AJISEN RAMEN
味千拉麵

Ajisen (China) Holdings Limited
味 千 （ 中 國 ） 控 股 有 限 公 司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 538)

INTERIM RESULTS ANNOUNCEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2008

INTERIM RESULTS HIGHLIGHTS

- Turnover rose by 66.7% to HK$753,885,000 (corresponding period of 2007: HK$452,363,000)
- Sales from restaurant operation grew by 68.0% to HK$720,682,000, accounting for about 95.6% of turnover (corresponding period of 2007: HK$428,994,000)
- Gross profit was HK$504,708,000 (corresponding period of 2007: HK$311,285,000), an increase of 62.1%
- Profit attributable to equity holders grew by 8.3% to HK$118,686,000 (corresponding period of 2007: HK$109,548,000)
- Basic earnings per share amounted to HK$11.12 cents (corresponding period of 2007: HK$12.15 cents)
- Total number of restaurants reached 255 by 30 June 2008 and 283 as at the date of this announcement

The Board of Directors of Ajisen (China) Holdings Limited (the "Company" or "Ajisen") announces the condensed consolidated financial report of the Company and its subsidiaries (the "Group") for the six months ended 30 June 2008 together with the comparative figures for the corresponding period in 2007 as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2008

		Six months ended 30 June	
		2008	*2007*
	Notes	***HK$'000***	*HK$'000*
		(Unaudited)	*(Unaudited and as restated)*
Turnover	*2*	**753,885**	452,363
Cost of sales		**(249,177)**	(141,078)
Gross profit		**504,708**	311,285
Other income		**36,873**	45,504
Property rentals		**(94,226)**	(61,745)
Distribution and selling expenses		**(228,450)**	(120,179)
Administrative and general expenses		**(58,890)**	(36,689)
Finance costs		**(10)**	(1,879)
Profit before taxation	*3*	**160,005**	136,297
Taxation	*4*	**(36,629)**	(24,039)
Profit for the period		**123,376**	112,258
Attributable to:			
Equity holders of the Company		**118,686**	109,548
Minority interests		**4,690**	2,710
		123,376	112,258
Dividends paid		**58,405**	—
		HK cents	*HK cents*
Earnings per share	*5*		
— Basic		**11.12**	12.15
— Diluted		**11.01**	12.09

CONDENSED CONSOLIDATED BALANCE SHEET

	Note	*30 June 2008 HK$'000 (Unaudited)*	*31 December 2007 HK$'000 (Audited and as restated)*
Non-current assets			
Investment properties		**47,468**	—
Property, plant and equipment		**438,448**	345,538
Prepaid lease payments		**17,543**	5,869
Deposits paid for acquisition of property, plant and equipment		**39,470**	13,415
Deposits paid for acquisition of land lease		**5,613**	10,723
Rental deposits		**29,059**	29,114
Goodwill		**37,135**	37,135
Deferred tax assets		**1,967**	3,555
Available-for-sale investments		**2,137**	2,155
		618,840	447,504
Current assets			
Inventories		**48,066**	31,062
Trade and other receivables	*6*	**90,692**	79,255
Amount due from a director	*7*	**24,013**	8,460
Amounts due from related parties		**13,326**	10,920
Taxation recoverable		**6,537**	1,245
Other financial assets		**493,493**	41,200
Bank balances and cash		**1,287,169**	1,814,391
		1,963,296	1,986,533
Current liabilities			
Trade and other payables	*8*	**197,151**	155,481
Amounts due to related companies		**12,594**	10,913
Amounts due to directors		**—**	544
Amounts due to shareholders		**220,012**	7,388
Dividend payable		**2,726**	—
Taxation payable		**37,774**	50,912
Bank overdrafts		**—**	614
		470,257	225,852
Net current assets		**1,493,039**	1,760,681
Total assets less current liabilities		**2,111,879**	2,208,185

	Note	30 June 2008 HK$'000 (Unaudited)	31 December 2007 HK$'000 (Audited and as restated)
Non-current liabilities			
Deferred tax liabilities		**7,214**	4,692
		7,214	4,692
		2,104,665	2,203,493
Capital and reserves			
Share capital		**106,757**	106,748
Reserves		**1,971,999**	2,073,827
Equity attributable to equity holders of the Company		**2,078,756**	2,180,575
Minority interests		**25,909**	22,918
Total equity		**2,104,665**	2,203,493

Notes:

1. GENERAL

The Company is incorporated and registered as an exempted company with limited liability on 6 April 2006 under the Companies Law of the Cayman Islands and acts as an investment holding company. Its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 30 March 2007. Its controlling shareholder company is Favor Choice Group Limited, a company which is incorporated in the British Virgin Islands and wholly-owned by Anmi Holding Company Limited, a company which is incorporated in the British Virgin Islands and wholly-owned by Anmi Trust, which is founded by Ms. Poon Wai who is a director of the Company. The addresses of the registered office and the principal place of business of the Company are disclosed in the "Corporation Information" section of the interim financial statements.

