福記食品服務控股有限公司

FU JI FOOD AND CATERING SERVICES HOLDINGS LIMITED

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 1175)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2008

FINANCIAL HIGHLIGHTS:

	Unaudited Six months ended 30 September		
	2008	2007	Changes
	(RMB'000)	*(RMB'000)*	*(%)*
Turnover	**1,387,263**	780,154	+77.8%
Catering Services	**958,657**	627,882	+52.7%
Chinese Restaurants	**151,677**	125,468	+20.9%
Theme Restaurants	**259,516**	—	N/A
Convenience Food and related business	**17,413**	26,804	–35.0%
Profit from operations	**400,860**	249,789	+60.5%
Profit attributable to Shareholders of the Company	**250,231**	196,770	+27.2%
Basic earnings per share	**RMB46.2 cents**	RMB37.6 cents	+22.9%

MANAGEMENT DISCUSSION AND ANALYSIS

FU JI Food and Catering Services Holdings Limited (the "**Company**") and its subsidiaries (known together as the "**Group**") recorded stable growth in unaudited revenue and earnings for the six months ended 30 September 2008. Turnover had a substantial increase of 77.8% to approximately RMB1,387,263,000 (first half 2007/2008: approximately RMB780,154,000) and overall gross profit margin was maintained at around 57.6% (first half 2007/2008: around 58.3%). Profit from operations amounted to approximately RMB400,860,000, up approximately 60.5% as compared with the corresponding period last year. Profit attributable to shareholders grew by 27.2% to approximately RMB250,231,000 and basic earnings per share were RMB46.2 cents (first half 2007/08: RMB37.6 cents).

Excluding certain non-cash charges such as equity-settled share-based payment expenses, interest on convertible bonds and depreciation and amortization of assets, cash inflows from operating business during the reporting period amounted to approximately RMB379,809,000 (first half 2007/08: approximately RMB314,754,000).

MARKET REVIEW

For the six months ended 30 September 2008, the catering service market in China continued to be in the fast growth stage. In order to lower operational costs, improve staff benefits and assure safety of meals provided to employees, sizable multinational and local companies were more willing to look for high quality catering services. In addition, catering services for private and public universities in the country, as cultivated by the Group over the past years, were kept on growing. Hence, the Group continued to maintain its leading status in the China catering service market.

Furthermore, during the period under review, with signs of food ingredient prices rising at a lower rate, it helps stimulating the development of different sectors of the food and beverages retail industry. From mid to high-end and new concept food and beverages retail operations had found strong support to their development. Despite the negative impact of tainted dairy products and the Sichuan earthquakes on the domestic food and beverage market, consumer product retail price statistics published by the National Bureau of Statistics of China showed a 24.8% growth in sales of the hospitality and catering industries between January and September 2008 against the previous corresponding period.

BUSINESS REVIEW

Speedy growth achieved by the Group in recent years was all depend on the establishment of its unique industrial kitchen platform for Chinese cuisine in the country. Starting from four sourcing centers which are located close to food ingredients sources to the different types and profile of sales channels (like food and beverage retailing and catering service), the platform provides the Group with a complete value chain and better synergies for its different operations. The Group has almost completed its planned construction of basic production facilities in these years. Taking into account the possible fluctuation in the domestic consumer market and the unused capacities of its existing facilities, the Group implemented strict control on capital expenditure and either postponed or rescheduled some of its development plans during the period under review.

Catering Services

Catering Services, which is the major revenue source of the Group, continued to grow steadily, with turnover up by more than 52.7% against the same period last year, accounting for approximately 69.1% of the Group's total turnover for the period. As at 30 September 2008, the Group produced a total of approximately 869,500 sets of meals daily, representing a 32.34% growth as compared with the end of September 2007.

Targeting large factories, industrial parks and public and private universities, Consumer Segment Catering remained as the main revenue contributor and growth driver of the Group. As for Institutional Segment Catering business, more flexible operations by way of joint ventures which serving the semi-finished packaged food products prepared by the Group that can keep fresh for over 30 days without refrigeration or preservatives, had given the railway catering service segment new drive to promote during the period under review. Moreover, the Group has served the 2008 Beijing Olympics and the

Paralympics as an official caterer providing Chinese foods to guests, staff members and audiences at various event venues in Beijing and Shanghai. The appointment testified to the strengths of the Group in serving the catering needs of mega international events.

