



**FU JI Food and Catering Services Holdings Limited**

**福記食品服務控股有限公司**

(Incorporated in the Cayman Islands with limited liability)

(Stock Code : 1175)

Interim Report  
**2013**

## CONTENTS

Corporate Information	2
Management Discussion and Analysis	3
Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income	13
Condensed Consolidated Statement of Financial Position	15
Condensed Consolidated Statement of Changes in Equity	16
Condensed Consolidated Statement of Cash Flows	17
Notes to Condensed Consolidated Financial Statements	18

## **CORPORATE INFORMATION**

### **BOARD OF DIRECTORS**

### **EXECUTIVE DIRECTORS**

Mr. Wang Jianqing (*Chairman*)

Mr. Huang Shourong

(*Chief Executive Officer*)

### **INDEPENDENT NON-EXECUTIVE DIRECTORS**

Dr. Leung Hoi Ming

Mr. Mak Ka Wing, Patrick

Mr. Sung Wing Sum

### **COMPANY SECRETARY**

Mr. Wan Oi Ming Kevin

### **AUDITOR**

ANDA CPA Limited

21st Floor

Max Share Centre

373 King's Road, North Point

Hong Kong

### **PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE**

Royal Bank of

Canada Trust Company (Cayman) Limited,

4th Floor, Royal Bank House,

24 Shedden Road, George Town,

Grand Cayman KY1-1110,

Cayman Islands

### **HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE**

Computershare Hong Kong Investor Services Limited

Shop 1712-1716,

17th Floor, Hopewell Centre,

183 Queen's Road East,

Wan Chai

Hong Kong

### **REGISTERED OFFICE**

Cricket Square

Hutchins Drive

P.O. Box 2681

Grand Cayman KY1-1111

Cayman Islands

### **HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG**

Unit D, 12/F.,

Seabright Plaza,

9-23 shell street,

North Point,

Hong Kong

### **PRINCIPAL BANKERS**

Hang Seng Bank

Level B2,

83 Des Voeux Road,

Central,

Hong Kong

### **WEBSITE**

<http://www.fujicateringhk.com>

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **FINANCIAL REVIEW**

For the six months ended 30 September 2013, the turnover of Fu Ji Food and Catering Services Holdings Limited (the “Company”) and its subsidiaries (collectively referred to as the “Group”), was approximately RMB139 million (six months ended 30 September 2012: approximately RMB155 million), representing a decrease of approximately 10.3% from the six months ended 30 September 2012.

The consolidated profit attributable to equity holders of the Company amounted to approximately RMB805.1 million for the six month ended 30 September 2013 (six months ended 30 September 2012: a loss of approximately RMB18.9 million). Earnings per share was approximately RMB3.89 for the six months ended 30 September 2013 (six months ended 30 September 2012: Loss per share of approximately RMB0.35).

### **RESULTS AND APPROPRIATIONS**

#### **Revenue**

The turnover of the Group was approximately RMB139 million (six months ended 30 September 2012: approximately RMB155 million), representing a decrease of approximately 10.3% from the six months ended 30 September 2012. The turnover of the Catering Services business was approximately RMB34 million (six months ended 30 September 2012: approximately RMB50.5 million), representing a decrease of approximately 32.76%. The decrement was mainly due to environmental enhancement work performed in one of the catering services customer’s catering site and the termination of several catering sites. The turnover of the Convenience Food business slightly increased from approximately RMB104.4 million for the six months ended 30 September 2012 to approximately RMB105 million for the six months ended 30 September 2013. The results of the Group for the six months ended 30 September 2013 are set out in the Group’s condensed consolidated statement of profit or loss and other comprehensive income.

#### **Gross Profit**

Gross profit of the Group decreased slightly from approximately RMB36.9 million for the six months ended 30 September 2012 to approximately RMB32.8 million for the six months ended 30 September 2013 due to the decrement in turnover. The gross profit margin for the current period decreased slightly from 23.8% to 23.6%. The Group will maintain cost control procedures.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **RESULTS AND APPROPRIATIONS (Continued)**

#### **Gain on completion of the Group Reorganisation and Restructuring**

Upon completion of the Restructuring on 4 July 2013, the amounts due to deconsolidated subsidiaries were discharged pursuant to the terms of the DRA. The amount payable to the Scheme was settled by the proceeds from the issuance of Subscription Shares, Offer Shares, Preference Shares, Scheme Shares and distribution of cash proceeds from disposal of Restaurant Business and nominated excluded assets in relation to the Restructuring. A gain on completion of the Group Reorganisation and Restructuring was approximately RMB816.2 million (six months ended 30 September 2012: RMBnil).

