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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 2012

2012 ANNUAL RESULTS HIGHLIGHTS

	For the year ended 31 December		
	2012 **(HK$'000)**	2011 (HK$'000)	**% Change Increase/ (Decrease)**
Turnover	**3,043,162**	3,074,978	(1.0)
Sales from restaurant operation	**2,936,766**	2,959,743	(0.8)
Gross profit	**2,021,730**	2,083,706	(3.0)
Profit before taxation	**236,488**	516,064	(54.2)
Profit attributable to owners of the Company	**154,230**	349,906	(55.9)
Basic earnings per share (HK cents)	**14.37**	32.64	(56.0)
Total dividend per share (HK cents)	**14.39**	18.03	(20.2)
Total number of restaurants (at 31 December)	**661**	662	(1)

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 2012 together with the comparative figures for the year 2011 as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2012

	NOTES	**2012** *HK$'000*	2011 *HK$'000*
Turnover	*3*	**3,043,162**	3,074,978
Other income	*4*	**107,537**	103,432
Other gains and losses	*5*	**12,264**	32,363
Cost of inventories consumed		**(1,021,432)**	(991,272)
Staff costs		**(736,462)**	(652,477)
Depreciation		**(175,220)**	(145,522)
Property rentals and related expenses		**(478,457)**	(444,515)
Other operating expenses		**(512,723)**	(457,079)
Finance costs		**(2,181)**	(3,844)
Profit before taxation	*6*	**236,488**	516,064
Taxation	*7*	**(71,303)**	(150,115)
Profit for the year		**165,185**	365,949
Other comprehensive income (expense)			
Exchange differences arising on translation		**10,904**	76,352
Gain on revaluation of properties		**5,304**	–
Income tax relating to components of other comprehensive income		**(1,326)**	–
Other comprehensive income for the year, net of income tax		**14,882**	76,352
Total comprehensive income for the year		**180,067**	442,301
Profit for the year attributable to:			
Owners of the Company		**154,230**	349,906
Non-controlling interests		**10,955**	16,043
		165,185	365,949
Total comprehensive income attributable to:			
Owners of the Company		**167,364**	423,173
Non-controlling interests		**12,703**	19,128
		180,067	442,301
Dividend	*8*	**153,215**	310,325
		HK cents	*HK cents*
Earnings per share	*9*		
– Basic		**14.37**	32.64
– Diluted		**14.28**	32.31

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 DECEMBER 2012

	NOTES	2012 HK$'000	2011 HK$'000
Non-current assets			
Investment properties		**378,273**	327,161
Property, plant and equipment		**1,083,272**	1,075,167
Prepaid lease payments		**110,541**	109,935
Intangible assets		**6,400**	15,800
Deposits paid for acquisition of property, plant and equipment		**10,238**	10,241
Deposits paid for acquisition of land leases		**15,429**	26,838
Rental deposits		**84,943**	74,147
Goodwill		**37,135**	44,791
Deferred tax assets		**3,032**	3,032
Available-for-sale investments		**21,154**	5,537
		1,750,417	1,692,649
Current assets			
Inventories		**87,847**	98,258
Trade and other receivables	*10*	**118,346**	149,669
Amounts due from related parties		**14**	1,084
Taxation recoverable		**887**	3,402
Bank balances and cash		**1,650,048**	1,887,104
		1,857,142	2,139,517
Current liabilities			
Trade and other payables	*11*	**352,530**	407,590
Amounts due to related companies		**4,891**	4,222
Amounts due to directors		**544**	544
Amount due to a shareholder		**34,831**	31,169
Amounts due to non-controlling shareholders		**18,394**	12,941
Dividend payable		**14**	11
Taxation payable		**53,608**	62,761
Bank loans		**60,000**	293,490
		524,812	812,728
Net current assets		**1,332,330**	1,326,789
Total assets less current liabilities		**3,082,747**	3,019,438
Non-current liability			
Deferred tax liabilities		**20,735**	22,353
Net assets		**3,062,012**	2,997,085

	2012	2011
	HK$'000	*HK$'000*
Capital and reserves		
Share capital	**107,416**	107,302
Reserves	**2,866,693**	2,814,772
Equity attributable to owners of the Company	**2,974,109**	2,922,074
Non-controlling interests	**87,903**	75,011
Total equity	**3,062,012**	2,997,085

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2012

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 ("Ms. Poon") who is a director of the Company. The addresses of the registered office and the principal place of business of the Company are disclosed in the "Corporation Information" section of the annual report.

The functional currency of the Company and the PRC operating subsidiaries of the Company is Renminbi ("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. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

In the current year, the Company and its subsidiaries (hereinafter defined as the "Group") have applied the following, amendments issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

Amendments to HKAS 12	Deferred Tax – Recovery of Underlying Assets
Amendments to HKFRS 7	Financial Instruments: Disclosures – Transfers of Financial Assets

The adoption of the amendments to HKFRSs in the current year has had no material effect on the Group's financial performance and positions for the current prior years and/or the disclosure set out in consolidated financial statements.