Restaurants

The Group operates 11 high-end Chinese restaurants in Beijing, Shanghai and Suzhou with customers spending on average above RMB300 per person. In the first half of 2008, a number of natural disasters hit the country and the desire of people to dine out was indirectly affected. In response, the Group refreshed the menus of its restaurant and some of the Chinese restaurants were closed for renovation, so as to bring new tastes to please the discerning palates of customers. As for the Theme Restaurants business, the Group acquired 60% equity interests in Golden Hans theme restaurant chain (the "**Golden Hans**") in 2007. Golden Hans gained the preference of the young working population in major cities with its unique style – featuring German microbrewery beer and Brazilian BBQ food. As at 30 September 2008, Golden Hans had 45 restaurants in 26 cities in the country serving approximately 1.22 million customers monthly and on average spending of RMB37 per head. The Group believes the dining habits and growing preference for western foods among young Chinese consumers are the major impetus behind the smooth development of the Golden Hans operations.

Convenience Food and Related Business

Convenience Food and related business segment developed by the Group remains in the infancy stage, commanding reform and re-mapping of related logistics arrangements and sales channels had not yet brought about the Group's expected results during the period under review. However, the Group believes selling high quality home-style food products to consumers in large cities will begin to gather growth momentum in this segment very soon.

Food Safety

The Group is highly concerned about the recent series of food safety problems in the country. Placing utmost importance in assuring the quality and safety of its food products, the Group hires independent third party consultants every quarter to conduct food safety and hygiene checks according to HACCP (Hazard Analysis and Critical Control Points) standards. The consultants will also undertake regular inspection of the Group's kitchens and food processing centers and related equipment to make sure of their hygiene and reliable operation. Our commitment to quality and care for the health of consumers enabled us to gain continuous support and trust from our customers.

OUTLOOK

With the global economic environment changing for the worst and the international capital market on the verge of a historical meltdown, the Group has thoroughly reviewed its capital structure and decisively implemented a series of measures to strengthen its medium to long-term financial position. During the review period, it managed to either postpone or reschedule properly some of its plans involving substantial capital expenditure. Such moves were taken with the aim of giving the Group the ability to more effectively apply cash flows. Among which, deferring the completion of the under-construction regional distribution and processing centers in Beijing and Jiading, the Group lowered its capital expenditure without affecting daily production capacity.

Other critical measures implemented by the Group to cope with the current economic situation included ramping up production volume and cash flow from operating activities thereof. Other than further consolidating existing markets, the Group will actively look into expanding its catering services to highway service stations, national AAAA grade tourist attractions and passenger cruise vessels by consolidating the strength from operating by way of joint ventures and the merits of its semi-finished packaged food products. It will adjust the pace of expansion according to the market conditions.

To build a healthier long-term capital structure, the Group is considering to increase the proportion of long-term bank loans in its overall capital structure and will actively negotiate with different local and overseas credit institutions for that purpose.

Lastly, the Group will strengthen internal management and cost control and also to speed up the restructuring of its internal structure with the aim of optimizing the corporate structure of its three major businesses (namely Catering Services business, Chinese Restaurants business and Theme Restaurants business). The purpose of the endeavor is to lay a solid foundation for any possible introduction of capital in various ways or for other cooperation opportunities in future.

It is expected that the second half of the financial year will be full of challenges to the consumer market and the food and beverages markets in the country. The high-end Chinese Restaurants business of the Group, in particular, will probably face much more operation pressure. As for the Consumer Segment Catering business, it may subject to certain negative impacts from the unfavourable sentiments of the manufacturing industry in the country. However, having strong operational fundamentals, a reasonable level of short term debts and sufficient working capital, the Group is confident in gaining more share in the catering service market in the country despite the tough economic environment. Finally, the Group will strive to further stabilize and push up its profit margin so as to bring maximum returns to shareholders.

LIQUIDITY AND FINANCIAL RESOURCES

The Group's financial position is solid and with strong cash generating capability. As at 30 September 2008, the Group's total equity amounted to RMB3,028,276,000, representing an increase of 8.1% compared with 31 March 2008. As at 30 September 2008, the Group's cash and cash equivalents totalled RMB688,511,000 (31 March 2008: RMB957,430,000). Net current assets were RMB856,453,000 (31 March 2008: RMB774,370,000).

The Group's gearing ratio as at 30 September 2008 was approximately 86.8% (31 March 2008: approximately 90.4%), which is a percentage based on the total borrowings divided by the net assets value of the Group.

