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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)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2009

2009 ANNUAL RESULTS HIGHLIGHTS

	For the year ended 31 December		
	2009	2008	**% Change Increase/**
	(HK$'000)	*(HK$'000)*	**(Decrease)**
Turnover	**1,985,726**	1,673,072	18.7%
Sales from restaurant operation	**1,903,181**	1,596,106	19.2%
Gross profit	**1,384,894**	1,133,527	22.2%
Profit before taxation	**434,101**	298,912	45.2%
Profit attributable to owners of the Company	**314,456**	220,841	42.4%
Basic earnings per share (HK cents)	**29.45**	20.89	41.0%
Proposed final and special dividend per share (HK cents)	**15.00**	9.45	58.7%
Total number of restaurants (at 31 December)	**398**	315	26.3%

ANNUAL RESULTS

The board of directors (the "Board") of Ajisen (China) Holdings Limited (the "Company" or "Ajisen") is pleased to announce the audited consolidated annual results of the Company and its subsidiaries (the "Group") for the year ended 31 December 2009 together with the comparative figures for the year 2008 as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2009

	NOTES	2009 HK$'000	2008 HK$'000
Turnover	2	**1,985,726**	1,673,072
Other income		**65,918**	55,258
Other gains and losses		**9,912**	(4,785)
Cost of inventories consumed		**(600,832)**	(539,545)
Staff costs		**(339,965)**	(297,670)
Depreciation		**(113,029)**	(85,507)
Property rentals and related expenses		**(290,702)**	(236,433)
Other operating expenses		**(281,767)**	(264,818)
Finance costs		**(1,160)**	(660)
Profit before taxation	3	**434,101**	298,912
Taxation	4	**(104,175)**	(68,554)
Profit for the year		**329,926**	230,358
Other comprehensive income			
Exchange differences arising on translation		**591**	39,756
Fair value gain (loss) on available-for-sale investments		**50**	(46)
Reclassification adjustment of fair value gain to profit or loss on disposal of available-for-sale investments		**(86)**	–
Surplus on revaluation of properties		**1,862**	5,305
Income tax relating to components of other comprehensive income		**(465)**	(1,326)
Other comprehensive income for the year (net of tax)		**1,952**	43,689
Total comprehensive income for the year		**331,878**	274,047
Profit for the year attributable to:			
Owners of the Company		**314,456**	220,841
Minority interests		**15,470**	9,517
		329,926	230,358
Total comprehensive income attributable to:			
Owners of the Company		**316,195**	262,935
Minority interests		**15,683**	11,112
		331,878	274,047
Dividends	5	**100,896**	61,131
		HK$ cents	*HK$ cents*
Earnings per share	6		
– Basic		**29.45**	20.69
– Diluted		**29.41**	20.57

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2009

	NOTES	2009 HK$'000	2008 HK$'000
Non-current assets			
Investment properties		**122,987**	96,868
Property, plant and equipment		**546,757**	528,356
Prepaid lease payments		**51,762**	39,293
Deposits paid for acquisition of investment properties		**22,795**	–
Deposits paid for acquisition of property, plant and equipment		**1,522**	4,324
Deposits paid for acquisition of land lease		**36,321**	24,809
Rental deposits		**34,832**	49,286
Goodwill		**37,135**	37,135
Deferred tax assets		**3,247**	3,685
Available-for-sale investments		**537**	2,109
		857,895	785,865
Current assets			
Inventories		**55,737**	51,973
Trade and other receivables	7	**100,450**	89,281
Amounts due from related parties		**27**	9,117
Taxation recoverable		**2,042**	3,130
Other financial assets	8	**68,182**	253,940
Bank balances and cash		**1,701,690**	1,382,752
		1,928,128	1,790,193
Current liabilities			
Trade and other payables	9	**241,365**	225,534
Amounts due to related companies		**8,924**	13,595
Amounts due to directors		**544**	1,166
Amount due to a shareholder		**18,679**	12,728
Dividend payable		**5**	1
Taxation payable		**50,893**	36,514
Secured bank loans – current		–	3,768
		320,410	293,306
Net current assets		**1,607,718**	1,496,887
Total assets less current liabilities		**2,465,613**	2,282,752
Non-current liabilities			
Deferred tax liabilities		**15,289**	7,294
Secured bank loans – non-current		**–**	63,324
		15,289	70,618
Net assets		**2,450,324**	2,212,134
Capital and reserves			
Share capital		**106,791**	106,769
Reserves		**2,297,588**	2,074,546
Equity attributable to owners of the Company		**2,404,379**	2,181,315
Minority interests		**45,945**	30,819
Total equity		**2,450,324**	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 are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 30 March 2007. Its immediate holding company is Favour Choice Limited, a company which is incorporated in the British Virgin Islands and wholly-owned by Anmi Holdings 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 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 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.

The consolidated financial statements are presented in Hong Kong dollars ("HK$"). The directors of the Company consider that the presentation of the consolidated financial statements in HK$ is more appropriate for a company listed in Hong Kong and for the convenience of the shareholders of the Company.