#### **Other operating expenses**

Other operating expenses of the Group were approximately RMB22.9 million (six months ended 30 September 2012: approximately RMB8.7 million), representing an increase of approximately 162.24% from the six months ended 30 September 2012 due to professional fees of approximately RMB21 million incurred by Reorganisation and Restructuring of the Group during the period.

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

The profit for the period attributable to equity holders of the Company amounted to approximately RMB805.1 million for the six months ended 30 September 2013 (six months ended 30 September 2012: loss of approximately RMB18.9 million). Basic earnings per share were approximately RMB3.89 as compared with basic loss per share of approximately RMB0.35 for the preceding period. The profit for the period attributable to equity holders of the Company was mainly due to the gain on completion of the Group Reorganisation and Restructuring.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **GROUP RESTRUCTURING AND RESUMPTION OF TRADING OF SHARES**

During the period, the Company has successfully completed a series of corporate restructuring exercises, including but not limited to Capital Restructuring, Debt Restructuring, fundraising by ways of Open Offer, Subscription and issue of Preference Shares and Scheme Shares. In addition, pursuant to the order of the High Court of Hong Kong dated 2 July 2013, the Petition was dismissed and the Provisional Liquidators were discharged on 2 July 2013. As all the Resumption Conditions of the Company have been fulfilled on 4 July 2013, the trading in the shares of the Company (“Shares”) was resumed on 8 July 2013.

The increase in profit from operation of the Group shows that the Group has maintained steady business after the Resumption.

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

Upon the completion of a series of corporate and debt restructuring exercises of the Company on 4 July 2013, the Group’s financial position had been significantly improved. Bank and cash balances as at 30 September 2013 was approximately RMB106.6 million (31 March 2013: approximately RMB11.6 million). The Group’s debt-to-equity ratio measured on the basis of the Group’s total liabilities of approximately RMB91 million (31 March 2013: approximately RMB1,075.7 million) to the total equity of positive of approximately RMB72.6 million (31 March 2013: negative of approximately RMB973.1 million) is 1.25 (31 March 2013: not applicable as the Group had a net deficiency in capital).

### **CAPITAL STRUCTURE**

The Company has completed a series of Capital Restructuring including Capital Reduction, Capital Cancellation, Share Consolidation and Capital Increase. As a result, the authorized share capital of the Company after the Capital Restructuring was 20,000,000,000 of HK\$0.01 each with total par value of HK\$200,000,000 (equivalent to approximately of RMB158.6 million).

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **CAPITAL STRUCTURE (Continued)**

On 4 June 2013, the Company has issued 54,129,675 Offer Shares under Open Offer pursuant to the Underwriting Agreement. On 28 June 2013, the Company has issued 202,702,703 Subscription Shares and 135,135,135 Preference Shares to the Investor (now the controlling shareholder of the Company) pursuant to the Subscription Agreement. On 4 July 2013, the Company has issued 23,380,000 New Shares to Scheme Creditors pursuant to the Scheme. Details were set out in the circular and announcement of the Company dated 1 March 2013.

At the period end, the Company comprises of 334,342,053 issued ordinary shares with par value of HK\$0.01 each and 135,135,135 issued preference shares with par value of HK\$0.01 each as enlarged by the issue of Offer Shares, Subscription Shares, Scheme Shares and Preference Shares.

### **PROSPECTS**

Upon the completion of the Restructuring of the Company during the period, the financial position of the Group had been successfully improved by turning from net liabilities to net assets amounting to approximately RMB72.6 million as at 30 September 2013. The successful completion of the Subscription by the Investor (now the controlling shareholder of the Company) and the Open Offer in June 2013 contributed new working capital for the continuation as well as the future expansion of the Group's businesses.

Nevertheless, the Group has been managing its businesses prudently since keen competition of the food and beverage business will exert pressure on the performance of both business volume and gross profit margin of the Group. Looking forward, the Group will continue to manage its businesses in a prudent manner for the remainder of the financial year to ensure a stable prospect for the Shareholders.

### **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.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

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

As at 30 September 2013, 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 2013.

### **DIRECTORS AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES**

As at the end of the financial period under review, none of the Directors, chief executive or their associates had any personal, family, corporate or other beneficial interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) as recorded in the register required to be kept under section 352 of the SFO, or otherwise as required to be notified to the Company and The Stock Exchange of Hong Kong Limited ("Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO or the Model Code for Securities Transactions by Directors of Listed Issuers.