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 (the "Listing Rules") and with Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

The functional currency of the Company and its Hong Kong operating subsidiaries is Hong Kong dollars ("HK$"). The functional currency of its Mainland China (the "PRC") operating subsidiaries is Renminbi ("RMB"). Previously, the directors of the Company prepared the financial information of the Group in RMB. Effective from 1 January 2008, the directors of the Company changed the presentation currency of the condensed consolidated financial statements from RMB to HK$ so as to bring the presentation currency of the financial information of the Group in line with that used by the Company, which is the same as the functional currency of the Company. In addition, the directors of the Company consider that it is an appropriate presentation for a company listed in Hong Kong and for the convenience of the shareholders of the Company.

During the period ended 30 June 2008, Festive Profits Limited, a wholly-owned subsidiary of the Company acquired entire interests in Luck Right Limited ("Luck Right"), which holds entire interests in a wholly foreign owned enterprise established in the PRC namely Weiqian Noodle Food Service (Shenzhen) Co., Ltd., from Ms. Poon Wai (the "Common Control Combination") which has been satisfied by the issue of 22,484,570 of the new shares of the Company of HK$0.10 each and cash payment of approximately HK$207,712,000 on 9 July 2008. Details of the Common Control Combination are set out in the Prospectus and Circular of the Company dated 19 March 2007 and 28 May 2008, respectively. Common Control Combination occurred on 20 June 2008 when all precedent conditions set out in the Circular of the Company dated 28 May 2008 were fulfilled.

Upon the Common Control Combination, the balances between the Group and the sub-group headed by Luck Right as at 31 December 2007 and 30 June 2008 which arose from the connected transactions between the Group and sub-group headed by Luck Right disclosed in the Company's annual report for the year then ended would be eliminated. Also, the share capital in respect of 22,484,750 shares shown disclosed above issued for the purpose of Common Control Combination is shown as if it had always been issued. No other accounting adjustments have been required since the accounting policies used in the financial statements of the sub-group headed by Luck Right are consistent with those followed in the preparation of the Company's annual financial statements for the year ended 31 December 2007.

Although the Group resulting from the above-mentioned group reorganisation ("Group Reorganisation") and Common Control Combination did not exist until 8 March 2007 and 20 June 2008, the directors of the Company consider that meaningful information as regards to the historical performance of the Group, which includes entities under common control, is provided by treating the Group resulting from the Group Reorganisation and Common Control Combination as a continuing entity as if the group structure as at 8 March 2007 and 20 June 2008 had been in existence from the beginning of the year ended 31 December 2007. Accordingly, the condensed consolidated financial statements of the Group have been prepared using the principles of merger accounting in accordance with Accounting Guideline 5 "Merger accounting for common control combinations" issued by the HKICPA as if the group structure under the Group Reorganisation and Common Control Combination had been in existence throughout the period from 1 January 2007 to the date of Group Reorganisation and Common Control Combination or since their respective dates of incorporation or establishment whichever is the shorter period.

The condensed consolidated income statements, which are prepared in accordance with the principles of merger accounting, for the six months ended 30 June 2007 include the financial information of the companies now comprising the Group as if the group structure upon the completion of the Group Reorganisation and Common Control Combination had been in existence throughout the period from 1 January 2007 to the date of Group Reorganisation and Common Control Combination or since their respective dates of incorporation or establishment whichever is the shorter period. Accordingly, the condensed balance sheet at 31 December 2007, the condensed consolidated income statement for the period ended 30 June 2007 and other explanatory notes have been restated for Common Control Combination to include of the financial information of the sub-group headed by Luck Right.

2. GEOGRAPHICAL AND BUSINESS SEGMENTS

Geographical segments

The Group's operations are located in Hong Kong and the PRC. This is used as the basis on which the Group reports its primary segment information. The following table provides an analysis of the Group's segment information by geographical location of customers, irrespective of the origin of the goods:

	Six months ended 30 June	
	2008	*2007*
	HK$'000	*HK$'000*
	(Unaudited)	*(Unaudited and as restated)*
TURNOVER		
Hong Kong		
— external sales	**125,873**	95,231
— Inter-segment sales	**—**	5,241
	125,873	100,472
PRC		
— external sales	**628,012**	357,132
— inter-segment sales	**3,650**	3,186
	631,662	360,318
Elimination of inter-segment sales	**(3,650)**	(8,427)
	753,885	452,363
RESULTS		
Profit from operations		
— Hong Kong	**23,204**	23,807
— PRC	**140,581**	91,100
	163,785	114,907
Unallocated income	**23,991**	39,354
Unallocated expenses	**(27,761)**	(16,085)
Finance costs	**(10)**	(1,879)
Profit before taxation	**160,005**	136,297
Taxation	**(36,629)**	(24,039)
Profit for the period	**123,376**	112,258

Business segments

The Group is currently organised into two operating divisions namely operation of restaurants and the manufacture and sales of noodles and related products.

