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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 2009

INTERIM RESULTS HIGHLIGHTS

- Turnover rose by 24.3% to HK$937 million (corresponding period of 2008: HK$754 million)
- Profit from core operations of the Group rose by 26.3% to HK$157.8 million (corresponding period of 2008: HK$124.9 million)
- Gross profit margin improved by 0.8 percentage point to 68.9% (corresponding period of 2008: 68.1%)
- Profit attributable to owners of the Company grew by 12.1% to HK$133.1 million (corresponding period of 2008: HK$118.7 million)
- Basic earnings per share increased by HK1.34 cents to HK12.46 cents, representing 12.1% increased (corresponding period of 2008: HK11.12 cents)
- Total number of restaurants reached 350 by 30 June 2009 and 361 as at the date of this announcement

The Board of directors (the "Board") of Ajisen (China) Holdings Limited (the "Company" or "Ajisen") announces the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively, the "Group") for the six months ended 30 June 2009, together with the comparative figures for the corresponding period in 2008 as follows:

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2009

		Six months ended 30 June	
		2009	2008
	NOTES	***HK$'000***	*HK$'000*
		(Unaudited)	*(Unaudited and as restated)*
Turnover	*2*	**936,951**	753,885
Other income		**23,174**	27,866
Other gains and losses		**432**	7,209
Cost of inventories consumed		**(291,815)**	(240,406)
Staff costs		**(163,730)**	(135,213)
Depreciation		**(58,476)**	(39,705)
Property rentals and related expenses		**(138,870)**	(104,447)
Other operating expenses		**(126,267)**	(109,174)
Finance costs		**(879)**	(10)
Profit before taxation	*3*	**180,520**	160,005
Taxation	*4*	**(41,814)**	(36,629)
Profit for the period		**138,706**	123,376
Other comprehensive income			
Exchange differences arising on translation		**664**	44,080
Fair value gain (loss) on available-for-sale investments		**50**	(18)
Reclassify to profit or loss on disposal of available-for-sale investments		**(86)**	–
Surplus on revaluation of properties		**–**	5,305
Income tax relating to components of other comprehensive income		**–**	(1,326)
Other comprehensive income for the period (net of tax)		**628**	48,041
Total comprehensive income for the period		**139,334**	171,417

	NOTE	Six months ended 30 June **2009** ***HK$'000*** ***(Unaudited)***	 2008 *HK$'000* *(Unaudited* *and as restated)*
Profit for the period attributable to:			
Owners of the Company		**133,081**	118,686
Minority interests		**5,625**	4,690
		138,706	123,376
Total comprehensive income attributable to:			
Owners of the Company		**133,545**	165,208
Minority interests		**5,789**	6,209
		139,334	171,417
		HK cents	*HK cents*
Earnings per share	*5*		
– Basic		**12.46**	11.12
– Diluted		**12.46**	11.01

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	NOTES	As at 30 June 2009 HK$'000 (Unaudited)	As at 31 December 2008 HK$'000 (Audited)
Non-current assets			
Investment properties		**104,196**	96,868
Property, plant and equipment		**548,847**	528,356
Prepaid lease payments		**38,629**	39,293
Deposits paid for acquisition of property, plant and equipment		**5,951**	4,324
Deposits paid for acquisition of land lease		**37,810**	24,809
Rental deposits		**49,328**	49,286
Goodwill		**37,135**	37,135
Deferred tax assets		**3,355**	3,685
Available-for-sale investments		**537**	2,109
		825,788	785,865
Current assets			
Inventories		**46,184**	51,973
Trade and other receivables	*6*	**81,850**	89,281
Amounts due from related parties		**26**	9,117
Taxation recoverable		**1,499**	3,130
Other financial assets		**–**	253,940
Bank balances and cash		**1,772,317**	1,382,752
		1,901,876	1,790,193
Current liabilities			
Trade and other payables	*7*	**232,193**	225,534
Amounts due to related companies		**8,830**	13,595
Amounts due to directors		**3,646**	1,166
Amounts due to a shareholder		**13,356**	12,728
Dividend payable		**100,896**	1
Taxation payable		**40,657**	36,514
Secured bank loans – current		**3,818**	3,768
		403,396	293,306
Net current assets		**1,498,480**	1,496,887
Total assets less current liabilities		**2,324,268**	2,282,752

	As at 30 June 2009 *HK$'000* *(Unaudited)*	As at 31 December 2008 *HK$'000* *(Audited)*
Non-current liabilities		
Deferred tax liabilities	**8,696**	7,294
Secured bank loans – non-current	**61,402**	63,324
	70,098	70,618
Net assets	**2,254,170**	2,212,134
Capital and reserves		
Share capital	**106,769**	106,769
Reserves	**2,110,793**	2,074,546
Equity attributable to owners of the Company	**2,217,562**	2,181,315
Minority interests	**36,608**	30,819
Total equity	**2,254,170**	2,212,134

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 have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") since 30 March 2007. Its immediate holding company is Favour Choice Group Limited, a company incorporated in the British Virgin Islands and wholly-owned by Anmi Holding Company Limited, 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 "Corporate Information" section of the 2009 Interim Report.

