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福記食品服務控股有限公司
(已委任臨時清盤人)

FU JI Food and Catering Services Holdings Limited
(Provisional Liquidators Appointed)

(Incorporated in the Cayman Islands with limited liability)

(Stock Code : 1175)

INTERIM RESULTS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2012

The board (the “Board”) of directors of FU JI Food and Catering Services Holdings Limited (Provisional Liquidators Appointed) (the “Company”) announces that the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively referred to as the “Group”) for the six months ended 30 September 2012 together with comparative figures for the previous period:

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 September 2012

		Six months ended	
		30 September	
	<i>Notes</i>	2012	2011
		RMB'000	RMB'000
		(Unaudited)	(Unaudited)
Turnover	4	154,959	63,863
Cost of materials consumed		(118,074)	(38,279)
Gross profit		36,885	25,584
Other income		20	207
Gain on execution of the Scheme	5	–	1,732,215
Staff costs		(12,577)	(10,516)
Operating lease rentals		(1,805)	(1,848)
Depreciation		(4,035)	(3,903)
Fuel and utility costs		(1,839)	(3,007)
Consumable stores		(381)	(562)
Other operating expenses		(8,745)	(3,629)
Impairments on due from deconsolidated subsidiaries		(25,832)	(21,202)

		Six months ended	
		30 September	
		2012	2011
	<i>Notes</i>	RMB'000	RMB'000
		(Unaudited)	(Unaudited)
(Loss)/profit from operations		(18,309)	1,713,339
Finance costs	6	–	(38,792)
(Loss)/profit before tax	6	(18,309)	1,674,547
Income tax	7	(616)	–
(Loss)/profit for the period		(18,925)	1,674,547
Other comprehensive income:			
Exchange differences on translating foreign operations		422	14,755
Total comprehensive (loss)/income for the period		(18,503)	1,689,302
(Loss)/profit for the period attributable to:			
Equity holders of the Company		(18,925)	1,674,568
Non-controlling interests		–	(21)
		(18,925)	1,674,547
Total comprehensive (loss)/income for the period attributable to:			
Equity holders of the Company		(18,503)	1,689,323
Non-controlling interests		–	(21)
		(18,503)	1,689,302
(Loss)/earnings per share	8		
Basic (RMB cents per share)		(3)	309
Diluted (RMB cents per share)		(3)	2

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2012

		At 30 September 2012 <i>RMB'000</i> (Unaudited)	At 31 March 2012 <i>RMB'000</i> (Audited)
Non-current assets			
Property, plant and equipment		9,547	13,552
Current assets			
Inventories		2,651	2,644
Trade receivables	10	73,204	17,607
Due from the Investor		54,148	54,305
Prepayments, deposits and other receivables		11,475	10,497
Bank and cash balances		14,919	21,315
		<u>156,397</u>	<u>106,368</u>
Current liabilities			
Trade payables	11	50,206	40,744
Accruals and other payables		19,473	22,795
Payable to the Scheme		192,236	192,507
Due to deconsolidated subsidiaries		867,161	809,118
Tax payable		615	–
		<u>1,129,691</u>	<u>1,065,164</u>
Net current liabilities		<u>(973,294)</u>	<u>(958,796)</u>
NET LIABILITIES		<u>(963,747)</u>	<u>(945,244)</u>
Capital and reserves			
Share capital		5,665	5,665
Reserves		(969,911)	(951,408)
Equity attributable to equity holders of the Company		<u>(964,246)</u>	<u>(945,743)</u>
Non-controlling interests		499	499
TOTAL EQUITY		<u>(963,747)</u>	<u>(945,244)</u>

NOTES:

1. General information

FU JI Food and Catering Services Holdings Limited (Provisional Liquidators Appointed) was incorporated in the Cayman Islands on 8 April 2004 as an exempted company with limited liability under the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The address of its registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands and principal place of business is Room 2703-08, 27th Floor, Shui On Centre, 6-8 Harbour Road, Wanchai, Hong Kong. The Company's shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") and the trading in shares of the Company has been suspended since 29 July 2009.

The Company is an investment holding company. During the period, the Company and its subsidiaries (collectively "the Group") were principally engaged in the provision of catering services and production and sale of convenience food products.

2. Basis of preparation

The unaudited condensed consolidated 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 and the applicable disclosure requirements of Appendix 16 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

These condensed consolidated interim financial statements ("Interim Financial Statements") do not include all the information and disclosures required in the full set of financial statements prepared in accordance with Hong Kong Financial Reporting Standards, and should be read in conjunction with the annual financial statements for the year ended 31 March 2012.