The Group has not early applied the following new and revised HKFRSs that have been issued but are not yet effective:

Amendments to HKAS 1	Presentation of Items of other Comprehensive Income [4]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2009-2011 Cycle [1]
Amendments to HKFRS 7	Disclosures – Offsetting Financial Assets and Financial Liabilities[1]
Amendments to HKFRS 9 and HKFRS7	Mandatory Effective Date of HKFRS 9 and Transition Disclosures[3]
Amendments to HKFRS 10, HKFRS 11 and HKAS 12	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance[1]
Amendments to HKFRS 10 and HKFRS12 and HKAS 27	Investment Entities[2]
HKFRS 9	Financial Instruments[3]
HKFRS 10	Consolidated Financial Statements[1]
HKFRS 11	Joint Arrangements[1]
HKFRS 12	Disclosure of Interests in Other Entities[1]
HKFRS 13	Fair Value Measurement[1]
HKAS 19 (As revised in 2011)	Employee Benefits[1]
HKAS 27 (As revised in 2011)	Separate Financial Statements[1]
HKAS 28 (As revised in 2011)	Investments in Associates and Joint Ventures[1]
Amendments to HKAS 1	Presentation of Items of Other Comprehensive Income[4]
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities[2]
HK(IFRIC)-Int 20	Stripping Costs in the Production Phase of a Surface Mine[1]

1 Effective for annual periods beginning on or after 1 January 2013
2 Effective for annual periods beginning on or after 1 January 2014
3 Effective for annual periods beginning on or after 1 January 2015
4 Effective for annual periods beginning on or after 1 July 2012

Amendments to HKAS 1 Presentation of Items of Other Comprehensive Income

The amendments to HKAS 1 Presentation of Items of Other Comprehensive Income introduce new terminology for the statement of comprehensive income and income statement. Under the amendments to HKAS 1, a 'statement of comprehensive income' is renamed as a 'statement of profit or loss and other comprehensive income' and an 'income statement' is renamed as a 'statement of profit or loss'. The amendments to HKAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to HKAS 1 require items of other comprehensive income to be grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss; and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis – the amendments do not change the option to present items of other comprehensive income either before tax or net of tax.

The amendments to HKAS 1 are effective for annual periods beginning on or after 1 July 2012. The presentation of items of other comprehensive income will be modified accordingly when the amendments are applied in future accounting periods.

Annual Improvements to HKFRSs 2009 – 2011 Cycle issued in June 2012

The Annual Improvements to HKFRSs 2009 – 2011 Cycle include a number of amendments to various HKFRSs. The amendments are effective for annual periods beginning on or after 1 January 2013. Amendments to HKFRSs include the amendments to HKAS 16 Property, Plant and Equipment and the amendments to HKAS 32 Financial Instruments: Presentation.

The amendments to HKAS 16 clarify that spare parts, stand-by equipment and servicing equipment should be classified as property, plant and equipment when they meet the definition of property, plant and equipment in HKAS 16 and as inventory otherwise. The directors do not anticipate that the application of the amendments will have a material effect on the Group's consolidated financial statements as the Group's spare parts are inventory by nature.

The amendments to HKAS 32 clarify that income tax on distributions to holders of an equity instrument and transaction costs of an equity transaction should be accounted for in accordance with HKAS 12 Income Taxes. The directors anticipate that the amendments to HKAS 32 will have no effect on the Group's consolidated financial statements as the Group has already adopted this treatment.

Amendments to HKAS 32 Offsetting Financial Assets and Financial Liabilities and amendments to HKFRS 7 Disclosures – Offsetting Financial Assets and Financial Liabilities

The amendments to HKAS 32 clarify existing application issues relating to the offset of financial assets and financial liabilities requirements. Specifically, the amendments clarify the meaning of "currently has a legally enforceable right of set-off" and "simultaneous realisation and settlement".

The amendments to HKFRS 7 require entities to disclose information about rights of offset and related arrangements (such as collateral posting requirements) for financial instruments under an enforceable master netting agreement or similar arrangement.

The amendments to HKFRS 7 are effective for annual periods beginning on or after 1 January 2013 and interim periods within those annual periods. The disclosures should also be provided retrospectively for all comparative periods. However, the amendments to HKAS 32 are not effective until annual periods beginning on or after 1 January 2014, with retrospective application required.

The directors anticipate that the application of these amendments to HKAS 32 and HKFRS 7 may result in more disclosures being made with regard to offsetting financial assets and financial liabilities in the future.

HKFRS 9 Financial Instruments

HKFRS 9 issued in 2009 introduces new requirements for the classification and measurement of financial assets. HKFRS 9 amended in 2010 includes the requirements for the classification and measurement of financial liabilities and for derecognition.

Key requirements of HKFRS 9 are described as follows:

All recognised financial assets that are within the scope of HKAS 39 Financial Instruments: Recognition and Measurement are subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent reporting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

With regard to the measurement of financial liabilities designated as at fair value through profit or loss, HKFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value of financial liabilities attributable to changes in the financial liabilities' credit risk are not subsequently reclassified to profit or loss. Under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss was presented in profit or loss.

HKFRS 9 is effective for annual periods beginning on or after 1 January 2015, with earlier application permitted.

The directors are of the opinion that it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

New and revised standards on consolidation, joint arrangements, associates and disclosures

In June 2011, a package of five standards on consolidation, joint arrangements, associates and disclosures was issued, including HKFRS 10, HKFRS 11, HKFRS 12, HKAS 27 (as revised in 2011) and HKAS 28 (as revised in 2011).

Key requirements of these five standards are described below.