## MANAGEMENT DISCUSSION AND ANALYSIS

### SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES

As at 30 September 2013, so far as is known to the Directors and the chief executives of the Company, the interests or short positions of every person, other than the Directors or chief executives of the Company, in the Shares and underlying Shares as recorded in the register required to be kept under section 336 of the SFO were as follows:–

Name of shareholders	Capacity and nature of interest	Number of Shares interested in (Note 1)	Number of Preference Shares interested in (Note 2)	Total number of Shares and underlying Shares interested in	Approximate percentage in the Shares (Note 3)
Marvel Light Holdings Limited (Note 4)	Beneficial owner	202,702,703 (L) 202,702,703 (S)	135,135,135 (L) 135,135,135 (S)	337,837,838 (L) 337,837,838 (S)	101.05% (L) 101.05% (S)
Bomao Holdings Limited	Interest in controlled corporation (Note 4)	202,702,703 (L) 202,702,703 (S)	135,135,135 (L) 135,135,135 (S)	337,837,838 (L) 337,837,838 (S)	101.05% (L) 101.05% (S)
Harvest (Overseas) Investment Limited	Interest in controlled corporation (Note 4)	202,702,703 (L) 202,702,703 (S)	135,135,135 (L) 135,135,135 (S)	337,837,838 (L) 337,837,838 (S)	101.05% (L) 101.05% (S)
安徽豐收投資有限公司 (Anhui Harvest Investment Company Limited*)	Interest in controlled corporation (Note 4)	202,702,703 (L) 202,702,703 (S)	135,135,135 (L) 135,135,135 (S)	337,837,838 (L) 337,837,838 (S)	101.05% (L) 101.05% (S)
安徽省創業投資有限公司 (Anhui Province Venture Investment Group Co., Ltd.*)	Interest in controlled corporation (Note 4)	202,702,703 (L) 202,702,703 (S)	135,135,135 (L) 135,135,135 (S)	337,837,838 (L) 337,837,838 (S)	101.05% (L) 101.05% (S)
安徽省投資集團有限責任公司 (Anhui Province Investment Group Co., Ltd.*)	Interest in controlled corporation (Note 4)	202,702,703 (L) 202,702,703 (S)	135,135,135 (L) 135,135,135 (S)	337,837,838 (L) 337,837,838 (S)	101.05% (L) 101.05% (S)
Three Dragons Limited (Note 5)	Security interest	202,702,703 (L)	135,135,135 (L)	337,837,838 (L)	101.05% (L)
ADM Galleus Fund I Limited	Interest in controlled corporation (Note 5)	202,702,703 (L)	135,135,135 (L)	337,837,838 (L)	101.05% (L)
ADM Galleus Fund II Limited	Interest in controlled corporation (Note 5)	202,702,703 (L)	135,135,135 (L)	337,837,838 (L)	101.05% (L)
ADM Investment Management Limited	Interest in controlled corporation (Note 5)	202,702,703 (L)	135,135,135 (L)	337,837,838 (L)	101.05% (L)

\* English translation/transliteration for identification purpose only

## MANAGEMENT DISCUSSION AND ANALYSIS

### SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES (Continued)

*Notes:*

1. (L) denotes long position and (S) denotes short position.
2. This represents the preference shares in the capital of the Company with a par value of HK\$0.01 each issued and allotted on 28 June 2013 ("Preference Shares"), which entitles the holder to convert into Shares on a one-to-one basis.
3. The percentage is calculated by dividing "the total number of Shares and underlying Shares" by "the Shares in issue as at 30 September 2013, being 334,342,053 Shares".
4. Marvel Light Holdings Limited is wholly owned by Bomao Holdings Limited, which in turn is wholly owned by Harvest (Overseas) Investment Limited, which in turn is wholly owned by 安徽豐收投資有限公司 (Anhui Harvest Investment Company Limited\*), which in turn is owned as to 40% by 安徽省創業投資有限公司 (Anhui Province Venture Investment Group Co., Ltd.\*), which in turn is wholly owned by 安徽省投資集團有限責任公司 (Anhui Province Investment Group Co., Ltd.\*). Their interests in the 337,837,838 Shares and the underlying Shares therefore duplicate each other.
5. Based on the disclosure of interests forms filed, Three Dragons Limited is owned as to 22% by ADM Galleus Fund I Limited and as to 78% by ADM Galleus Fund II Limited. Both ADM Galleus Fund I Limited and ADM Galleus Fund II Limited are wholly owned by ADM Investment Management Limited and their interests in the 337,837,838 Shares and the underlying Shares duplicate each other.

Save as disclosed above, as at 30 September 2013, no person, other than the Directors and chief executives of the Company, had registered an interest or short position in the Shares or underlying Shares that was required to be recorded in the register required to be kept under section 336 of the SFO.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

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

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 2013 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 2013.