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 Group's board of directors, the chief operating decision makers, 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 makers, mainly revenue analysis by different operating divisions and the Group's profit for the year, for the purposes of resource allocation and assessment of performance is more specifically focused on the Group's three operating divisions, namely operation of restaurants, manufacture and sales of noodles and related products and investment holding. 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
Investment holding	–	leasing of property interests

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

Segment revenue and results

The following is an analysis of the Group's revenue and results by reportable segment:

For the year ended 31 December 2009

	Operation of restaurants			Manufacture and sales of noodles and related	Investment		
	PRC *HK$'000*	**Hong Kong** *HK$'000*	**Total** *HK$'000*	**products** *HK$'000*	**holding** *HK$'000*	**Elimination** *HK$'000*	**Total** *HK$'000*
Segment revenue							
– external sales	**1,646,901**	**256,280**	**1,903,181**	**82,545**	**–**	**–**	**1,985,726**
– inter-segment sales *(note)*	**–**	**–**	**–**	**358,209**	**–**	**(358,209)**	**–**
	1,646,901	**256,280**	**1,903,181**	**440,754**	**–**	**(358,209)**	**1,985,726**
Segment profit	**403,449**	**36,026**	**439,475**	**12,806**	**15,845**	**–**	**468,126**
Unallocated income							**22,230**
Unallocated expenses							**(55,095)**
Finance costs							**(1,160)**
Profit before taxation							**434,101**
Taxation							**(104,175)**
Profit for the year							**329,926**

For the year ended 31 December 2008

	Operation of restaurants			Manufacture and sales of noodles and related	Investment		
	PRC	Hong Kong	Total	products	holding	Elimination	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Segment revenue							
– external sales	1,354,470	241,636	1,596,106	76,966	–	–	1,673,072
– inter-segment sales *(note)*	–	–	–	237,835	–	(237,835)	–
	1,354,470	241,636	1,596,106	314,801	–	(237,835)	1,673,072
Segment profit (loss)	268,668	55,136	323,804	11,238	(1,621)	–	333,421
Unallocated income							32,048
Unallocated expenses							(65,897)
Finance costs							(660)
Profit before taxation							298,912
Taxation							(68,554)
Profit for the year							230,358

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 makers for the purposes of resource allocation and assessment of segment performance.

All of the Group's non-current assets, including property, plant and equipment, prepaid lease payments, deposits paid for acquisition of property, plant and equipment and deposits paid for acquisition of land lease, are located in the Group entities countries of domicile, the PRC and Hong Kong, at the end of each reporting period.

The following is an analysis of the Group's non-current assets by geographical location of assets:

	2009	2008
	HK$'000	*HK$'000*
The PRC	**609,467**	562,048
Hong Kong	**248,428**	223,817
	857,985	785,865

All of the Group's revenue from external customers are attributed to the location of the relevant group entities, which is the PRC and Hong Kong, during the year ended 31 December 2009 and 31 December 2008.

None of the customers accounted for 10% or more of the total turnover of the Group during the year ended 31 December 2009 and 31 December 2009.

3. PROFIT BEFORE TAXATION

	2009	2008
	HK$'000	*HK$'000*
Profit before taxation has been arrived at after charging:		
Cost of inventories consumed *(note a)*	**600,832**	539,545
Directors' remuneration	**5,143**	5,938
Other staff's salaries, wages and other benefits	**295,830**	258,410
Other staff's retirement benefits scheme contributions	**33,262**	29,846
Other staff's share-based payment expenses	**5,730**	3,476
Total staff costs	**339,965**	297,670
Advertising and promotion expenses	**26,640**	20,018
Auditor's remuneration	**2,500**	4,442
Non-audit services	**1,477**	3,153
	3,977	7,595
Fuel and utility expenses	**113,617**	103,591
Operating lease rentals in respect of		
– land lease	**1,534**	1,140
– rented premises *(note b)*	**257,545**	211,835

Notes:

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

b. Included in the operating lease rentals in respect of rented premises are minimum lease payments of approximately HK$175,546,000 (2008: HK$127,586,000) and contingent rent of approximately HK$81,999,000 (2008: HK$84,249,000).

4. TAXATION

	2009	2008
	HK$'000	*HK$'000*
Hong Kong Profits Tax		
– current year	**7,150**	4,457
– under provision in prior years	**–**	1,754
	7,150	6,211
PRC income tax		
– current year	**89,057**	64,274
– overprovision in prior years	**–**	(3,077)
	89,057	61,197
	96,207	67,408
Deferred taxation		
– current year	**7,968**	993
– attributable to a change in tax rate	**–**	153
	7,968	1,146
	104,175	68,554

On 26 June 2008, the Hong Kong Legislative Council passed the Revenue Bill 2008 which reduced corporate profits tax rate by 1% to 16.5% effective from the year of assessment 2008/2009. Therefore, Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both years.

Under the Law of the People's Republic of China on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% from 1 January 2008 onwards.

Certain of the Group's subsidiaries operating in the PRC and eligible for certain tax holidays and concessions for both years.

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 at 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. The deferred tax balance has been already reflected the tax rates that are expected to apply to the respective periods when the asset is realised or the liability is settled.