HKFRS 10 replaces the parts of HKAS 27 Consolidated and Separate Financial Statements that deal with consolidated financial statements. SIC-Int 12 Consolidation – Special Purpose Entities will be withdrawn upon the effective date of HKFRS 10. Under HKFRS 10, there is only one basis for consolidation, that is, control. In addition, HKFRS 10 includes a new definition of control that contains three elements: (a) power over an investee, (b) exposure, or rights, to variable returns from its involvement with the investee, and (c) the ability to use its power over the investee to affect the amount of the investor's returns. Extensive guidance has been added in HKFRS 10 to deal with complex scenarios.

HKFRS 11 replaces HKAS 31 Interests in Joint Ventures. HKFRS 11 deals with how a joint arrangement of which two or more parties have joint control should be classified. SIC – Int 13 Jointly Controlled Entities – Non-monetary Contributions by Venturers will be withdrawn upon the effective date of HKFRS 11. Under HKFRS 11, joint arrangements are classified as joint operations or joint ventures, depending on the rights and obligations of the parties to the arrangements. In contrast, under HKAS 31, there are three types of joint arrangements: jointly controlled entities, jointly controlled assets and jointly controlled operations. In addition, joint ventures under HKFRS 11 are required to be accounted for using the equity method of accounting, whereas jointly controlled entities under HKAS 31 can be accounted for using the equity method of accounting or proportionate consolidation.

HKFRS 12 is a disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the disclosure requirements in HKFRS 12 are more extensive than those in the current standards.

In July 2012, the amendments to HKFRS 10, HKFRS 11 and HKFRS 12 were issued to clarify certain transitional guidance on the application of these five HKFRSs for the first time.

These five standards, together with the amendments relating to the transitional guidance, are effective for annual periods beginning on or after 1 January 2013 with earlier application permitted provided that all of these standards are applied at the same time.

The directors do not anticipate that the application of the standards and amendments will have a material effect on the Group's consolidated financial statements.

HKFRS 13 Fair Value Measurement

HKFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The standard defines fair value, establishes a framework for measuring fair value, and requires disclosures about fair value measurements. The scope of HKFRS 13 is broad; it applies to both financial instrument items and non-financial instrument items for which other HKFRSs require or permit fair value measurements and disclosures about fair value measurements, except in specified circumstances. In general, the disclosure requirements in HKFRS 13 are more extensive than those in the current standards. For example, quantitative and qualitative disclosures based on the three-level fair value hierarchy currently required for financial instruments only under HKFRS 7 Financial Instruments: Disclosures will be extended by HKFRS 13 to cover all assets and liabilities within its scope.

HKFRS 13 is effective for annual periods beginning on or after 1 January 2013, with earlier application permitted. The directors anticipate that the application of the new standard may affect certain amounts reported in the consolidated financial statements and result in more extensive disclosures in the consolidated financial statements.

3. SEGMENT INFORMATION

Information reported to Ms. Poon, the Group's chief operating decision maker, for the purposes of resource allocation and assessment of performance, is analysed by different operating divisions and geographical locations. This is also the basis upon which the Group is organised and specifically focuses on the Group's three operating divisions, namely operation of restaurants, manufacture and sales of noodles and related products and investment holding. No operating segments identified by the chief operating decision maker have been aggregated in arriving at the reportable segments of the Group.

The Group's operating and 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 in the PRC
Investment holding	–	leasing of property interests

Information regarding these segments is presented below.

Segment revenue and results

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

For the year ended 31 December 2012

	Operation of restaurants			Manufacture and sales of noodles and related products	Investment holding	Segment total	Elimination	Total
	PRC	**Hong Kong**	**Total**					
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Revenue								
– external sales	**2,612,737**	**324,029**	**2,936,766**	**106,396**	**–**	**3,043,162**	**–**	**3,043,162**
– inter-segment sales	**–**	**–**	**–**	**634,013**	**–**	**634,013**	**(634,013)**	**–**
	2,612,737	**324,029**	**2,936,766**	**740,409**	**–**	**3,677,175**	**(634,013)**	**3,043,162**
Segment profits	**201,772**	**27,702**	**229,474**	**10,355**	**54,009**	**293,838**	**–**	**293,838**
Unallocated income								**56,333**
Unallocated expenses								**(111,502)**
Finance costs								**(2,181)**
Profit before taxation								**236,488**
Taxation								**(71,303)**
Profit for the year								**165,185**

For the year ended 31 December 2011

	Operation of restaurants			Manufacture and sales of noodles and related	Investment	Segment		
	PRC	Hong Kong	Total	products	holding	total	Elimination	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Revenue								
– external sales	2,641,816	317,927	2,959,743	115,235	–	3,074,978	–	3,074,978
– inter-segment sales	–	–	–	613,988	–	613,988	(613,988)	–
	2,641,816	317,927	2,959,743	729,223	–	3,688,966	(613,988)	3,074,978
Segment profits	469,950	39,887	509,837	11,536	50,748	572,121	–	572,121
Unallocated income								32,542
Unallocated expenses								(84,755)
Finance costs								(3,844)
Profit before taxation								516,064
Taxation								(150,115)
Profit for the year								365,949

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment profit represents the profit earned by each segment without allocation of central administrative costs and directors' salaries, investment income and finance costs. This is the measure reported to the chief operating decision maker, Ms. Poon, for the purposes of resource allocation and assessment of segment performance.

Measures of total assets and liabilities are not reported as these financial information is not reviewed by the Group's chief operating decision maker for the assessment of performance and resources of the Group's business activities.