The preparation of an Interim Financial Statements in conformity with HKAS 34 requires management to make judgements, 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 accounting policies adopted in the preparation of the Interim Financial Statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 March 2012.

Winding-up petition and appointment of the provisional liquidators

On 29 July 2009, 26 August 2009 and 22 September 2009, the Company announced that there shall be certain delay in the publication of annual results announcement and dispatch of the annual report of the Company for the year ended 31 March 2009 (the "Delay").

On 7 October 2009, the Company engaged Deloitte Touche Tohmatsu as an independent financial adviser (the "IFA") (i) to assist the Group with the finalisation of its financial statements for the year ended 31 March 2009 and (ii) to conduct independent analysis on the Group's financial position with a view to addressing concerns raised by the stakeholders of the Company resulting from the Delay. During the course of IFA's reviewing the Group's affairs, the IFA identified circumstances that indicated the Group had experienced significant financial challenges, particularly in connection with the Group's catering business operations, the financial position and outlook of which had been deteriorating quite rapidly.

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

The hearing of the Petition against the Company was originally scheduled on 23 December 2009 and the High Court adjourned the hearing of the Petition against the Company to 23 January 2013. It is expected that the Petition against the Company will be withdrawn upon the successful implementation of the restructuring of the Company as referred to in the section headed “Proposed restructuring of the Group” below.

Suspension of trading in the shares of the Company

At the request of the Company, trading in shares of the Company has been suspended since 29 July 2009. By a letter dated 28 January 2010, the Stock Exchange informed the Provisional Liquidators that the Company was placed in the first stage of the delisting procedures under Practice Note 17 (“PN 17”) to the Listing Rules, and the Company was required to submit a viable resumption proposal by 27 July 2010.

Upon the expiry of the first delisting stage, the Company was unable to submit the resumption proposal. On 30 July 2010, the Company was placed in the second stage of the delisting procedures pursuant to PN 17 of the Listing Rules and that the Company was still required to submit a viable resumption proposal to the Stock Exchange fulfilling certain requirements set out by the Stock Exchange therein including but not limited to the following:

- (i) demonstrate sufficient operations or assets under Rule 13.24 of the Listing Rules;
- (ii) publish outstanding financial results and address any audit qualifications;
- (iii) demonstrate that the Company has an adequate financial reporting system and internal control procedures to meet its obligations under the Listing Rules; and
- (iv) withdrawal or dismissal of the winding-up petition presented against the Company, and discharge of the Provisional Liquidators.

If the Company fails to submit a viable resumption proposal to address the above conditions to the Stock Exchange at least 10 business days before 29 January 2011, the Stock Exchange might consider to proceed to place the Company in the third stage of the delisting procedures pursuant to PN 17 to the Listing Rules. In response to the requests from the Stock Exchange, on 14 January 2011, the Provisional Liquidators, on behalf of the Company, submitted a resumption proposal (the “Resumption Proposal”) to the Stock Exchange.

Following their submission, the Provisional Liquidators and the Company received various queries and verbal comments from the Stock Exchange in relation to the Resumption Proposal and the Company’s financial forecasts. The Provisional Liquidators and the Company responded to the queries and verbal comments from the Stock Exchange and included various information in support of the Company’s application for the resumption of trading in the shares of the Company (the “Resumption”).

On 18 October 2012, the Provisional Liquidators, on behalf of the Company, received a letter from the Stock Exchange informing the Company that the Stock Exchange allows the Resumption subject to fulfillment of the following conditions by 17 June 2013:–

- (i) completion of the open offer, subscriptions of shares and preference shares and all other transactions, more particularly described and as contemplated under the Resumption Proposal;

- (ii) inclusion in a circular to Shareholders the following:
 - (a) detailed disclosure of the Resumption Proposal and information about the Group comparable to prospectus standards;
 - (b) profit forecasts for the year ending 31 March 2013 and the six-month ending 30 September 2013 together with reports from the auditors and the financial adviser of the Company under paragraph 29(2) of Appendix 1b of the Listing Rules; and
 - (c) a pro forma balance sheet upon completion of the Resumption Proposal and a comfort letter from an independent accounting firm under Rule 4.29 of the Listing Rules;
- (iii) provide a comfort letter from auditors or the financial adviser of the Company relating to working capital sufficiency for the next 12 months from the latest practicable date before the expected date of resumption in trading of the shares of the Company;
- (iv) publish all outstanding financial results of the Company and address any concerns that may be raised by auditors of the Company through qualification of their audit reports;
- (v) provide confirmation from an independent professional party that the Group has an adequate and effective internal control system; and
- (vi) discharge of the winding-up petition against the Company and the Provisional Liquidators.

