味千(中國)控股有限公司
AJISEN (CHINA) HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)
Stock Code : 538

Interim Report 2008

Corporate Profile

Ajisen (China) Holdings Limited (stock code: 538) ("Ajisen" or the "Company"; together with its subsidiaries, the "Group") is one of the leading fast casual restaurant ("FCR") chain operators in the People's Republic of China ("PRC") and the Hong Kong Special Administrative Region ("Hong Kong"). Since its establishment in December 1995, the Group has been selling Japanese ramen and Japanese style dishes under the Ajisen brand in the PRC and Hong Kong. By incorporating Chinese people's culinary preferences and the essence of the Chinese cuisine, we have carefully developed over one hundred types of Japanese-style ramen and dishes that cater for the Chinese people's palate. Combining the elements of fast food shops and traditional restaurants, the Group has become a fast-growing FCR chain operator.

After our listing on the Main Board of The Stock Exchange of Hong Kong Limited ("Stock Exchange") on 30 March 2007, the strong capital support has injected vitality into the Group's rapid expansion. As of the date of this report, the Group's nationwide network comprises 283 restaurants. As a renowned brand in the food & beverage ("F&B") industry, Ajisen fast casual chain restaurants are very popular among consumers with its outlets covering the prime locations of major cities in the PRC and Hong Kong. To date, Ajisen restaurants have entered 46 cities in 19 provinces of the PRC. Among the major cities, the number of Ajisen restaurants in the international metropolis Shanghai is the largest of all, being 64, followed by 23 in Shenzhen and 18 in Beijing. In addition, there are 150 restaurants spanning across other major cities from the southern to the northern region of the PRC and Taiwan. In Hong Kong, Ajisen operates 27 chain restaurants and its chain network covers all the major business areas of the city. Moreover, the restaurant network is supported by the Group's Shanghai and Shenzhen manufacturing centers, as well as 11 food manufacturing and processing centers in other major cities.

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Corporate Information

BOARD OF DIRECTORS

Executive Directors

Ms. Poon Wai
(Chairman and Chief Executive Officer)
Mr. Yin Yibing
Mr. Poon Ka Man, Jason

Non-executive Directors

Mr. Katsuaki Shigemitsu
Mr. Wong Hin Sun, Eugene

Independent Non-executive Directors

Mr. Lo Peter
Mr. Jen Shek Voon
Mr. Wang Jincheng *(Note)*

AUDIT COMMITTEE

Mr. Jen Shek Voon *(Chairman)*
Mr. Lo Peter
Mr. Wang Jincheng *(Note)*
Mr. Wong Hin Sun, Eugene

REMUNERATION COMMITTEE

Mr. Lo Peter *(Chairman)*
Mr. Jen Shek Voon
Mr. Wong Hin Sun, Eugene

NOMINATION COMMITTEE

Mr. Wong Hin Sun, Eugene *(Chairman)*
Mr. Lo Peter
Mr. Wang Jincheng *(Note)*

AUTHORISED REPRESENTATIVES

Ms. Poon Wai
Mr. Lau Ka Ho, Robert

QUALIFIED ACCOUNTANT

Mr. Lau Ka Ho, Robert *(CPA)*

COMPANY SECRETARY

Mr. Ngai Wai Fung *(FCS, FCIS)*

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room 1301, 13th Floor
Top Glory Tower
262 Gloucester Road
Causeway Bay
Hong Kong

REGISTERED OFFICE

Clifton House
75 Fort Street
P.O. Box 1350 GT
George Town
Grand Cayman
Cayman Islands

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Appleby Corporate Services (Cayman) Limited
Clifton House
75 Fort Street
P.O. Box 1350 GT
George Town
Grand Cayman
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Computershare Hong Kong Investor Services Limited
Shops 1712–1716
17th Floor
Hopewell Centre
183 Queen's Road East
Wanchai
Hong Kong

Note: Mr. Wang Jincheng replaced Mr. Yan Yu as an independent non-executive director of the Company, a member of the Audit Committee and a member of the Nomination Committee on 9 September 2008.

PRINCIPAL BANKERS

Hang Seng Bank Limited
The Hongkong and Shanghai Banking Corporation Limited
Standard Chartered Bank (Hong Kong) Limited
Industrial and Commercial Bank of China (Asia) Limited
Bank of Shanghai

COMPLIANCE ADVISER

Cazenove Asia Limited

HONG KONG LEGAL ADVISERS

Fairbairn Catley Low & Kong
Winnie Mak, Chan & Yeung

AUDITOR

Deloitte Touche Tohmatsu

INVESTOR AND MEDIA RELATIONS CONSULTANT

iPR Ogilvy Ltd
www.iprogilvy.com

IR CONTACT

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STOCK CODE

538

Financial Highlights

For the six months ended 30 June (unaudited)	2008	2007	% +/–
Turnover (HK$'000)	**753,885**	452,363	+66.7
Gross profit (HK$'000)	**504,708**	311,285	+62.1
Profit before taxation (HK$'000)	**160,005**	136,297	+17.4
Profit attributable to equity holders of the Company (HK$'000)	**118,686**	109,548	+8.3
Earnings per share — basic (HK cents)	**11.12**	12.15	–8.5

Management Discussion and Analysis

Operating Environment

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

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

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

Business Review

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

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

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

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

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

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

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

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

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

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

Retail Chain Restaurants

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

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

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

Note:

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

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

Packaged Food Products

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

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

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

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

Financial Review

Turnover

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

Cost of sales

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

Gross margin

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

Other income

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

Distribution and selling expenses

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

Administrative expenses

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

Profit before taxation

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

Assets and liabilities

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

Cashflow

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

Capital expenditure

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

Key financial ratios for restaurant operations

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

Outlook for the second half of 2008 and beyond

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

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

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

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

Report on review of interim financial information

Deloitte.
德勤

TO THE BOARD OF DIRECTORS OF AJISEN (CHINA) HOLDINGS LIMITED

Introduction

We have reviewed the interim financial information set out on pages 14 to 40, which comprises the condensed consolidated balance sheet of Ajisen (China) Holdings Limited as of 30 June 2008 and the related condensed consolidated income statement, statement of changes in equity and cash flow statement for the six-month period then ended and certain explanatory notes. The Main Board Listing Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants. The directors are responsible for the preparation and presentation of this interim financial information in accordance with HKAS 34. Our responsibility is to express a conclusion on this interim financial information based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of review

We conducted our review in accordance with Hong Kong Standard on Review Engagements ("HKSRE") 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with HKAS 34.

Without modifying our review conclusion, we draw to your attention that the comparative condensed consolidated income statement for the six-month period ended 30 June 2007 and the comparative condensed consolidated statement of changes in equity and condensed consolidated cash flow statement for the six-month period ended 30 June 2007 disclosed in the interim financial information have not been reviewed in accordance with HKSRE 2410.