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

CAPITAL STRUCTURE

As at 30 September 2008, the Group had total debts made up of bank loans principally bearing fixed annual interest rates from 5.91% to 8.22% per annum (31 March 2008: between 6.72% and 8.22% per annum) and a floating rate term loan in the range of 0% to 12.75% per annum, non interest-bearing consideration payable for the acquisition of the subsidiaries and two three-year zero coupon convertible bonds.

During the period under review, there has been no change in the share capital of the Company.

CHARGE ON ASSETS AND CONTINGENT LIABILITIES

As at 30 September 2008, the Group had bank deposits denominated in Hong Kong dollars, equivalent to RMB370,242,000 (31 March 2008: RMB136,438,000) and had fixed assets having a carrying amount of RMB106,654,000 (31 March 2008: 107,845,000), which are pledged to secure bank facilities granted to the Group.

As at 30 September 2008, the Group had contingent liabilities in the amount of approximately RMB62,560,000 (31 March 2008: RMB57,054,000) in respect to the adoption of preferential tax treatments for determining the income tax liabilities of certain wholly owned subsidiaries in Shanghai. In addition, the Group had contingent liabilities in the amount of approximately RMB100,000,000 in respect of damage claimed by a third party for infringement of trademark.

MAJOR ACQUISITION AND DISPOSAL

The Group did not make any major acquisition or disposal during the six months period ended 30 September 2008.

HUMAN RESOURCES

As at 30 September 2008, the Group had 13,823 employees in the People's Republic of China ("**PRC**") and Hong Kong (31 March 2008: 12,305 employees). All employees are remunerated according to their performance, experience and prevailing market rates. The Group provides retirement benefits in the form of Mandatory Provident Fund entitlement to employees in Hong Kong. A similar scheme is also provided to employees in the PRC.

RESULTS

The Board has pleasure to present the unaudited consolidated results of the Group for the six months ended 30 September 2008 together with the comparative figures for the corresponding period for 2007 are as follows:

UNAUDITED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 September 2008

	Note	**Six months ended 30 September 2008** ***RMB'000*** ***(Unaudited)***	2007 *RMB'000* *(Unaudited)*
Turnover	*2*	**1,387,263**	780,154
Other revenue		**30,460**	15,263
Cost of materials consumed		**(587,590)**	(325,135)
Staff costs		**(126,873)**	(68,556)
Operating lease rentals		**(68,168)**	(25,628)
Depreciation and amortisation		**(107,703)**	(62,053)
Fuel and utility costs		**(36,306)**	(18,555)
Consumable stores		**(30,133)**	(10,580)
Other operating expenses		**(60,090)**	(35,121)
Profit from operations	*2*	**400,860**	249,789
Finance costs		**(77,807)**	(35,684)
Profit before taxation	*3*	**323,053**	214,105
Income tax	*4*	**(51,234)**	(17,335)
Profit for the period		**271,819**	196,770
Attributable to:			
Equity shareholders of the Company		**250,231**	196,770
Minority interests		**21,588**	—
Profit for the period		**271,819**	196,770
Earnings per share			
— basic	*5(a)*	**RMB46.2 cents**	RMB37.6 cents
— diluted	*5(b)*	**N/A**	RMB37.5 cents
Dividend per share	*6*	**N/A**	HK11.5 cents

UNAUDITED CONSOLIDATED BALANCE SHEET

At 30 September 2008

	Note	**At 30 September 2008 RMB'000 (Unaudited)**	At 31 March 2008 *RMB'000* *(Audited)*
Non-current assets			
Fixed assets			
Construction in progress		**2,129,508**	1,973,942
Other property, plant and equipment		**1,347,762**	1,216,972
Interests in leasehold land held for own use under operating leases		**237,787**	241,153
		3,715,057	3,432,067
Intangible asset		**157,342**	161,465
Goodwill		**393,188**	393,188
Deposits for acquisition of leasehold land		**5,800**	5,800
Deposit for construction of a processing centre		**—**	189,100
Deposits for leasehold improvements of new theme restaurants		**81,624**	39,193
Deposits for acquisition of other property, plant and equipment		**98,686**	54,957
Deposit for acquisition of a subsidiary		**—**	12,000
		4,451,697	4,287,770
Current assets			
Inventories		**98,992**	88,705
Trade receivables	*7*	**89,891**	53,790
Deposits, prepayments and other receivables		**410,027**	193,148
Pledged bank deposits		**370,242**	136,438
Cash and cash equivalents		**688,511**	957,430
		1,657,663	1,429,511