The following table provides an analysis of the Group's turnover from external customers by business segments:

	Six months ended 30 June	
	2008	*2007*
	HK$'000	*HK$'000*
	(Unaudited)	*(Unaudited and as restated)*
TURNOVER		
Operation of restaurants — external sales	**720,682**	428,994
Sales of noodles and related products		
— external sales	**33,203**	23,369
— inter-segment sales	**117,648**	68,602
	150,851	91,971
Elimination of inter-segment sales	**(117,648)**	(68,602)
	753,885	452,363

3. PROFIT BEFORE TAXATION

	Six months ended 30 June	
	2008	*2007*
	HK$'000	*HK$'000*
	(Unaudited)	*(Unaudited and as restated)*
Profit before taxation has been arrived at after charging:		
Depreciation	**39,705**	19,118
Net exchange loss	**1,601**	276
Loss on disposal of property, plant and equipment	**119**	749
Operating lease rentals in respect of		
— land lease	**309**	199
— rented premises	**93,917**	61,546
Share issue expenses	**—**	9,524

Note: Cost of operation of restaurants of HK$90,510,000 (2007: HK$60,598,000) and HK$218,026,000 (2007: HK$112,028,000) have been included in property rentals and distribution and selling expenses, respectively.

Included in the operating lease rentals in respect of rental premises are minimum lease payments of approximately HK$68,867,000 (2007: HK$42,987,000) and contingent rent of approximately HK$25,050,000 (2007: HK$18,559,000).

4. TAXATION

	2008	2007
	HK$'000	*HK$'000*
	(Unaudited)	*(Unaudited and as restated)*
Hong Kong Profits Tax		
— current year's	**4,029**	3,832
— over provision in prior years	**(887)**	—
	3,142	3,832
PRC income tax		
— current year's	**35,845**	20,207
— over provision in prior years	**(5,298)**	—
	30,547	20,207
Subtotal	**33,689**	24,039
Deferred taxation	**2,940**	—
	36,629	24,039

Hong Kong Profits tax is recognised based on management's best estimate of the weighted average annual income tax rate expected for the full financial year. On 26 June 2008, the Hong Kong Legislative Council passed the Revenue Bill 2008 which includes the reduction in corporate profit tax rate by 1% to 16.5% effective from the year of assessment 2008 – 2009. The estimated average annual tax rate used is 16.5% (2007: 17.5%) for the six months ended 30 June 2008.

PRC income tax is calculated at the applicable tax rates in accordance with the relevant law and regulations in the PRC.

On 16 March 2007, the People's Republic of China promulgated the Law of the People's Republic of China on Enterprise Income Tax ("New Tax Law") by Order No. 63 of the President of the People's Republic of China. On 6 December 2007, the State Council of the PRC issued Implementation Regulations of the New Tax Law. The New Tax Law and Implementation Regulations changes the tax rate from 33% to 25% for certain subsidiaries from 1 January 2008 and provides a five-year transition period starting from its effective date for those enterprises which were established before the promulgation date of the New Tax Law and which were entitled to a preferential lower tax rate and tax holiday under the then effective tax laws or regulations. Upon the promulgation and implementation of the New Tax Law, dividends paid out of the net profits derived by the PRC operating subsidiaries in financial years since 1 January 2008 are subject to PRC withholding tax in a rate of 5% in accordance with relevant tax laws in the PRC. At 30 June 2008, deferred tax liabilities of approximately HK$1.3 million have not been recognised, in respect to the aggregate amount of temporary differences associated with undistributed earnings of the PRC operating subsidiaries of approximately HK$26 million as the directors of the Company consider the amount of unrecognised deferred tax liabilities does not have material impact on the results and financial position of the Group.

5. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share attributable to the equity holders of the Company is based on the following data:

	Six months ended 30 June	
	2008	*2007*
	HK$'000	*HK$'000*
	(Unaudited)	*(Unaudited and as restated)*
Earnings for the purposes of basic and diluted earnings per share, being profit for the period attributable to equity holders of the Company	**118,686**	109,548

	Number of shares	
Weighted average number of ordinary shares for the purposes of calculating basic earnings per share	**1,067,497,332**	901,525,988
Effect of dilutive potential ordinary shares relating to:		
— outstanding share options	**10,227,444**	4,488,240
Weighted average number of ordinary shares for the purpose of calculating diluted earnings per share	**1,077,724,776**	906,014,228

In calculating the weighted average number of ordinary shares for the purposes of calculating basic earnings per share, the shares that were issued for purchase of a subsidiary pursuant to the Group Reorganisation, capitalisation issue of shares and Common Control Combination, are treated as if they had been in issue throughout both periods.

