**	3,671
	45,041	34,338
Less: Impairment loss for bad and doubtful debts	**(3,244)**	(3,244)
	41,797	31,094

Customers are generally granted with credit terms ranging from 30 days to 180 days, depending on the credit worthiness of individual customers.

8. ACCOUNTS PAYABLE

An ageing analysis of accounts payable is as follows:

	At 30 September 2007 *RMB'000* *(Unaudited)*	At 31 March 2007 *RMB'000* *(Audited)*
Within 1 month	**19,419**	11,637
More than 1 month but within 3 months	**16,486**	6,783
More than 3 months but within 6 months	**508**	1,658
More than 6 months	**486**	1,403
	36,899	21,481

CLOSURE OF REGISTER OF MEMBERS

The Register of Members will be closed from 2 January 2008 to 4 January 2008 (both days inclusive), for the purpose of determining entitlements to the interim dividend. In order to qualify for the interim dividend, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch registrar, Computershare Hong Kong Investor Services Limited at Rooms 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:00 p.m. on 31 December 2007.

REVIEW OF RESULTS

The Company's audit committee (the "Audit Committee") has reviewed with the Group's management the Group's quarterly hygiene reports, the accounting principles and practices adopted by the Group and discussed internal control and financial reporting matters including the review of the Interim Financial Report. The Interim Financial Report has also been reviewed by the Company's auditors, CCIF CPA Limited, in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

For the period from 1 April 2007 to 30 September 2007, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

AUDIT COMMITTEE

The primary duties of the Audit Committee are to review the Company's annual reports and accounts, half-yearly reports and quarterly results and to provide advice and comments thereon to the Board. The Audit Committee is also responsible for reviewing quarterly reports prepared by the management of the Group on the hygiene standards and controls, the financial reporting process and internal control system of the Group and to give suggestions in these regards. The Audit Committee has three members comprising Mr. Su Gang Bing, Ms. Yang Liu and Mr. Wong Chi Keung, all being independent non-executive Directors, with Mr. Wong Chi Keung being the chairman.

REMUNERATION COMMITTEE

The Company established a Remuneration Committee which comprises two independent non-executive Directors, namely Mr. Su Gang Bing and Ms. Yang Liu, and the chairman of the Company, Mr. Wei Dong. Mr. Su is the chairman of the Remuneration Committee. The Remuneration Committee has rights and duties consistent with those set out in the Code of Corporate Governance Practices (the "Code") as set out in Appendix 14 of the Listing Rules. The Remuneration Committee is principally responsible for formulating the Group's policy and structure for all remuneration of the Directors and the Group's senior management and for providing advice and recommendations thereon to the Board.

THE CODE

The Company has complied with the Code throughout the six months ended 30 September 2007, with deviations from code provision A.2.1 and E.1.2 of the Code in respect of the separate roles of chairman and chief executive officer and the chairman of the Board's committees attending the annual general meeting.

Code A.2.1 of the Code stipulates that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. The Company currently does not have the position of Chief Executive Officer at the Board level and the Chairman, Mr. Wei Dong, currently assumes this role. The Board believes that vesting the roles of both Chairman and Chief Executive Officer in the same position provides the Group with stronger and more consistent leadership and allows for more effective planning. Further, the Board considers that this structure will not impair the balance of power, which has been closely monitored by the Board, which comprises experienced and high caliber individuals. The Board has full confidence in Mr. Wei Dong and believes that the current arrangement is beneficial to the business prospect of the Group.

Code E.1.2 of the Code stipulates that the chairman of the Board and the chairmen (or if one is not available another member) of the audit, remuneration and nomination committees should attend the annual general meeting. Due to their offshore business engagements, the members of the Audit Committee did not attend the Annual General Meeting of the Company held in Hong Kong on 21 August 2007. The Board will finalise and inform the date of the Annual General Meeting as earliest as possible to make sure that at least one member of the Company's Audit Committee and Remuneration Committee would attend the Annual General Meeting of the Company in future.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUER (THE "MODEL CODE")

The Company has adopted the Model Code set out in Appendix 10 of the Listing Rules. The Company, having made specific enquiry on all the Directors of the Company, confirmed that all its Directors have complied with the Model Code throughout the six months ended 30 September 2007.

By Order of the Board
FU JI Food and Catering Services Holdings Limited
Wei Dong
Chairman

Shanghai, the PRC, 12 December 2007

As at the date of this announcement, the Board comprises four Executive Directors, namely Mr. Wei Dong, Ms. Yao Juan, Mr. Tung Fai and Ms. Ku Wang, a Non-Executive Director, namely Ms. Josephine Price, four Independent Non-Executive Directors, namely Ms. Tsui Wai Ling, Carlye, Mr. Wong Chi Keung, Mr. Su Gang Bing and Ms. Yang Liu.