The Group changed the analysis of expenses from a classification based on their function within the Group to a classification based on the nature of the expenses in preparing its consolidated financial statements for the year ended 31 December 2008. Hence, the condensed consolidated income statement for the six months ended 30 June 2008 has been restated for presentation on the expense classification.

In addition, the functional currency of the Company was changed from Hong Kong dollars to Renminbi ("RMB") on 1 January 2009 as the Group focused the chain restaurant network expansion in Mainland China (the "PRC"). The functional currency of the PRC operating subsidiaries of the Company is RMB. The functional currency of Hong Kong operating subsidiaries is Hong Kong dollars.

Basis of Preparation

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

Principal Accounting Policies

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

In the current interim period, the Group has applied, for the first time, the following new and revised Hong Kong Accounting Standards (“HKASs”), amendments and the related Interpretations (“HK(IFRIC)s”) (“new and revised HKFRSs”) issued by HKICPA, which are effective for the Group’s financial year beginning on 1 January 2009.

HKAS 1 (Revised 2007)	Presentation of Financial Statements
HKAS 23 (Revised 2007)	Borrowing Costs
HKAS 32 and 1 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation
HKFRS 1 & HKAS 27 (Amendments)	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
HKFRS 2 (Amendment)	Vesting Conditions and Cancellations
HKFRS 7 (Amendment)	Improving Disclosures about Financial Instruments
HKFRS 8	Operating Segments
HK(IFRIC) – Int 9 & HKAS 39 (Amendments)	Embedded Derivatives
HK(IFRIC) – Int 13	Customer Loyalty Programmes
HK(IFRIC) – Int 15	Agreements for the Construction of Real Estate
HK(IFRIC) – Int 16	Hedges of a Net Investment in Foreign Operation
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2008, except for the amendment to HKFRS 5 that is effective for annual periods beginning or after 1 July 2009
HKFRSs (Amendments)	Improvements of HKFRSs issued in 2009 in relation to the amendment to paragraph 80 of HKAS 39

The accounting policies used in the condensed consolidated financial statements are consistent with those followed in the preparation of the Group’s annual financial statements for the year ended 31 December 2008 except for those described below.

HKAS 23 (Revised 2007) Borrowing Costs

In previous years, the Group expensed all borrowing costs that were directly attributable to the acquisition, construction or production of a qualifying asset when they were incurred. HKAS 23 (Revised 2007) removes the option available under the previous version of the standard to recognise all borrowing costs as expenses immediately and requires borrowing costs to be capitalised as part of the cost of a qualifying asset. The revised accounting policy has been applied prospectively and does not have a material effect on the reported results and financial position of the Group for the current or prior accounting periods.

HKAS 1 (Revised 2007) Presentation of Financial Statements

HKAS 1 (Revised 2007) has introduced a number of terminology changes, including revised titles for the condensed consolidated financial statements, and has resulted in a number of changes in presentation and disclosure. However, HKAS 1 (Revised 2007) had no impact on the reported results or financial position of the Group.

HKFRS 8 Operating Segments

HKFRS 8 is a disclosure standard that requires the identification of operating segments to be performed on the same basis as financial information that is reported internally for the purpose of allocating resources between segments and assessing their performance. The predecessor standard, HKAS 14 Segment Reporting, required the identification of two sets of segments (business and geographical) using a risks and returns approach. In the past, the Group's primary reporting format was geographical segments by location of customers. The application of HKFRS 8 has resulted in a redesignation of the Group's reportable segments as compared with the primary reportable segments determined in accordance with HKAS 14 (see note 2).

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

The Group has not early applied the following new or revised standards, amendments or interpretations that have been issued but are not yet effective:

HKFRS (Amendments)	Amendment to HKFRS 5 as part of Improvements to HKFRSs issued in 2008[1]
HKFRS (Amendments)	Improvements to HKFRSs issued in 2009[2]
HKAS 27 (Revised in 2008)	Consolidated and Separate Financial Statements[1]
HKAS 39 (Amendment)	Eligible Hedged Items[1]
HKFRS 1 (Amendment)	Additional Exemptions for First-time Adopters[4]
HKFRS 2 (Amendment)	Group Cash-settled Share-based Payment Transactions[4]
HKFRS 3 (Revised in 2008)	Business Combinations[1]
HK(IFRIC) – Int 17	Distributions of Non-cash Assets to Owners[1]
HK(IFRIC) – Int 18	Transfer of Assets from Customers[3]

1 Effective for annual periods beginning on or after 1 July 2009
2 Effective for annual periods beginning on or after 1 July 2009 and 1 January 2010, as appropriate
3 Effective for transfers on after 1 July 2009
4 Effective for annual periods beginning on or after 1 January 2010

The adoption of HKFRS 3 (Revised 2008) may affect the Group's accounting for business combinations for which the acquisition dates are on or after 1 January 2010. HKAS 27 (Revised 2008) will affect the accounting treatment for changes in the Group's ownership interest in a subsidiary. The Directors anticipate that the application of other new and revised standards, amendments or interpretations will have no material impact on the results and the financial position of the Group.

