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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)

**ANNOUNCEMENT OF RESULTS  
FOR THE YEAR ENDED 31 MARCH 2016**

**RESULTS**

The Board of Directors (the “Directors”) of FU JI Food and Catering Services Holdings Limited (the “Company”) is pleased to announce the audited consolidated results of the Company and its subsidiaries (the “Group”) for the year ended 31 March 2016, together with the comparative figures, as follows:

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 MARCH 2016**

	<i>Notes</i>	<b>2016</b> <b>RMB'000</b>	2015 <i>RMB'000</i>
<b>Continuing operation</b>			
Revenue	3	<b>1,482,665</b>	911,286
Cost of inventories sold		<b>(1,401,274)</b>	(844,763)
Gross profit		<b>81,391</b>	66,523
Other income	4	<b>9,436</b>	64
Staff costs		<b>(11,696)</b>	(4,517)
Operating lease rentals		<b>(2,306)</b>	(1,440)
Depreciation		<b>(416)</b>	(833)
Fuel and utility costs		<b>(556)</b>	(287)
Consumable stores		<b>(286)</b>	(37)
Other operating expenses		<b>(3,996)</b>	(2,739)
<b>Profit from operations</b>		<b>71,571</b>	56,734
Finance costs	6	<b>(1,326)</b>	(2,006)
<b>Profit before tax</b>		<b>70,245</b>	54,728
Income tax	7	<b>(12,701)</b>	(10,745)

	<i>Notes</i>	<b>2016</b> <b>RMB'000</b>	2015 <i>RMB'000</i>
<b>Profit for the year from continuing operation</b>		<b>57,544</b>	43,983
<b>Discontinued operation</b>			
Loss for the year from discontinued operation		—	(422)
<b>Profit for the year</b>	8	<b>57,544</b>	43,561
<b>Other comprehensive income/(loss) that may be subsequently reclassified to profit or loss:</b>			
Exchange differences on translating foreign operations		<b>985</b>	(2,401)
<b>Total comprehensive income for the year</b>		<b>58,529</b>	41,160
<b>Profit/(loss) for the year attributable to:</b>			
Owners of the Company			
Profit from continuing operation		<b>57,609</b>	43,993
Loss from discontinued operation		—	(422)
		<b>57,609</b>	43,571
Non-controlling interests			
Loss from continuing operation		<b>(65)</b>	(10)
		<b>57,544</b>	43,561
<b>Total comprehensive income/(loss) for the year attributable to:</b>			
Owners of the Company		<b>58,594</b>	41,170
Non-controlling interests		<b>(65)</b>	(10)
		<b>58,529</b>	41,160
<b>Earnings per share</b>	10		
Basic (RMB per share)			
From continuing operation		<b>0.10</b>	0.11
From discontinued operation		—	—
		<b>0.10</b>	0.11
Diluted (RMB per share)			
From continuing operation		<b>0.10</b>	0.09
From discontinued operation		—	—
		<b>0.10</b>	0.09

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AT 31 MARCH 2016**

	<i>Notes</i>	<b>2016</b> <b><i>RMB'000</i></b>	2015 <i>RMB'000</i>
<b>Non-current assets</b>			
Property, plant and equipment		<u>12,667</u>	<u>960</u>
<b>Current assets</b>			
Inventories	<i>11</i>	58,497	23,564
Trade receivables	<i>12</i>	202,121	163,375
Prepayments, deposits and other receivables	<i>13</i>	131,985	67,666
Pledged bank deposits		–	210,000
Bank and cash balances		<u>124,187</u>	<u>130,329</u>
		<b>516,790</b>	594,934
<b>Current liabilities</b>			
Trade payables	<i>14</i>	84,259	156,225
Accruals and other payables	<i>15</i>	76,159	83,180
Bank borrowings	<i>16</i>	18,000	227,730
Current tax liabilities		<u>7,710</u>	<u>12,999</u>
		<b>186,128</b>	480,134
<b>Net current assets</b>		<u>330,662</u>	<u>114,800</u>
<b>NET ASSETS</b>		<b><u>343,329</u></b>	<b><u>115,760</u></b>
<b>Capital and reserves</b>			
Share capital	<i>17</i>	5,277	3,864
Reserves		<u>337,954</u>	<u>111,733</u>
Equity attributable to owners of the Company		343,231	115,597
Non-controlling interests		<u>98</u>	<u>163</u>
<b>TOTAL EQUITY</b>		<b><u>343,329</u></b>	<b><u>115,760</u></b>

## NOTES

### FOR THE YEAR ENDED 31 MARCH 2016

#### 1. GENERAL INFORMATION

FU JI Food and Catering Services Holdings Limited (the “Company”) was incorporated in the Cayman Islands on 8 April 2004 as an exempted company with limited liability under the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The address of its registered office and principal place of business are disclosed in the corporate information section of the annual report. The Company’s shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

The Company is an investment holding company. During the year, the Company and its subsidiaries (collectively “the Group”) was principally engaged in the production and trading of convenience food products in the People’s Republic of China (the “PRC”).