5. DIVIDENDS

	2009	2008
	HK$'000	*HK$'000*
Dividends recognised as distribution during the year:		
Final, paid – HK5.25 cents per share for 2008 (2008: paid – HK5.85 cents per share for 2007)	**56,054**	61,131
Special, paid – HK4.20 cents per share for 2008 (2008: nil for 2007)	**44,842**	–
	100,896	61,131

A final dividend of HK7.50 cents per ordinary share (2008: HK5.25 cents per share) and a special dividend of HK7.50 cents per ordinary share (2008: HK4.20 cents) have been proposed by the directors and is subject to approval by the shareholders in the annual general meeting.

6. EARNINGS PER SHARE

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

	2009	2008
	HK$'000	*HK$'000*
Earnings for the purposes of basic and diluted earnings per share, being profit for the year attributable to owners of the Company	**314,456**	220,841

	Number of shares	
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	1,067,719,635	1,067,582,714
Effect of dilutive potential ordinary shares relating to: – outstanding share options	1,596,252	6,276,067
Weighted average number of ordinary shares for the purpose of calculating diluted earnings per share	1,069,315,887	1,073,858,781

In calculating the weighted average number of ordinary shares for the purpose of calculating basic earnings per share, the shares that were issued for purchase of subsidiaries pursuant to common control combination which the details are set out in the circular of the Company dated 28 May 2008, are treated as if they had been in issue from 1 January 2008.

7. TRADE AND OTHER RECEIVABLES

	2009	2008
	HK$'000	*HK$'000*
Trade receivables		
– related companies	**382**	404
– others	**30,788**	26,137
	31,170	26,541
Rental and utility deposits	**33,421**	30,604
Property rentals paid in advance for restaurants	**15,852**	5,194
Advance to suppliers	**3,220**	3,171
Other receivables and prepayments	**16,787**	23,771
	100,450	89,281

The following is an aged analysis of trade receivables net of allowance for doubtful debts presented based on invoice dates at the reporting date:

	2009	2008
	HK$'000	*HK$'000*
Age		
0 to 30 days	**17,632**	14,121
31 to 60 days	**4,657**	4,040
61 to 90 days	**2,161**	2,674
91 to 180 days	**2,976**	2,279
Over 180 days	**3,744**	3,427
	31,170	26,541

8. OTHER FINANCIAL ASSETS

	2009	2008
	HK$'000	*HK$'000*
Financial assets designated as at fair value through profit or loss ("FVTPL")	**68,182**	253,940

At 31 December 2009, the Group had one (31 December 2008: three) contract(s) of principal-protected deposit(s) with one (31 December 2008: two) bank(s) for a period of six months (31 December 2008: one year). The significant terms and conditions relating to the financial assets as FVTPL are as follows:

31 December 2009

Deposit linked to USDEUR Booster

Notional amount	**Start date**	**Deposit end date**	**Interest rate**	**Fair value**
RMB'000				*HK$'000*
60,000	21 October 2009	21 April 2010	variable	68,182

The deposit is a principal-protected deposit. Yield rate is related to the change of United States dollars ("USD") spot exchange rate in comparison to that of European dollars ("Euro") on specific date pre-determined by the bank and the Group ("Daily Appreciation"). In accordance with the relevant terms of the agreement, the yield rate would be 6.00% per annum if any Daily Appreciation during the period from start date to deposit end date (the "Period") were within a range of 1.490 to 1.500. The yield rate would be 3.25% per annum if any Daily Appreciation during the Period were within a range of 1.0950 to 1.8950. Otherwise, the yield rate would be 1.70% per annum.

31 December 2008

(i) Deposit linked to USDCNY Booster

Notional amount	**Start date**	**Deposit end date**	**Interest rate**	**Fair value**
HK$'000				*HK$'000*
100,000	24 January 2008	23 January 2009	variable	99,958

The deposit was a principal-protected deposit. Yield rate was related to the change of USD spot exchange rate in comparison to that of RMB on specific date pre-determined by the bank and the Group each month ("Monthly Appreciation"). In accordance with the relevant terms of the agreement, the yield rate would be 5% per annum if all the twelve Monthly Appreciations during the period from start date to deposit end date (the "Period") were greater than or equal to 0.1%. The yield rate would be 4% per annum if any of eleven Monthly Appreciations during the Period were greater than or equal to 0.1%. The yield rate would be 3% per annum if any of ten Monthly Appreciations during the Period were greater than or equal to 0.1%. The yield rate would be 2% per annum if any of nine Monthly Appreciations during the Period were greater than or equal to 0.1%. Otherwise, the yield rate would be zero.

(ii) USDCNY Inverse Floater Quanto Deposit

Notional amount *HK$'000*	**Start date**	**Deposit end date**	**Interest rate**	**Fair value** *HK$'000*
100,000	4 February 2008	4 February 2009	variable	102,511

The deposit was a principal-protected deposit. Yield rate was related to the average of total monthly depreciation of USD spot exchange rates in comparison to RMB on specific date pre-determined by the bank and the Group ("Annualised Cumulative Monthly CNY Depreciation"). In accordance with the relevant terms of the agreement, the yield rate would be 370% after deducting the Annualised Cumulative Monthly CNY Depreciation, if the Annualised Cumulative Monthly CNY Depreciation was less than 370% during the period from start date to deposit end date (the "Period"). However, when the Annualised Cumulative Monthly CNY Depreciation was greater than 370% during the Period, the amount payable by the bank to the Group would be 100% of the notional amount of the deposit.