Deloitte Touche Tohmatsu
Certified Public Accountants

Hong Kong
19 September 2008

Condensed Consolidated Income Statement

For the six months ended 30 June 2008

		Six months ended 30 June	
	Notes	**2008** **HK$'000** **(Unaudited)**	2007 HK$'000 (Unaudited and as restated)
Turnover	4	**753,885**	452,363
Cost of sales		**(249,177)**	(141,078)
Gross profit		**504,708**	311,285
Other income	5	**36,873**	45,504
Property rentals		**(94,226)**	(61,745)
Distribution and selling expenses		**(228,450)**	(120,179)
Administrative and general expenses		**(58,890)**	(36,689)
Finance costs	6	**(10)**	(1,879)
Profit before taxation	7	**160,005**	136,297
Taxation	8	**(36,629)**	(24,039)
Profit for the period		**123,376**	112,258
Attributable to:			
Equity holders of the Company		**118,686**	109,548
Minority interests		**4,690**	2,710
		123,376	112,258
Dividends paid	9	**58,405**	—
		HK cents	HK cents
Earnings per share	10		
— Basic		**11.12**	12.15
— Diluted		**11.01**	12.09

Condensed Consolidated Balance Sheet

At 30 June 2008

	Notes	30 June 2008 HK$'000 (Unaudited)	31 December 2007 HK$'000 (Audited and as restated)
Non-current assets			
Investment properties	11	47,468	—
Property, plant and equipment	11	438,448	345,538
Prepaid lease payments		17,543	5,869
Deposits paid for acquisition of property, plant and equipment		39,470	13,415
Deposits paid for acquisition of land lease		5,613	10,723
Rental deposits		29,059	29,114
Goodwill		37,135	37,135
Deferred tax assets		1,967	3,555
Available-for-sale investments		2,137	2,155
		618,840	447,504
Current assets			
Inventories		48,066	31,062
Trade and other receivables	12	90,692	79,255
Amount due from a director	13	24,013	8,460
Amounts due from related parties	14	13,326	10,920
Taxation recoverable		6,537	1,245
Other financial assets	15	493,493	41,200
Bank balances and cash		1,287,169	1,814,391
		1,963,296	1,986,533
Current liabilities			
Trade and other payables	16	197,151	155,481
Amounts due to related companies	17	12,594	10,913
Amounts due to directors	17	—	544
Amounts due to shareholders	17	220,012	7,388
Dividend payable		2,726	—
Taxation payable		37,774	50,912
Bank overdrafts		—	614
		470,257	225,852
Net current assets		1,493,039	1,760,681
Total assets less current liabilities		2,111,879	2,208,185

Condensed Consolidated Balance Sheet (continued)

At 30 June 2008

	Notes	30 June 2008 HK$'000 (Unaudited)	31 December 2007 HK$'000 (Audited and as restated)
Non-current liabilities			
Deferred tax liabilities		**7,214**	4,692
		7,214	4,692
		2,104,665	2,203,493
Capital and reserves			
Share capital	*18*	**106,757**	106,748
Reserves		**1,971,999**	2,073,827
Equity attributable to equity holders of the Company		**2,078,756**	2,180,575
Minority interests		**25,909**	22,918
Total equity		**2,104,665**	2,203,493

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2008

	Attributable to equity holders of the Company												
	Share capital HK$'000	Share premium HK$'000	Special reserve HK$'000	Share options reserve HK$'000	Capital reserve HK$'000	Investment revaluation reserve HK$'000	Properties revaluation reserve HK$'000	Translation reserve HK$'000	Statutory surplus reserve fund HK$'000	Retained profits HK$'000	Total HK$'000	Minority interests HK$'000	Total HK$'000
At 1 January 2007 (Audited and previously restated)	8	—	86,160	—	59	—	—	562	4,722	71,285	162,796	5,658	168,454
Arising from Common Control Combination (see Note 2)	2,248	153,570	(155,808)	—	—	—	—	60	2,880	12,427	15,377	—	15,377
At 1 January 2007 (Audited and as restated)	2,256	153,570	(69,648)	—	59	—	—	622	7,602	83,712	178,173	5,658	183,831
Exchange differences arising on translation	—	—	—	—	—	—	—	23,812	—	—	23,812	1,065	24,877
Gain on fair value changes in available-for-sale investments	—	—	—	—	—	82	—	—	—	—	82	—	82
Net income recognised directly in equity	—	—	—	—	—	82	—	23,812	—	—	23,894	1,065	24,959
Profit for the year	—	—	—	—	—	—	—	—	—	231,572	231,572	7,466	239,038
Total recognised income and expense for the year	—	—	—	—	—	82	—	23,812	—	231,572	255,466	8,531	263,997
Issue of shares of as consideration for the acquisition of a subsidiary pursuant to the Group Reorganisation (as defined in Note 2)	380	—	(380)	—	—	—	—	—	—	—	—	—	—
Arising on Group Reorganisation (as defined in Note 2)	(8)	—	8	—	—	—	—	—	—	—	—	—	—
Capitalisation issue of new shares (Note 18(a)(iii))	70,548	(70,548)	—	—	—	—	—	—	—	—	—	—	—
Issue of new share by the Company	33,572	1,802,827	—	—	—	—	—	—	—	—	1,836,399	—	1,836,399
Transaction costs attributable to issue of new shares	—	(93,100)	—	—	—	—	—	—	—	—	(93,100)	—	(93,100)
Capital contributions from minority shareholders	—	—	—	—	1,100	—	—	—	—	—	1,100	8,729	9,829
Transfer	—	—	—	—	—	—	—	—	4,647	(4,647)	—	—	—
Recognition of equity-settled share-based payments	—	—	—	2,537	—	—	—	—	—	—	2,537	—	2,537
At 31 December 2007 and 1 January 2008 (Audited and as restated)	106,748	1,792,749	(70,020)	2,537	1,159	82	—	24,434	12,249	310,637	2,180,575	22,918	2,203,493
Exchange differences arising on translation	—	—	—	—	—	—	—	42,561	—	—	42,561	1,519	44,080
Surplus on revaluation of properties	—	—	—	—	—	—	5,305	—	—	—	5,305	—	5,305
Deferred tax liability arising on revaluation of properties	—	—	—	—	—	—	(1,326)	—	—	—	(1,326)	—	(1,326)
Loss on fair value changes in available-for-sales investments	—	—	—	—	—	(18)	—	—	—	—	(18)	—	(18)
Net income recognised directly in equity	—	—	—	—	—	(18)	3,979	42,561	—	—	46,522	1,519	48,041
Profit for the period	—	—	—	—	—	—	—	—	—	118,686	118,686	4,690	123,376
Total recognised income and expense for the period	—	—	—	—	—	(18)	3,979	42,561	—	118,686	165,208	6,209	171,417
Dividends paid to minority interests	—	—	—	—	—	—	—	—	—	—	—	(3,218)	(3,218)
Dividends declared	—	—	—	—	—	—	—	—	—	(61,131)	(61,131)	—	(61,131)
Distribution to shareholder as a result of Common Control Combination	—	—	(207,645)	—	—	—	—	—	—	—	(207,645)	—	(207,645)
Shares issued upon exercise of share options	9	427	—	(17)	—	—	—	—	—	—	419	—	419
Recognition of equity-settled share-based payments	—	—	—	1,330	—	—	—	—	—	—	1,330	—	1,330
At 30 June 2008 (Unaudited and as restated)	106,757	1,793,176	(277,665)	3,850	1,159	64	3,979	66,995	12,249	368,192	2,078,756	25,909	2,104,665