The Company should also comply with the Listing Rules. The Stock Exchange may modify the above resumption conditions if the Company's situation changes.

Proposed restructuring of the Group

On 16 March 2010, Marvel Light Holdings Limited (the "Investor"), the Company and the Provisional Liquidators entered into the heads of terms (the "Heads of Terms") setting out the agreement of the parties in respect of major provisions of the reorganisation proposal on the Company (the "Reorganisation Proposal"). Further details of the Reorganisation Proposal are described in the Company's announcements dated 26 May 2010 and 7 July 2010 (the "Announcements"). Unless otherwise specified, capitalised terms used herein shall have the same meanings as in the Announcements. As set out in the Heads of Terms, the Reorganisation Proposal will mainly involve the execution of the following transactions, as the case may be:

- (i) the intra-group transfer of the Catering and Restaurant Business including the relevant business contracts, assets and/or employees of the Group which the Provisional Liquidators consider necessary for the continuation of the Catering and Restaurant Business by the Group;
- (ii) the transfer and disposal of such right, title and interest in certain assets of the Group to the Investor;
- (iii) the execution of a management agreement between the Company and the Investor pursuant to which the Investor shall provide management services to the Catering and Restaurant Business for a fee;
- (iv) the debt restructuring and the capital reorganisation of the Company;
- (v) the submission of the resumption proposal to the Stock Exchange for the purpose of seeking the resumption of the trading of the Shares on the Stock Exchange;
- (vi) the subscription of the new Shares and preference share of the Company by the Investor; and

(vii) the disposal of assets of the Group by way of Scheme of Arrangement to fully compromise and discharge all indebtedness due from the Group to the Scheme Creditors by creating a trust to hold certain assets of the Group for the purpose of payment and distribution to the Scheme Creditors.

On 11 March 2011, the High Court directed that a meeting of Scheme Creditors (as defined in the Scheme) be convened for the purpose of considering and, if thought fit, approving (with or without modification) a scheme of arrangement pursuant to section 166 of the Companies Ordinance (Cap. 32) proposed to be made between the Company and the Scheme Creditors.

At the Scheme Creditors' Meeting held on 29 April 2011, the Scheme of Arrangement was approved by the requisite majority of Scheme Creditors and on 17 May 2011, the High Court sanctioned the Scheme. On 9 August 2011, the Provisional Liquidators, on behalf of the Company, issued a completion notice notifying the Scheme Creditors that following the satisfaction or waiver of all the conditions as detailed in the Scheme document, the Scheme has become effective on 9 August 2011 (the "Effective date").

On 5 September 2011, the Company, the Purchaser, the Investor, the Provisional Liquidators and certain members of the Group have entered into the Debt Restructuring Agreement (the "DRA") for the purpose of formalising and amending the terms and conditions of the Company's restructuring under the Heads of Terms.

The DRA confirms all of the restructuring processes undergone by the Company with the cooperation of the Investor and outlines the remaining components of the restructuring to be conducted in the future, in particular, after the Stock Exchange notifies the Company of the result of its application for the Resumption.

Following the signing of the DRA, the Provisional Liquidators addressed several key terms under the agreement including, distribution of the first and second interim dividend to the Scheme Creditors with Accepted Claims and signing of the sale and purchase agreement under the disposal of nominated excluded assets. The remaining terms, including but not limited to, the capital reorganisation, the open offer and the share subscription, which will be carried out upon the Resumption.

Going concern

The Group incurred a loss attributable to equity holders of the Company of approximately RMB18,925,000 for the six months ended 30 September 2012 and as at 30 September 2012, the Group had net current liabilities of approximately RMB973,294,000 (31 March 2012: RMB958,796,000) and net liabilities of approximately RMB963,747,000 (31 March 2012: RMB945,244,000) respectively. These conditions indicate the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern. Therefore, the Group may be unable to realise its assets and discharge its liabilities in the normal course of business.

The Interim Financial Statements have been prepared on a going concern basis on the assumptions that the proposed restructuring of the Company will be successfully completed, and that, following the financial restructuring, the Group will continue to meet in full its financial obligations as they fall due in the foreseeable future.