6. TRADE AND OTHER RECEIVABLES

	30 June 2008	*31 December 2007*
	HK$'000	*HK$'000*
	(Unaudited)	*(Audited and as restated)*
Trade receivables		
— related companies	**405**	4,827
— others	**25,390**	17,516
	25,795	22,343
Rental and utility deposits	**23,927**	16,077
Property rentals paid in advance for restaurants	**9,590**	16,612
Advance to suppliers	**2,087**	1,530
Other receivables and prepayments	**29,293**	22,693
	90,692	79,255

The related companies are companies in which certain directors of the Company, Ms. Poon Wai, Mr. Poon Ka Man, Jason and Mr. Katsuaki Shigemitsu, have significant beneficial interests or a shareholder of the Company, Mr. Cheng Wai Tao, has significant beneficial interest.

Payment terms of customers of independent third parties and related companies relating to sales of noodles and related products are mainly on credit after receiving deposits. Customers are normally granted 60 to 90 days credit period upon issuance of invoices, except for certain well established customers for which the credit terms are up to 180 days. There was no credit period for customers relating to sales from operation of restaurants. The following is an aged analysis of trade receivables net of allowance for doubtful debts at the reporting date:

	30 June 2008 HK$'000 (Unaudited)	*31 December 2007 HK$'000 (Audited and as restated)*
0 to 30 days	**14,149**	11,142
31 to 60 days	**5,454**	3,517
61 to 90 days	**1,965**	1,872
91 to 180 days	**1,415**	407
Over 180 days	**2,812**	5,405
	25,795	22,343

7. AMOUNT DUE FROM A DIRECTOR

The amount was unsecured, interest-free, repayable on demand and was subsequently settled.

8. TRADE AND OTHER PAYABLES

	30 June 2008 HK$'000 (Unaudited)	*31 December 2007 HK$'000 (Audited and as restated)*
Trade payables		
— related companies	**4,462**	5,283
— others	**95,939**	61,860
	100,401	67,143
Payroll and welfare payables	**15,737**	12,243
Customers' deposits received	**1,408**	1,799
Payable for acquisition of property, plant and equipment	**27,894**	21,487
Payable for property rentals	**18,990**	17,063
Other taxes payable	**16,085**	18,313
Others	**16,636**	17,433
	197,151	155,481

The following is an aged analysis of trade payables at the reporting date:

	30 June 2008 HK$'000 (Unaudited)	31 December 2007 HK$'000 (Audited and as restated)
0 to 30 days	**56,429**	47,763
31 to 60 days	**18,714**	11,920
61 to 90 days	**12,456**	3,648
91 to 180 days	**7,578**	1,856
Over 180 days	**5,224**	1,956
	100,401	67,143

DIVIDEND

The Board of Directors did not recommend payment of any interim dividend for the six months ended 30 June 2008.

MANAGEMENT DISCUSSION AND ANALYSIS

Operating Environment

During the first half of 2008, the PRC's Gross Domestic Product ("GDP") still maintained double-digit growth. According to the figures released by the National Bureau of Statistics of China ("NBSC"), in the first six months of 2008, the PRC's GDP was up approximately 10.4% year-on-year and the growth rate was approximately 1.8% lower than that of the same period of last year. The slow down in growth of the PRC economy was largely due to the pressure resulting from the high inflation rate. The general level of Consumer Price Index ("CPI") in the first six months of 2008 rose by approximately 7.9%, representing an approximately 4.7% rise compared with the corresponding period last year. Despite its consecutive fall in May and June, the overall CPI still remained at a relatively high level. Factors such as high consumer products prices, drastic adjustments in the stock market and the uncertain prospect of the property market, have caused a decrease in consumers' income satisfaction level.

The Group's restaurant operation has not been adversely affected by the recent downturn in the global economy. Instead, the Group's chain restaurant business experienced a promising growth momentum. During the reporting period, turnover of the restaurant business reached HK$720,682,000, representing an approximately 68.0% increase compared with the same period last year. Although the decline in the consumer confidence had dampened consumers' desires to spend on durable consumer products such as vehicles and houses, yet the traffic flow in the food and beverage ("F&B") industry, especially for the Fast Casual Restaurants ("FCR") sector like Ajisen, is still on the rise.

The Group's results still grew in a satisfactory manner amid the current sluggish economic, financial and environmental condition. This was primarily attributed to the Group's strong brand effect, high customer loyalty, enhancement on operational management and market exploration and promotion effort, the implementation of the strategic network expansion scheme, the increased investment in product research and development and capacity expansion, as well as the effective cost control measures.