## MANAGEMENT DISCUSSION AND ANALYSIS

### EXTRACT FROM CLARIFICATION ANNOUNCEMENT DATED 20 DECEMBER 2013

Reference is made to (i) the circular of the Company dated 1 March 2013 in relation to the proposed restructuring (the “Circular”), in which the profit forecast of the Group for the year ending 31 March 2013 and the six months ending 30 September 2013 (the “Profit Forecasts”) and forecast of the unaudited consolidated profit attributable to equity holders of the Company for the six months ending 30 September 2013 were set out, and (ii) the interim results for the six months ended 30 September 2013 dated 29 November 2013 (the “Interim Results”). Unless otherwise specified herein, all capitalised terms used in this announcement shall have the same meanings as those defined in the Circular.

The Interim Results shows that the unaudited consolidated profit attributable to equity holders of the Company for the six months ended 30 September 2013 was approximately RMB805 million which is lower than the Profit Forecasts and the Board would like to make clarifications as follows:

The Directors, by having reviewed the previous trading and financial information and opining on certain assumptions adopted, had prepared the Profit Forecasts based on the unaudited interim results of the Group for the six months ended 30 September 2012. The Profit Forecasts had been prepared based on the accounting policies consistent in all material respects with those adopted by the Group as set out in the audited consolidated financial statements of the Company for the year ended 31 March 2012.

The principal assumptions on which the Profit Forecasts were prepared were set out in the Circular, including the assumption that “upon Completion, the Restructured Group is expected to record a gain of approximately RMB867.2 million for the year ending 31 March 2014 from the Group Reorganisation and the Restructuring. The gain mainly represents the amount due to deconsolidated subsidiaries to be discharged pursuant to the terms of the Debt Restructuring Agreement.”

Pursuant to the terms of the Debt Restructuring Agreement, the amount due to deconsolidated subsidiaries, including the Phase I Disposal Companies, the Restaurant Business Disposal Companies, the Phase III Disposal Companies and the Scheme Group Companies, shall be irrevocably waived and discharged upon Completion. The amount due to deconsolidated subsidiaries was approximately RMB807 million as at the signing date of the Debt

## MANAGEMENT DISCUSSION AND ANALYSIS

### EXTRACT FROM CLARIFICATION ANNOUNCEMENT DATED 20 DECEMBER 2013 (Continued)

Restructuring Agreement. In order to meet the operational needs of the semi-processed food business which commenced operations in December 2011, the deconsolidated subsidiaries had provided additional funds of approximately RMB50 million (the “Additional Funds”) to the Restructured Group and therefore contributed to the increase in the amount due to deconsolidated subsidiaries for the six months ended 30 September 2012. Such funding arrangement between the Restructured Group and the deconsolidated subsidiaries was a commercial decision and was determined after negotiations between the parties taking into account, amongst others, the financial position of the Restructured Group and the market potential of the semi-processed food business. As at 30 September 2012, the amount due to deconsolidated subsidiaries was approximately RMB867.2 million and by adopting this amount as base figure, the Directors expected that the Restructured Group shall record a gain of approximately RMB867.2 million for the year ending 31 March 2014 from discharging the amount due to deconsolidated subsidiaries upon Completion.

The Additional Funds were subsequently settled by the Restructured Group in late March 2013 which contributed to the decrease in the amount due to deconsolidated subsidiaries for the year ended 31 March 2013. As at the date of the Completion, the balance of the amount due to deconsolidated subsidiaries of approximately RMB816.2 million had been irrevocably waived and discharged and such amount is presented as “gain on completion of the Group Reorganisation and Restructuring” in the Interim Results.

Due to the above factor, the actual unaudited consolidated profit attributable to equity holders of the Company for the six months ended 30 September 2013 did not meet the forecasted level as disclosed in the Circular.

The above information is only a review of the Profit Forecasts made by the management of the Company based on the Circular and the Interim Results and is not based on any figures or information which has been audited or reviewed by the external auditors of the Company. The accurate figure relating to the consolidated profit attributable to equity holders of the Company for the year ending 31 March 2014 is subject to the audit result by the external auditors of the Company.