Other information

All of the Group's non-current assets other than available-for-sale investments and deferred tax assets, including investment properties, property, plant and equipment, prepaid lease payments, deposits paid for acquisition of property, plant and equipment, deposits paid for acquisition of land leases, intangible assets, goodwill and rental deposits, 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 other than available-for-sale investments and deferred tax assets by geographical location of assets:

	2012	2011
	HK$'000	*HK$'000*
The PRC	**1,434,401**	1,411,665
Hong Kong	**291,830**	272,415
	1,726,231	1,684,080

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 years ended 31 December 2012 and 31 December 2011.

None of the customers accounted for 10% or more of the total turnover of the Group during the years ended 31 December 2012 and 31 December 2011.

4. OTHER INCOME

	2012	2011
	HK$'000	*HK$'000*
Royalty income from sub-franchisee	**19,041**	17,365
Government grant	**3,692**	25,123
Bank interest income	**56,333**	30,553
Property rental income, net of negligible outgoings	**14,978**	12,131
Compensation received from landlord for early termination of operating leases of restaurants	**3,735**	4,885
Others	**9,758**	13,375
	107,537	103,432

Note: The amount of government grant represents the incentive subsidies received from the PRC local district authorities for the business activities carried out by the Group in the district. There are no specific conditions attached to the grant.

5. OTHER GAINS AND LOSSES

	2012	2011
	HK$'000	*HK$'000*
Change in fair values of investment properties	**39,031**	38,617
Loss on disposal/write-off of property, plant and equipment	**(19,014)**	(1,180)
Net foreign exchange loss	**(7,753)**	(5,074)
	12,264	32,363

6. PROFIT BEFORE TAXATION

	2012	2011
	HK$'000	*HK$'000*
Profit before taxation has been arrived at after charging:		
Cost of inventories consumed *(note a)*	**1,021,432**	991,272
Directors' remuneration	**5,993**	5,908
Other staff's salaries, wages and other benefits	**624,204**	572,066
Other staff's retirement benefits scheme contributions	**74,382**	59,426
Other staff's share-based payment expenses	**31,883**	15,077
Total staff costs	**736,462**	652,477
Advertising and promotion expenses	**38,461**	23,733
Auditor's remuneration	**3,000**	3,000
Non-audit services	**600**	600
	3,600	3,600
Fuel and utility expenses	**181,003**	165,885
Operating lease rentals in respect of		
– land lease	**1,495**	2,150
– rented premises *(note b)*	**418,291**	391,123

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$264,012,000 (2011: HK$220,693,000) and contingent rent of approximately HK$154,279,000 (2011: HK$170,430,000).

7. TAXATION

	2012	2011
	HK$'000	*HK$'000*
Hong Kong Profits Tax		
– Current year	**7,725**	10,926
PRC income tax		
– Current year	**54,550**	113,766
– Withholding taxes paid	**7,515**	13,541
– Underprovision in prior years	**6,084**	14,546
	75,874	152,779
Deferred taxation	**(4,571)**	(2,664)
	71,303	150,115

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for the years ended 31 December 2012 and 31 December 2011.

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, except the followings:

(a) Pursuant to the relevant provincial policy and with written approval obtained from the State Tax Bureau in Chongqing ("Chongqing STB") in 2009, Chongqing Weiqian Food & Restaurant Management Co., Ltd. 重慶味千餐飲管理有限公司 ("Chongqing Weiqian") which is located in Chongqing, China applied a preferential tax rate of 15% ("Preferential Tax Treatment") during the years 2009 and 2010.

During the year ended 31 December 2011, the Company received notice that the PRC National Audit Office recently issued a letter to the Chongqing STB stating that a few restaurant companies, including Chongqing Weiqian, should not have been granted the Preferential Tax Treatment for 2009. The PRC National Audit Office's ruling is that Chongqing Weiqian should pay enterprise income tax at the standard rate of 25%. During the year ended 31 December 2011, the Group made additional enterprise income tax provision of approximately HK$3.8 million (equivalent to approximately RMB3.2 million) for 2009 and paid such amount to the Chongqing STB on a timely manner as requested. As such, the Group applied the standard enterprise income tax rate of 25% for Chongqing Weiqian for the year ended 31 December 2011 and beyond.

In addition, the Group made provision of approximately HK$10.7 million (equivalent to approximately RMB9.0 million) for the potential payment of additional enterprise income tax based on the standard rate of 25% for 2010. This provision is based on the Group's assessment that the above PRC National Audit Office ruling has brought uncertainties to the Preferential Tax Treatment that Chongqing Weiqian enjoyed.

As a result of the foregoing, during the year ended 31 December 2011, the Group recognised a one-time tax liability of approximately HK$14.5 million (equivalent to approximately RMB12.2 million) related to the change in the Preferential Tax Treatment for the prior years. The directors of the Company believe that the Preferential Tax Treatment Chongqing Weiqian previously enjoyed was appropriate under relevant published government rules and regulations and the written approval it received in 2009.

(b) The tax rates of Weiqian Noodle Food Service (Shenzhen) Co., Ltd. and Weiqian Noodle (Shenzhen) Co., Ltd. increased from 15% and 15% to 25% and 25%, respectively, progressively from 1 January 2008 onwards. The relevant tax rates for these entities were 25% and 25% for the year ended 31 December 2012 (2011:24% and 24%).

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%. Withholding tax has been provided for based on the anticipated dividends to be distributed by the PRC entities.