Should the Group be unable to achieve a successful restructuring and to continue its business as a going concern, adjustments would have to be made to the Interim Financial Statements to adjust the value of the Group's assets to their recoverable amounts, to provide for any further liabilities which might arise and to reclassify non-current assets and liabilities as current assets and liabilities, respectively.

3. Adoption of new and revised Hong Kong Financial Reporting Standards

In the current period, 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 period beginning on 1 April 2012. HKFRSs comprise Hong Kong Financial Reporting Standards; Hong Kong Accounting Standards; and Interpretations. The adoption of these new and revised HKFRSs did not result in significant changes to the Group’s accounting policies, presentation of the Group’s financial statements and amounts reported for the current 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.

4. Turnover and segment information

Turnover represents the sale value of goods supplied and services provided to customers, net of business tax and other government surcharges, less sales returns and discounts during the period. 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.

Segment profits or losses do not include gains or losses from investments, interest income, finance costs, income tax, gain on execution of the Scheme, impairments on due from deconsolidated subsidiaries and other unallocated corporate income and expenses. Segment assets do not include amounts due from the Investor, bank and cash balances and other unallocated corporate assets. Segment liabilities do not include payable to the Scheme and other unallocated corporate liabilities. Segment non-current assets do not include financial instruments, deferred tax assets, post-employment benefit assets and rights arising under insurance contracts.

An analysis of the Group’s turnover and results by operating segments is as follows:

	Catering Services <i>RMB’000</i> (Unaudited)	Convenience Food and related business <i>RMB’000</i> (Unaudited)	Total <i>RMB’000</i> (Unaudited)
For the six months ended 30 September 2012:			
Revenue from external customers	50,522	104,437	154,959
Segment profit	5,050	10,636	15,686
Interest income	3	–	3
Depreciation	3,780	255	4,035
At 30 September 2012:			
Segment assets-unaudited	<u>20,619</u>	<u>65,511</u>	<u>86,130</u>

	Catering Services <i>RMB'000</i> (Unaudited)	Convenience Food and related business <i>RMB'000</i> (Unaudited)	Total <i>RMB'000</i> (Unaudited)
For the six months ended 30 September 2011:			
Revenue from external customers	62,430	1,433	63,863
Segment profit/(loss)	4,502	(387)	4,115
Interest income	2	–	2
Depreciation	3,648	255	3,903
At 31 March 2012:			
Segment assets-audited	<u>24,855</u>	<u>10,964</u>	<u>35,819</u>

Reconciliations of reportable segment profit and loss:

	Six months ended 30 September	
	2012	2011
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Total profit from reportable segments	15,686	4,115
Gain on execution of the Scheme	–	1,732,215
Impairments on due from deconsolidated subsidiaries	(25,832)	(21,202)
Corporate and unallocated profit or loss	(8,163)	(1,789)
Consolidated (loss)/profit from operations	<u>(18,309)</u>	<u>1,713,339</u>

5. Gain on execution of the Scheme

With effect from the Effective Date of the Scheme, the indebtedness effected by the Scheme were fully released and discharged in exchange for Scheme consideration to be distributed to the Scheme Creditors in accordance with the terms of the Scheme as further explained below:

	Six months ended 30 September 2011 <i>RMB'000</i> (Unaudited)
Liabilities of Scheme Creditors released and discharged on the Effective Date were as follows:	
Accruals and other payables	12,437
Bank borrowings	24,096
Convertible bonds	2,134,052
	<u>2,170,585</u>
Less: Payable to the Scheme (note)	438,370
Gain on execution of the Scheme	<u><u>1,732,215</u></u>

Note: Scheme consideration include the payment of cash and, where applicable, proceeds from issue and allotment of new shares in the agreed percentage will be distributed to the Scheme Creditors in accordance with the terms of the Scheme. The payable to Scheme Creditors will be settled by the Scheme consideration as further described below:

	At 30 September 2011 <i>HK\$'000</i> (Unaudited)	At 30 September 2011 <i>RMB'000</i> equivalent (Unaudited)
Scheme consideration payable to Scheme Creditors to be settled by:		
<i>Cash settlement payable to the Scheme</i>	296,821	243,839
<i>Realisation from the Investor, presented as due from the Investor:</i>		
– Disposal of restaurant business	10,000	8,215
– Disposal of nominated excluded assets	56,800	46,661
	66,800	54,876
<i>Proceeds from issue of shares to the Investor upon Resumption:</i>		
– Ordinary shares	130,000	106,795
– Preference shares	40,000	32,860
	170,000	139,655
	<u>533,621</u>	<u>438,370</u>