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

		<b>Six months ended</b>	
		<b>30 September</b>	
	<i>Notes</i>	<b>2013</b>	2012
		<b>RMB'000</b>	RMB'000
		<b>(Unaudited)</b>	(Unaudited)
<b>Turnover</b>	4	<b>139,001</b>	154,959
Cost of materials consumed		<b>(106,209)</b>	(118,074)
<b>Gross profit</b>		<b>32,792</b>	36,885
Other income		<b>5</b>	20
Gain on completion of the Group			
Reorganisation and Restructuring	5	<b>816,247</b>	–
Staff costs		<b>(10,872)</b>	(12,577)
Operating lease rentals		<b>(1,891)</b>	(1,805)
Depreciation		<b>(1,589)</b>	(4,035)
Fuel and utility costs		<b>(677)</b>	(1,839)
Consumable stores		<b>(1,814)</b>	(381)
Other operating expenses		<b>(22,933)</b>	(8,745)
Impairments on due from deconsolidated subsidiaries		<b>–</b>	(25,832)
<b>Profit/(loss) before tax</b>	6	<b>809,268</b>	(18,309)
Income tax	7	<b>(4,003)</b>	(616)
<b>Profit/(loss) for the period</b>		<b>805,265</b>	(18,925)
<b>Other comprehensive income/(loss):</b>			
Exchange differences on translating foreign operations		<b>(3,817)</b>	422
<b>Total comprehensive income/(loss)     for the period</b>		<b>801,448</b>	(18,503)

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

		<b>Six months ended</b>	
		<b>30 September</b>	
	<i>Notes</i>	<b>2013</b>	2012
		<b>RMB'000</b>	RMB'000
		<b>(Unaudited)</b>	(Unaudited)
<b>Profit/(loss) for the period attributable to:</b>			
Equity holders of the Company		<b>805,089</b>	(18,925)
Non-controlling interests		<b>176</b>	–
		<b>805,265</b>	(18,925)
<b>Total comprehensive income/(loss) for the period attributable to:</b>			
Equity holders of the Company		<b>801,272</b>	(18,503)
Non-controlling interests		<b>176</b>	–
		<b>801,448</b>	(18,503)
<b>Earnings/(loss) per share</b>			
Basic and diluted (RMB cents per share)	8	<b>389</b>	(35)

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		At 30 September 2013 RMB'000 (Unaudited)	At 31 March 2013 RMB'000 (Audited)
<b>Non-current assets</b>			
Property, plant and equipment	10	8,719	10,307
<b>Current assets</b>			
Inventories		5,032	3,656
Trade receivables	11	15,163	11,568
Due from the Investor		–	53,914
Prepayments, deposits and other receivables		28,061	11,488
Bank and cash balances		106,607	11,611
		<u>154,863</u>	<u>92,237</u>
<b>Current liabilities</b>			
Trade payables	12	36,526	32,335
Accruals and other payables		46,581	17,822
Payable to the Scheme	5	–	205,085
Due to deconsolidated subsidiaries	5	–	816,294
Tax payable		7,915	4,119
		<u>91,022</u>	<u>1,075,655</u>
<b>Net current assets/(liabilities)</b>		<u>63,841</u>	<u>(983,418)</u>
<b>NET ASSETS/(LIABILITIES)</b>		<u><b>72,560</b></u>	<u><b>(973,111)</b></u>
<b>Capital and reserves</b>			
Share capital	13	3,864	5,665
Reserves		68,156	(978,960)
Equity attributable to equity holders of the Company		72,020	(973,295)
Non-controlling interests		540	184
<b>TOTAL EQUITY</b>		<u><b>72,560</b></u>	<u><b>(973,111)</b></u>

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to equity holders of the Company							
	Share capital	Share premium	Statutory reserve	Foreign currency translation reserve	Accumulated losses	Total	Non-controlling interests	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
At 1 April 2012	5,665	1,491,807	7,500	(70,174)	(2,380,541)	(945,743)	499	(945,244)
Total comprehensive income/(loss) for the period	-	-	-	422	(18,925)	(18,503)	-	(18,503)
At 30 September 2012	<u>5,665</u>	<u>1,491,807</u>	<u>7,500</u>	<u>(69,752)</u>	<u>(2,399,466)</u>	<u>(964,246)</u>	<u>499</u>	<u>(963,747)</u>
At 1 April 2013	5,665	1,491,807	7,500	(68,935)	(2,409,332)	(973,295)	184	(973,111)
Total comprehensive income/(loss) for the period	-	-	-	(3,817)	805,089	801,272	176	801,448
Contribution from non-controlling shareholders	-	-	-	-	-	-	180	180
Capital restructuring:								
- Capital reduction	(5,099)	-	-	-	5,099	-	-	-
- Share subscription	1,611	117,625	-	-	-	119,236	-	119,236
- Open offer	428	31,216	-	-	-	31,644	-	31,644
- Preference shares	1,074	78,417	-	-	-	79,491	-	79,491
- Issue of Scheme Shares	185	13,487	-	-	-	13,672	-	13,672
At 30 September 2013	<u>3,864</u>	<u>1,732,552</u>	<u>7,500</u>	<u>(72,752)</u>	<u>(1,599,144)</u>	<u>72,020</u>	<u>540</u>	<u>72,560</u>

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Six months ended	
	30 September	
	2013	2012
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Net cash (used in)/generated from operating activities	(2,259)	1,798
Net cash generated from investing activities	55,005	30
Net cash generated from/(used in) financing activities	41,370	(8,194)
Net increase/(decrease) in cash and cash equivalents	94,116	(6,366)
Effect of foreign exchange rate changes	880	(30)
Cash and cash equivalents at beginning of period	11,611	21,315
Cash and cash equivalents at end of period	<u>106,607</u>	<u>14,919</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

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 (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").