2. SEGMENT INFORMATION

The Group has adopted HKFRS 8 Operating Segments with effect from 1 January 2009. HKFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the Directors, the chief operating decision maker, in order to allocate resources to segments and to assess their performance. In contrast, the predecessor Standard (HKAS 14 Segment Reporting) required an entity to identify two sets of segments (business and geographical) using a risks and returns approach, with the entity's "system of internal financial reporting to key management personnel" serving only as the starting point for the identification of such segments. As a result, following the adoption of HKFRS 8, the identification of the Group's reportable segments has changed. In the past, the Group's primary reporting format was geographical segments by location of customers. However, information reported to the Group's chief operating decision maker for the purposes of resource allocation and assessment of performance is more specifically focused on the Group's two operating divisions, namely operation of restaurants and manufacture and sales of noodles and related products. The Group's reportable segments under HKFRS 8 are as follows:

Operation of restaurants	–	operation of restaurants in the PRC
	–	operation of restaurants in Hong Kong
Manufacture and sales of noodles and related products	–	manufacture and sales of packaged noodles and related products

Information regarding these segments is presented below. Accounts reported for the prior period have been restated to conform the requirements of HKFRS 8.

For the period ended 30 June 2009

	Operation of restaurant			Manufacture and sales of noodles and related products	Elimination	Total
	PRC	**Hong Kong**	**Total**			
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Turnover						
– external sales	**771,410**	**120,911**	**892,321**	**44,630**	**–**	**936,951**
– inter-segment sales *(note)*	**–**	**–**	**–**	**153,352**	**(153,352)**	**–**
	771,410	**120,911**	**892,321**	**197,982**	**(153,352)**	**936,951**
Results	**179,582**	**13,815**	**193,397**	**7,221**	**–**	**200,618**
Unallocated income						**6,605**
Unallocated expenses						**(25,824)**
Finance costs						**(879)**
Profit before taxation						**180,520**
Taxation						**(41,814)**
Profit for the period						**138,706**

For the period ended 30 June 2008

	Operation of restaurant			Manufacture and sales of noodles and related		
	PRC	Hong Kong	Total	products	Elimination	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Turnover						
– external sales	608,004	112,678	720,682	33,203	–	753,885
– inter-segment sales *(note)*	–	–	–	117,648	(117,648)	–
	608,004	112,678	720,682	150,851	(117,648)	753,885
Results	137,110	21,385	158,495	5,290	–	163,785
Unallocated income						23,991
Unallocated expenses						(27,761)
Finance costs						(10)
Profit before taxation						160,005
Taxation						(36,629)
Profit for the period						123,376

Note: Inter-segment sales are charged at prevailing market rates.

Segment profit represents the profit earned by each segment without allocation of central administration costs and directors' salaries, investment income and finance costs. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

All of the Group's revenue from external customers are attributed to the country of domicile of the relevant group entities, which is the PRC and Hong Kong, during the six months ended 30 June 2009 and 30 June 2008 respectively.

None of the customers accounted for 10% or more of the total turnover of the Group during the six months ended 30 June 2009 and 30 June 2008 respectively.

3. PROFIT BEFORE TAXATION

	Six months ended 30 June	
	2009	2008
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Profit before taxation has been arrived at after charging:		
Cost of inventories consumed *(note a)*	**291,815**	240,406
Advertising and promotion expenses	**6,924**	6,472
Fuel and utility expenses	**49,004**	36,582
Operating lease rentals in respect of		
– land lease	**673**	309
– rented premises *(note b)*	**122,876**	93,917

Notes:

a. This represents costs of raw materials and consumerables used.

b. Included in the operating lease rentals in respect of rental premises are minimum lease payments of approximately HK$82,766,000 (six months ended 30 June 2008: HK$68,867,000) and contingent rent of approximately HK$40,110,000 (six months ended 30 June 2008: HK$25,050,000).

4. TAXATION

	Six months ended 30 June	
	2009	2008
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Hong Kong profits tax		
– current year	**2,307**	4,029
– overprovision in prior periods	**–**	(887)
	2,307	3,142
PRC income tax		
– current year	**36,886**	35,845
– under(over)provision in prior periods	**889**	(5,298)
	37,775	30,547
	40,082	33,689
Deferred taxation	**1,732**	2,940
	41,814	36,629

Hong Kong profits tax is recognised on annual income tax rate of 16.5% for the periods under review.

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

Under relevant tax law and implementation regulations in the PRC, dividends paid out of the net profits derived by the PRC operating subsidiaries after 1 January 2008 are subject to PRC withholding tax in a rate of 10% or a lower treaty rate in accordance with relevant tax laws in the PRC. Under the relevant tax treaty, withholding tax rate on distributions to Hong Kong resident companies is 5%. Therefore, withholding tax has been provided for based on the anticipated dividends to be distributed by the PRC entities.