(iii) Deposit linked to DB EUR Forward Rate Bias Index

Notional amount *HK$'000*	**Start date**	**Deposit end date**	**Interest rate**	**Fair value** *HK$'000*
50,000	28 March 2008	28 March 2009	variable	51,471

The deposit was a principal-protected deposit. Yield rate was related to the European Dollars ("Euro") forward exchange rates in comparison to RMB. In accordance with the relevant terms of the agreement, the yield rate would be 250% of the difference between the Euro forward rate at 5 business days before the deposit end date and the Euro forward rate at the deposit start date ("Change"), if the Change was greater than zero. However, when the Change was less than zero, the amount payable by the bank to the Group would be 100% of the notional amount of the deposit.

The principal-protected deposits at 31 December 2009 and 31 December 2008 were designated at fair value through profit or loss upon initial recognition as deposits formed part of contracts containing embedded derivatives. They were stated at fair values derived from discounted cash flow analysis based on the terms of the deposits and relevant market inputs, such as forward and spot exchange rates of USD and Euro and interest rates on 31 December 2009 and 31 December 2008, which were provided by the counterparty financial institutions.

The other financial assets at 31 December 2008 were fully settled during the year ended 31 December 2009.

9. TRADE AND OTHER PAYABLES

	2009	2008
	HK$'000	*HK$'000*
Trade payables		
– related companies	**4,883**	7,263
– others	**94,416**	96,659
	99,299	103,922
Payroll and welfare payables	**32,287**	22,944
Customers' deposits received	**5,831**	3,824
Payable for acquisition of property, plant and equipment	**32,086**	32,975
Payable for property rentals	**37,093**	30,944
Other taxes payable	**16,866**	15,007
Others	**17,903**	15,918
	241,365	225,534

The following is an aged analysis of trade payables presented based on invoice dates at the end of each reporting period:

	2009	2008
	HK$'000	*HK$'000*
0 to 30 days	**74,421**	58,791
31 to 60 days	**11,244**	18,840
61 to 90 days	**3,215**	7,696
91 to 180 days	**3,787**	8,298
Over 180 days	**6,632**	10,297
	99,299	103,922

DIVIDEND

A final dividend of HK7.50 cents per ordinary share (2008: HK5.25 cents) and a special dividend of HK7.50 cents per ordinary share (2008: HK4.20 cents) for the year ended 31 December 2009 have been proposed by the Board and is subject to the approval by the shareholders at the annual general meeting (''AGM'') to be held on 3 June 2010.

MANAGEMENT DISCUSSION AND ANALYSIS

Industry Review

2009 was the year critical to the recovery of the global economy from financial crisis. Benefited from the massive financial recovery measures and economic stimulus package, the global economy is gradually recovering from recession. Improvement in international financial environment also first saw its results. According to the report of International Monetary Fund, despite the global economy recording a negative growth of -0.8% in 2009, the performances of emerging and developing economies, which have a relatively steady growth of 2.1%, were remarkable. This was an important driving force that led the world out of the recession era. China also first achieved its turnaround from the economic slump, and contributed 50% to the global economy. According to the information of the National Statistics Bureau, the gross domestic product ("GDP") in China was approximately RMB33,535.3 billion in 2009, a year-on-year increase of 8.7%.

During 2009, under the policies and measures aiming to promote domestic demand and increase welfare benefits in China, the role of consumption in the economy as a whole became more apparent. As a result, the contribution of consumption to GDP reached 52.5%, and led to a growth in GDP by 4.6 percentage points. In 2009, the total retail consumption for the year reached RMB12,534.3 billion, a year-on-year increase of 15.5%. Of which, retail consumption from hotel and catering sector amounted to approximately RMB1,799.8 billion, representing a year-on-year increase of 16.8%.

During the year, despite the steady growth successfully achieved by the food and beverages ("F&B") F&B industry, market demand still did not strongly recover. The crisis effect still overcast over the economy. However, from a long-term perspective, the F&B industry in China is endowed with strong fundamentals and greater upside potential. With the acceleration in urbanization progress in China, change in the composition of population, and enhancement in disposable income per capita, people are more accustomed to dining out. In particular, with the gradual completion and operation of the rapid railway network in China, several one-hour living circles are formed. Travelling time is significantly reduced and the development of tourism is directly promoted. The associated change in the consumption pattern brings forth the integration of F&B services, in particular fast causal restaurants ("FCR"), with the usual household practices of local residents. On the other hand, beneficial factors such as the continuous improvement of the macro-economic environment in China, and the emphasis of policies towards household consumption, are pushing ahead the development of F&B industry.

In the meantime, according to a research in the capital market, the consumer industry is unanimously recommended in strategy reports published by various institutional investors. Expansion in consumption demand is the major focus of the economic policies. The pillar position occupied by the F&B industry in the consumer market definitely allowed the same to be benefited from the continuous growth and upgrade in the composition of domestic consumption. Moreover, F&B consumption has features of rigid demand and anti-cycle capabilities, which yield higher certainty in the growth of sales results. Despite the other numerous uncertain factors, the F&B industry is still expected to achieve a strong growth over time.