These unaudited condensed consolidated interim financial statements (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 annual financial statements for the year ended 31 March 2013.

The preparation of the 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 2013.

### **Completion of the restructuring of the Group and resumption of trading in the shares of the Company**

Trading in the shares of the Company was suspended on the Main Board of the Stock Exchange at the request of the Company on 29 July 2009.

## NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 2. BASIS OF PREPARATION (Continued)

#### **Completion of the restructuring of the Group and resumption of trading in the shares of the Company (Continued)**

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 were 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.

Since then, the Provisional Liquidators had commenced restructuring of the Company. On 16 March 2010, Marvel Light Holdings Limited (the “Investor”), the Company and the Provisional Liquidators entered into the heads of terms setting out the agreement of the parties in respect of major provisions of the reorganisation proposal (the “Reorganisation Proposal”) and to grant the Investor an exclusive right to prepare and submit a resumption proposal to the Stock Exchange with the view to resume trading of the Company’s shares. Further details of the Reorganisation Proposal were described in the Company’s announcements dated 26 May 2010 and 7 July 2010.

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 and amending the terms and conditions of the Company’s restructuring under the Heads of Terms. The DRA confirmed all of the restructuring processes undergone by the Company with the cooperation of the Investor and outlines the remaining components of the restructuring.

On 1 March 2013, the Company despatched to the Company’s shareholders a circular in relation to the proposed restructuring and the notice of convening an extraordinary general meeting on 25 March 2013. All of the resolutions in relation to the restructuring were duly passed by the shareholders by way of poll on 25 March 2013 and the poll results of the extraordinary general meeting were published on the same day. Further details were set out in the announcements of the Company dated 1 March 2013 and 25 March 2013. Unless otherwise specified, capitalised terms used herein shall have the same meanings as in the respective public announcements made by the Company.

On 2 July 2013, the Provisional Liquidators were discharged and the Petition was dismissed by the High Court. On 4 July 2013, the proposed restructuring was completed, and all resumption conditions have been fulfilled. Upon the granting of listing approval from the Stock Exchange, trading in the shares of the Company was resumed on 8 July 2013.

## NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 3. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

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 2013. 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, 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 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</b>			
<b>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 30 September 2013:</b>			
Segment assets – unaudited	<u>36,921</u>	<u>13,153</u>	<u>50,074</u>

## NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 4. TURNOVER AND SEGMENT INFORMATION (Continued)

	Catering Services RMB'000 (Unaudited)	Convenience Food and related business RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
<b>For the six months ended</b>			
<b>30 September 2012:</b>			
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
<b>At 31 March 2013:</b>			
Segment assets – audited	<u>24,686</u>	<u>3,811</u>	<u>28,497</u>

Reconciliations of reportable segment profit and loss:

	<b>Six months ended</b>	
	<b>30 September</b>	
	<b>2013</b>	<b>2012</b>
	<b>RMB'000</b>	<b>RMB'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Total profit from reportable segments	<b>14,707</b>	15,686
Gain on completion of the Group Reorganisation and Restructuring	<b>816,247</b>	–
Impairments on due from deconsolidated subsidiaries	–	(25,832)
Corporate and unallocated profit or loss	<b>(21,686)</b>	(8,163)
Consolidated profit/(loss) from operations	<u><b>809,268</b></u>	<u>(18,309)</u>

## NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 5. GAIN ON COMPLETION OF THE GROUP REORGANISATION AND RESTRUCTURING

Upon completion of the Restructuring on 4 July 2013, the amounts due to deconsolidated subsidiaries were discharged pursuant to the terms of the DRA. The amount payable to the Scheme was settled by the proceeds from the issuance of Subscription Shares, Offer Shares, Preference Shares, issuance of Scheme Shares and distribution of cash proceeds from disposal of Restaurant Business and nominated excluded assets in relation to the restructuring (the "Distribution").