#### 2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

In the current year, the Group has adopted all the new and revised Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants that are relevant to its operations and effective for its accounting year beginning on 1 April 2015. HKFRSs comprise Hong Kong Financial Reporting Standards; Hong Kong Accounting Standards and Interpretations. The adoption of these new and revised HKFRSs did not result in significant changes to the Group’s accounting policies, presentation of the Group’s financial statements and amounts reported for the current year and prior years.

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

#### 3. REVENUE

The Group’s revenue is analysed as follows:

	2016 <i>RMB’000</i>	2015 <i>RMB’000</i>
Catering services	–	1,667
Trading of convenience food products	<u>1,482,665</u>	<u>911,286</u>
	<u><b>1,482,665</b></u>	<u><b>912,953</b></u>
Representing:		
Continuing operation	<u>1,482,665</u>	911,286
Discontinued operation	<u>–</u>	<u>1,667</u>
	<u><b>1,482,665</b></u>	<u><b>912,953</b></u>

#### 4. OTHER INCOME

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

#### 5. SEGMENT INFORMATION

The Group's reportable segments are strategic business units that offer different products. They are managed separately because each business requires different technology and marketing strategies. During the year ended 31 March 2016, the Group's revenue is derived from trading of convenience food products (2015: catering services business and trading of convenience food products).

Segment profits or losses do not include interest income, income tax, finance costs and other unallocated corporate income and expenses. Segment assets do not include bank and cash balances and other unallocated corporate assets. Segment liabilities do not include bank borrowings and other unallocated corporate liabilities.

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

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

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

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

Geographical information:

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

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

In presenting the geographical information, revenue is based on the locations of the customers. At the end of the reporting period, all non-current assets of the Group were located in the PRC.

## 6. FINANCE COSTS

	<b>2016</b> <i>RMB'000</i>	2015 <i>RMB'000</i>
Interest expenses on bank borrowings	<u><b>1,326</b></u>	<u>2,006</u>

## 7. INCOME TAX

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

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

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

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

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

## 8. PROFIT FOR THE YEAR

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

	2016 <i>RMB'000</i>	2015 <i>RMB'000</i>
<b>Continuing operation:</b>		
Auditor's remuneration	977	873
Cost of inventories sold	1,401,274	844,763
Depreciation	416	833
Minimum lease payments under operating leases in respect of land and buildings	2,306	1,440
Staff costs		
Salaries, bonus and allowances	11,667	4,495
Retirement benefits scheme contributions	29	22
	<b>11,696</b>	<b>4,517</b>
	<b>2016</b>	<b>2015</b>
	<b><i>RMB'000</i></b>	<b><i>RMB'000</i></b>
<b>Discontinued operation:</b>		
Cost of inventories sold	–	459
Depreciation	–	3,024
Minimum lease payments under operating leases in respect of land and buildings	–	27
Loss on disposal of subsidiaries	–	123
Staff costs		
Salaries, bonus and allowances	–	429
Retirement benefits scheme contributions	–	–
	<b>–</b>	<b>429</b>

## 9. DIVIDENDS

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

## 10. EARNINGS PER SHARE

### (a) From continuing and discontinued operations

#### *Basic earnings per share*

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



### ***Diluted earnings per share***

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

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

#### **(b) From continuing operation**

##### ***Basic earnings per share***

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

##### ***Diluted earnings per share***

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

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

#### **(c) From discontinued operation**

##### ***Basic loss per share***

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

##### ***Diluted loss per share***

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

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

## 11. INVENTORIES

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

## 12. TRADE RECEIVABLES

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

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

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

## 13. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

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

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

## 14. TRADE PAYABLES

	<b>2016</b> <i>RMB'000</i>	2015 <i>RMB'000</i>
Trade payables	<b>84,259</b>	156,225

