

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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**

**FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2014**

The board (the “Board”) of directors of FU JI Food and Catering Services Holdings Limited (the “Company”) announces 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 2014 together with comparative figures for the previous period:

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

*For the six months ended 30 September 2014*

		<b>Six months ended</b>	
		<b>30 September</b>	
		<b>2014</b>	<b>2013</b>
	<i>Notes</i>	<b>RMB'000</b>	<b>RMB'000</b>
		<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>Turnover</b>	4	<b>247,227</b>	139,001
Cost of materials consumed		<b>(220,440)</b>	(106,209)
<b>Gross profit</b>		<b>26,787</b>	32,792
Other income		<b>1</b>	5
Gain on completion of the Group Reorganisation and Restructuring		–	816,247
Staff costs		<b>(2,423)</b>	(10,872)
Operating lease rentals		<b>(747)</b>	(1,891)
Depreciation		<b>(1,294)</b>	(1,589)
Fuel and utility costs		<b>(253)</b>	(677)
Consumable stores		–	(1,814)
Other operating expenses		<b>(928)</b>	(22,933)
Finance cost		<b>(386)</b>	–

		<b>Six months ended</b>	
		<b>30 September</b>	
		<b>2014</b>	2013
	<i>Notes</i>	<b>RMB'000</b>	<b>RMB'000</b>
		<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>Profit before tax</b>	5	<b>20,757</b>	809,268
Income tax	6	<u><b>(5,739)</b></u>	<u>809,268</u>
<b>Profit for the period</b>		<b>15,018</b>	805,265
<b>Other comprehensive income:</b>			
<i>Items that may be reclassified to profit or loss:</i>			
Exchange differences on translating foreign operations		<u><b>(169)</b></u>	<u>(3,817)</u>
<b>Total comprehensive income for the period</b>		<u><b>14,849</b></u>	<u>801,448</u>
<b>Profit for the period attributable to:</b>			
Equity holders of the Company		<b>15,018</b>	805,089
Non-controlling interests		<u><b>–</b></u>	<u>176</u>
		<u><b>15,018</b></u>	<u>805,265</u>
<b>Total comprehensive income for the period attributable to:</b>			
Equity holders of the Company		<b>14,849</b>	801,272
Non-controlling interests		<u><b>–</b></u>	<u>176</u>
		<u><b>14,849</b></u>	<u>801,448</u>
<b>Earnings per share</b>			
Basic (RMB cents per share)	7	<u><b>4</b></u>	<u>389</u>
Diluted (RMB cents per share)		<u><b>3</b></u>	<u>389</u>

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION***At 30 September 2014*

		At 30 September 2014 <i>RMB'000</i> (Unaudited)	At 31 March 2014 <i>RMB'000</i> (Audited)
<b>Non-current assets</b>			
Property, plant and equipment	9	<u>7,157</u>	<u>8,451</u>
<b>Current assets</b>			
Inventories		39,485	17,006
Trade receivables	10	16,387	16,538
Prepayments, deposits and other receivables	11	54,161	8,221
Bank and cash balances		<u>19,888</u>	<u>80,700</u>
		<u>129,921</u>	<u>122,465</u>
<b>Current liabilities</b>			
Trade payables	12	1,359	30,233
Accruals and other payables		16,589	19,564
Tax payable		11,050	5,888
Bank borrowings	13	<u>18,000</u>	<u>–</u>
		<u>46,998</u>	<u>55,685</u>
<b>Net current assets</b>		<u>82,923</u>	<u>66,780</u>
<b>NET ASSETS</b>		<u><b>90,080</b></u>	<u><b>75,231</b></u>
<b>Capital and reserves</b>			
Share capital		3,864	3,864
Reserves		<u>85,412</u>	<u>70,563</u>
Equity attributable to equity holders of the Company		89,276	74,427
Non-controlling interests		<u>804</u>	<u>804</u>
<b>TOTAL EQUITY</b>		<u><b>90,080</b></u>	<u><b>75,231</b></u>

## NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 1. General information

FU JI Food and Catering Services Holdings 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 the provision of catering services and processing and sale of convenience food products.

### 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 disclosure requirements of Appendix 16 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

The Interim Financial Statements do not include all the information and disclosures required in the full set of financial statements prepared in accordance with the Hong Kong Financial Reporting Standards ("HKFRSs"), and should be read in conjunction with the Group's annual financial statements for the year ended 31 March 2014.

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 2014.