	Note	At 30 September 2008 RMB'000 (Unaudited)	At 31 March 2008 RMB'000 (Audited)
Current liabilities			
Bank loans		**347,248**	269,000
Trade payables	*8*	**84,081**	126,195
Accruals and other payables		**316,290**	221,316
Income tax payable		**53,591**	38,630
		801,210	655,141
Net current assets		**856,453**	774,370
Total assets less current liabilities		**5,308,150**	5,062,140
Non-current liabilities			
Bank loans		**103,054**	105,405
Convertible bonds due 2009		**446,811**	441,293
Convertible bonds due 2010		**1,417,636**	1,373,295
Consideration payable for the acquisition of the subsidiaries		**312,373**	341,880
		2,279,874	2,261,873
NET ASSETS		**3,028,276**	2,800,267
CAPITAL AND RESERVES			
Share capital		**5,665**	5,665
Reserves		**2,894,497**	2,688,895
Total equity attributable to equity shareholders of the Company		**2,900,162**	2,694,560
Minority interests		**128,114**	105,707
TOTAL EQUITY		**3,028,276**	2,800,267

UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2008

	Share capital	Share premium	Capital reserve	Merger reserve	Statutory reserve	Exchange reserve	Retained profits	Total	Minority interest	Total equity
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	(Unaudited)	*(Unaudited)*	*(Unaudited)*	*(Unaudited)*	*(Unaudited)*	*(Unaudited)*	*(Unaudited)*	*(Unaudited)*	*(Unaudited)*	*(Unaudited)*
Balance at 1 April 2008	**5,665**	**1,491,807**	**143,231**	**23,000**	**87,060**	**(34,598)**	**978,395**	**2,694,560**	**105,707**	**2,800,267**
Exchange difference on translation into presentation currency	**—**	**—**	**—**	**—**	**—**	**13,869**	**—**	**13,869**	**819**	**14,688**
Profit for the period	**—**	**—**	**—**	**—**	**—**	**—**	**250,231**	**250,231**	**21,588**	**271,819**
Final dividend paid	**—**	**—**	**—**	**—**	**—**	**—**	**(60,074)**	**(60,074)**	**—**	**(60,074)**
Equity settled share-based transactions	**—**	**—**	**1,576**	**—**	**—**	**—**	**—**	**1,576**	**—**	**1,576**
Balance at 30 September 2008	**5,665**	**1,491,807**	**144,807**	**23,000**	**87,060**	**(20,729)**	**1,168,552**	**2,900,162**	**128,114**	**3,028,276**
Balance at 1 April 2007	5,386	990,802	20,791	23,000	11,500	(13,149)	754,056	1,792,386	—	1,792,386
Share issued under conversion of convertible bonds	291	520,023	(6,094)	—	—	—	—	514,220	—	514,220
Share issued under exercise of share options	3	5,272	(1,351)	—	—	—	—	3,924	—	3,924
Exchange difference on translation into presentation currency	—	—	—	—	—	9,524	—	9,524	—	9,524
Profit for the period	—	—	—	—	—	—	196,770	196,770	—	196,770
Final dividend paid	—	—	—	—	—	—	(54,345)	(54,345)	—	(54,345)
Equity settled share-based transactions	—	—	3,897	—	—	—	—	3,897	—	3,897
Balance at 30 September 2007	5,680	1,516,097	17,243	23,000	11,500	(3,625)	896,481	2,466,376	—	2,466,376

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Renminbi)

1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and with Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("the HKICPA").

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain properties and financial instruments, which are measured at revalued amounts or fair values, as appropriate.

The accounting policies used in the condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 March 2008.

In the current interim period, the Group has applied, for the first time, the following amendment and new interpretations ("new HKFRSs") issued by the HKICPA.

HKAS 39 & HKFRS 7 (Amendments)	Reclassification of Financial Assets
HK(IFRIC) – Int 12	Service Concession Arrangements
HK(IFRIC) – Int 14	HKAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

The adoption of these new HKFRSs had no material effect on the results or financial position of the Group for the current or prior accounting periods. Accordingly, no prior period adjustment has been recognised.

The Group has not early applied the new and revised standards, amendments and interpretations that have been issued but are not yet effective. The directors of the Company anticipate that the application of these standards, amendments and interpretations will have no material impact on the results and the financial position of the Group.