Condensed Consolidated Statement of Changes in Equity (continued)

For the six months ended 30 June 2008

	Attributable to equity holders of the Company												
	Share capital HK$'000	Share premium HK$'000	Special reserve HK$'000	Share options reserve HK$'000	Capital reserve HK$'000	Investment revaluation reserve HK$'000	Properties revaluation reserve HK$'000	Translation reserve HK$'000	Statutory surplus reserve fund HK$'000	Retained profits HK$'000	Total HK$'000	Minority interests HK$'000	Total HK$'000
At 1 January 2007 (Audited and as restated)	2,256	153,570	(69,648)	—	59	—	—	622	7,602	83,712	178,173	5,658	183,831
Exchange differences arising on translation and net expense recognised directly in equity	—	—	—	—	—	—	—	(306)	—	—	(306)	360	54
Profit for the period	—	—	—	—	—	—	—	—	—	109,548	109,548	2,710	112,258
Total recognised income and expense for the period	—	—	—	—	—	—	—	(306)	—	109,548	109,242	3,070	112,312
Issue of shares of as consideration for the acquisition of a subsidiary pursuant to Group Reorganisation (as defined in Note 2)	380	—	(380)	—	—	—	—	—	—	—	—	—	—
Arising on Group Reorganisation (as defined in Note 2)	(8)	—	8	—	—	—	—	—	—	—	—	—	—
Capitalisation issue of new shares (Note 18(a)(iii))	70,548	(70,548)	—	—	—	—	—	—	—	—	—	—	—
Issue of new share by the Company	33,572	1,802,827	—	—	—	—	—	—	—	—	1,836,399	—	1,836,399
Transaction costs attributable to issue of new shares		(93,100)	—	—	—	—	—	—	—	—	(93,100)	—	(93,100)
Capital contribution from minority shareholders		—	—	—	—	—	—	—	—	—	—	3,150	3,150
Recognition of equity-settled share-based payments	—	—	—	788	—	—	—	—	—	—	788	—	788
At 30 June 2007 (Unaudited and as restated)	106,748	1,792,749	(70,020)	788	59	—	—	316	7,602	193,260	2,031,502	11,878	2,043,380

The special reserve mainly represents the aggregate of:

(a) An amount of approximately HK$41 million, being the difference between the paid-in capital of Ajisen (China) International Limited ("Ajisen International") and the subsidiaries involved in the group reorganisation set out in the paragraph headed "Corporate Reorganisation" in Appendix VI to the prospectus dated 19 March 2007 issued by the Company.

(b) A net amount of approximately HK$45 million, being the difference between (i) the share premium resulted from the issue of shares of the Ajisen International, of HK$221 million to acquire additional interests in subsidiaries (which resulted in a goodwill of approximately HK$336 million) and (ii) an amount of approximately HK$176 million, being the difference between the fair value and the carrying amount of the additional interest in these subsidiaries prior to the acquisition, which represented a revaluation increase in the net assets attributable to the Group's additional interest in the subsidiaries.

(c) A net amount of approximately HK$363 million, being the difference between (i) the consideration which comprised cash consideration of HK$207 million and share consideration of HK$155 million of Common Control Combination (as defined in Note 2) and (ii) the share capital of Luck Right Limited ("Luck Right").

Share options reserve represents fair values of share options recognised as expense over the vesting period on a straight-line basis.

Capital reserve represents the difference between the actual amount contributed and the registered paid-in capital of certain subsidiaries.

Condensed Consolidated Statement of Changes in Equity (continued)

For the six months ended 30 June 2008

Investment revaluation reserve represents the changes in fair values of available-for-sale investments.

Properties revaluation reserve represents the difference between (i) the carrying amount and (iii) the fair value of property interests previously held under operating leases by the Group at the date the Group changed its intention to classify these property interests to investment properties.

As stipulated by the relevant laws and regulations for foreign investment enterprises in Mainland China (the "PRC"), the Company's PRC subsidiaries are required to maintain a statutory surplus reserve fund which is non-distributable. Appropriations to such reserve is made out of profit after taxation of the statutory financial statements of the PRC subsidiaries which the amounts and allocation basis are decided by their board of directors annually. The statutory surplus reserve fund can be used to make up prior year losses, if any, and can be applied in conversion into capital by means of capitalisation issue.

Condensed Consolidated Cash Flow Statement

For the six months ended 30 June 2008

	Six months ended 30 June	
	2008	2007
	HK$'000	HK$'000
	(Unaudited)	(Unaudited and as restated)
Operating activities		
Profit before the taxation	**160,005**	136,297
Adjustments for:		
Depreciation	**39,705**	19,118
Fair value changes in respect of the financial assets	**(2,293)**	—
Gain on disposal of shares allotted under subscription of a new listing applicant's shares the Stock Exchange of Hong Kong Limited (the "Share Subscription")	**—**	(962)
Increase in fair value recognised in respect	**(6,636)**	—
Interest expense of investment properties	**10**	1,879
Interest income	**(14,333)**	(38,847)
Loss of disposal of property, plant and equipment	**119**	276
Operating lease rentals in respect of prepaid lease payments	**364**	199
Share-based payment expenses	**1,330**	788
Operating cash flows before movements in involving capital	**178,271**	118,748
Rental deposits	**55**	—
(Increase) decrease in inventories	**(12,837)**	285
Decrease in trade and other receivables	**6,995**	1,042
Increase in trade and other payables	**43,243**	12,056
Cash from operations	**215,727**	132,131
Tax paid	**(53,928)**	(14,981)
Net cash from operating activities	**161,799**	117,150
Investing activities		
Interest received	**14,333**	38,847
Proceeds from disposal of property, plant and equipment	**4,465**	1,028
Additions of prepaid lease payments	**(514)**	—
(Decrease) increase in amounts due from related parties	**(598)**	33,018
Deposits paid for acquisition of land lease	**(5,613)**	—
Advance to a director	**(13,806)**	(22,612)
Purchase of investment properties	**(32,364)**	—
Deposits paid for acquisition of property, plant and equipment	**(39,470)**	—
Purchase of property, plant and equipment	**(124,307)**	(87,907)
Increase in other financial assets	**(450,000)**	—
Application for shares of a new listing the Share Subscription	**—**	(206,058)
Refund of unsuccessful application monies in respect of the Share Subscription	**—**	204,382
Proceeds on disposal of shares allotted under the Share Subscription	**—**	2,638
Net cash used in investing activities	**(647,874)**	(36,664)