6. (Loss)/profit before tax

(Loss)/profit before tax is arrived at after charging/(crediting)

	Six months ended	
	30 September	
	2012	2011
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
(a) Finance costs:		
Interest on borrowings wholly repayable within five years	–	348
Interest on convertible bonds	–	38,444
	–	38,792
(b) Other items:		
Interest income	(6)	(131)
Cost of materials consumed	118,074	38,279
Impairments on due from deconsolidated subsidiaries	25,832	21,202
Impairment of property, plant and equipment	–	764
Depreciation	4,035	3,903
Minimum lease payments under operating leases in respect of land and buildings	1,805	1,848
Directors' remuneration	54	62
	<u>54</u>	<u>62</u>

7. Income tax

	Six months ended	
	30 September	
	2012	2011
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Current tax-Provision for the period		
Hong Kong Profits Tax	205	–
PRC enterprise income tax	411	–
	<hr/>	<hr/>
	616	–
	<hr/> <hr/>	<hr/> <hr/>

Hong Kong Profits Tax has been provided at a rate of 16.5% on the estimated assessable profit for the six months ended 30 September 2012. No provision for Hong Kong Profits Tax has been made for six months ended 30 September 2011 as the Group did not generate any assessable profits arising in Hong Kong during that period.

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

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

	Six months ended	
	30 September	
	2012	2011
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
(Loss)/profit before tax	(18,309)	1,674,547
	<hr/>	<hr/>
Notional tax on (loss)/profit before tax calculated at the PRC statutory rate	(4,577)	418,636
Effect of different tax rates in other tax jurisdictions	735	(150,087)
Tax effect of non-deductible expenses	9,207	21,268
Tax effect of non-taxable income	(1,251)	(289,817)
Tax losses utilised from previous periods	(3,498)	–
	<hr/>	<hr/>
	616	–
	<hr/> <hr/>	<hr/> <hr/>

The Group had no significant deferred tax for each of the six months ended 30 September 2012 and 2011.

8. (Loss)/earnings per share

(a) Basic (loss)/earnings per share

The calculation of basic (loss)/earnings per share attributable to equity holders of the Company is based on the loss for the six months period attributable to equity holders of the Company of approximately RMB18,925,000 (six months ended 30 September 2011: a profit of approximately RMB1,674,568,000) and the weighted average number of 541,296,756 (six months ended 30 September 2011: 541,296,756) ordinary shares in issue during the period.

(b) Diluted earnings per share

(i) Profit attributable to equity holders of the Company:

	Six months ended 30 September 2011 RMB'000 (Unaudited)
Profit attributable to equity holders of the Company used in the calculation of basic earnings per share	1,674,568
After tax effect of effective interest on the liability component of convertible bonds	38,444
After tax effect on reversal of gain arising from the release of the liability component of convertible bonds	(1,703,060)
Profit attributable to equity holders of the Company used in the calculation of diluted earnings per share	<u>9,952</u>

(ii) Weighted average number of ordinary shares:

	Six months ended 30 September 2011 (Unaudited)
Weighted average number of ordinary shares used in the calculation of basic earnings per share	541,296,756
Effect of conversion of convertible bonds	52,246,595
Weighted average number of ordinary shares used in the calculation of diluted earnings per share	<u>593,543,351</u>

Note: No diluted loss per share was presented as the Company did not have any dilutive potential ordinary shares outstanding for the six months ended 30 September 2012. For the six months ended 30 September 2011, there was no dilutive potential ordinary shares of the Company's outstanding option, as the exercise price of the options exceeds the closing price of the shares of the Company as quoted on the Stock Exchange on the last trading day prior to suspension.

9. Interim dividend

The Directors do not recommend the payment of an interim dividend for the six months ended 30 September 2012 (six months ended 30 September 2011: nil).

10. Trade receivables

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

	At 30 September 2012 <i>RMB'000</i> (Unaudited)	At 31 March 2012 <i>RMB'000</i> (Audited)
30 days or less	30,507	12,989
31 to 90 days	20,415	4,119
91 to 180 days	17,323	490
Over 180 days	5,201	251
Less: impairments	(242)	(242)
	<u>73,204</u>	<u>17,607</u>

11. Trade payables

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

	At 30 September 2012 <i>RMB'000</i> (Unaudited)	At 31 March 2012 <i>RMB'000</i> (Audited)
30 days or less	19,493	3,864
31 to 90 days	2,000	6,520
Over 180 days	28,713	30,360
	<u>50,206</u>	<u>40,744</u>

FINANCIAL REVIEW

For the six months ended 30 September 2012, the turnover of FU JI Food and Catering Services Holdings Limited (Provisional Liquidators Appointed) (the “Company”) and its subsidiaries (collectively referred to as the “Group”) was approximately RMB155 million (six months ended 30 September 2011: approximately RMB63.9 million), representing an increase of approximately 142.6% from the six months ended 30 September 2011.