Business Review

During the period under review, the Group's results continued to show a rapid growth momentum. For the six months ended 30 June 2008, turnover reached HK$753,885,000, representing an approximately 66.7% increase compared with the corresponding period last year. Gross profit and net profit reached HK$504,708,000 and HK$123,376,000 respectively, representing increases of approximately 62.1% and approximately 9.9% respectively. Profits attributable to shareholders increased by approximately 8.3% to HK$118,686,000 (2007: HK$109,548,000). The Board of Directors does not recommend distributing interim dividends for the period ended 30 June 2008. Profits from operations of the Group increased by approximately 35.6%, from HK$90,793,000 for the six months ended 30 June 2007, to HK$123,132,000 for the same period in 2008.

The growth of the Group's results was primarily attributed to the rapid expansion of the FCR network. During the reporting period, the total number of the Group's chain restaurants increased 105 to 255 from 150 in first half of 2007, representing an approximately 70% increase compared with the same period of 2007. Amid the slow down of the PRC economy and the frequent occurrence of natural disasters in the first half of 2008, the Group continued to expand the chain restaurant network in full swing. As a result, the restaurant business had experienced rapid growth, revenue had risen to HK$753,885,000 from HK$452,363,000, representing a 66.7% year-on-year increase.

During the reporting period, the Group continued to focus on the expansion of its restaurant network. We strived to further expand in the first-tier cities including Beijing and Shanghai, and further enter into other second and third-tier cities of the inland on a steady manner. As of 30 June 2008, the Group had already entered 19 provinces and 46 cities. During the period under review, new cities include Jinan of Shandong, Huizhou and Zhanjiang of Guangdong, Shishi and Quanzhou of Fujian, and Wenzhou of Zhejiang.

To meet the demand of the rapidly expanding chain restaurant network, we decided to construct four major food manufacturing facilities, aiming to accelerate technological reform and expand capacity. Our production facilities in Shanghai and Chengdu are expected to commence operation by the first half of 2009 and become fully operational by the third quarter in that year. The production facility in Tianjin is expected to put into operation by the fourth quarter of 2009, while the Phase I of the production facility in Dongguan is expected to commence operation by the fourth quarter of 2008. The land costs and relevant government licence fees for our four major food manufacturing facilities were paid in full during the period under review.

To centralise food manufacture and distribution, ensure steady back-end support and utilise economies of scale, in addition to the nine food distribution centres disclosed in the 2007 annual report, two more food distribution centres had been established in Kunming and Guiyang. As of 30 June 2008, the Group had a total of 11 food processing and distribution centres, which could support approximately 380 restaurants.

In the first half of 2008, prices of agricultural products in the PRC have risen at various levels. According to the figures released by the NBSC on 18 July 2008, prices of agricultural products nationwide increased by 22.9% year-on-year on average between January and June. The growth rate accelerated by approximately 14.1% compared with the same period last year. During the reporting period, the Group's raw material costs increased by 4.1% as a result of the price inflation. In response to this situation, the Group adopted timely measures to adjust menu prices in Shanghai from early May of 2008. By the end of June 2008, approximately 54% of our nationwide products had an upward adjustment, with an average increase of 6.1% in menu prices. The increase in menu prices contributed approximately 1.59% of the turnover. The market reacted calmly to our price adjustments and the traffic flow went up instead of going down. The Group's price adjustments were considered modest compared with other fast food chain restaurants. Our timely price adjustments helped maintain the gross profit margin at a reasonable level.

During the period under review, the launch of a series of well planned promotional activities across the country, including the cooperation with certain business partners and various advertising promotions, has resulted in a higher growth on per capital spending and consumption per bill. The promotional activities not only allowed consumers to enjoy the benefits, but also enhanced consumers' brand awareness of the Ajisen brand and their loyalty level. The Group had also placed TV commercials on TV networks with nationwide coverage during the reporting period. These marketing strategies have further strengthened consumers' recognition of the Ajisen brand.

Rental expenses accounted for approximately 13.6% of the Group's turnover for the first half of 2007. During the reporting period under review, this proportion has been reduced by approximately 1.1 percent point to 12.5%, which was mainly due to our selection of smaller size shops for the newly opened restaurants, which are approximately 200 square meters, as such small to medium sized restaurants incurred less rental cost but maximized economic efficiency.

Meanwhile, the Group has also strengthened its brand building efforts to establish a world class system and made the following progress: the centralization of Quality Assurance (QA) system has been implemented across the country; optimization and testing of the Operating Excellence Review ("OER") system was completed; a trial for training examination was launched nationwide; comprehensive and balanced performance system was put on trial in the Southern China market, and the order system was further optimized and implemented in our restaurants as well.

In addition, the Group has fulfilled its commitment made upon the listing by completing the acquisition of Shenzhen Weiqian as expected. At the Extraordinary General Meeting held in Hong Kong on 18 June 2008, we have received over 113 million valid voting shares voting in favour of the Shenzhen Weiqian acquisition and all of such shareholders have shown their full support by passing the acquisition resolution by an unanimous vote. The completion of this major transaction has greatly boosted the overall strength of the Group. Upon the integration of Shenzhen Weiqian to the Group as an entity, the Group will be able to carry out its opening and expansion plan for Shenzhen Weiqian without any restriction and Shenzhen Weiqian will serve as a strategic point of the Group in the Mainland market. The Group will strengthen its effort to further expand its market share in Shenzhen, and the successful acquisition of Shenzhen Weiqian is definitely conducive for us to embark on a new wave of rapid expansion.