Condensed Consolidated Cash Flow Statement (continued)

For the six months ended 30 June 2008

	Six months ended 30 June	
	2008	2007
	HK$'000	HK$'000
		(Unaudited and
	(Unaudited)	as restated)
Financing activities		
Advance from shareholders	**4,912**	2,847
Increase (increase) in amounts due to related companies	**1,297**	(10,204)
Proceeds from issue of shares	**419**	1,836,399
Capital contributions	**67**	3,150
Interest paid	**(10)**	(1,879)
Repayment to directors	**(544)**	(38,623)
Dividends paid to minority interests	**(3,218)**	—
Dividends paid	**(58,405)**	(11,220)
Payment of transaction costs attributable to issue of new shares	**—**	(93,100)
Repayment of bank loans	**—**	(119,771)
Net cash (used in) from financing activities	**(55,482)**	1,567,599
Increase in cash and cash equivalents	**(541,557)**	1,648,085
Cash and cash equivalents at 1 January	**1,813,777**	119,178
Effect of foreign exchange rate changes	**14,949**	54
Cash and cash equivalents at 30 June	**1,287,169**	1,767,317
Analysis of the balances of cash and cash equivalents		
Bank balances and cash	**1,287,169**	1,768,376
Bank overdrafts	**—**	(1,059)
	1,287,169	1,767,317

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2008

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 Favor Choice Group Limited, a company which is incorporated in the British Virgin Islands and wholly-owned by Anmi Holding Limited, a company which is incorporated in the British Virgin Islands and wholly-owned by Anmi Trust, which is founded by Ms. Poon Wai who is a director of the Company. The addresses of the registered office and the principal place of business of the Company are disclosed in the "Corporation Information" section of the interim financial statements.

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

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

2. Basis of Preparation of the Condensed Consolidated Financial Statements

Under a group reorganisation (the "Group Reorganisation") in preparation for the listing of the Company's shares on the Stock Exchange, the Company has become the holding company of Ajisen (China) International Limited and its subsidiaries on 8 March 2007 (together with the Company and the group headed by Luck Right defined below, collectively referred to as the "Group") upon completion of the Group Reorganisation.

Details of the Group Reorganisation are set out in the paragraph headed "Corporate Reorganisation" in Appendix VI to the prospectus dated 19 March 2007 issued by the Company (the "Prospectus").

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

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

2. Basis of Preparation of the Condensed Consolidated Financial Statements (continued)

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

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

3. Principal Accounting Policies

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

The accounting policies used in the condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2007. In current period, the Group changed the use of property interests previously stated as property, plant and equipment and reclassified these property interests as investment properties, the difference between the carrying amount and the fair value of the property at the date of transfer is recognised in properties revaluation reserve. On the subsequent sale or retirement of the property interests, the relevant revaluation reserve will be transferred directly to retained profits.

In the current interim period, the Group has applied, for the first time, new interpretations ("New Interpretations") issued by the HKICPA which are effective for the Group's financial period beginning 1 January 2008.

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

3. Principal Accounting Policies (continued)

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

HKAS 1 (Revised)	Presentation of Financial Statements[1]
HKAS 23 (Revised)	Borrowing Costs[1]
HKAS 27 (Revised)	Consolidated and Separate Financial Statements[2]
HKAS 32 &1 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation[2]
HKFRS 2 (Amendment)	Vesting Conditions and Cancellations[1]
HKFRS 3 (Revised)	Business Combinations[2]
HKFRS 8	Operating Segments[1]
HKFRIC 13	Customer Loyalty Programmes[3]
HKFRIC 15	Agreements for the Construction of Real Estate
HKFRIC 16	Hedges of a Net Investment in a Foreign Operation[4]

[1] Effective for annual periods beginning on or after 1 January 2009
[2] Effective for annual periods beginning on or after 1 July 2009
[3] Effective for annual periods beginning on or after 1 July 2008
[4] Effective for annual periods beginning on or after 1 October 2008

The adoption of HKFRS 3 (Revised) may affect the accounting for business combination for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009. HKAS 27 (Revised) will affect the accounting treatment for changes in a parent's ownership interest in a subsidiary that do not result in a loss of control, which will be accounted for as equity transactions.

The directors of the Company anticipate that the application of these standards or interpretations will have no material impact on the results and financial position of the Group.

4. Geographical and Business Segments

Geographical segments

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

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

4. Geographical and Business Segments (continued)

Business segments

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

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

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

5. Other Income

	Six months ended 30 June	
	2008 HK$'000	2007 HK$'000 (As restated)
Dividend income	**—**	92
Net exchange gains	**—**	—
Fair value changes in respect of other financial assets	**2,293**	—
Gain on disposal of shares allocated under subscription of new listing applicant's shares under the Stock Exchange	**—**	962
Government subsidies	**3,452**	—
Increase in fair value recognised in respect of investment properties	**6,636**	—
Interest income		
— on monies received from application of new shares	**—**	20,645
— on bank deposits	**14,333**	18,202
Management fee income (note 21)	**2,441**	3,191
Property rental income	**679**	769
Royalty income from sub-franchisee	**4,311**	892
Others	**2,728**	751
	36,873	45,504

6. Finance Costs

	Six months ended 30 June	
	2008	2007
	HK$'000	HK$'000
Interest on bank borrowings:		
— wholly repayable within five years	**10**	1,770
— not wholly repayable within five years	**—**	109
	10	1,879

7. Profit Before Taxation

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

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

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

8. Taxation

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

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

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

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

9. Dividends

On 27 June 2008, a dividend of HK5.85 cents per share (2007: nil) was paid to shareholders as the final dividend for 2007.

The directors do not recommend the payment of an interim dividend.

10. Earnings Per Share

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

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

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

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

11. Movements in Investment Properties and Property, Plant and Equipment

During the period ended 30 June 2008, the Group transferred its property interests previously held under operating leases with carrying values of approximately HK$3,163,000 to investment properties. Such property interests were then measured using the fair value model and classified and accounted for as investment properties. The resulting revaluation surplus of approximately HK$5,305,000 arised from such a change of intention have been credited to the properties revaluation reserve.

During the period, the Group acquired investment properties at an aggregate consideration of approximately HK$32,364,000.

The Group's investment properties were fair valued by CB Richard Ellis Limited, independent qualified professional valuers not connected with the Group, at 1 January 2008 (the date of change of intention for the use of the property interests mentioned above) and at 30 June 2008. CB Richard Ellis Limited are members of the Hong Kong Institute of Surveyors and have appropriate qualifications and recent experiences in the valuation of similar properties in the relevant locations. The valuation were arrived at by reference to market evidence of transaction prices for similar properties at 30 June 2008. The resulting increase in fair values in investment properties approximately HK$6,636,000 (2007: nil) has been recognised directly in the condensed consolidated income statements.

During the period, the Group spent approximately HK$124,307,000 (2007: HK$87,907,000) on acquisition of property, plant and equipment.