8. DIVIDENDS

	2012	2011
	HK$'000	*HK$'000*
Dividends recognised as distribution during the year:		
Interim, paid – HK2.19 cents per share for 2012 (2011: HK5.95 cents)	**23,514**	63,842
Final, paid – HK2.28 cents per share for 2011 (2011: paid – HK10.5 cents per share for 2010)	**24,480**	112,525
Special, paid – HK9.80 cents per share for 2011 (2011: paid – HK12.50 cents per share for 2010)	**105,221**	133,958
	153,215	310,325

A final dividend of HK1.40 cents per ordinary share (2011: HK2.28 cents per share) and special dividend of HK10.80 cents per share (2011: HK9.80 cents per share) has been proposed by the directors and is subject to approval by the shareholders in the annual general meeting.

9. 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:

	2012	2011
	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	**154,230**	349,906

	Number of shares	Number of shares
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	**1,073,629,875**	1,071,980,459
Effect of dilutive potential ordinary shares relating to:		
– outstanding share options	**6,374,323**	10,968,353
Weighted average number of ordinary shares for the purpose of calculating diluted earnings per share	**1,080,004,198**	1,082,948,812

Certain outstanding share options of the Company have not been included in the computation of diluted earnings per share as they did not have dilutive effect to the Company's earnings per share during the years ended 31 December 2012 and 31 December 2011 because the exercise prices of these options were higher than the average market prices of the Company's shares during both years.

10. TRADE AND OTHER RECEIVABLES

	2012	2011
	HK$'000	*HK$'000*
Trade receivables		
– a related company	**602**	602
– others	**18,207**	29,876
	18,809	30,478
Rental and utility deposits	**25,577**	34,423
Property rentals paid in advance for restaurants	**21,963**	21,030
Advance to suppliers	**17,867**	18,709
Other receivables and prepayments	**34,130**	45,029
	118,346	149,669

The related company is a company in which Ms. Poon has controlling interests.

Customers including both independent third parties and related company of noodles and related products 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 presented based on invoice dates at the end of the reporting period, which approximated the respective revenue recognition dates:

	2012	2011
	HK$'000	*HK$'000*
Age		
0 to 30 days	**13,465**	25,282
31 to 60 days	**463**	1,931
61 to 90 days	**1,207**	329
91 to 180 days	**1,825**	454
Over 180 days	**1,849**	2,482
	18,809	30,478

11. TRADE AND OTHER PAYABLES

	2012	2011
	HK$'000	*HK$'000*
Trade payables		
– related companies	**7,609**	7,279
– others	**133,060**	155,495
	140,669	162,774
Payroll and welfare payables	**50,077**	54,356
Customers' deposits received	**17,594**	7,442
Payable for acquisition of property, plant and equipment	**47,636**	49,428
Payable for property rentals	**29,224**	31,336
Other taxes payable	**36,343**	33,873
Others	**30,987**	68,381
	352,530	407,590

The related companies are companies in which Mr. Kasuaki Shigemitsu, who is a director and shareholder of the company, has controlling interests.

The average credit period of purchase of purchase of goods is 60 (2011: 60) days. The following is an aged analysis of trade payables presented based on invoice dates at the end of the reporting period:

	2012	2011
	HK$'000	*HK$'000*
0 to 30 days	**96,873**	109,388
31 to 60 days	**35,181**	43,392
61 to 90 days	**1,250**	4,018
91 to 180 days	**2,577**	1,507
Over 180 days	**4,788**	4,469
	140,669	162,774

DIVIDEND

A final dividend of HK1.40 cents per ordinary share (2011: HK2.28 cents) and a special dividend of HK10.80 cents per ordinary share (2011: HK9.80 cents) for the year ended 31 December 2012 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 15 May 2013. Including the interim dividend of HK2.19 cents per ordinary share (2011: HK5.95 cents) already paid, the total dividend for the year ended 31 December 2012 will amount to HK14.39 cents per ordinary share (2011: HK18.03 cents).

MANAGEMENT DISCUSSION AND ANALYSIS

Industry Review

In 2012, the global economy was on a slow path to recovery, demonstrated by weak demand from major economies, tepid investment and consumption and declining growth in global trade. Affected by the European debt crisis and the recession in the US, the external demand plummeted, presenting a hindrance to export in traditional markets. China in 2012 marked the slowest economic growth rate since the 21st century.

In 2012, the catering industry in China witnessed a slump with crawling growth of corporate revenue, skyrocketing costs and sliding profits. Save for the SARS period in 2003, the growth rate of the whole industry hit rock bottom not seen since 2000. Major causes for the difficulties facing the industry were escalated costs and charges, as well as debilitated consumer confidence. The catering industry has long been burdened by the "four highs and one low" phenomenon featuring high-rising tax rate, raw material price, labor cost and rent, which result in low profit margin.

In 2012, the consumer price index (CPI) rose 2.6% year-on-year; with food prices up by 4.8%; and raw material costs continued to climb. Moreover, the annual average growth of minimum wages was 13 percent during the "12th Five-Year Plan" period as stipulated by the Ministry of Human Resources and Social Security, leading to a rapid labor cost hike. In addition, during the ten-year period from 2002 to 2012, the average rental price was up four to five times, attributable to the significant increase in property rents stimulated by the fierce competition among lessees. The turning point of CPI did not come out until the third quarter, adding to greater inflation pressure. Furthermore, there was a general labour shortage in the F&B industry, and labour costs increased rapidly, pushing the operating costs of the F&B industry on a continuous upward track.