The consolidated loss attributable to equity holders of the Company amounted to approximately RMB18.5 million for the six month ended 30 September 2012 (six months ended 30 September 2011: Profit of approximately RMB1,689.32 million). Loss per share was approximately RMB0.03 for the six months ended 30 September 2012 (six months ended 30 September 2011: Earnings per share of approximately RMB3.09).

WINDING-UP PETITION AND APPOINTMENT OF PROVISIONAL LIQUIDATORS

On 7 October 2009, the Company engaged Deloitte Touche Tohmatsu as an independent financial adviser (the “IFA”) (i) to assist the Group with the finalisation of its financial statements for the year ended 31 March 2009 and (ii) to conduct independent analysis on the Group’s financial position with a view to addressing concerns raised by stakeholders of the Company resulting from the delay in the publication of the Company’s annual results.

In the course of reviewing the Group’s affairs, the IFA identified circumstances that indicated the Group had experienced significant financial challenges, particularly in connection with its catering business operations, the financial position and outlook of which had been deteriorating quite rapidly.

After receiving and discussing the IFA’s preliminary findings, on 19 October 2009, the Board of Directors of the Company presented to the High Court of the Hong Kong SAR (the “High Court”) a petition (the “Petition”) to wind up the Company. On the same day, Messrs Edmund Yeung Lui Ming, Derek Lai Kar Yan and Darach E. Haughey of Deloitte Touche Tohmatsu were appointed as joint and several provisional liquidators of the Company (the “Provisional Liquidators”) by the Hong Kong Court.

The Provisional Liquidators are empowered, inter alia, to take possession of the assets of the Group, to close or cease or operate all or any part of the business operations of the Group, to take control of such of the subsidiaries of the Company, joint ventures, associated companies or other entities in which the Company or any of its subsidiaries holds an interest and to consider if thought to be in the best interests of creditors of the Company, to enter into discussions and negotiations for and on behalf of the Company for the purpose of, but not limited to, restructuring of the Company’s business, operations, or indebtedness or to implement a scheme of arrangement between the Company and its creditors and/or shareholders for such restructuring.

The hearing of the Petition against the Company was originally scheduled on 23 December 2009 and the Court adjourned the hearing of the Petition against the Company to 23 January 2013. It is expected that the Petition against the Company will be withdrawn upon the successful implementation of the restructuring of the Company as referred to in the section headed “Restructuring of the Group” below.

RESTRUCTURING OF THE GROUP

On 30 November 2009, the Provisional Liquidators published advertisements in relation to the proposed sale of the Group’s assets and business as a going concern and sought expression of interest in relation to such sale. Further to such advertisement, the Provisional Liquidators received expressions of interest from various parties, including companies in the catering and food and beverage industry and other industries as well as various financial investors.

In December 2009, the Provisional Liquidators issued a tender process memorandum and guidance note to those parties who had registered their interest in the proposal sale of the Group’s assets and businesses as a going concern and executed confidentiality and non-disclosure agreements with such parties.

On 5 February 2010, the Provisional Liquidators received proposals from potential investors for the sale of the Group’s assets and businesses as a going concern. After careful consideration, the Provisional Liquidators considered that the proposal received from Marvel Light Holdings Limited (“Investor”) represented the best option available to the Company and its shareholders at that time.

On 16 March 2010, the Company, the Investor and the Provisional Liquidators entered into the Heads of Terms, which are legally binding and set out the agreement of the parties in respect of major provisions of the reorganisation proposal and are subject to the execution of definitive documentation. Details of the Heads of Terms are set out in the Company’s announcement dated 26 May 2010.

On 29 June 2010, the Company, Fortune Guard Holdings Limited (the “Purchaser”, a company wholly-owned by the Investor), the Investor, the Provisional Liquidators and certain members of the Group entered into a sale and purchase agreement which involved the disposal of certain subsidiaries of the Company to the Investor in order to strengthen the remaining Group (the “Phase I Disposal”). Details of the Phase I Disposal are set out in the Company’s announcement dated 7 July 2010.