12. Trade and Other Receivables

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

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

12. Trade and Other Receivables (continued)

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

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

13. Amount Due from a Director

	30 June 2008 HK$'000 (Unaudited)	31 December 2007 HK$'000 (Audited and as restated)
Details of the amount due from a director are as follows:		
Ms. Poon Wai	**24,013**	8,460

The amount was unsecured, interest-free, repayable on demand. The amount has been fully settled subsequently.

14. Amounts due from Related Parties

Details of the amounts due from related parties are as follows:

	30 June 2008 HK$'000	31 December 2007 HK$'000 (As restated)
Shanghai Jiacai Ramen Restaurant, a sole proprietor entity held by a cousin of Ms. Poon Wai	13,289	10,887
Well Keen International Ltd., a company in which Mr. Poon Kai Man, Jason has a beneficial interest	25	25
Step Profits Ltd., a company in which Ms. Poon Wai, Mr. Poon Ka Man, Jason and Mr. Katsuaki Shigemitsu have beneficial interests	12	8
	13,326	10,920

The amounts were unsecured, interest-free and repayable on demand.

15. Other Financial Assets

	30 June 2008 HK$'000 (Unaudited)	31 December 2007 HK$'000 (Audited and as restated)
Financial assets designated as at fair value through profit or loss (FVTPL)	493,493	41,200

During the period ended 30 June 2008, the Group entered into five (year ended 31 December 2007: one) new contract(s) of principal-protected deposit(s) with two (year ended 31 December 2007: one) bank(s) for a period of six months to a year (year ended 31 December 2007: one year). The significant terms and conditions relating to the financial assets as FVTPL are as follows:

(i) Deposit linked to DB Balanced Currency Harvest Index

Notional amount	Start date	Deposit end date	Interest rate
HK$ 40,000,000	30 July 2007	1 August 2008	variable

15. Other Financial Assets (continued)

(i) Deposit linked to DB Balanced Currency Harvest Index (continued)

The deposit is a principal-protected deposit with guaranteed yield of 2% on its notional amount. Yield rate is related to the United States Dollars ("USD") forward exchange rates and forward interest rates in comparison to Turkish Lira/South African Rand/Brazilian Real/New Zealand Dollars/Australia Dollars/ South Korean Won/Japanese Yen/Swiss Franc/Singaporean Dollars and Taiwan Dollars (the "bracket of currencies"). In accordance with the relevant terms of the agreement, when the yield rate was greater than zero, the amount payable by the bank to the Group would be 102% plus 60% of the yield rate of the notional amount of the deposit. However, when the yield rate was less than zero, the amount payable by the bank to the Group would be 102% of the notional amount of the deposit. The deposit will be settled at principal amount plus yield at maturity.

(ii) Deposit linked to USDCNY Booster

Notional amount	Start date	Deposit end date	Interest rate
HK$ 100,000,000	24 January 2008	23 January 2009	variable

The deposit is a principal-protected deposit. Yield rate is 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 are greater than or equal to 0.1%. The yield rate would be 4% per annum if any of eleven Monthly Appreciations are greater than or equal to 0.1%. The yield rate would be 3% per annum if any of any of ten Monthly Appreciations are greater than or equal to 0.1%. The yield rate would be 2% per annum if any of nine Monthly Appreciations are greater than or equal to 0.1%. Otherwise, the yield rate would be zero. The deposit will be settled at principal amount plus yield at maturity.

(iii) USDCNY Inverse Floater Quanto Deposit

Notional amount	Start date	Deposit end date	Interest rate
HK$ 100,000,000	4 February 2008	4 February 2009	variable

The deposit is a principal-protected deposit. Yield rate is 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%. However, when the Annualised Cumulative Monthly CNY Depreciation was greater than 370%, the amount payable by the bank to the Group would be 100% of the notional amount of the deposit. The deposit will be settled at principal amount plus yield at maturity.

15. Other Financial Assets (continued)

(iv) Deposit linked to USDCNY Booster

Notional amount	Start date	Deposit end date	Interest rate
HK$ 100,000,000	24 January 2008	25 July 2008	variable

The deposit is a principal-protected deposit. Yield rate is 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 six Monthly Appreciations are greater than or equal to 0.2%. The yield rate would be 2% per annum if any of five Monthly Appreciations are greater than or equal to 0.2%. Otherwise, the yield rate would be zero. The deposit will be settled at principal amount plus yield at maturity.

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

Notional amount	Start date	Deposit end date	Interest rate
HK$ 50,000,000	28 March 2008	28 March 2009	variable

The deposit is a principal-protected deposit. Yield rate is 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 deposit will be settled at principal amount plus yield at maturity.

(vi) Deposit linked to USDCNY Booster

Notional amount	Start date	Deposit end date	Interest rate
HK$ 100,000,000	24 June 2008	23 December 2008	variable

The deposit is a principal-protected deposit. Yield rate is 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 6.5% per annum if all the six Monthly Appreciations are greater than or equal to zero. The yield rate would be 5.5% per annum if all the six Monthly Appreciations are greater than or equal to -0.15%. The yield rate would be 2.75% per annum if all the six Monthly Appreciations are greater than or equal to -0.3%. Otherwise, the yield rate would be zero. The deposit will be settled at principal amount plus yield at maturity.

The products i, ii, iv, v and vi are issued by Deutsch Bank AG, London and the product iii is issued by BNP Paribas.

15. Other Financial Assets (continued)

The principal-guaranteed deposits are designated at fair values through profit or loss upon initial recognition as the deposits form part of contracts containing embedded derivatives. They are stated at fair values, which mainly depend on the forward exchange and interest rates of the bracket of currencies, on each balance sheet date provided by the counterparty financial institutions.

During the period ended 30 June 2008, the change in fair value of the deposits is approximately HK$2,293,000 and has been credited to the condensed consolidated income statement.

16. Trade and Other Payables

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

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

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

17. Amounts due to Related Companies/Directors/Shareholders

The amounts due to related companies/directors/shareholders were unsecured, interest-free and repayable on demand.

18. Share Capital

	NOTES	Number of shares	Share capital HK$'000
Authorised:			
Ordinary shares of HK$0.10 each			
At 1 January 2007		3,800,000	380
Increase during the year	*(a)(i)*	9,996,200,000	999,630
At 31 December 2007, 1 January 2008 and 30 June 2008		10,000,000,000	1,000,000
Issued and fully paid:			
Issued and fully paid:			
At 1 January 2007, as previously stated		1	—
Arising from the Common Control Combination	*(b)*	22,484,750	2,248
At 1 January 2007, as restated		22,484,751	2,248
Issued of shares as consideration for the acquisition of a subsidiary pursuant to the Group Reorganisation	*(c)*	3,799,999	380
Issue of new shares upon listing of the Company's share on the Stock Exchange	*(a)(ii)*	290,722,000	29,072
Capitalisation issued of shares	*(a)(iii)*	705,478,000	70,548
Issue of new shares upon exercise of the over-allotment option	*(d)*	45,000,000	4,500
At 31 December 2007 and 1 January 2008		1,067,484,750	106,748
Exercise of share options		90,000	9
At 30 June 2008		1,067,574,750	106,757

Notes:

(a) On 8 March 2007, shareholder' resolutions were passed to approve the matters set out in the paragraph headed "Written resolutions of the shareholders of the Company passed on 8 March 2007" in Appendix to the Prospectus, pursuant to which:

(i) The authorised share capital of the Company was increased from HK$380,000 to HK$1,000,000,000 dividend into 10,000,000,000 ordinary shares of HK$0.10 each.