5. EARNINGS PER SHARE

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

	Six months ended 30 June	
	2009	2008
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Earnings for the purposes of basic and diluted earnings per share, being profit for the period attributable to owners of the Company	**133,081**	118,686
	Number of shares	
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	**1,067,687,070**	1,067,497,332
Effect of dilutive potential ordinary shares relating to:		
– outstanding share options	**–**	10,227,444
Weighted average number of ordinary shares for the purpose of calculating diluted earnings per share	**1,067,687,070**	1,077,724,776

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 common control combination, which the details are set out in the prospectus and circular of the Company dated 19 March 2007 and 28 May 2008 respectively, are treated as if they had been in issue from 1 January 2008.

The outstanding share options do not have a dilutive effect to the Company's earnings per share during the six months ended 30 June 2009 because the exercise prices of the Company's share options were higher than the average market prices of the Company's shares during period.

6. TRADE AND OTHER RECEIVABLES

	30 June 2009	31 December 2008
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Trade receivables		
– related companies	**381**	404
– others	**28,679**	26,137
	29,060	26,541
Rental and utility deposits	**26,604**	30,604
Property rentals paid in advance for restaurants	**3,558**	5,194
Advance to suppliers	**6,562**	3,171
Other receivables and prepayments	**16,066**	23,771
	81,850	89,281

The related companies are companies in which the Director, Ms. Poon Wai has significant beneficial interests or a shareholder of the Company, Mr. Cheng Wai Tao, has significant beneficial interest.

Payment terms for customers who are 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 2009	31 December 2008
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
0 to 30 days	**18,161**	14,121
31 to 60 days	**4,133**	4,040
61 to 90 days	**2,161**	2,674
91 to 180 days	**2,890**	2,279
Over 180 days	**1,715**	3,427
	29,060	26,541

7. TRADE AND OTHER PAYABLES

	30 June 2009	31 December 2008
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Trade payables		
– related companies	6,512	7,263
– others	98,152	96,659
	104,664	103,922
Payroll and welfare payables	24,544	22,944
Customers' deposits received	5,063	3,824
Payable for acquisition of property, plant and equipment	33,381	32,975
Payable for property rentals	35,225	30,944
Other taxes payable	19,594	15,007
Others	9,722	15,918
	232,193	225,534

The related companies are companies in which Mr. Kasuaki Shigemitsu has significant beneficial interest.

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

	30 June 2009	31 December 2008
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
0 to 30 days	72,411	58,791
31 to 60 days	14,587	18,840
61 to 90 days	3,489	7,696
91 to 180 days	6,117	8,298
Over 180 days	8,060	10,297
	104,664	103,922

DIVIDEND

The Board did not recommend payment of any interim dividend for the six months ended 30 June 2009.

MANAGEMENT DISCUSSION AND ANALYSIS

Industry Review

During January to June of 2009, being affected by the unprecedented global financial crisis, the hard-hit global economy entered into its critical moment. Although the economy has not yet recovered, factors causing further decline are gradually receding. As the stimulus policy exhibited its effects in major developed countries, investors' sentiment in the international financial markets has become more stable, and the economic situation has been improving in most countries. In China, despite the slow down of year-on-year growth of the national economy, the trend of steady recovery was basically confirmed.

The PRC government proposed to expand domestic consumption as the driving force for boosting economic growth. Consumption becomes an important force for promoting economic growth after investment and exports. Growth in consumption becomes essential to the recovery of the economy. According to the data of the National Bureau of Statistics, the contribution from end user consumption to the growth of domestic economy for the first half of the year was 53.4%, and leading a 3.8% growth in GDP. Of which, the total retail sales of housing together with food and beverages ("F&B") amounted to RMB851.4 billion, recorded a year-on-year increase of 18.1%, which became an important force for promoting consumption and expanding domestic demand. However, the growth rate slowed down by 5.6% as compared with the corresponding period last year. In the meantime, the consumer price index ("CPI") in China fell by 1.1% during the first half of 2009 as compared with the corresponding period of last year, and recorded negative growth for five consecutive months. This reflected the fact that aggregate domestic market demand and spending power were still weak.

The continuous fall in CPI demonstrates that the consumption power of the consumers is shrinking. As a result, the total retail sales for the F&B industry decreased. According to an industry research, the pace of expansion for F&B chain enterprises slowed down during the first half of 2009. Despite that fast causal restaurants ("FCR") cater for the daily F&B needs of consumers and subject to a relatively smaller impact from the financial crisis compared with high-end consumer goods or bulk commodities, the Group still faced challenges under the slow-moving economic environment. Nevertheless, the Group remained prudently optimistic about the economic outlook for the year as a whole. The Group believes that the fundamentals for the development of F&B industry remain sound, and there is huge potential for growth. In particular, as a high-end FCR chain operator, the Group is poised to benefit from the growth in domestic consumption when the economy recovered. In addition, the PRC government's policies to boost domestic consumption, promote spending and accelerate the strategic development of service sector will also bring in unprecedented opportunities to the F&B industry, especially chain restaurant operators. This will help FCR to continue enjoy accelerated growth.