HKFRSs (Amendment)	Improvement to HKFRSs[5]
HKAS 1 (Revised)	Presentation of Financial Statements[1]
HKAS 23 (Revised)	Borrowing Costs[1]
HKAS 27 (Revised)	Consolidated and Separate Financial Statements[2]
HKAS 32 & 1 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation[1]
HKAS 39 (Amendment)	Eligible Hedged Items[2]
HKFRS 1 & HKAS 27 (Amendment)	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate[1]
HKFRS 2 (Amendment)	Vesting Conditions and Cancellations[1]
HKFRS 3 (Revised)	Business Combinations[2]
HKFRS 8	Operating Segments[1]
HK(IFRIC) – Int 13	Customer Loyalty Programmes[3]
HK(IFRIC) – Int 15	Agreements for the Construction of Real Estate[1]
HK(IFRIC) – Int 16	Hedges of a Net Investment in a Foreign Operation[4]

[1] Effective for annual periods beginning on or after 1 January 2009
[2] Effective for annual periods beginning on or after 1 July 2009
[3] Effective for annual periods beginning on or after 1 July 2008
[4] Effective for annual periods beginning on or after 1 October 2008
[5] Effective for annual periods beginning on or after 1 January 2009 except the amendments to HKFRS 5, effective for annual periods beginning on or after l July 2009

2. TURNOVER AND SEGMENT INFORMATION

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

Segment information is presented in respect of the business segments of the Group. Business segment information is chosen as the primary reporting format because this is more relevant to the Group's internal financial reporting. Geographical segment information is not presented as the Group operates predominantly in the PRC.

An analysis of the Group's turnover and results by business segments is as follows:

	Six months ended 30 September 2008 RMB'000 (Unaudited)	2007 RMB'000 (Unaudited)
Turnover		
— Catering Services business	**958,657**	627,882
— Chinese Restaurants business	**151,677**	125,468
— Theme Restaurants business	**259,516**	—
— Convenience Food and related business		
— revenue from external customers	**17,413**	26,804
— Inter-segment business	**49,033**	—
	1,436,296	780,154
Less: Inter-segment revenue	**(49,033)**	—
	1,387,263	780,154
Segment results		
— Catering Services business	**309,342**	219,148
— Chinese Restaurants business	**26,878**	30,356
— Theme Restaurants business	**56,478**	—
— Convenience Food and related business	**(13,976)**	1,839
	378,722	251,343
Unallocated income/(expenses), net	**22,138**	(1,554)
Profit from operations	**400,860**	249,789
Finance costs	**(77,807)**	(35,684)
Income tax	**(51,234)**	(17,335)
Profit for the period	**271,819**	196,770
Depreciation and amortisation		
— Catering Services business	**64,059**	44,158
— Chinese Restaurants business	**22,539**	14,424
— Theme Restaurants business	**13,514**	—
— Convenience Food and related business	**7,328**	3,000
— Unallocated items	**263**	471
	107,703	62,053

3. PROFIT BEFORE TAXATION

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

		Six months ended 30 September	
		2008	2007
		RMB'000	*RMB'000*
		(Unaudited)	*(Unaudited)*
(a)	Finance costs:		
	Interest on bank loans wholly repayable within five years	**18,102**	9,268
	Interest on convertible bonds	**59,705**	26,416
	Total interest expense on financial liabilities not at fair value through profit or loss	**77,807**	35,684
(b)	Other items:		
	Interest income	**(6,670)**	(9,186)
	Government grants	**(20,978)**	(4,286)
	Cost of materials consumed	**587,590**	325,135
	Loss on disposal of property, plant and equipment	**40**	22
	Depreciation and amortisation	**107,703**	62,053
	Operating leases charges in respect of premises	**68,168**	25,628

4. INCOME TAX

Income tax expense represents:

	Six months ended 30 September	
	2008	2007
	RMB'000	*RMB'000*
	(Unaudited)	*(Unaudited)*
Current tax — the PRC		
Provision for the period	**51,234**	17,335

No provision for Hong Kong Profits Tax has been made as the Group has no estimated assessable profits arising in Hong Kong for the six months ended 30 September 2007 and 2008. Taxation for PRC subsidiaries is charged at the appropriate current rates of taxation ruling in the PRC.

The Group had no significant potential deferred tax assets and liabilities for the six months ended 30 September 2007 and 2008.

5. EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share for the six months ended 30 September 2008 was based on the profit attributable to ordinary equity shareholders of the Company of RMB250,231,000 (six months ended 30 September 2007: RMB196,770,000) and the weighted average number of ordinary shares of 541,296,756 (six months ended 30 September 2007: 523,911,110) in issue during the period.