(ii) On 30 March 2007, 290,722,000 ordinary shares of HK$0.10 each of the Company were issued ("New Issue") at HK$5.47 by way of placing and public offer. On the same date, the Company's shares were listed on the Main Board of the Stock Exchange.

(iii) Upon the New Issue, the directors of the Company allocated and issued at par 705,478,000 ordinary shares to the shareholders of the Company on the register of members of the Company at the close of business on 8 March 2007 in proportion to their then respective existing shareholdings in the Company by capitalisation of total amount of HK$70,547,800 (equivalent to RMB70,547,800) standing to the credit of the share premium account of the Company.

18. Share Capital (continued)

Notes: (continued)

(b) *As disclosed in Note 2, the Common Control Combination is a combination of business under common control since the Company and Luck Right are under common control. As a result, the Company accounted for the acquisition in a manner similar to a uniting of interests. The condensed consolidated financial statements have been restated to give presented as if the operations of the Company and Luck Right have always been combined which the principle o merger accounting was applied. Consequently, the share capital in respect of 22,484,550 ordinary shares issued on 9 July 2008 for the purpose of business combination is shown as if it had always been issued.*

(c) *On 8 March 2007, the Company took up the entire share capital of Ajisen International Ms. Poon Wai, Mr. Cheng Wai Tao, Mr. Katsuaki Shigemitsu, Shigemitsu Industry Co., Ltd., Sirius Investment Inc. and Sirus Capital Holdings Pte Limited by exchange of its shares through (i) the crediting as fully paid up at par the one nil-paid share registered in the name of Favor Choice Group Limited ("Favor Choice") and (ii) the allotment and issue of 3,001,999 shares to Favor Choice, credited as fully paid, at the direction of Ms. Poon Wai, 418,000 shares to Mr. Cheng Wai Tao, credited as fully paid, 76,000 shares to Shigemitsu Industry Co., Ltd. credited as fully paid, 190,000 shares to Mr. Katsuaki Shigemitsu, credit as fully paid, 76,000 shares to Sirius Investment Inc., credited as fully paid and 38,000 shares to Sirius Capital Holdings Pte Limited, credited as fully paid.*

(d) *On 10 April 2007, an over-allotment option was exercised and a further 45,000,000 shares of HK$0.1 each, were issued at HK$5.47 per share.*

(e) *During the period ended 30 June 2008, the Company issued 90,000 new shares upon exercise of share options at the issue price of HK$4.6495 per share.*

All shares issued by the Company during the period ranked pari passu in all respects with all shares then issue.

19. Share Option Schemes

The Company adopted its pre-IPO share option scheme (the "Pre-IPO Share Option Scheme") and share option scheme (the "Share Option Scheme") on 8 March 2007.

Pre-IPO Share Option Scheme

During the period ended 30 June 2008, no (period ended 30 June 2007 and year ended 31 December 2007: 20,000,000) share options were granted by the Company. During the period ended 30 June 2008, no (period ended 30 June 2007: nil, year ended 31 December 2007: 270,000) share options previously granted by the Company were cancelled. The fair value of the options granted during the period ended 30 June 2007 determined at the date of grant using the Black-Scholes option pricing model is approximately HK$12,373,000. At 30 June 2008, the number of shares in respect of which options had been granted and remained outstanding was 19,640,000 (year ended 31 December 2007: 19,730,000), respectively.

Share Option Scheme

The Company has adopted the Share Option Scheme on 8 March 2007. The purpose of the Share Option Scheme is to enable the Company to grant option to the eligible participants in recognition of their contribution made or to be made to the Group. Under the Share Option Scheme, the Board may offer to grant an option to any director or employee, or any advisor, consultant, individual or entity who in the opinion of the Board has contributed or will contribute to the growth and development of the Group.

The total number of shares issued and which may fall to be issued upon exercise of the options granted pursuant to the Share Option Scheme to an eligible participant in any 12-month period shall not exceed 1% of the number of shares in issue unless approved by shareholders in general meeting.

19. Share Option Schemes (continued)

The subscription price of a share in respect of option granted under the Share Option Scheme will be determined by the Board provided that is shall not be less than the higher of : (i) the closing price of the shares as stated in the daily quotations sheet of the Stock Exchange on the date of grant, and (ii) the average closing price of the shares as stated in the daily quotations sheets of the Stock Exchange for the 5 business day immediately preceding the date of grant, and (iii) the nominal value of the shares.

On 25 June 2008, 2,780,000 share options were granted. During the period ended 30 June 2008, no share options previously granted by the Company were lapsed, cancelled or exercised. At 30 June 2008, the number of shares in respect of which options had been granted and remained outstanding was 2,780,000.

Set out below are details of the outstanding options granted under the Share Option Scheme:

(1) All options under the Share Option Scheme were granted on 25 June 2008 at an exercise price of HK$8.394 per share.

(2) All holders of options granted under the Share Option Scheme may only exercise their options in the following manner:

Number of share options granted	Exercise period for the relevant vested options
230,000	25 December 2008 to 30 March 2017(i)
700,000	25 December 2008 to 30 March 2017(ii)
80,000	2 July 2009 to 30 March 2017(iii)
200,000	18 September 2009 to 30 March 2017(iv)
1,570,000	25 June 2009 to 30 March 2017(v)
2,780,000	

Notes:

(i) *These share options will vest on 25 December 2008.*

(ii) *These share options were granted under the Share Option Scheme, vesting in 4 tranches, i.e. the first 25% from 25 December 2008, the second 25% from 25 December 2009, the third 25% from 25 December 2010 and the balance 25% from 25 December 2011.*

(iii) *The share options will vest on 2 July 2009.*

(iv) *These share options were granted under the Share Option Scheme, vesting in 4 tranches, i.e. the first 25% from 18 September 2009, the second 25% from 18 September 2010, the third 25% from 18 September 2011 and the balance 25% from 18 September 2012.*

(v) *These share options where granted under the Share Option Scheme, vesting in 4 tranches, i.e. the first 25% from 25 June 2009, the second 25% from 25 June 2010, the third 25% from 25 June 2011 and the balance 25% from 25 June 2012.*

(3) At 30 June 2008, the number of shares in respect of which options had been granted and remained outstanding was 2,780,000, representing 2.5% of the shares of the Company in issue at that date.