Retail Chain Restaurants

In 2008, our main business and primary source of income continued to be our retail chain restaurants. During the period under review, our restaurant business contributed approximately HK$720,682,000, or 95.6%, to the Group's total revenue.

As of 30 June 2008, the Group had a restaurant portfolio totaling 255 Ajisen restaurants, comprising the following:

	30 June 2008	31 December 2007	+/–
By type:			
Owned and managed	**251**	183	68
Managed but not owned	**2**	24	–22
Owned but not managed	**2**	3	–1
Total	**255**	210	45
By province:			
Shanghai	**64**	53	11
Beijing	**18**	14	4
Guangdong (excluding Shenzhen)	**27**	15	12
Shenzhen	**23**	27	–4
Jiangsu	**20**	16	4
Zhejiang	**9**	7	2
Sichuan	**10**	10	0
Chongqing	**6**	4	2
Fujian	**9**	6	3
Hunan	**2**	3	–1
Hubei	**4**	4	0
Liaoning	**7**	5	2
Shandong	**16**	14	2
Guangxi	**1**	1	0
Guizhou	**3**	1	2
Jiangxi	**1**	1	0
Shanxi	**4**	1	3
Yunnan	**1**	1	0
Hong Kong	**27**	24	3
Taiwan*	**2**	2	0
Hainan	**1**	1	0
Total	**255**	210	45
Total saleable area	**66,537 sq. meters**	56,042 sq. meters	10,495 sq. meters

Note:

* Ajisen (China) Holdings Limited holds 15% interest in the two restaurants operated in Taiwan.

	30 June 2008	31 December 2007	+/–
By region			
Northern China	**41**	34	7
Eastern China	**87**	76	11
Southern China	**100**	79	21
Central China	**27**	21	6
Total	**255**	210	45
By format			
Flagship	**25**	25	0
Standard	**219**	174	45
Economy	**11**	11	0
Total	**255**	210	45

Packaged Food Products

The manufacture and sales of packaged noodles under the Ajisen brand name is one of our two main businesses and constitutes a beneficial complement to our major business of restaurant network operation. The Group manufactures fresh packaged noodles in its world-recognized production lines with advanced Japanese technology. This unique and high-quality Ajisen noodle is on sale in many famous supermarkets and helps maintain Ajisen's brand recognition through diversified sales channels.

For the six months ended 30 June 2008, the revenue from sales of packaged food products was HK$33,203,000, accounting for approximately 4.4% of the Group's total revenue.

Apart from our Ajisen chain restaurants, our packaged noodle products are also supplied to other third-party restaurant operators, supermarkets, as well as countries like Australia, Canada, Philippines, Singapore and the United States. Our extensive distribution network comprises of approximately 6,000 points-of-sale in the PRC. Besides existing major customers such as Wal-Mart, Carrefour, City Supermarket, JUSCO and Wellcome, a number of renowned domestic supermarket brands, including Lianhua Supermarket, Sam's Club, Lotus chain supermarket and Suguo Supermarket, were also added to our customer list. Meanwhile, the Group had also appointed distributors in Foshan, Xiamen, Nanning and several other major cities as well.

In addition, the Group also joined forces with renowned brands such as Yurun to conduct co-promotion. By opening sample shops in Shanghai and Shenzhen, the Group differentiate itself from its competitors with its high-end position, while our diversified sales channels is also a perfect demonstration of Ajisen's brand value.

Financial Review

Turnover

The Group's turnover from restaurant operations increased by approximately HK$291,688,000 or 68.0%, from approximately HK$428,994,000 for the six months ended 30 June 2007, to approximately HK$720,682,000 for the same period in 2008. Such increase was mainly attributed to the increase of the Group's chain restaurants from 210 as at 31 December 2007 to 255 as at 30 June 2008.

Cost of sales

The Group's cost of sales increased by approximately HK$108,099,000 or 76.6%, from approximately HK$141,078,000 for the six months ended 30 June 2007, to approximately HK$249,177,000 for the same period in 2008, which was higher than the growth rate of our turnover and was mainly due to the significant increase in raw materials costs from the price inflation. The proportion of cost of sales to turnover for the first half of 2008 was approximately 33.1%, as compared to 31.2% for the same period in 2007.

Gross margin

Driven by the above factors, the Group's gross profit increased by approximately HK$193,423,000 or approximately 62.1%, from approximately HK$311,285,000 for the six months ended 30 June 2007, to approximately HK$504,708,000 for the same period in 2008. The gross margin decreased to 66.9% in the first six months of 2008 from 68.8% for the same period in 2007. The drop in gross margin was mainly attributed to the increase in raw materials costs caused by the high inflation.