On 17 August 2010, the Provisional Liquidators published advertisements seeking expressions of interest from parties interested in relation to the sale of the remaining non-core assets under the Heads of Terms (the “Nominated Excluded Assets”), which comprise mainly land and buildings in the PRC.

On 30 August 2010, the Provisional Liquidators issued a tender process memorandum and guidance note to those parties who had registered their interest in the Nominated Excluded Assets and executed confidentiality and non-disclosure agreements with such parties.

On 13 January 2011, the Company, the Purchaser, the Investor, the Provisional Liquidators and certain members of the Group entered into a sale and purchase agreement for the disposal of the restaurants business, certain idle food processing centres and certain subsidiaries of the Group which operated as investment vehicles (the “Restaurant Business Disposal”). Details of such disposal are set out in the Company’s announcement dated 26 May 2011.

On 31 January 2011, the Provisional Liquidators received a proposal from an interested person for the purchase of the Nominated Excluded Assets. Pursuant to the Heads of Terms, the Investor was granted a Right of First Refusal (“ROFR”) to acquire the Nominated Excluded Asset at no less favorable terms than those offered by any interested person. Subsequently on 14 February 2011, the Investor elected to exercise the ROFR to acquire the Nominated Excluded Assets. The terms of the related sale and purchase agreement was under negotiation by the Company, the Investor, the Purchaser, the Provisional Liquidators and certain members of the Group.

On 11 March 2011, the Hong Kong Court directed that a meeting of Scheme Creditors (as defined in the Scheme) be convened for the purpose of considering and, if thought fit, approving (with or without modification) a scheme of arrangement pursuant to section 166 of the Companies Ordinance (Cap. 32) proposed to be made between the Company and the Scheme Creditors.

At the Scheme Creditors’ Meeting held on 29 April 2011, the Scheme of Arrangement was approved by the requisite majority of Scheme Creditors and on 17 May 2011 the Hong Kong Court sanctioned the Scheme. On 9 August 2011, the Provisional Liquidators, on behalf of the Company, issued a completion notice notifying the Scheme Creditors that following the satisfaction or waiver of all the conditions as detailed in the Scheme document, the Scheme has become effective on 9 August 2011.

The principal elements of the proposed restructuring of the Group are, inter alia, as follows:

a) Capital Restructuring

The Company will undergo, inter alia, a capital restructuring, involving the capital reduction, the capital cancellation, the capital consolidation and the capital increase.

b) Share Subscription

The Company will raise new funds by way of an open offer to all the existing shareholders, and the issuance of ordinary shares and preference shares to the Investor.

c) Scheme and Debt Restructuring

The Provisional Liquidators will implement a Scheme of Arrangement to settle the debts owed to the Scheme Creditors by payment of cash and, where applicable, the issue and allotment of new shares in the agreed percentage to Scheme Creditors, to be distributed in accordance with the terms of the Scheme of Arrangement.

The Investor would become a controlling shareholder of the Company upon completion of the proposed restructuring of the Group (the “Completion”) as contemplated under the Heads of Terms.

After the Scheme became effective, the Scheme Administrators examined all the claims received from the Scheme Creditors. A first interim dividend of ten per cent and a second interim dividend of one per cent were distributed to the Scheme Creditors with Accepted Claims in November 2011 and June 2012 respectively.

On 5 September 2011, the Company, the Purchaser, the Investor, the Provisional Liquidators and certain members of the Group entered into a sale and purchase agreement for the sales of the Nominated Excluded Assets under the Heads of Terms (the “Phase III Disposal”).

In accordance with the sale and purchase agreement, the consideration for the Nominated Excluded Assets comprises the cash consideration of RMB2.5 million and the assumption by the Purchaser of liabilities of approximately RMB480.6 million.

The Shortfall Guarantee, a deed of guarantee granted by the Investor in relation to the net realisation proceeds from the sale and purchase agreement for the Nominated Excluded Assets, was duly executed by the Investor on the same day.

On 5 September 2011, the Company, the Purchaser, the Investor, the Provisional Liquidators and certain members of the Group entered into the Debt Restructuring Agreement (the “DRA”) for the purpose of formalising the terms and conditions of the Company’s restructuring under the Heads of Terms.

The Debt Restructuring Agreement confirms all of the restructuring process undergone by the Company with the cooperation of the Investor and outlines the remaining components of the restructuring to be conducted in the future, in particular, after the Stock Exchange notifies the Company of the result of its application for Resumption.

