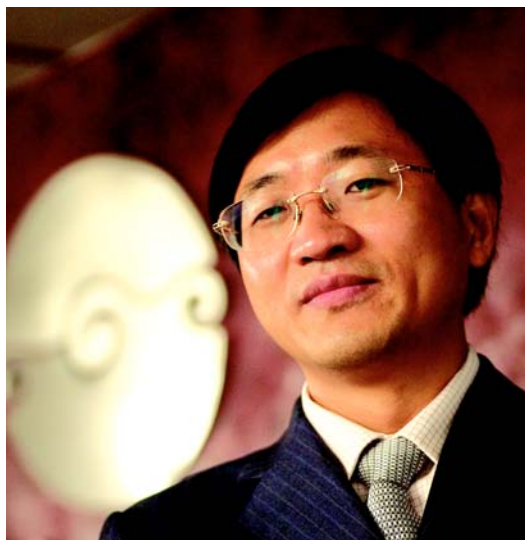




CHAIRMAN'S STATEMENT



I am delighted to present the annual results of FU JI Food and Catering Services Holdings Limited (the “Company” or “FU JI”) and its subsidiaries (the “Group”) for the year ended 31 March 2006.

FINANCIAL RESULTS

The Group achieved commendable financial results during the year ended 31 March 2006. Turnover increased by 75.2% over the fiscal year 2004/05 to approximately RMB797 million. The Group's gross profit for the year increased 61.1% to RMB453 million compared with last fiscal year. Profit attributable to shareholders increased to RMB251 million, representing 52.0% growth compared with last fiscal year. Basic earnings per share were RMB cents 56.5 (fiscal year 2004/05: RMB cents 49.8).

BUSINESS REVIEW

The Group made remarkable strides forward during the fiscal year 2005/06. FU JI progressed its expansion plans with four new or upgraded centralized processing centers commencing commercial operations. Essential for the organic growth of the Group, these new facilities are key to achieving our goal of becoming one of the PRC's leading food and catering services providers.

As in the previous fiscal year, the Group's business comprised three main areas: Catering Services, Chinese Restaurants and Convenience Food. As the Group's main growth driver, Catering Services contributed 69.7% of total Group's turnover during the year under review. The percentage our Chinese Restaurants business contributes to the Group's overall business continues to diminish. Nonetheless, the Group is continually refining the menus at each FU JI restaurant to ensure that our valued customers can enjoy the best possible dining experience. Convenience Food currently comprises a small part of the Group's turnover. However, rising demand among busy Shanghai and Suzhou city dwellers for pre-packaged meals means there is considerable opportunity for the Group to expand this highly promising segment.

EXPANDING GEOGRAPHICAL REACH

FU JI has an excellent reputation for providing high quality hygienic catering meals. As well as serving customers in the Shanghai and Suzhou areas, the Group has been actively liaising with factories and institutions (including universities) in the Pearl River Delta and Yangtze River Delta regions to secure additional catering service contracts. Building on this, the Group aims to expand its geographical reach and become a nationwide catering provider.

CHAIRMAN'S STATEMENT

ALL ROUNDED BUSINESS DEVELOPMENT

Vertically developing FU JI's business by establishing Sourcing and Initial Processing Centres will ensure a smoother meal production process from start to finish. It will also mean higher and more consistent quality of ingredients at lower costs. At the same time, the Group is considering horizontal development by expanding into catering for primary and secondary schools. Despite the stringent requirements for providing school meals, FU JI has the capability to provide delicious, highly nutritious pre-packaged meals. In the long term, FU JI plans to further develop its competence in producing pre-packaged meals and reach new markets such as tourism, long haul train, and highway catering.

WORKING CAPITAL

The issuance of five year zero coupon convertible bonds in October 2005 resulted in raising net proceeds of approximately HK\$578.8 million. Well received by investors, it demonstrated their confidence in FU JI's current business and the Group's future prospects.

FUTURE COMPETITION AND STRATEGIES

The current PRC's catering market is geographically diverse and highly fragmented. We believe that as a result of more stringent requirements of the customers on food safety and quality, together with the strict licensing requirements imposed by the PRC government, the market must undergo severe consolidation in the future. In the light of this, FU JI aims to further strengthen our business base and market position in this moment, in order to be more effective in taking business opportunities resulting from the market consolidation. This would be achieved through establishing more and more centralized processing centres in different coastal cities with attractive potential. We are confident that this strategy will strengthen FU JI's already dominant position in the catering market, and dramatically increase our market share.

Looking ahead, the Group seeks greater standardization of our operations to help automate production processes, improve efficiencies and create economies of scale. We will redouble efforts to ensure there are sufficient resources for the development of effective and efficient operations, including the aspects of staff recruitment, equipment purchases, plant and workflow design, logistics and storage infrastructure.



DIVIDENDS

We are committed to distribute dividends of not less than 30% of our post IPO consolidated profit attributable to shareholders. In the future, in the absence of any special circumstances or unforeseen events, our dividend policy will remain unchanged. In the light of this, the Directors declared and paid an interim dividend of HK cents 7.5 (fiscal year 2004/05: nil). Subject to approval by Shareholders at the forthcoming annual general meeting on 1 August 2006, the Directors recommend the payment of a final dividend of HK cents 7.8 per share for the fiscal year 2005/06 (fiscal year 2004/05: HK cents 3.8).

APPRECIATION

FU JI's management has clearly defined goals and strategies in place to achieve them. Our financial strength and business prowess is entirely due to the support of our Board of Directors, management team, employees, suppliers, Shareholders, and most importantly, our customers. I would like to extend my warmest thanks to all of them. And to share with you my excitement about all that we aim to accomplish in the year ahead.

Wei Dong

Chairman

the PRC, 28 June 2006