Other income

The Group's other income decreased by approximately HK$8,631,000, from approximately HK$45,504,000 for the six months ended 30 June 2007, to approximately HK$36,873,000 for the same period in 2008, primarily due to a combined result of: (i) interest income from bank deposit of the Company decreased significantly by approximately HK$24,514,000, (ii) fair values changes in respect of other financial assets and investment properties increased by approximately HK$2,293,000 and HK$6,636,000 respectively, and (iii) Government subsidies increased by approximately HK$3,452,000.

Distribution and selling expenses

The Group's distribution and selling expenses increased by approximately HK$108,271,000 or 90.1%, from approximately HK$120,179,000 for the six months ended 30 June 2008, to approximately HK$228,450,000 for the same period in 2008, primarily attributed to the increase in salary and welfare expenses of restaurant staffs, utility charges, costs of consumables and utensils and depreciation costs caused by the increase of chain restaurants operated by the Company. For the first six months of 2008, the proportion of distribution and selling expenses to turnover was approximately 30.3%, compared to approximately 26.6% for the same period in 2007.

Administrative expenses

The Group's administrative expenses increased by approximately HK$22,201,000 or 60.5%, from approximately HK$36,689,000 for the six months ended 30 June 2007, to approximately HK$58,890,000 for the same period in 2008, primarily due to an increase in administrative staff salaries and senior management's welfare. Besides, the Group also incurred extra expense for the acquisition of Shenzhen Weiqian. For the six months ended 30 June 2007 and 2008, the proportion of administrative expenses to the Company's turnover was 8.1% and 7.8%, respectively.

Profit before taxation

Profit before taxation increased by approximately HK$23,708,000 or 17.4%, from approximately HK$136,297,000 for the six months ended 30 June 2007, to approximately HK$160,005,000 for the same period in 2008, as a result of the cumulative impact of the foregoing factors.

Assets and liabilities

As at 30 June 2008, net current assets were approximately HK$1,493,039,000 with a current ratio of 4.2. As the company is primarily engaged in the F&B business, most of our sales are paid in cash. As a result, we are able to maintain a relatively high ratio of current assets to achieve better utilization of our working capital.

Cashflow

Net cash inflow from operations for the six months ended 30 June 2008 was approximately HK$161,799,000, while our profit before taxation for the same period was approximately HK$160,005,000. The difference was mainly due to the increase in trade and other payables. The increase in trade and other payables was due to the increased purchase of raw materials and other goods from suppliers as a result of the increase of chain restaurants managed by the Group during the period.

Capital expenditure

The Group's capital expenditure was approximately HK$156,671,000 for the six months ended 30 June 2008, which was primarily related to (i) our acquisition of property, plant and equipment and establishment of new restaurants; and (ii) acquisition of investment properties for the purpose of capital appreciation.

Key financial ratios for restaurant operations

		Hong Kong	PRC
Same-store sales growth	:	0.5%	7.8%
Turnover per GFA	:	HK$330/day	RMB54/day
Turnover per day per restaurant	:	HK$27,864/ restaurant/day	RMB18,453/ restaurant/day
Traffic flow per day	:	489 persons/ restaurant/day	499 persons/ restaurant/day
Per capita spending	:	HK$57	RMB37
Table turnover per day	:	8/day	6/day

Outlook for the second half of 2008 and beyond

During the second half of 2008, the Group will further expand the chain restaurant network and in particular will focus on the southern and eastern regions of China to achieve the goal of operating a total of 320 restaurants by the end of 2008. The Group will increase its support to mature coastal markets such as Jiangsu, Zhejiang, Fujian and Guangdong. We will also seize the opportunities arising from the increasing urbanisation rate of cities in the central and western regions to expand our business into cities like Hubei, Hunan, Jiangxi, Sichuan and Shaanxi in a timely manner. While further strengthening our expansion in existing markets, the Group will also increase its pace in entering the untapped markets. Our foray into the markets in Hebei and Henan will become the focus of our expansion in the second half of the year.

The Group will continuously strengthen the effort in providing training to our staff members. With the rapid expansion of our restaurant network, it has become a top priority for us to possess adequate operating management personnel. The Group has built up a system for recruiting and training staff for the forefront operation, ensuring the continuous provision of qualified restaurant managers and supervisors for our restaurants distributed nationwide. Moreover, the Group has prepared a full set of training course materials for both basic and advanced management courses. During the period under review, we have over 450 personnel participated in the training or re-training courses, which has further enhanced our restaurant management team's capabilities.