(b) Diluted earnings per share

Diluted earnings per share for the six months ended 30 September 2008 was not presented as there was no deemed issue of shares under the Company's share option scheme and the impact of the exercise of the conversion rights attached to the convertible bonds was anti-dilutive.

The calculation of diluted earnings per share for the six months ended 30 September 2007 was based on the profit attributable to shareholders of the Company of RMB196,770,000 and the weighted average numbers of ordinary shares of 524,222,767 in issue, after adjusting for the effect of all dilutive potential ordinary shares.

(c) Reconciliations:

(i) *Profit attributable to ordinary equity shareholders of the Company (diluted)*

	Six months ended 30 September 2007 *RMB'000* *(Unaudited)*
Profit attributable to ordinary equity shareholders	196,770
After tax effect of effective interest on liability component of convertible bonds *(note)*	—
Profit attributable to ordinary equity shareholders (diluted)	196,770

Note: Because diluted earnings per share is increased when taking the convertible bonds into account, the convertible bonds are antidilutive and are ignored in the calculation of diluted earnings per share.

(ii) ***Weighted average number of ordinary shares (diluted)***

	Six months ended 30 September *2007* *(Unaudited)*
Weighted average number of ordinary shares	523,911,110
Effect of deemed issue of shares under the Company's share option scheme	311,657
Effect of conversion of convertible bonds *(note)*	—
Weighted average number of ordinary shares (diluted)	524,222,767

Note: Because diluted earnings per share is increased when taking the convertible bonds into account, the convertible bonds are antidilutive and are ignored in the calculation of diluted earnings per share.

6. INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 September 2008 (six months ended 30 September 2007: HK11.5 cents per share).

7. TRADE RECEIVABLES

Trade debtors are generally granted with credit terms ranging from 30 days to 180 days. An ageing analysis of trade receivables is as follows:

	At 30 September 2008 ***RMB'000*** ***(Unaudited)***	At 31 March 2008 *RMB'000* *(Audited)*
Within 1 month	**50,372**	28,464
More than 1 month but less than 3 months	**31,603**	16,827
More than 3 months but less than 6 months	**5,679**	3,985
More than 6 months	**4,734**	7,011
	92,388	56,287
Less: Impairment loss for doubtful debts	**(2,497)**	(2,497)
	89,891	53,790

8. **TRADE PAYABLES**

An ageing analysis of trade payables is as follows:

	Six months ended 30 September 2008 *RMB'000* *(Unaudited)*	Year ended 31 March 2008 *RMB'000* *(Audited)*
Within 1 month	**29,046**	64,950
After 1 month but within 3 months	**38,168**	44,724
After 3 months but within 6 months	**12,131**	4,748
After 6 months	**4,736**	11,773
	84,081	126,195

REVIEW OF RESULTS

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

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

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 2008.

COMPLIANCE WITH THE MODEL CODE

The Company has adopted the Model Code set out in Appendix 10 of the Listing Rules. The Company, having made specific enquiry on all the Directors of the Company, confirmed that all its Directors have complied with the Model Code throughout the six months ended 30 September 2008.

CORPORATE GOVERNANCE

The Board complied with the code of provisions in 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 2008, with deviations from code provision A.2.1 in respect of the separate roles of chairman and chief executive officer.

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

AUDIT COMMITTEE

The Audit Committee of the Company has three members comprising Mr. Su Gang Bing, Ms. Yang Liu and Mr. Wong Chi Keung, all being independent non-executive Directors, with Mr. Wong Chi Keung being the chairman. The Audit Committee has reviewed with the Group's management the Group's quarterly hygiene reports, the accounting principles and practices adopted by the Group and discussed internal controls and financial reporting matters including the review of the Group's unaudited interim financial report for the six months ended 30 September 2008.

By Order of the Board
福記食品服務控股有限公司
FU JI Food and Catering Services Holdings Limited
Wei Dong
Chairman

Shanghai, the PRC, 22 December 2008

As at the date of this announcement, the Board comprises four executive Directors, namely Mr. Wei Dong, Ms. Yao Juan, Mr. Tung Fai and Ms. Ku Wang and four independent non-executive Directors, namely Ms. Tsui Wai Ling Carlye, Mr. Wong Chi Keung, Mr. Su Gang Bing and Ms. Yang Liu.