While both threats and opportunities coexisted during the first half of 2009, the group realigned its network expansion strategies to emphasize quality and to ensure the profitability of the newly opened restaurants while maintaining rapid expansion. A series of measures were implemented to maximise profitability by controlling costs effectively and by mitigating the unfavourable impact on sales arising from a recessive market. By leveraging on strong brand equity, sustainable network expansion, industrialised business model and uncompromising product quality, the Group maintained steady growth under adverse environment. Moreover, excelled over stiff competition recently, the Group has been selected as one of the F&B service suppliers for the 2010 Shanghai World Expo. Two Ajisen restaurants will be opened at the landmark buildings of the Expo Park to showcase the distinctive Ajisen concept to the world. Upon the recovery of the economy, the Group will grasp the opportunities to accelerate its business development, and to reward its investors with even more solid results.

Business Review

During the first half of 2009, although market demand was weakened due to tightened consumer spending as a result of the adverse economic environment, the Group was still able to achieve significant growth. Double-digit growth was recorded both for turnover and profit compared with the same period last year. As at 30 June 2009, turnover increased by approximately 24.3% to approximately HK$936,951,000 from approximately HK$753,885,000 in the corresponding period of 2008. Gross profit grew by approximately 25.6% year-on-year to approximately HK$645,136,000. Net profit grew by approximately 12.4% year-on-year to approximately HK$138,706,000. Profit attributable to owners of the Company increased by approximately 12.1% to approximately HK$133,081,000. Basic earnings per share increased from HK11.12 cents to HK12.46 cents as compared with the same period last year. It is worth noting that during the reporting period, profit from core operations of the Group (defined as profit before taxation excluding other income, other gains and losses and finance costs) amounted to approximately HK$157,793,000, representing an increase of approximately 26.3% compared with the same period last year. Such growth rate was higher than the growth rate in turnover of 24.3%. This demonstrates that despite the sluggish market environment, the core operations of the Group were still conducted in a normal manner and had achieved good results.

During the reporting period, the rapid growth in the Group's business was mainly derived from the further expansion of its FCR network. As at 30 June 2009, the Group had a total of 350 chain restaurants, an increase of about 37.3% from 255 chain restaurants as compared with the same period last year. At present, the Group's restaurant network covers a total of 61 cities in 19 provinces in China. In view of the sluggish macro-economic environment, during the reporting period, the Group devoted more efforts to ensure the quality of new restaurants while maintaining steady growth. Also, during the reporting period, the newly opened restaurants were mainly standard in scale, which brought higher table turnover and higher sales per square metre to the Group. Furthermore, to achieve economies of scale, the Group has been focusing on adding more restaurants to the existing markets, namely the provinces and cities in which the Group already has restaurants in operation in order which would in turn enhance operational efficiency and ensure profitability.

In order to support the rapid expansion of the Group's FCR network, the Group has been actively engaged in the construction of four new production bases, namely in Shanghai, Tianjin, Dongguan and Chengdu. The Group has adjusted the pace for the construction of its production bases by adopting the method of completing the construction in different phases so as to be in line with the pace of FCR network expansion. Phase 1 of the Dongguan production base commenced operation in the fourth quarter of 2008. The production base in Shanghai is expected to start operation in the fourth quarter of 2010. The production bases in Chengdu and Tianjin will be postponed and expected to commence operation in the second half of 2010 and in 2011 respectively.

During the reporting period, the Group established a new food manufacturing and processing centre in Xian, which increased the total number of the centres to 12. The Group is also in the process of upgrading the production capabilities of its existing food manufacturing and processing centres, to provide sufficient and steady support for its growing FCR network. The food manufacturing and processing centres in Wuhan and Chengdu have completed their relocation and upgrade respectively during the reporting period. They are now well-equipped to support more restaurants at its peripheral area.

In the meantime, to fully explore the market potential and to maintain steady growth of sales under sluggish business environment, during the reporting period, the Group continually introduced various marketing campaigns throughout China, and has attracted a great number of new and existing customers to dine at its restaurants. These enticing promotion activities included cross-selling campaigns with well-known companies in other industries. For instance, through joint promotion with major banks such as Bank of Communications and China Merchants Bank, clientele base has been extended for both the Group and the banks as a result of the gearing effect. The Group has also engaged in joint campaigns with famous brands which have large membership base and similar clientele, such as Ctrip and Watson's. All of these efforts brought along substantial and additional customer flow, which significantly enhanced daily turnover. Customers dining at Ajisen restaurants enjoyed consumption experiences from the Japanese culture; while to the restaurants, both transaction count ("TC") and transaction average ("TA") increased.