Further, the Group will also expedite the construction of the four new production facilities. In the second half of this year and the year 2009, the Group will finalize the land acquisition for the four new production facilities in Shanghai, Dongguan, Tianjin and Chengdu. The construction capital for the Phase II will be gradually injected for the use of civil construction, procurement and installation of mechanical equipment, so as to ensure the early completion of the four major production facilities. Upon the completion of the four major new food manufacturing facilities, the Group estimates that their capacity will be able to support approximately 1,500 chain restaurants.

With regard to marketing, the Group will continue to initiate a series of promoting activities in the second half of the year to make people aware and become familiar with our products, attract and retain more customers. Through the above efforts, we are aiming to increase the traffic flow and the sales amounts, in order to increase the brand awareness and enhance our brand image amongst the customers.

OTHER INFORMATION

Compliance with the Code on Corporate Governance Practices

The Company has complied with all applicable code provisions under the Code on Corporate Governance Practices (the "Code") as set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") for the six months ended 30 June 2008, save and except for the deviation from the Code provision A.2.1, namely, the roles of the chairman and chief executive officer ("CEO") have not been separated. Although Ms. Poon Wai performs both the roles of Chairman and CEO, the division of responsibilities between the Chairman and CEO are clearly established and set out in writing. In general, the Chairman is responsible for supervising the functions and performance of the Board of Directors (the "Board"), while the CEO is responsible for the management of the business of the Group. The two roles are performed by Ms. Poon distinctly. The Board believes that at the current stage of development of the Group, vesting the roles of both Chairman and CEO in the same person provides the Company with strong and consistent leadership and allows for effective and efficient planning and implementation of business decisions and strategies. It also considers that the current structure does not impair the balance of power and authority between the Board and the management of the Company. However, it is the long-term objective of the Company to have these two roles performed by separate individuals when suitable candidates are identified.

Compliance with the Model Code for Securities Transactions by Directors of Listed Issuers

The Company has adopted a code of conduct regarding securities transactions by Directors on terms no less exacting than the required standard (the "Required Standard") of the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Listing Rules.

The Company has made specific enquiry to all Directors, and all Directors have confirmed that, throughout the six months ended 30 June 2008, they were in compliance with the Required Standard.

Audit Committee Review

The Audit Committee, which comprises three independent non-executive Directors, namely Mr. Jen Shek Voon, Mr. Lo Peter and Mr. Wang Jincheng and one non-executive Director, Mr. Wong Hin Sun, Eugene, reviews the accounting principles and practices adopted by the Company and discusses auditing, internal controls and financial reporting matters. Mr. Yan Yu resigned as an Audit Committee member on 9 September 2008 and Mr. Wang Jincheng replaced Mr. Yan Yu as an Audit Committee member on 9 September 2008. The Company's unaudited interim results for the six months ended 30 June 2008 have been reviewed by the Audit Committee and Deloitte Touche Tohmatsu, the auditors of the Company.

Purchase, Sale or Redemption of the Company's Listed Securities

Neither Ajisen nor any of its subsidiaries purchased, sold or redeemed any of the listed securities of Ajisen for the six months ended 30 June 2008.

Employee's Remuneration and Policy

As at 30 June 2008, the Group employed 9,385 persons (30 June 2007: 5,402 persons), most of the Group's employees work in the chain restaurants of the Group in the PRC. The number of employees will be changed from time to time as may be necessary and the remuneration will be determined by reference to the practice of the industry.

The Group conducted regular reviews on its remuneration policy and overall remuneration payment. Besides retirement scheme and internal training courses, employees may be granted discretionary bonus and/or share options based on their performances.

The total remuneration payment of the Group for the six months ended 30 June 2008 was HK$120,186,000 (30 June 2007: HK$61,372,000).

The 2008 Interim Report of the Company will be despatched to the shareholders of the Company and will also be published on the Company's websites at www.ajisen.com.hk and www.ajisen.com.cn and the Stock Exchange's website at www.hkex.com.hk in due course.

By order of the Board
Ajisen (China) Holdings Limited
Poon Wai
Chairman

Hong Kong, 19 September 2008

As at the date of this announcement the Board comprises, Ms. Poon Wai, Mr. Yin Yibing and Mr. Poon Ka Man, Jason as executive Directors; Mr. Katsuaki Shigemitsu and Mr. Wong Hin Sun, Eugene as non-executive Directors; and Mr. Lo Peter, Mr. Jen Shek Voon and Mr. Wang Jincheng as independent non- executive Directors.

Certain statements contained in this announcement, such as statements regarding the business outlook of the Group, business plan and developing strategy projections, may be viewed as "forward-looking statements". Such forward-looking statements are made on the basis of existing information of the Group as well as the then outlook at the date of this announcement, and are incorporated into this announcement. Such forward-looking statements are made pursuant to certain predictions, assumptions and prerequisites, some of which involve subjective factors or factors out of our control. They may be proved untrue or may not be realized in the future. These forward-looking statements involve known and unknown risks and uncertainties and further information regarding these risks, uncertainties is included in other disclosed documents of the Company.