In 2009, the Group remained optimistic towards the prospects in the industry, notwithstanding the unprecedented operating environment. Business development strategies were proactively adjusted so as to flexibly tackle the challenges arising from an adverse business environment in a cautious positive manner. The Group did not just mitigate the crises during the year steadily but also developed its business in the most economic ways. Key features included expanding the coverage of its restaurant network. By leveraging on economies of scale, the Group improved its operational efficiency with particular focus on the enhancement of profitability. Remarkable results were achieved during the reporting period.

To-date, the economy of China is poised to recover gradually. As the leading FCR chain operator in Mainland China and Hong Kong, the Group is confident that by capitalizing on unique products that are healthy and delicious, commercial scale of industrialization standard, a restaurant network covering China and powerful branding power, it will proactively cope with future challenges ahead, and strive for a sustainable and steady growth of its business.

Business Review

In 2009, faced with a complicated and multi-faceted economic and business environment, the Group proactively tackled various challenges. Even under such stringent economic conditions, key performance indicators such as turnover, gross profit and profit attributable to the owners of the Company demonstrated double-digit growth. Profitability also improved substantially. As at 31 December 2009, the Group's turnover for the year increased from approximately HK$1,673 million in 2008, by approximately 18.7% to approximately HK$1,986 million in 2009. The gross profit of the Group reached approximately HK$1,385 million, an increase of approximately 22.2% from last year. In particular, profit attributable to the owners of the Company increased by approximately 42.4% to approximately HK$314 million from approximately HK$221 million last year, the extent of which was much greater than the increase in turnover. Net profit margin also increased from approximately 13.8% last year to approximately 16.6%. This showed that profitability of the Group enhanced significantly during the reporting period. Correspondingly, basic earnings per share increased from HK20.69 cents last year to HK29.45 cents.

In view of the steady growth in the profit attributable to the owners of the Group during the reporting period, the Board recommended a final dividend of HK7.50 cents per ordinary share for the year ended 31 December 2009 and a special dividend of HK7.50 cents per ordinary share as a return to the Shareholders.

During the reporting period, with gradual stabilisation and improvement of economic conditions, the Group actively adjusted development strategies, which substantially advanced the profitability while maintaining the rapid and steady expansion of FCR network. The Group adopted proactive and effective expansion strategies, adding more restaurants to mature markets in Eastern and Southern China, while moderately exploring the markets in Central and Western regions. As at 31 December 2009, the Group had a total of 398 chain restaurants, an increase of about 26.3% from 315 chain restaurants in 2008. The Group's restaurant network covers about 70 cities in 23 provinces in China, an increase of 11 cities from the end of 2008.

The powerful support from its production bases is an integral factor for the sustainable and steady expansion of the Group's chain restaurant network. During the reporting period, the Group has been actively engaged in the construction of production bases and processing centre, which further strengthened our manufacturing system. As at 31 December 2009, the Group has two major production bases in Shanghai and Shenzhen, and 12 food manufacturing and processing centres throughout China. Apart from upgrading existing production facilities, the Group also steadily pursued for the construction of four new production bases during the reporting period so as to accomodate the pace and demand from the expansion of its FCR network.

Faced with the relatively sluggish business environment in 2009, the Group still successfully achieved strong growth in various key performance indicators. Of which, the growth of net profit exceeded the growth of turnover. During the reporting period, efficiencies derived from economies of scale were achieved as the deployment in the Group's FCR network became mature. In the meantime, the Group placed emphasis on the quality of new restaurants opened. A strict standard in the selection of location also better secured the successful rate in new restaurants. The Group also focused on the expansion of medium-to-small size restaurants. The mode of small input and high output further enhanced operational efficiency and profitability. On the other hand, the Group tightly controlled its costs and expenses in different segments of operation. This contributed to a significant fall in the proportion of various expenses to turnover.

During the reporting period, the Group's cost of inventories consumed as a proportion to turnover was approximately 30.3%, indicating a reduction of approximately 1.9 percentage point from that of the corresponding period last year. Accordingly, gross profit margin increased from approximately 67.8% last year to approximately 69.7% during the reporting period. By leveraging on the accurate forecast of seasonal price trend for various ingredients, the Group adopted means of strategic stocking to stabilise the cost of inventories to the maximum extent. In addition, purchasing costs were further reduced through strategies such as expanding local production and purchase, as well as integration and optimization of logistics channels. Although prices in certain raw materials are currently rising, the Group is confident that this pressure can be effectively mitigated by ingredient diversification. Together with further optimization of purchasing channels, the Group will be able to maintain a relatively high gross profit margin.

During the reporting period, the Group's labour costs accounted for approximately 17.1% of the turnover, which was approximately 0.7 percentage point lower than that of the corresponding period of the last year. At both the office and the restaurant level, proactive cost control measures were adopted, and obvious effects were witnessed during the reporting period. On the one hand, at the office level, organizational structure was optimised and salary grading system was standardised. On the other hand, as nearly 90% of the employees are restaurant staff, the Group enacted new standards for staff allocation based on restaurant scale, and optimised scheduling system. These measures enhanced the efficiency of human resource utilisation, and actively reduced labour costs.