During the reporting period, the Group adopted various revenue raising and cost cutting measures to enhance its operating efficiency and ensure its profitability. On the one hand, proactive efforts were devoted to expand its operation and promote its sales. On the other hand, stringent cost control measures were implemented in full force. Of which, the control over major costs such as inventory consumed and labour costs witnessed preliminary results during the reporting period.

During the reporting period, the Group's cost of inventories consumed as a proportion to turnover was approximately 31.1%, indicating a reduction of 0.8 percentage point from that of the corresponding period last year. Accordingly, gross profit margin increased from 68.1% in the corresponding period of 2008 to 68.9% during the reporting period. This was mainly realized through strategic stocking of raw materials, research and development of substitutional ingredients, and improvement in manufacturing techniques. The lower market price of agricultural products during the first half of 2009 has contributed to the higher gross profit margin as well. However, since the end of second quarter, some major food ingredient such as oil and lard, and fatty beef have experienced relatively significant price hike. By leveraging on accurate market forecasts, the Group has successfully locked up the purchasing prices in advance. The Group believes that negative influences overcast by price fluctuation would be minimised, and gross profit margin for the whole year could be maintained at the similar level of the interim results.

During the reporting period, the Group achieved effective control over labour costs. Labour costs as a proportion to turnover fell from approximately 17.9% in the corresponding period last year to approximately 17.5%, a decrease of approximately 0.4 percentage point. The control over labour costs was mainly derived at the corporate level. Through organization restructuring, standardization of salary grading system, optimization of headcount and salaries of office staff, the Group attained better rationalisation both on the allocation of staff and on the organisation structure at the headquarters after the listing. Labour costs were also under control. At the restaurant level, the Group enacted new standards for staff allocation based on the scale of the restaurant. Control over working time was implemented through optimized scheduling method. Efficiency was enhanced whilst costs were also saved.

During the reporting period, rental and related costs as a proportion to turnover of the Group was 14.8%, which increased from 13.9% in the corresponding period of last year. Although the proportion increased, the Group has actually managed to obtain many favourable leasing conditions in the reporting period. The Group has taken the opportunities to extend the co-operation and to negotiate with its strategic partners during the economic downturn. The main reason that no significant improvement in rental costs proportion can be seen is because many of the Ajisen restaurants are still in their developing stage.

During the reporting period, the Group continued to integrate and optimize the allocation of resources, which further enhanced efficiencies in operation and management. The Group's Enterprise Resource Planning ("ERP") system, which is under construction as scheduled, will provide an integrated information platform to improve internal management. During the reporting period, the ERP system for the Group's subsidiaries in Shanghai, Jiangsu Province and Zhejiang Province have completed trial run and officially commenced operation on 1 July 2009. The construction of the ERP systems for Beijing, Shandong Province and southern China are expected to be completed by 2010 and early 2011 respectively. Upon the completion of this system, it will enhance the efficiency in decision making across different departments, standardise work flows, and enable timely internal control.

A team of energetic front line restaurant managers form the basis to bolster rapid expansion of the Group's restaurant network. In order to provide adequate backup to its restaurants, the Group actively engaged in various training and incentive schemes during the reporting period. In April 2009, the Group held the "National Annual Supervision Meeting" with an aim to enhance the capabilities of middle management in market operations. The Group also launched training programmes and published staff manuals customised for different levels of managers at the restaurants. The training system for the restaurant service staff was improved and optimized. The establishment of these training programmes and activities not only strengthened the skills of the staff, it also created positive working environment and raised staff morale. This will ultimately enhance the operating efficiency and customer satisfaction.

It is the primary mission of the Group to offer healthy food of premium quality. Food safety is always the most important responsibility of the Group. During the reporting period, the Group further enhanced the evaluation and management of its suppliers as well as the inspection of raw materials delivered. The passing rate for ingredients was further improved from the corresponding period last year. At the same time, pursuant to the requirements under the "Food Safety Law" recently promulgated by the PRC, the Group formulated the "Food Safety Administration Measures". Safety control measures were standardised in terms of factory design, storage and logistics, product manufacturing and staff hygiene. The Group also set up microbiology inspection laboratories in Shanghai, Beijing and Shenzhen. The safety of existing work flow was evaluated through the execution of professional tests, so as to analyse and minimise the potential risks. During the reporting period, the factories in Shanghai and Shenzhen obtained the international qualification of ISO9001 of Quality Management System and international verification of ISO22000 Food Safety Management System. The factory in Shenzhen also obtained the export hygiene registration certificate issued by the State Accreditation and Endorsement Supervisory Management Commission. The products manufactured by the factories in Shanghai and Shenzhen received Quality Safety ("QS") certificates in ten categories from the General Administration of Quality Supervision, Inspection and Quarantine of the PRC.

Retail Chain Restaurants

In 2009, the Group's major business and primary source of income continued to be the FCR business. During the reporting period, the Group's restaurant business contributed approximately HK$892,321,000 (corresponding period in 2008: HK$720,682,000), accounted for approximately 95.2% (corresponding period in 2008: 95.6%) of the Group's total revenue.