In 2012, the Government issued policies to stimulate domestic consumption of goods and services. Measures such as expanding domestic demand, levying value-added tax instead of business tax, and cutting bank card fees showed positive signals to struggling catering enterprises. The overall bank card rate for the catering industry was cut to 1.25% from 2%, a decrease up to 37.5%. Meanwhile, catering enterprises also need proactive self adjustments by accelerating industrial transformation and upgrading and making full use of IT technologies, so as to develop their differentiated and distinctive features.

Ajisen is committed to improving its own operating and managing capabilities, lowering operating costs, boosting economic efficiency, accommodating consumers' needs, strengthening the publicity of company brands and raising service standards and food quality.

In 2012, we have carried out a series of public relations and promotion activities to restore our customer flow, which resulted in a certain increase in costs and expenditures, meanwhile we were still under the pressure of rising food prices and labor costs as mentioned above. Despite facing all these challenges, we are confident that, through fully leveraging on our competitive edge and our accumulated industry experience over all these years, we are able to tackle this incident in a flexible manner and stick to the quality and operation efficiency of our restaurant network, so as to restore the Company's various economic indicators to the level before the incident as soon as possible.

Business Review

For the year ended 31 December 2012, the Group's turnover decreased from approximately HK$3,075 million in 2011, by approximately 1.0% to approximately HK$3,043 million in 2012. The gross profit of the Group reached approximately HK$2,022 million, an decrease of approximately 3.0% from last year. In particular, profit for the year of the Company decreased by approximately 54.9% and profit attributable to the owners of the Company decreased by approximately 55.9% to approximately HK$154 million from approximately HK$350 million last year. Net profit margin also decreased from approximately 11.4% last year to approximately 5.1%. This showed that profitability of the Group affected by the Diaoyu Island dispute during the year. Correspondingly, basic earnings per share dropped from HK32.64 cents last year to HK14.37 cents per ordinary share.

Given the decline of the current operation of the Company during the year, the Board recommended a final dividend of HK1.40 cents and a special dividend of HK10.80 cents per ordinary share for the year ended 31 December 2012 as a return to the shareholders.

The powerful support from its production bases is an integral factor for the sustainable and steady expansion of the Group's chain restaurant network. As at 31 December 2012, the Group has two major production bases in Shanghai and Shenzhen, and 7 food manufacturing and processing centres throughout China, the Group also steadily pursued the construction of three new production bases in order to accommodate the pace and demand from the planned expansion of its fast causal restaurant ("FCR") network.

During the year, the Group decelerated its pace for the expansion of FCR network as planned. The Group adopted more focused strategies in its development, and continued to expand the restaurant network and deepened the density in mature markets, such as Jiangsu, Zhejiang and Shanghai.

During the year, the Group's cost of inventories consumed as a proportion to turnover was approximately 33.6%, indicating an increase of approximately 1.4 percentage points from that of the corresponding period last year. Accordingly, gross profit margin decreased from approximately 67.8% last year to approximately 66.4% in 2012. The Company leveraged on the adjustment of manual prices and adoption of means of strategic stocking to stabilize the cost of inventories to the maximum extent. In addition, although prices of 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 and stable gross profit margin.

During the year, the Group's labour costs accounted for approximately 24.2% of the turnover, which was approximately 3.0 percentage points higher than that of the corresponding period of last year. During the year, due to the standard of minimum wage in a number of provinces and municipalities in China successively was increased; the Group adjusted the wages of staff according to relevant law and regulations. In addition to this, the Group also implemented a new incentive bonus scheme and new human resources policy to the operational level staff, leading to an increase in labour costs.

During the year, rental and related costs as a proportion to turnover of the Group was approximately 15.7%, which was approximately 1.2 percentage points higher than that of corresponding period last year. During the year, the Group maintained stringent criteria in location selection for new restaurants to ensure the rate of success of the new establishment. Also, a large number of medium-and small-size restaurants were developed so as to enhance the output per unit area. On the other hand, with our branding effect becoming stronger, the Group has secured fixed leases on a long-term basis. Such an increase was mainly attributable to the fact that the slower turnover growth for the period.

However, due to the slow recovery of stores sales, the fixed component in the rental structure will account for a larger portion. Captured with the last year, so that the ratio of the rental and related expenses against turnover of Group became higher.

By leveraging on the business opportunities arising from the gradual recovery of the F&B market, the Group has timely introduced a number of enriched and attractive marketing activities, the results of which within expectation. During the year, the Group featured the promotional sales of various attractive premiums. The feedback was excellent and the promotions facilitated an increase in transaction amount. The traditional redemption activities further improved the sales profit margin. These activities did not only encourage new and existing customers to visit the restaurants, but also helped the Group to fully benefit from the market recovery.

The highly effective operation of over 660 restaurants under the Group would not be achieved without our efficient management and intensive staff training. During the year, the Group placed emphasis on the guidance and training of restaurant managers and regional supervisors. The operation efficiency of each restaurant was enhanced through constant upgrading of its basic management level. The Group also launched inter-restaurant competitions and new incentive bonus scheme so as to fully mobilize its staff.

Retail Chain Restaurants

In 2012, the Group's major business and primary source of income continued to stem from the retail chain restaurant business. During the year, the Group's restaurant business income recorded approximately HK$2,936,766,000 (2011: HK$2,959,743,000), accounted for approximately 96.5% (2011: 96.3%) of the Group's total revenue.