During the reporting period, rental and related costs as a proportion to turnover of the Group was approximately 14.6%, which was slightly increased from approximately 14.1% last year. The Group has implemented various strategies during the year to mitigate the increase in rental costs. Effects can be seen on both aspects of site selection and FCR network expansion. Firstly, the Group imposed a range of quality criteria in location selection for new restaurants, targeting at sites of small floor areas, with high flow of customers, yet require low investment. Secondly, the Group successfully negotiated for a series of beneficial conditions in extending leases terms and stabilizing the leasing costs. At the same time, the Group actively developed cooperation with its strategic partners, in order to pave way for the Group to obtain ongoing shop resources throughout the country and reduce the risk in leasing. The Group newly added strategic partners included Tesco Supermarket, Parkson Group, etc.

As the demand in F&B market did not fully recover during the reporting period, the Group devoted additional efforts in exploring market potentials through series of attractive marketing activities. Of which, the Japanese-style premium products significantly increased the transaction average. Discounted redemption offers for snacks and beverages increased profit. Promotion of new products increased consumption frequencies of customers as well as the transaction count. These promotional activities also effectively stabilized the flow of customers during the low seasons for F&B consumption, which directly procured the continuous and steady growth in the results of the Group and further strengthened the position of Ajisen brand among the consumers.

In order to secure the success rate of new restaurants opened, the Group further strengthened operational management and training during the reporting period. The Group specifically prepared six performance indicators covering different aspects from financial results to operational systems. Appraisals of operation staff were linked with their results, which practically enhanced management to an advanced level. With respect to staff training, the Group renewed and optimized the work flow in the management system for the restaurant operations. A training manual for each level of staff was published, and it is complemented with corresponding courses. At the same time, the Group actively established its team of lecturers for marketing and operations lessons, so as to ensure the effectiveness of training systems and the promotion of the courses.

During the reporting period, the Group also took proactive steps in the creation of new products and in the strengthening of its brand. Leveraging on the strong research and development capabilities, the Group renewed its menu twice in the year and launched various new products. Among these creations, a new type of ramen, known as the "Deep Sea Fish Essences" series, is specially noted for its delicious taste and nutritious value. Moreover, the Group opened its first high-end restaurant, "Wakayama", at the IFC Mall in Hong Kong at the end of 2009. Born from a rich cultural heritage, a delicate soup base and fine ingredients, Wakayama restaurant was well-received by customers. Through the Wakayama brand, the Group officially entered the high-end F&B market. It is expected that this will further expand customer base and enhance market share.

In the meantime, the Group continues to regard that food safety is the basis for the survival and development of the brand. Industrialization and standardization of its production bases ensured the high quality of its products steadily and consistently from the fundamental. The Group also continued to improved its safety control measures. During the year, the Group formulated the "Food Safety Administration Measures", which consolidated the food safety control system. Administration was broken down into segments for better control. The Group's production bases in Shanghai and Shenzhen obtained the international accreditation of ISO9001 of Quality Management System and the international accreditation of ISO22000 for Food Safety Management System. The production base in Hong Kong also preliminarily obtained the ISO22000 accreditation recently. The products from the factories in Shanghai and Shenzhen also obtained Quality Safety ("QS") certificates in ten categories from the General Administration of Quality Supervision, Inspection and Quarantine of the PRC. The factory in Dongguan was also endorses with QS certificates in meat products and noodle products.

Moreover, the Group actively utilized information technology to integrate and optimize its business process flow during the year. The construction of its Enterprise Resource Planning ("ERP") platform was conducted as scheduled. For the year ended 31 December 2009, the Group implemented the ERP system in full force in Shanghai, Jiangsu and Zhejiang, and achieved stable operation in these regions. The ERP system was also launched in Shandong and Beijing for trial operation. It is expected that the ERP system in Mainland China will become fully operational in 2011. After the construction of the ERP system was completed, the unified information platform will facilitate smooth and accurate communication of messages. This will enhance the efficiencies in the preparation of reports, analysis of data and decision-making. The Group is well-positioned for more rapid development in the coming future.

Retail Chain Restaurants

In 2009, the Group's major business and primary source of income continued to be the retail chain restaurant business. During the reporting period, the Group's restaurant business contributed approximately HK$1,903 million (2008: HK$1,596 million), accounted for approximately 95.8% (2008: 95.4%) of the Group's total revenue.

As at 31 December 2009, the Group had a restaurant portfolio of 399 Ajisen chain restaurants, comprising the following:

	As at 31 December		
	2009	2008	+/–
By type:			
Owned and managed	**396**	313	83
Owned but not managed	**2**	2	0
Total	**398**	315	83

	As at 31 December		
	2009	2008	+/–
By provinces:			
Shanghai	**92**	72	20
Beijing	**31**	28	3
Tianjin	**3**	1	2
Guangdong (excluding Shenzhen)	**31**	23	8
Shenzhen	**36**	33	3
Jiangsu	**35**	27	8
Zhejiang	**15**	12	3
Sichuan	**17**	12	5
Chongqing	**10**	7	3
Fujian	**14**	11	3
Hunan	**5**	3	2
Hubei	**9**	7	2
Liaoning	**11**	7	4
Shandong	**21**	18	3
Guangxi	**3**	2	1
Guizhou	**4**	4	0
Jiangxi	**3**	2	1
Shanxi	**8**	4	4
Yunnan	**5**	3	2
Henan	**2**	1	1
Hebei	**1**	1	0
Anhui	**2**	1	1
Hainan	**1**	1	0
Hong Kong	**37**	33	4
Taiwan*	**2**	2	0
Total	**398**	315	83