As at 30 June 2009, the Group had a restaurant portfolio of 350 Ajisen chain restaurants, comprising the following:

	30 June 2009	31 December 2008	+/–
By type:			
Owned and managed	**348**	313	35
Owned but not managed	**2**	2	0
Total	**350**	315	35
By provinces:			
Shanghai	**79**	72	7
Beijing	**30**	28	2
Tianjin	**2**	1	1
Guangdong (excluding Shenzhen)	**26**	23	3
Shenzhen	**34**	33	1
Jiangsu	**32**	27	5
Zhejiang	**14**	12	2
Sichuan	**16**	12	4
Chongqing	**7**	7	0
Fujian	**13**	11	2
Hunan	**3**	3	0
Hubei	**7**	7	0
Liaoning	**8**	7	1
Shandong	**20**	18	2
Guangxi	**3**	2	1
Guizhou	**4**	4	0
Jiangxi	**2**	2	0
Shaanxi	**5**	4	1
Yunnan	**3**	3	0
Henan	**1**	1	0
Hebei	**1**	1	0
Anhui	**1**	1	0
Hainan	**1**	1	0
Hong Kong	**36**	33	3
Taiwan*	**2**	2	0
Total	**350**	315	35
Total saleable area	**91,433 sq. metres**	82,227 sq. metres	9,206 sq. metres

Note:

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

	30 June 2009	31 December 2008	+/–
By geographical regions:			
Northern China	**61**	55	6
Eastern China	**125**	111	14
Southern China	**115**	105	10
Central China	**49**	44	5
Total	**350**	315	35
By scale:			
Flagship	**41**	38	3
Standard	**297**	265	32
Economic	**12**	12	0
Total	**350**	315	35

Sales of packaged noodle and related products

The manufacture and sales of packaged noodle products under the Ajisen brand is one of the Group's two main businesses and is complementing to the major business of restaurant network operation. Ajisen's packaged noodle products are manufactured solely by the Company and are sold through diversified channels, including restaurants, supermarkets as well as department stores, which in turn enhanced the awareness of Ajisen brand.

For the six months ended 30 June 2009, revenue from the sale of packaged noodle and related products was approximately HK$44,630,000 (corresponding period of 2008: HK$33,203,000), accounted for approximately 4.8% (corresponding period of 2008: 4.4%) of the Group's total revenue.

The Group has an extensive distribution network of over 6,000 points-of-sale for the packaged noodle and related products in China, of which approximately more than 450 were new additions during the reporting period. Most of the newly opened outlets were shops of chain supermarkets in Jiangsu and Zhejiang, such as RT-Mart and Auchan. Apart from the existing major distributors including Wal-Mart, Carrefour, Wellcome, Lianhua supermarket and Buddies, several famous regional retail supermarkets, such as Sanjiang in Ningbo and Xinpa in Chongqing were added during the reporting period. In addition, the Group has a number of distributors in more than 30 cities in China. During the reporting period, the Group continued to develop the distributors' network for its packaged noodle products at cities that it has not tapped into.

In March 2009, the Group launched a new flavour, Chili Ajisen Noodles (味千麻辣拉麵) at the outlets of its major distributors in the Shanghai region. This new product is not yet available in other cities.

Financial review

Turnover

For the six months ended 30 June 2009, turnover of the Group increased by approximately HK$183,066,000, or approximately 24.3% to approximately HK$936,951,000 from approximately HK$753,885,000 in the corresponding period of 2008. Such an increase was mainly due to the expansion of the restaurant network. The number of FCR of the Group increased from 255 in the corresponding period of 2008 to 350 as at 30 June 2009.

Cost of inventories consumed

The Group's cost of inventories consumed for the six months ended 30 June 2009 increased by approximately HK$51,409,000, or approximately 21.4% to approximately HK$291,815,000 from approximately HK$240,406,000 in the corresponding period of 2008. However, this was lower than the growth rate of the turnover. During the reporting period, cost of inventories as a proportion to turnover was approximately 31.1%, lower than the 31.9% in the corresponding period of 2008. Such decrease was attributable to the low price of agricultural products and the effective control by the Group over the purchasing costs during the reporting period.

Gross profit and gross profit margin

Driven by the above factors, gross profit increased by approximately HK$131,657,000, or approximately 25.6% to approximately HK$645,136,000 for the six months ended 30 June 2009 as compared with the corresponding period of 2008. Gross profit margin of the Group further increased from approximately 68.1% in the corresponding period of 2008 to approximately 68.9%.

Property rentals and related expenses

Property rentals and related expenses of the Group increased by approximately 33.0% from approximately HK$104,447,000 in the corresponding period of 2008 to approximately HK$138,870,000 for the six months ended 30 June 2009. Its proportion to turnover also increased from 13.9% in the corresponding period of 2008 to 14.8%. This was mainly due to the fact that the growth in turnover was not strong enough to derive adequate dilutive effect to such costs.