As at 31 December 2012, the Group's restaurant portfolio consisted of 661 Ajisen chain restaurants, comprising the following:

	31 December 2012	31 December 2011	+/–
By type:			
Owned and managed	**659**	660	-1
Owned but not managed	**2**	2	0
Total	**661**	662	-1
By provinces:			
Shanghai	**132**	134	-2
Beijing	**35**	36	-1
Tianjin	**6**	8	-2
Guangdong (excluding Shenzhen)	**66**	64	2
Shenzhen	**34**	35	-1
Jiangsu	**73**	70	3
Zhejiang	**45**	48	-3
Sichuan	**26**	23	3
Chongqing	**17**	13	4
Fujian	**26**	25	1
Hunan	**16**	13	3
Hubei	**15**	18	-3
Liaoning	**14**	13	1
Shandong	**41**	37	4
Guangxi	**10**	9	1
Guizhou	**6**	9	-3
Jiangxi	**6**	7	-1
Shaanxi	**12**	13	-1
Yunnan	**7**	7	0
Henan	**3**	4	-1
Hebei	**4**	5	-1
Anhui	**12**	13	-1
Gansu	**1**	2	-1
Xinjiang	**4**	3	1
Hainan	**3**	3	0
Shanxi	**1**	1	0
Neimenggu	**4**	4	0
Heilongjiang	**3**	3	0
Ningxia, Qinghai	**2**	2	0
Hong Kong	**35**	38	-3
Taiwan*	**2**	2	0
Total	**661**	662	-1
Total saleable area (sq. meters)	**151,748**	151,989	-241

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

	31 December 2012	31 December 2011	+/–
By geographical region:			
Northern China	**110**	108	2
Eastern China	**250**	252	-2
Southern China	**174**	175	-1
Central China	**125**	125	0
Taiwan	**2**	2	0
Total	**661**	662	-1

	31 December 2012	31 December 2011	+/–
By scale:			
Flagship	**44**	44	0
Standard	**607**	608	-1
Economic	**10**	10	0
Total	**661**	662	-1

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 a beneficial complement to the major business of FCR network operation. These packaged noodle products are manufactured solely by the Group. Besides they are supplied to the chain restaurants of the Group, they are also sold through diversified channels, including supermarkets and department stores, which further enhanced the awareness of the Ajisen brand.

For the year ended 31 December 2012, revenue from the sales of packaged noodle and related products was approximately HK$106,396,000 (2011: HK$115,235,000), accounted for approximately 3.5% (2011: 3.7%) of the Group's total revenue. The Group has an extensive distribution network for the packaged noodle and related products in China. As of 31 December 2012, the total number of points-of-sale in this network reached approximately 8,000, which was the same compared to the corresponding period in last year. The distribution network covers over 30 cities in China. These distributors include nationwide retailers such as Wal-Mart, Carrefour and Metro, and regional retailers such as China Resources Vanguard, Sanjiang in Ningbo and Century Lianhua, as well as reputable convenient chain stores such as Allday, Kedi and C-Store.

FINANCIAL REVIEW

Turnover

For the year ended 31 December 2012, the Group's turnover decreased by approximately 1.0%, or approximately HK$31,816,000, to approximately HK$3,043,162,000 from approximately HK$3,074,978,000 for the corresponding period in 2011. Such decrease was mainly due to the decrease in the number of FCR and in the company same store growth of the Group during the year.

Cost of inventories consumed

For the year ended 31 December 2012, the Group's cost of inventories increased by approximately 3.0%, or approximately HK$30,160,000, to approximately HK$1,021,432,000 from approximately HK$991,272,000 for the corresponding period in 2011. The increase of inventories cost was slightly more than the increase in turnover. During the year, the ratio of inventories cost to turnover was approximately 33.6%, slightly higher than 32.2% for the corresponding period in 2011. Such increase was mainly attributable to the raw material prices increase and various discounts and promotion were offered.

Gross profit and gross profit margin

Driven by the above factors, gross profit for the year ended 31 December 2012 decreased by approximately 3.0%, or approximately HK$61,976,000, to approximately HK$2,021,730,000 from approximately HK$2,083,706,000 for the corresponding period in 2011. Gross profit margin of the Group also slightly dropped from approximately 67.8% for the corresponding period in 2011 to approximately 66.4%.

Property rentals and related expenses

For the year ended 31 December 2012, property rentals and related expenses of the Group increased by approximately 7.6% from approximately HK$444,515,000 for the corresponding period in 2011 to approximately HK$478,457,000. Its proportion to turnover increased from approximately 14.5% for the corresponding period in 2011 to approximately 15.7%. Such an increase was mainly attributable to the fact that the slower sales growth and negative same store sales growth for the year.

Staff costs

For the year ended 31 December 2012, staff costs of the Group increased by approximately 12.9% from approximately HK$652,477,000 for the corresponding period in 2011 to approximately HK$736,462,000. Staff costs as a proportion to turnover increased from approximately 21.2% for the corresponding period in 2011 by 3.0 percentage points to approximately 24.2%, which reflected the increase in minimum wage in a number of provinces and municipalities in China and in Hong Kong growth and negative same store sales for the year.

Depreciation

For the year ended 31 December 2012, depreciation of the Group increased by approximately 20.4% or approximately HK$29,698,000 from approximately HK$145,522,000 for the corresponding period in 2011 to approximately HK$175,220,000. Such an increase was mainly attributable to the commencement of operation of new factories in Shanghai and Chengdu.