### 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 2014. 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 completion of the group reorganisation and restructuring, and other unallocated corporate income and expenses. Segment assets do not include bank and cash balances and other unallocated corporate assets. 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:

	<b>Catering Services RMB'000 (Unaudited)</b>	<b>Convenience Food and related business RMB'000 (Unaudited)</b>	<b>Total RMB'000 (Unaudited)</b>
<b>For the six months ended 30 September 2014:</b>			
Revenue from external customers	1,667	245,560	247,227
Segment (loss)/profit	(1,088)	23,671	22,583
Interest income	–	1	1
Depreciation	1,216	78	1,294
Income tax	–	5,739	5,739
<b>At 30 September 2014:</b>			
Segment assets – unaudited	<b>10,485</b>	<b>105,601</b>	<b>116,086</b>
	<b>Catering Services RMB\$'000 (Unaudited)</b>	<b>Convenience Food and related business RMB\$'000 (Unaudited)</b>	<b>Total RMB\$'000 (Unaudited)</b>
<b>For the six months ended 30 September 2013:</b>			
Revenue from external customers	33,970	105,031	139,001
Segment profit	2,935	11,772	14,707
Depreciation	1,525	64	1,589
<b>At 31 March 2014</b>			
Segment assets – audited	<b>19,183</b>	<b>30,256</b>	<b>49,439</b>

Reconciliations of reportable segment profit and loss:

	<b>Six months ended</b>	
	<b>30 September</b>	
	<b>2014</b>	2013
	<b>RMB'000</b>	RMB'000
	<b>(Unaudited)</b>	(Unaudited)
Total profit from reportable segments	22,583	14,707
Gain on completion of the Group Reorganisation and Restructuring	–	816,247
Corporate and unallocated profit or loss	<u>(1,826)</u>	<u>(21,686)</u>
Consolidated profit from operations	<u><u>20,757</u></u>	<u><u>809,268</u></u>

**5. Profit before tax**

Profit before tax is arrived at after charging/(crediting)

	<b>Six months ended</b>	
	<b>30 September</b>	
	<b>2014</b>	2013
	<b>RMB'000</b>	RMB'000
	<b>(Unaudited)</b>	(Unaudited)
Interest income	(1)	(6)
Cost of materials consumed	220,440	106,209
Depreciation	1,294	1,589
Minimum lease payments under operating leases in respect of land and buildings	747	1,891
Directors' remuneration	<u>490</u>	<u>316</u>

**6. Income tax**

	<b>Six months ended</b>	
	<b>30 September</b>	
	<b>2014</b>	2013
	<b>RMB'000</b>	RMB'000
	<b>(Unaudited)</b>	(Unaudited)
Current tax – Provision for the period		
PRC enterprise income tax	<u>5,739</u>	<u>4,003</u>

No provision for Hong Kong Profits Tax has been made for six months ended 30 September 2014 as the Group did not generate any assessable profits arising in Hong Kong during the 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.

## 7. Earnings per share

### (a) Basic earnings per share

The calculation of basic earnings per share attributable to equity holders of the Company is based on the profit for the six months period attributable to equity holders of the Company of approximately RMB15,018,000 (six months ended 30 September 2013: approximately RMB805,089,000) and the weighted average number of 334,342,053 (six months ended 30 September 2013: 207,035,199) ordinary shares in issue during the period.

### (b) Diluted earnings per share

The calculation of diluted earnings per share attributable to owners of the Company is based on the profit for the year attributable to owners of the Company of approximately HK\$15,018,000 and the weighted average number of ordinary shares of 469,477,188, being the weighted average number of ordinary shares of 334,342,053 in issue during the period used in the basic earnings per share calculation plus the weighted average number of ordinary shares of 135,135,135 assumed to converted of preference shares at the beginning of the period.

No diluted earning per share is presented as the Company did not have any dilutive potential ordinary shares for the six months ended 30 September 2013.

## 8. Interim dividend

The Directors do not recommend the payment of an interim dividend for the six months ended 30 September 2014 (six months ended 30 September 2013: nil).

## 9. Property, plant and equipment

During the six months ended 30 September 2014, no property, plant and equipment was acquired by the Group.

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

	At 30 September 2014 <i>RMB'000</i> (Unaudited)	At 31 March 2014 <i>RMB'000</i> (Audited)
30 days or less	15,559	9,525
31 to 90 days	828	6,298
91 to 180 days	—	715
	<u>16,387</u>	<u>16,538</u>

## 11. Prepayments deposits and other receivables

	At 30 September 2014 <i>RMB'000</i> (Unaudited)	At 31 March 2014 <i>RMB'000</i> (Audited)
Prepayments	51,194	195
Deposits	2,527	2,527
Other receivables	440	5,499
	<u>54,161</u>	<u>8,221</u>

## 12. 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 2014 <i>RMB'000</i> (Unaudited)	At 31 March 2014 <i>RMB'000</i> (Audited)
180 days or less	1,359	533
Over 180 days	–	29,700
	<u>1,359</u>	<u>30,233</u>

## 13. Bank borrowings

	At 30 September 2014 <i>RMB'000</i> (Unaudited)	At 31 March 2014 <i>RMB'000</i> (Audited)
Bank loans	<u>18,000</u>	–
The borrowings are repayable as follows: On demand or within one year	<u>18,000</u>	–

The carrying amounts of the Group's borrowings are denominated in RMB, the average interest rates at 30 September 2014 was 6.4%.