Staff costs

Staff costs of the Group increased by approximately 21.1% from approximately HK$135,213,000 in the corresponding period of 2008 to approximately HK$163,730,000 for the six months ended 30 June 2009. The increase in such costs was mainly due to the increase in headcount resulting from the opening of new restaurants. Staff costs as a proportion to turnover decreased from approximately 17.9% in the corresponding period of 2008 by 0.4 percentage point to approximately 17.5%, which reflected the success of the Group's control over its staff costs.

Depreciation

Depreciation increased by approximately 47.3% from approximately HK$39,705,000 in the corresponding period of 2008 to approximately HK$58,476,000 for the six months ended 30 June 2009. Such an increase was attributable to the increase in the number of restaurants.

Other operating expenses

Other operating expenses of the Group increased by approximately 15.7% from approximately HK$109,174,000 in the corresponding period of 2008 to approximately HK$126,267,000 for the six months ended 30 June 2009. But such costs as a proportion to turnover fell from approximately 14.5% by 1.0 percentage point to approximately 13.5%. This also reflected the success of the Group's control over its expenses.

Other incomes

Other incomes of the Group decreased by approximately HK$4,692,000 or approximately 16.8% from approximately HK$27,866,000 in the corresponding period of 2008 to approximately HK$23,174,000 for the six months ended 30 June 2009, primarily due to the decrease in interest income from banks.

Other gains and losses

Other gains and losses decreased by approximately HK$6,777,000 from HK$7,209,000 during the six months ended 30 June 2008 to approximately HK$432,000 during the six months ended 30 June 2009, primarily due to no change in fair value of investment properties for the six months ended 30 June 2009.

Finance costs

Finance costs of the Group increased by approximately HK$869,000 from approximately HK$10,000 in the corresponding period of 2008 to approximately HK$879,000 for the six months ended 30 June 2009, primarily due to new loans of approximately HK$68,000,000 had been obtained in second half of 2008 to finance the acquisition of new property, plant and equipment and investment properties located in Hong Kong.

Profit before taxation

Profit before taxation increased by approximately 12.8%, or approximately HK$20,515,000 from approximately HK$160,005,000 in the corresponding period last year to approximately HK$180,520,000 for the six months ended 30 June 2009, as a result of the cumulative effect of the foregoing factors.

Profit attributable to owners of the Company

Profit attributable to owners of the Company increased by approximately 12.1% or approximately HK$14,395,000 from approximately HK$118,686,000 in the corresponding period of 2008 to approximately HK$133,081,000 for the six months ended 30 June 2009, as a result of the cumulative effect of the foregoing factors.

Assets and liabilities

The Group's net current assets was approximately HK$1,498,480,000 and current ratio was 4.7 as at 30 June 2009 (31 December 2008: 6.1). As the Group is primarily engaged in the restaurant business, most of the sales are settled by cash. As a result, the Group was able to maintain a relatively high current ratio to achieve better use of the working capital. The decrease in current ratio primarily due to a dividend payable of approximately HK$100,896,000 incurred as at 30 June 2009.

Cash flow

Net cash inflow from operating activities for the six months ended 30 June 2009 was approximately HK$224,114,000 while the profit before taxation for the same period was approximately HK$180,520,000. The difference was primarily 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 in the number of chain restaurants operated by the Group during the reporting period.

Capital expenditure

The Group's capital expenditure for the six months ended 30 June 2009 was approximately HK$101,808,000 (corresponding period of 2008: HK$156,671,000) which was due to the increase in purchase of property, plant and equipment for new restaurants.

Key operating ratios for restaurant operations

		Hong Kong			**PRC**	
	1-6/2009	1-12/2008 **(approximate) (unaudited)**	1-6/2008	**1-6/2009**	1-12/2008 **(approximate) (unaudited)**	1-6/2008
Comparable restaurants sales growth:	**-16.3%**	-5.1%	0.5%	**-2.8%**	6.9%	7.8%
Turnover per GFA (per day/sq.m.):	**HK$186**	HK$212	HK$218	**RMB50**	RMB52	RMB54
Turnover per day per restaurant:	**HK$21,207**	HK$25,267	HK$27,864	**RMB13,404**	RMB14,377	RMB18,453
Traffic flow per day (persons):	**372**	438	489	**372**	382	499
Per capita spending:	**HK$57**	HK$58.5	HK$57	**RMB36**	RMB38	RMB37
Table turnover per day (per day):	**6**	6.5	8	**4.8**	5.5	6

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 Listing Rules for the six months ended 30 June 2009, 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, 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. The relevant deviation is therefore considered reasonable. 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 given the appropriate delegation of the power of the Board and the effective functions of the independent non-executive Directors (number of which exceeds one-third of the members of the Board). 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 to 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 2009, 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. The Company's unaudited interim results for the six months ended 30 June 2009 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 2009.

Employee's Remuneration and Policy

As at 30 June 2009, the Group employed 10,015 persons (30 June 2008: 9,385 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 2009 was HK$163,730,000 (30 June 2008: HK$135,213,000).

The 2009 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.hkexnews.hk> in due course.

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

Hong Kong, 14 September 2009

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.