By geographical regions:

Northern China	**67**	55	12
Eastern China	**142**	111	31
Southern China	**124**	105	19
Central China	**65**	44	21
Total	**398**	315	83
Total saleable area (sq. meters)	**102,509**	82,227	20,282

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

	As at 31 December		
	2009	2008	+/–
By scale:			
Flagship	**41**	38	3
Standard	**345**	265	80
Economic	**12**	12	0
Total	**398**	315	83

Sales of Packaged Noodle and Related Products

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

For the year ended 31 December 2009, revenue from the sale of packaged noodle and related products was approximately HK$83 million (2008: HK$77 million), accounted for approximately 4.2% (2008: 4.6%) of the Group's total revenue.

The Group has an extensive distribution network for the packaged noodle and related products in China. During the reporting period, total number of points-of-sales in this network reached approximately 7,500, of which approximately 1,000 were new additions compared to last year. The distribution network of the Group's packaged products covers more than 30 cities in China. These distributors include Wal-Mart, Carrefour, Metro, Lotus as well as regional retailers such as China Resources Vanguard, Sanjiang in Ningbo and Century Lianhua. During the year, reputable convenient stores such as Allday and Kedi were also appended to this distribution network.

Ten flavors of packaged noodle products of the Group are now available through the distributors. Of which, "Chili Ajisen Noodles (味千麻辣拉麵)" was launched in Shanghai in March 2009.

FINANCIAL REVIEW

Turnover

For the year ended 31 December 2009, the Group's turnover increased by approximately 18.7%, or approximately HK$313 million, to approximately HK$1,986 million from approximately HK$1,673 million in 2008. Such increase was mainly due to the increase in the number of FCR of the Group during the year.

Cost of inventories consumed

For the year ended 31 December 2009, the Group's cost of inventories consumed increased by approximately HK$61,287,000, or 11.4% to approximately HK$600,832,000 from approximately HK$539,545,000 in 2008. The growth rate was lower than that of the turnover. During the year, cost of inventories as a proportion to turnover was approximately 30.3%, lower than 32.2% in 2008. Such decrease was attributable to the relatively low price of agricultural products and the effective control by the Group over the purchasing costs.

Gross profit and gross profit margin

Driven by the above factors, gross profit increased by approximately HK$251,367,000, or 22.2% compared to 2008, to approximately HK$1,385 million for the year ended 31 December 2009. Gross profit margin of the Group also further increased from approximately 67.8% in 2008 to approximately 69.7%.

Property rentals and related expenses

For the year ended 31 December 2009, property rentals and related expenses of the Group increased by approximately HK$54,269,000 or 23.0%, from approximately HK$236,433,000 in 2008 to HK$290,702,000. Its proportion to turnover also increased slightly from approximately 14.1% in 2008 to approximately 14.6% in 2009. Such an increase was mainly attributable to the fact that many of the FCR are still in the early stage of development.

Staff costs

For the year ended 31 December 2009, staff costs of the Group increased by approximately 14.2% from approximately HK$297,670,000 last year to HK$339,965,000, primarily due to the increase in headcount resulting from the opening of new restaurants. Staff costs as a proportion to turnover decreased from approximately 17.8% in 2008 by 0.7 percentage point to approximately 17.1%, which reflected results of the Group's control over its staff costs.

Depreciation

For the year ended 31 December 2009, depreciation of the Group increased by approximately HK$27,522,000, from approximately HK$85,507,000 in 2008 to approximately HK$113,029,000. Its proportion to turnover increased from approximately 5.1% to approximately 5.7%. Such an increase was mainly attributable to the increase in the number of restaurants.

Other operating expenses

Other operating expenses mainly included expenses for fuel and utility, consumables, advertising and promotion and franchise fee. For the year ended 31 December 2009, other operating expenses increased by approximately 6.4%, or approximately HK$16,949,000, from approximately HK$264,818,000 in 2008 to approximately HK$281,767,000. However, the growth rate of other operating expenses was significantly lower than that of the turnover. Its proportion to turnover was reduced by 1.6 percentage point, from 15.8% in 2008 to 14.2% in 2009, which reflected the success of the Group's control over its expenses.

Other income

For the year ended 31 December 2009, other income of the Group increased by approximately 19.3%, or approximately HK$10,660,000, from approximately HK$55,258,000 in 2008 to approximately HK$65,918,000. The increase was mainly originated from the compensation received from landlord for early termination of certain operating leases of restaurants.

Other gains and losses

For the year ended 31 December 2009, other gains and losses of the Group increased by approximately HK$14,697,000, from approximately a loss of HK$4,785,000 in 2008 to a gain of HK$9,912,000. The increase was primarily due to increase in fair values of investment properties.