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 2012, other operating expenses increased by approximately 12.2%, or approximately HK$55,644,000, to approximately HK$512,723,000 from approximately HK$457,079,000 for the corresponding period in 2011. Its proportion to turnover was increased by 1.9 percentage points from 14.9% to approximately 16.8%, which mainly attributed to more shops opening in between the year which the impact is outweighed by the shops closed in the corresponding year.

Other income

For the year ended 31 December 2012, other income of the Group increased by approximately 4.0%, or approximately HK$4,105,000, to approximately HK$107,537,000 from approximately HK$103,432,000 for the corresponding period in 2011. The increase mainly originated from the rise in interest income resulting from an upward trend in fixed deposit rates offered by Banks during the year and increase in royalty income from sub-franchises during the year.

Other gains and losses

For the year ended 31 December 2012, other gains and losses of the Group decreased by approximately 62.1% or HK$20,099,000 to approximately HK$12,264,000 from approximately of HK$32,363,000 for the corresponding period in 2011. The decrease was primarily due to an increase in loss on disposal and write-off of property, plant and equipment during the year.

The exchange differences arising on translation amounted to approximately HK$10,904,000 for the year ended 31 December 2012 (2011: HK$76,352,000) is due to translation of (i) assets and liabilities and (ii) income and expenses of the Group's PRC operating entities from their functional currency, which is RMB, to the presentation currency of the Group, which is HK$, at the rate of exchange prevailing at the end of the reporting period and the average exchange rate for the year, respectively. Such significant amount recognised in other comprehensive income and accumulated in the translation reserve in the equity for the year ended 31 December 2012 is mainly due to appreciation of RMB as compared to HK$ throughout the year and more RMB denominated assets, including but not limited to bank balances and cash, property, plant and equipment, etc, were resulted at the end of the reporting period as compared to that in the previous year.

Finance costs

For the year ended 31 December 2012, finance costs decreased by approximately 43.3%, or approximately HK$1,663,000, to approximately HK$2,181,000 from approximately HK$3,844,000 for the corresponding period in 2011. The decrease mainly due to repayment of loans for the year.

Profit before taxation

Being affected by the factors referred to above in aggregate, the Group's profit before taxation for the year ended 31 December 2012 decreased by approximately 54.2%, or approximately HK$279,576,000 to approximately HK$236,488,000 from approximately HK$516,064,000 for the corresponding period in 2011.

Profit attributable to owners of the Company

Being affected by the factors referred to above in aggregate, profit attributable to owners of the Company for the year ended 31 December 2012 decreased by approximately 55.9%, or approximately HK$195,676,000, to approximately HK$154,230,000 from approximately HK$349,906,000 for the corresponding period in 2011.

Assets and liabilities

The Group's net current assets were approximately HK$1,332,330,000 and the current ratio was 3.5 as at 31 December 2012 (31 December 2011: 2.6). As the Group is primarily engaged in the restaurant business, most of the sales are settled in cash. As a result, the Group was able to maintain a relatively high current ratio. The decrease in current ratio was mainly attributable to the payment of dividend for 2011.

Cash flows

Net cash inflow from operating activities for the year ended 31 December 2012 was approximately HK$367,007,000, while profit before taxation for the same period was approximately HK$236,488,000. The difference was primarily due to the increase in share-based payment expenses.

Capital expenditure

For the year ended 31 December 2012, the Group's capital expenditure was approximately HK$205,879,000 (2011: HK$440,594,000), 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		
	1-12/2012	1-6/2012	1-12/2011	**1-12/2012**	1-6/2012	1-12/2011
Comparable restaurant sales growth:	**0.7%**	-2.4%	4.6%	**-12.6%**	-24.7%	-6.0%
Turnover per GFA (per day/sq.m.):	**HK$224**	HK$196	HK$212	**RMB39.5**	RMB38.7	RMB45.2
Per capita spending:	**HK$59.9**	HK$60.1	HK$59.1	**RMB41.6**	RMB40.0	RMB40.6
Table turnover per day (times per day):	**5.6**	5.6	5.6	**3.3**	3.3	4.0

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 2012.

CODE ON CORPORATE GOVERNANCE PRACTICES

The Company has, throughout the year ended 31 December 2012, complied with all applicable code provisions under the Code on Corporate Governance Practices (from 1 January 2012 to 31 March 2012) and Corporate Governance Code (from 1 April 2012 to 31 December 2012) (the "Code") as set out in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange (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 2012 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 inside 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 2012.

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 auditors' 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 2013, which is subject to the approval of shareholders at the forthcoming AGM.

The Company's interim results for the period ended 30 June 2012 and annual results for the year ended 31 December 2012 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

In order to determine the shareholders who are entitled to attend the AGM, the register of members of the Company will be closed from 10 May 2013 to 15 May 2013 (both days inclusive), during which period no share transfers will be registered.

In addition, in order to determine the shareholders who are entitled to receive the final dividend and the special dividend for the year ended 31 December 2012, the register of members of the Company will be closed from 22 May 2013 to 27 May 2013 (both days inclusive), during which period no share transfers will be registered.

In order to qualify for attending and voting at the forthcoming AGM, and the entitlement for the final dividend and the special dividend, 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 9 May 2013 and 21 May 2013 respectively.

AGM AND DESPATCH OF 2012 ANNUAL REPORT

The AGM of the Company will be held on 15 May 2013. 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 despatched 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, 12 March 2013

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.