	<b>Six months ended 30 September 2013 RMB'000 (Unaudited)</b>
Debts discharged:	
Due to deconsolidated subsidiaries	816,247
Payable to the Scheme	205,085
	<hr/>
	1,021,332
	<hr/>
Satisfied by:	
Proceeds from the issue of ordinary shares	(104,923)
Proceeds from the issue of preference shares	(32,284)
Issuance of Scheme Shares	(13,964)
Cash proceeds from the Distribution	(53,914)
	<hr/>
	(205,085)
	<hr/>
Gain on completion of the Group Reorganisation and Restructuring	<u>816,247</u>

## NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 6. PROFIT/(LOSS) BEFORE TAX

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

	<b>Six months ended</b>	
	<b>30 September</b>	
	<b>2013</b>	2012
	<b>RMB'000</b>	RMB'000
	<b>(Unaudited)</b>	(Unaudited)
Interest income	(6)	(6)
Cost of materials consumed	<b>106,209</b>	118,074
Impairments on due from deconsolidated subsidiaries	–	25,832
Depreciation	<b>1,589</b>	4,035
Minimum lease payments under operating leases in respect of land and buildings	<b>1,891</b>	1,805
Directors' remuneration	<b>316</b>	54
	<b><u>316</u></b>	<b><u>54</u></b>

### 7. INCOME TAX

	<b>Six months ended</b>	
	<b>30 September</b>	
	<b>2013</b>	2012
	<b>RMB'000</b>	RMB'000
	<b>(Unaudited)</b>	(Unaudited)
Current tax – Provision for the period		
Hong Kong Profits Tax	–	205
PRC enterprise income tax	<b>4,003</b>	411
	<b><u>4,003</u></b>	<b><u>616</u></b>

No provision for Hong Kong Profits Tax has been made for the six months ended 30 September 2013 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.

## NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 8. EARNINGS/(LOSS) PER SHARE

#### (a) Basic earnings/(loss) per share

The calculation of basic earnings/(loss) 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 RMB805,089,000 (six months ended 30 September 2012: a loss of approximately RMB18,925,000) and the weighted average number of 207,035,199 (six months ended 30 September 2012: 54,129,675 as adjusted to reflect the impact of Share Consolidation on 7 May 2013 and Open Offer on 4 June 2013) ordinary shares in issue during the period. The weighted average number of ordinary shares for the period ended 30 September 2013 and 2012 for the purpose of calculating the basic earnings per share has been adjusted to reflect the impact of the Subscription, Open Offer and issue of Scheme Shares took place during the current period.

#### (b) Diluted earnings/(loss) per share

No diluted earnings/(loss) per share was presented as the Company did not have any dilutive potential ordinary shares for the periods.

### 9. INTERIM DIVIDEND

The Directors do not recommend the payment of an interim dividend for the six months ended 30 September 2013 (six months ended 30 September 2012: nil).

### 10. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 September 2013, the Group acquired property, plant and equipment of approximately RMB62,000.

### 11. 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 2013 RMB'000 (Unaudited)	At 31 March 2013 RMB'000 (Audited)
30 days or less	8,315	7,938
31 to 90 days	5,525	1,372
91 to 180 days	784	1,412
Over 180 days	539	846
	<u>15,163</u>	<u>11,568</u>

## NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 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 2013 RMB'000 (Unaudited)	At 31 March 2013 RMB'000 (Audited)
30 days or less	8,337	2,616
31 to 90 days	2,514	–
Over 180 days	25,675	29,719
	<u>36,526</u>	<u>32,335</u>

Included in the Group's trade payables are amounts payable to the Group's deconsolidated subsidiary of approximately RMBnil (31 March 2013: RMB2,554,000) which was unsecured, interest-free and had no fixed term of repayment.

### 13. SHARE CAPITAL

	<i>Notes</i>	Number of Shares	Nominal value of Shares RMB'000
<b>Authorised:</b>			
<i>Ordinary shares:</i>			
Ordinary shares of HK\$0.01 each at 1 April 2012, 31 March 2013 and 1 April 2013	(a)	2,000,000,000	21,200
Capital Restructuring: net increase in authorised ordinary share capital		<u>17,800,000,000</u>	<u>135,861</u>
Ordinary shares of HK\$0.01 each at 30 September 2013		19,800,000,000	157,061
<i>Preference shares:</i>			
Capital Restructuring: inception of authorised preference share capital of HK\$0.01 each during the period and balance at 30 September 2013		<u>200,000,000</u>	<u>1,586</u>
Total	(a)	<u>20,000,000,000</u>	<u>158,647</u>

## NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 13. SHARE CAPITAL (Continued)

	<i>Notes</i>	Number of Shares	Nominal value of Shares RMB'000
<b>Issued and fully paid:</b>			
<i>Ordinary shares:</i>			
At 1 April 2012, 31 March 2013 and 1 April 2013	<i>(a)</i>	541,296,756 (487,167,081)	5,665 (5,099)
Capital Restructuring			
	<i>(a)</i>	54,129,675	566
Open Offer	<i>(b)</i>	54,129,675	428
Subscription	<i>(c)</i>	202,702,703	1,611
Issuance of Scheme Shares	<i>(d)</i>	23,380,000	185
		<u>334,342,053</u>	<u>2,790</u>
At 30 September 2013		<u>334,342,053</u>	<u>2,790</u>
<i>Preference shares:</i>			
Issue of Preference Shares during the period and balance at 30 September 2013	<i>(e)</i>	135,135,135	1,074
Total		<u>469,477,188</u>	<u>3,864</u>

## NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 13. SHARE CAPITAL (Continued)

Notes:

- (a) There was a Capital Restructuring of the Company effected on 7 May 2013 which comprised the following:

	Prior to the Capital Restructuring	After the Capital Reduction (i)	After the Capital Cancellation (ii)	After the Share Consolidation (iii)	After the Increase in Authorised Share Capital (iv)
Par value of share (HK\$)	0.01	0.001	0.001	0.01	0.01
Number of authorised shares	2,000,000,000	2,000,000,000	541,296,756	54,129,675	20,000,000,000
Authorised share capital (HK\$)	20,000,000	2,000,000	541,296.75	541,296.75	200,000,000
Authorised share capital (RMB equivalent)	21,200,000	2,120,000	566,500	566,500	158,647,124
Number of issued ordinary shares	541,296,756	541,296,756	541,296,756	54,129,675	54,129,675
Issued ordinary share capital (HK\$)	5,412,967.56	541,296.75	541,296.75	541,296.75	541,296.75
Issued ordinary share capital (RMB equivalent)	5,665,000	566,500	566,500	566,500	566,500

- (i) reduced the par value of all issued and un-issued ordinary shares in the Company from HK\$0.01 to HK\$0.001 each;
- (ii) cancelled the entire existing un-issued ordinary share capital of the Company;
- (iii) consolidated every 10 ordinary shares of the Company into 1 new ordinary share; and
- (iv) authorised share capital of the Company became HK\$200,000,000 divided into 20,000,000,000 new shares of HK\$0.01 each.

#### (b) Open Offer

Completion of the Open Offer took place on 4 June 2013 pursuant to which 54,129,675 Offer Shares were issued under the Open Offer on the basis of one offer share for every one share held by the Qualifying Shareholders after completion of the Capital Restructuring at the subscription price of HK\$0.74 per offer share with par value of HK\$0.01 each. Accordingly, the Company's issued ordinary share capital was increased by approximately HK\$0.5 million (equivalent to approximately RMB0.4 million) and the share premium account was increased by approximately HK\$39.5 million (equivalent to approximately RMB31.2 million).

## NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 13. SHARE CAPITAL (Continued)

*Notes:* (Continued)

#### (c) Subscription

Completion of the Subscription took place on 28 June 2013 pursuant to which 202,702,703 subscription shares were issued to the Investor at the subscription price of HK\$0.74 per Subscription Share with par value of HK\$0.01 each. Accordingly, the Company's issued ordinary share capital was increased by approximately HK\$2 million (equivalent to approximately RMB1.6 million) and the share premium account was increased by approximately HK\$148 million (equivalent to approximately RMB117.6 million).

#### (d) Issuance of Scheme Shares

Pursuant to the Restructuring, 23,380,000 new ordinary shares were issued to the Scheme Creditors on 4 July 2013. Accordingly, the Company's ordinary share capital was increased by approximately HK\$0.2 million (equivalent to approximately RMB0.18 million) and the share premium account was increased by approximately HK\$17.1 million (equivalent to approximately RMB13.5 million).

#### (e) Issuance of Preference Shares

Completion of the issuance of Preference Shares took place on 28 June 2013 pursuant to which 135,135,135 Preference Shares were issued to the Investor at the subscription price of HK\$0.74 per preference share with par value of HK\$0.01 each. Accordingly, the Company's issued preference share capital was increased by approximately HK\$1.4 million (equivalent to approximately RMB1.1 million) and the share premium account was increased by approximately HK\$98.6 million (equivalent to approximately RMB78.4 million).

### 14. CONTINGENT LIABILITIES

The Directors were not aware of any significant contingent liabilities of the Group as at 30 September 2013 (31 March 2013: Nil).

### 15. APPROVAL OF THE INTERIM FINANCIAL STATEMENTS

These Interim Financial Statements were approved and authorised for issue by the Board of Directors on 29 November 2013.