Finance costs

For the year ended 31 December 2009, finance costs of the Group increased by approximately HK$500,000 from approximately HK$660,000 in 2008 to approximately HK$1,160,000. The increase was primarily due to new loans of approximately HK$68,000,000 had been obtained in the second half of 2008 to finance the acquisition of new property, plant and equipment, and investment properties located in Hong Kong. The loans had been fully repaid in September of 2009.

Profit before taxation

For the year ended 31 December 2009, profit before taxation significantly increased by approximately 45.2%, or approximately HK$135,189,000, from approximately HK$298,912,000 last year to approximately HK$434,101,000, as a result of the cumulative effect of the foregoing factors.

Profit attributable to owners of the Company

For the year ended 31 December 2009, profit attributable to owners of the Company significantly increased by approximately 42.4%, or approximately HK$93,615,000, from approximately HK$220,841,000 in 2008 to approximately HK$314,456,000, as a result of the cumulative effect of the foregoing factors.

Assets and liabilities

Net current assets was approximately HK$1,607,718,000 and current ratio was 6.0 as at 31 December 2009 (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.

Cash flow

Net cash inflow from operating activities for the year ended 31 December 2009 was approximately HK$460 million, while profit before taxation for the same period was approximately HK$434 million. The difference was primarily due to the increase in trade and other payables, resulting from the increased purchase of raw materials and other goods from suppliers associated with the increase in the number of FCR operated by the Group in the year by credit.

Capital expenditure

The Group's capital expenditure was approximately HK$205,403,000 in 2009 (2008: HK$385,647,000), which was due to the increase in purchase of property, plant and equipment for new restaurants and new investment properties located in Beijing and Shanghai.

Key operating ratios for restaurant operations

	Hong Kong			PRC		
	2009	1-6/2009	2008	**2009**	1-6/2009	2008
Comparable restaurants Sales growth:	**-14.3%**	-16.3%	-5.1%	**-1.3%**	-2.8%	6.9%
Turnover per GFA (per day/sq.m.):	**HK$184**	HK$186	HK$212	**RMB45**	RMB50	RMB52
Turnover per day per restaurant:	**HK$21,277**	HK$21,207	HK$25,267	**RMB12,602**	RMB13,404	RMB14,377
Per capita spending:	**HK$57.1**	HK$57	HK$58.5	**RMB36**	RMB36	RMB38
Table turnover per day (per day):	**6**	6	6.5	**5.1**	4.8	5.5

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the listed securities of the Company during the year ended 31 December 2009.

CODE ON CORPORATE GOVERNANCE PRACTICES

The Company has, throughout the year ended 31 December 2009, complied with all applicable code provisions under the Code on Corporate Governance Practices (the "Code") as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"), save and except for the deviation from the code provision A.2.1 of the Code. Under the Code Provision A.2.1, the roles of Chairman and Chief Executive Officer (''CEO'') should be separate and should not be performed by the same individual. Currently, the Company does not comply with such Code Provision, namely, the roles of the Chairman and 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 is 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 Wai 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.

Details of the Company's corporate governance practices will be set out in the Company's 2009 Annual Report.

MODEL CODE FOR SECURITIES TRANSACTIONS

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 year under review, they were in compliance with the Required Standard.

In addition, the Board has adopted written guidelines (the "Employees' Guidelines for Securities Transactions") for securities transactions by employees (the "Relevant Employees") who are likely to be in possession of unpublished price sensitive information of the Company on no less exacting terms than the Model Code.

Having made specific enquiry to all the Relevant Employees, the Company confirmed that all the Relevant Employees have complied with the Required Standard as set out in the Employees' Guidelines for Securities Transactions throughout the year ended 31 December 2009.

AUDIT COMMITTEE

The Audit Committee was set up on 8 March 2007 with written terms of reference in compliance with Rules 3.21 and 3.22 of the Listing Rules.

Currently, the Audit Committee comprises three independent non-executive Directors and one non-executive Director as follows:

Mr. Jen Shek Voon (Chairman), an independent non-executive Director
Mr. Lo Peter, an independent non-executive Director
Mr. Wang Jincheng, an independent non-executive Director
Mr. Wong Hin Sun, Eugene, a non-executive Director

The Audit Committee is satisfied with their review of the auditor's remuneration, the independence of the auditors, Deloitte Touche Tohmatsu ("DTT"), and recommended the Board to re-appoint DTT as the Company's auditors in the year 2010, which is subject to the approval of shareholders at the forthcoming AGM.

The Company's interim results for the period ended 30 June 2009 and annual results for the year ended 31 December 2009 have been reviewed by the Audit Committee, which opines that applicable accounting standards and requirements have been complied with and that adequate disclosures have been made.

CLOSURE OF THE REGISTER OF MEMBERS

The register of members of the Company will be closed from 31 May 2010 to 3 June 2010, (both days inclusive), during which period no share transfers will be registered.

In order to qualify for the final dividend and the special dividend and to attend and vote at the forthcoming AGM, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's Hong Kong Branch Share Registrar, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on 28 May 2010.

AGM AND DESPATCH OF 2009 ANNUAL REPORT

The AGM of the Company will be held on 3 June 2010. A notice convening the AGM will 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 and will be dispatched to all shareholders together with the Annual Report in due course.

The Annual Report of the Company will be despatched to all 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, 29 March 2010

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.