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

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

#### 15. ACCRUALS AND OTHER PAYABLES

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

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

#### 16. BANK BORROWINGS

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

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

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

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

## 17. SHARE CAPITAL

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

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

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

*Notes:*

- (a) Completion of the placing share took place on 1 April 2015 pursuant to which 66,860,000 shares were issued under the placing agreement at the price of HK\$1.71 per share. Accordingly, the Company's issued share capital was increased by approximately RMB527,000 and its share premium account was increased by approximately RMB88,748,000. Net proceeds were approximately RMB89,276,000 after deducting the issuing expenses of approximately RMB902,000.
- (b) Completion of the placing share took place on 30 November 2015 pursuant to which 107,260,000 shares were issued under the placing agreement at the price of HK\$0.91 per share. Accordingly, the Company's issued share capital was increased by approximately RMB886,000 and its share premium account was increased by approximately RMB78,878,000. Net proceeds were approximately RMB79,764,000 after deducting the issuing expenses of approximately RMB808,000.

## **BUSINESS REVIEW**

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

## **RESULTS AND APPROPRIATIONS**

### **Revenue**

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

### **Gross Profit**

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

### **Other operating expenses**

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

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

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

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

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

## **EMPLOYMENT**

As at 31 March 2016, the Group had 126 (2015: 70) full-time employees, most of whom were working in the Company's subsidiaries in the PRC. During the year under review, the total employees' costs including Directors' remuneration were approximately RMB11,696,000 which consists of RMB11,696,000 from continuing operation and RMB nil from discontinued operation (2015: RMB4,946,000, which consists of RMB4,517,000 from continuing operation and RMB429,000 from discontinued operation). It is the Group's policy that remuneration of the employees is in line with the market and commensurate with the level of pay for similar responsibilities within the industry. Discretionary year end bonuses are payable to the employees based on individual performance. Other benefits to the employees included medical insurance, retirement schemes, training programs and education subsidies.

## **CHARGES ON GROUP'S ASSETS**

As at 31 March 2016, there were no charges on the Group's assets.

## **CAPITAL AND OTHER COMMITMENTS**

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

## **CONTINGENT LIABILITIES**

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

## **CORPORATE GOVERNANCE**

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 immediate after the resumption of trading in the Shares of the Company, except for the deviation of A.2.1, A.4.1 and F.1.2 of the Code.

Pursuant to A.2.1 of the Code, the roles of chairman and chief executive should be separate and should not be performed by the same individual, with the division of responsibilities between the chairman and chief executive clearly established and set out in writing. Mr. Huang Shourong (“Mr. Huang”) was appointed chairman of the Company on 23 September 2014. Mr. Huang, albeit resigned from the position of Chief Executive Officer (“CEO”) since 23 September 2014, 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 year ended 31 March 2016, all the existing independent non-executive Directors were not appointed for a specific term but are subject to retirement and reelection 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.

## **AUDIT COMMITTEE**

The Audit Committee has reviewed the consolidated financial statements of the Group for the year ended 31 March 2016. The Audit Committee comprises three independent non-executive directors, namely, Dr. Leung Hoi Ming, Mr. Mak Ka Wing, Patrick and Mr. Sung Wing Sum.



## **SCOPE OF WORK OF ANDA CPA LIMITED**

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income, and the related notes thereto for the year ended 31 March 2016 set out in the preliminary announcement have been agreed by the Group's auditor, ZHONGHUI ANDA CPA Limited, to the amounts set out in the Group's audited consolidated financial statements for the year ended 31 March 2016. The work performed by ZHONGHUI ANDA CPA Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by ZHONGHUI ANDA CPA Limited on the preliminary announcement.

## **COMPLIANCE WITH CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS**

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding directors' securities transactions (the "Model Code"). Having made specific enquiry of all directors of the Company, the directors of the Company have complied with the required standard set out in the Model Code throughout the year ended 31 March 2016.

## **DEALING IN COMPANY'S LISTED SECURITIES**

During the year, there were no purchases, sale or redemption by the Company or any of its subsidiaries, of the Company's listed securities.

## **PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT**

This announcement of results is available for viewing on the website of Hong Kong Exchange and Clearings Limited at [www.hkex.com.hk](http://www.hkex.com.hk) under "Latest Listed Company Information" and on the website at [www.fujicateringhk.com](http://www.fujicateringhk.com). The annual report of the Company contained all the information required by the Listing Rules will be published on the above websites in due course.

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

Hong Kong, 30 June 2016

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

*Please also refer to the published version of this announcement on the Company's website: <http://www.fujicateringhk.com>.*