19. Share Option Schemes (continued)

(4) The estimated fair values of the share options granted on 25 June 2008 was approximately HK$11,319,000. The fair value of the shear options of the Company were calculated using the Black Scholes pricing model. The inputs into the model were as follows:

Share price	HK$8.300
Exercise price	HK$8.394
Expected volatility	52.380%
Expected life	5.250–6.999 years
Risk-free interest rate	3.484–3.605%
Expected dividend yield	0.9%

The risk-free rate interest was based on yield of Hong Kong Exchange Fund Note. Expected volatility was determined by using the historical volatility of entities with the business in which the Group is engaged. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non transferability, exercise restrictions and behavioral considerations.

In the opinion of the directors of the Company, the fair value of the Group's share options under the Share Option Scheme vested in current period ended 30 June 2008 does not have material impact on the results and financial position of the Group.

20. Capital Commitments

	30 June 2008 HK$'000 (Unaudited)	31 December 2007 HK$'000 (Audited and as restated)
Capital expenditure contracted for but not provided in the condensed consolidated financial statements in respect of the acquisition of		
— property, plant and equipment	**94,569**	8,511
— land lease	**22,453**	21,181
	117,022	29,692

21. Related Party Transactions

(a) During the period, the Group has the following significant transactions with related parties:

Relationship with related parties	Nature of transactions	Six months ended 30 June 2008 HK$'000 (Unaudited)	2007 HK$'000 (Unaudited and as restated)
Shigemitsu Industry Co., Ltd., a shareholder	Sales of noodles and related products	**630**	275
	Purchase of raw materials	**9,768**	7,511
	Franchise commissions paid	**6,297**	2,875
Companies in which Ms. Poon Wai has significant beneficial interest	Sales of noodles and related products	**3,261**	384
	Purchase of raw materials	**623**	12
	Commissions received	**—**	225
	Management fee received	**2,441**	3,191
	Property rentals received	**198**	276
Companies in which Mr. Poon Ka Man, Jason, a director of the Company, has significant beneficial interest	Decoration expenses paid	**5,401**	3,784

(b) The remuneration of directors and other members of key management personnel during the period was as follows:

	Six months ended 30 June 2008 HK$'000 (Unaudited)	2007 HK$'000 (Unaudited and as restated)
Short-term employee benefits	**2,858**	1,908
Other long-term benefits	**60**	58
Share-based payments	**897**	531
	3,815	2,497

The remuneration of directors and key executives is determined by the remuneration committee of the Company having regard to the performance of individual and market trends.

22. Post-balance Sheets Event

On 22 May 2008, Hong Kong Ajisen Co., Ltd., a wholly-owned subsidiary of the Company entered into an agreement with an independent third party to acquire a property, which is located in Hong Kong, at a consideration of HK$98,000,000. The transaction was completed on 1 September 2008.

Other Information

Compliance with the Code on Corporate Governance Practices

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

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

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

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

Audit Committee Review

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

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

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

Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures of Ajisen and its Associated Corporations

As at 30 June 2008, the interests and short positions of the Directors and the chief executive of Ajisen in the share capital, underlying shares and debentures of Ajisen or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) as recorded in the register required to be kept under section 352 of SFO, or as otherwise notified to Ajisen and the Stock Exchange pursuant to the Model Code, are set out below:

(i) Interests and short positions in the shares of Ajisen

Name of Director	Capacity and nature of interest	Number of shares *(Note 1)*	Approximate % of shareholding
Ms. Poon Wai	founder of a discretionary trust *(Note 2)*	531,976,941 shares (L)	50.90%
Mr. Yin Yibing	interest in controlled corporation *(Note 3)*	28,352,679 shares (L)	2.71%
Mr. Poon Ka Man, Jason	beneficiary of a trust *(Note 2)*	531,976,941 shares (L)	50.90%
Mr. Katsuaki Shigemitsu	beneficial owner	32,886,900 shares (L)	3.15%
Mr. Katsuaki Shigemitsu	interest in controlled corporation *(Note 4)*	13,154,560 shares (L)	1.26%
Mr. Wong Hin Sun, Eugene	interest in controlled corporation *(Note 5)*	340 shares (L)	0.00003%

Notes:

1. *The letter "L" denotes the Director's long position in such securities.*
2. *The 531,976,941 shares are held by Favor Choice Group Limited ("Favor Choice"), which is an investment holding company wholly owned by Anmi Holding Company Limited ("Anmi Holding"). Anmi Holding is incorporated in the British Virgin Islands and its issued share capital is wholly owned by Anmi Trust, which is founded by Ms. Poon Wai. Ms. Poon Wai is an executive Director and the CEO of the Company. Mr. Poon Ka Man, Jason, an executive Director of the Company, is one of the beneficiaries of Anmi Trust.*
3. *The 28,352,679 shares are held by Brilinda Hilltop Inc., which is an investment holding company wholly owned by Mr. Yin Yibing, an executive Director of the Company.*
4. *The 13,154,560 shares are held by Shigemitsu Industry Co. Limited, which is owned as to approximately 43.60% by Mr. Katsuaki Shigemitsu, who is a non-executive Director of the Company.*
5. *The 340 shares are held by Sirius Investment Inc., which is wholly owned by Mr. Wong Hing Sun, Eugene, who is a non-executive Director of the Company.*

(ii) Interests and short positions in underlying shares of equity derivatives of Ajisen

Name of Director	Capacity and nature of interest	Description of equity derivatives	Number of underlying shares *(Note 1)*
Ms. Poon Wai	interest in controlled corporation *(Note 3)*	share option *(Note 2)*	13,485,000 (L)
Mr. Yin Yibing	*(Note 3)*	share option *(Note 2)*	*(Note 3)*
Mr. Poon Ka Man, Jason	*(Note 3)*	share option *(Note 2)*	*(Note 3)*

Notes:

1. *The letter "L" denotes the Director's long position in such securities.*
2. *The share options were granted under the pre-IPO share option scheme of the Company.*
3. *Ms. Poon Wai, Mr. Yin Yibing and Mr. Poon Ka Man, Jason, who are executive Directors, were granted options under the pre-IPO share option scheme of the Company to subscribe for 8,485,000 shares, 2,500,000 shares and 2,500,000 shares respectively. They have formed a company in the British Virgin Islands named Center Goal Holdings Limited ("Center Goal") to hold the share options. Center Goal is owned as to approximately 62.92% by Ms. Poon Wai, as to approximately 18.54% by Mr. Poon Ka Man, Jason and as to approximately 18.54% by Mr. Yin Yibing.*

(iii) Interests and short positions in the shares of the associated corporations

(1) Long position in the shares of Anmi Holding

Name of Director	Capacity and nature of interest	Number of shares	Approximate % of shareholding
Ms. Poon Wai	founder of a discretionary trust *(Note)*	1	100%

Note: The entire issued share capital of Anmi Holding is owned by Anmi Trust, which is founded by Ms. Poon Wai.