## **FINANCIAL REVIEW**

For the six months ended 30 September 2014, the turnover of the Group, was approximately RMB247 million (six months ended 30 September 2013: approximately RMB139 million), representing an increase of approximately 77.9% from the six months ended 30 September 2013.

The consolidated profit attributable to equity holders of the Company amounted to approximately RMB15 million for the six month ended 30 September 2014 (six months ended 30 September 2013: approximately RMB805.1 million). Earnings per share was approximately RMB0.04 for the six months ended 30 September 2014 (six months ended 30 September 2013: approximately RMB3.89).

## **RESULTS AND APPROPRIATIONS**

### **Revenue**

The turnover of the Group was approximately RMB247 million (six months ended 30 September 2013: approximately RMB139 million), representing an increase of approximately 77.9% from the six months ended 30 September 2013. The turnover of the Catering Services business was approximately RMB2 million (six months ended 30 September 2013: approximately RMB34 million), representing a significant decrease of approximately 94.1%. The decrement was mainly due to the termination of several catering sites. The turnover of the Convenience Food business increased from approximately RMB105 million for the six months ended 30 September 2013 to approximately RMB245 million for the six months ended 30 September 2014 due to the expansion on Convenience Food business.

### **Gross Profit**

Gross profit of the Group decreased slightly from approximately RMB32.8 million for the six months ended 30 September 2013 to approximately RMB26.8 million for the six months ended 30 September 2014 due to the net effect of termination of several catering sites and expansion on Convenience Food business. Whereas, the gross profit margin for the current period decreased from 23.6% to 10.8% as the gross profit margin of convenience food business is thinner than catering services business.

### **Other operating expenses**

Other operating expenses of the Group were approximately RMB1 million (six months ended 30 September 2013: approximately RMB22.9 million), representing a significant decrease of approximately 95.6% from the six months ended 30 September 2013 due to decreased in professional fees of approximately RMB21 million as professional fees occurred for Reorganisation and Restructuring of the Group during the last period.

## **Profit for the period attributable to equity holders**

The profit for the period attributable to equity holders of the Company amounted to approximately RMB15 million for the six months ended 30 September 2014 (six months ended 30 September 2013: approximately RMB805.1 million). Basic earnings per share were approximately RMB0.04 as compared with basic earnings per share of approximately RMB3.89 for the preceding period. The profit for the period attributable to equity holders of the Company decreased was mainly due to completion of the Group Reorganisation and Restructuring occurred during the last period.

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

Bank and cash balances as at 30 September 2014 was approximately RMB19.9 million (31 March 2014: approximately RMB80.7 million). The Group's debt-to-equity ratio measured on the basis of the Group's total liabilities of approximately RMB47.0 million (31 March 2014: approximately RMB55.7 million) to the total equity of positive of approximately RMB90.1 million (31 March 2014: positive of approximately RMB75.2 million) is 1.91 (31 March 2014: 1.35).

## **CAPITAL STRUCTURE**

During the six months ended 30 September 2013, there were no changes on the capital structure.

## **EVENTS AFTER THE REPORTING PERIOD**

On 5 November 2014, the Company received a conversion notice from Marvel Light Holdings Limited ("Marvel Light"), being the controlling shareholder of the Company, for converting 135,135,135 preference shares of the Company held by Marvel Light into ordinary shares of HK\$0.01 each in the ordinary share capital of the Company, the ordinary shares were allotted and issued to Marvel Light on 17 November 2014.

## **PROSPECTS**

There have been no material changes in respect of the future developments in the business of the Group as mentioned in the annual report of FY2013/2014.

## **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 2014, 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 2014.

## **CODE ON CORPORATE GOVERNANCE PRACTICES**

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 2014, except for the deviation of A2.1, 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. On 23 September 2014, Mr. Wang Jianqing retired as an executive director and chairman of the Company. On the same date, Mr. Huang Shourong ("Mr. Huang") resigned from the position of Chief Executive Officer ("CEO") of the Company and was appointed chairman of the Company. Mr. Huang, albeit resigned from the position of CEO, has kept on carrying out the responsibilities of CEO. Mr. Huang 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 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 2013, 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 2014 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 2014.

## **PUBLICATION OF INFORMATION ON WEBSITES**

This results announcement is available for viewing on the website of the Company at [www.fujicateringhk.com](http://www.fujicateringhk.com).

By order of the Board  
**FU JI Food and Catering Services Holdings Limited**  
**Huang Shourong**  
*Executive Director and Chairman*

Hong Kong, 28 November 2014

*As at the date of this announcement, the Board comprises Mr. Huang Shourong and Mr. Pan Junfeng as executive directors and Dr. Leung Hoi Ming, Mr. Mak Ka Wing, Patrick and Mr. Sung Wing Sum as independent non-executive directors.*