PROSPECTS

On 30 July 2010, the Company was placed in the second stage of the delisting procedures pursuant to Practice Note 17 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the “HKSE”) (the “Listing Rules”) and that the Company was required to submit a viable resumption proposal which demonstrates its compliance with the requirement stipulated under Rule 13.24 of the Listing Rules.

On 14 January 2011, a resumption proposal was submitted by the Company to the HKSE to demonstrate to the HKSE that when the resumption proposal is successfully implemented, the Group will have in place suitable structures and have a sufficient level of operations and tangible assets of sufficient value and will be able to fully comply with Rule 13.24 of the Listing Rules.

Following their submission, the Provisional Liquidators and the Company received various queries and verbal comments from the Stock Exchange in relation to the Resumption Proposal and the Company’s financial forecasts. The Provisional Liquidators and the Company responded to the queries and verbal comments from the Stock Exchange and included various information in support of the Company’s application for the resumption of trading in the shares of the Company (the “Resumption”).

On 18 October 2012, the Provisional Liquidators, on behalf of the Company, received a letter from the Stock Exchange informing the Company that the Stock Exchange allows resumption of trading in the shares of the Company subject to fulfillment of the following conditions by 17 June 2013:–

- (i) completion of the open offer, subscriptions of shares and preference shares and all other transactions, more particularly described and as contemplated under the Resumption Proposal;
- (ii) inclusion in a circular to Shareholders the following:
 - (a) detailed disclosure of the Resumption Proposal and information about the Group comparable to prospectus standards;
 - (b) profit forecasts for the year ending 31 March 2013 and the six-month ending 30 September 2013 together with reports from the auditors and the financial adviser of the Company under paragraph 29(2) of Appendix 1b of the Listing Rules; and
 - (c) a pro forma balance sheet upon completion of the Resumption Proposal and a comfort letter from an independent accounting firm under Rule 4.29 of the Listing Rules;

- (iii) provide a comfort letter from auditors or the financial adviser of the Company relating to working capital sufficiency for the next 12 months from the latest practicable date before the expected date of resumption in trading of the shares of the Company;
- (iv) publish all outstanding financial results of the Company and address any concerns that may be raised by auditors of the Company through qualification of their audit reports;
- (v) provide confirmation from an independent professional party that the Group has an adequate and effective internal control system; and
- (vi) discharge of the winding-up petition against the Company and the Provisional Liquidators.

The Company should also comply with the Listing Rules. The Stock Exchange may modify the above resumption conditions if the Company's situation changes.

LIQUIDITY, FINANCIAL RESOURCES AND FUNDING

Bank and cash balances as at 30 September 2012 was approximately RMB14.92 million (31 March 2012: approximately RMB21.32 million). The Group's debt-to-capital ratio measured on the basis of the Group's total liabilities net of bank and cash balances related to the total equity is not applicable as the Group had a net deficiency in capital as at 30 September 2012 and 31 March 2012.

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 2012, there were no charges on the Group's assets.

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 2012.

CODE ON CORPORATE GOVERNANCE PRACTICES

Since the Provisional Liquidators of the Company have been appointed, the Company has not complied with the Code on Corporate Governance Practices as set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

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

REVIEW BY THE AUDIT COMMITTEE

By the time the interim financial report (the “Interim Report”) for the six months ended 30 September 2012 of the Group were prepared, no audit committee had been established owing to the current insufficient number of Independent Non-executive Directors in accordance with Rule 3.21 of the Listing Rules. Appropriate personnel will be appointed as members of audit committee before the resumption of the trading in the shares of the Company on the HKSE.

Since the audit committee has yet to be established, the Interim Report has not been reviewed by an audit committee.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Director of Listed Issuers (the “Model Code”) as set out in Appendix 10 to the Listing Rules. Each of Mr. Chin Chang Keng Raymond, the Executive Director and Mr. Chung Wai Man, the Independent Non-executive Director has confirmed that he complied with the required standards as set out in the Model Code during the six months ended 30 September 2012. But the Board makes no representations as to whether the other then Directors had complied with the required standards set out in the Model Code throughout the six months ended 30 September 2012.

On behalf of the Board
FU JI Food and Catering Services Holdings Limited
(Provisional Liquidators appointed)
Chin Chang Keng Raymond
Director

Hong Kong, 31 December 2012

As at the date of this announcement, the board of directors comprises Mr. Chin Chang Keng Raymond as executive director and Mr. Chung Wai Man as independent non-executive director.