(2) Long position in the shares of Favor Choice

Name of Director	Capacity and nature of interest	Number of shares	Approximate % of shareholding
Ms. Poon Wai	founder of a discretionary trust *(Note)*	10,000	100%

Note: The entire issued share capital of Favor Choice is owned by Anmi Holding, which is wholly owned by Anmi Trust. Anmi Trust is founded by Ms. Poon Wai.

Save as disclosed herein, as at 30 June 2008, none of the Directors and chief executive of the Company, or any of their spouses, or children under eighteen years of age, has any interests or short positions in the shares, underlying shares and debentures of the Company or its associated corporations, recorded in the register required to be kept under section 352 of SFO or required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

Interests and Short Positions of Substantial Shareholders Discloseable Under the SFO

So far as is known to the Company, as at 30 June 2008, as recorded in the register required to be kept by Ajisen under section 336 of the SFO, the following persons, other than any Director or the chief executive of Ajisen, were the substantial shareholders (within the meaning of the Listing Rules) of Ajisen and had the following interests or short position in the shares or underlying shares of Ajisen:

Name of Shareholder	Capacity	Number of shares	Approximate % of shareholding
Favor Choice *(Note 1)*	beneficial owner	531,976,941	50.90%
Anmi Holding *(Note 2)*	interest of controlled corporation	531,976,941	50.90%
HSBC International Trustee Limited *(Note 2)*	trustee	531,976,941	50.90%
Mr. Cheng Wai Tao	beneficial owner	72,882,580	6.97%
JP Morgan Chase & Co.	investment manager	94,085,000	9.00%
JP Morgan Chase & Co.	custodian corporation/approved lending agent	270,000	0.03%

Notes:

1. *The 531,976,941 shares are held by Favor Choice, which is an investment holding company wholly owned by Anmi Holding. Anmi Holding is incorporated in the British Virgin Islands and its issued share capital is wholly owned by Anmi Trust, which is founded by Ms. Poon Wai. Ms. Poon Wai is an executive Director and the CEO of the Company. Mr. Poon Ka Man, Jason, an executive Director of the Company, is one of the beneficiaries of Anmi Trust.*

2. *HSBC International Trustee Limited (in its capacity as the trustee of Anmi Trust) is the legal owner of the entire issued share capital of Anmi Holding. HSBC International Trustee Limited holds these shares under Anmi Trust for the benefit of the beneficiaries of Anmi Trust.*

Save as disclosed herein, as at 30 June 2008, the Company has not been notified of any substantial shareholder (other than a Director or chief executive of the Company) who had an interest or short position in the shares or underlying shares of the Company that were recorded in the register required to be kept under section 336 of the SFO.

Share Option Scheme

Ajisen has conditionally adopted its share option scheme (the "Share Option Scheme") on 8 March 2007. The purpose of the Share Option Scheme is to enable Ajisen to grant option to the eligible participants in recognition of their contribution made or to be made to the Group. Under the Share Option Scheme, the Board may offer to grant an option to any director or employee, or any advisor, consultant, individual or entity who, in the opinion of the Board, has contributed or will contribute to the growth and development of the Group.

The total number of shares issued and which may fall to be issued upon exercise of the options granted pursuant to the Share Option Scheme to an eligible participant in any 12-month period shall not exceed 1% of the number of shares in issue unless approved by shareholders in general meeting.

The subscription price in respect of option granted under the Share Option Scheme will be determined by the Board provided that it shall not be less than the higher of: (i) the closing price of the shares as stated in the daily quotations sheet of the Stock Exchange on the date of grant, and (ii) the average closing price of the shares as stated in the daily quotations sheets of the Stock Exchange for the 5 business days immediately preceding the date of grant, and (iii) the nominal value of the shares.

Details of the share options granted under the Share Option Scheme and remained outstanding as at 30 June 2008 are as follows:

			Number of share options				
Grantee	Date of Grant *(Note 1)*	Outstanding as at 1 January 2008	Granted *(Note 2)*	Exercised	Cancelled	Lapsed	Outstanding as at 30 June 2008
Employees (in aggregate)	25 June 2008	—	2,780,000	—	—	—	2,780,000

Notes:

1. *Particulars of share options:*

Number of share options granted	*Vesting Period*	*Exercise Period*	*Exercise Price per share HK$*
230,000	*25/6/2008–24/12/2008*	*25/12/2008–30/3/2017*	*8.394*
700,000	*25/6/2008–24/12/2008*	*25/12/2008–30/3/2017**	*8.394*
80,000	*25/6/2008–1/7/2009*	*2/7/2009–30/3/2017*	*8.394*
200,000	*25/6/2008–17/9/2009*	*18/9/2009–30/3/2017***	*8.394*
1,570,000	*25/6/2008–24/6/2009*	*25/6/2009–30/3/2017****	*8.394*

* *These share options were granted under the Share Option Scheme, vest in 4 tranches, i.e. the first 25% from 25 December 2008, the second 25% from 25 December 2009, the third 25% from 25 December 2010 and the balance 25% from 25 December 2011.*

** *These share options were granted under the Share Option Scheme, vest in 4 tranches, i.e. the first 25% from 18 September 2009, the second 25% from 18 September 2010, the third 25% from 18 September 2011 and the balance 25% from 18 September 2012.*

*** *These share options were granted under the Share Option Scheme, vest in 4 tranches, i.e. the first 25% from 25 June 2009, the second 25% from 25 June 2010, the third 25% from 25 June 2011 and the balance 25% from 25 June 2012.*

2. *The closing price per share on the date of grant was HK$8.3 and the average closing price per share for the 5 business days immediately preceding the date of grant was HK$8.394.*

Pre-IPO Share Option Scheme

Ajisen conditionally adopted its pre-IPO share option scheme (the "Pre-IPO Share Option Scheme") on 8 March 2007. The purpose and the principal terms of the Pre-IPO Share Option Scheme are similar to those of Share Option Scheme, save as:

(i) the exercise price per share is 85% of the final offer price per share upon listing of Ajisen;

(ii) no option granted under the Pre-IPO Share Option Scheme will be exercisable within 12 months from the listing date; and

(iii) no further option will be offered or granted under the Pre-IPO Share Option Scheme after the listing of Ajisen.

Set out below are details of the outstanding options granted under the Pre-IPO Share Option Scheme:

Grantee		Number of options granted on 8 March 2007 *(Note 1)*	Outstanding as at 1 January 2008	Number of options Exercise during the period ended 30 June 2008	Cancelled during the period ended 30 June 2008	Lapsed during the period ended 30 June 2008	Outstanding as at 30 June 2008
(1)	**Directors**						
	Ms. Poon Wai *(Note 2)*	8,485,000	8,485,000	—	—	—	8,485,000
	Mr. Poon Ka Man, Jason *(Note 2)*	2,500,000	2,500,000	—	—	—	2,500,000
	Mr. Yin Yibing *(Note 2)*	2,500,000	2,500,000	—	—	—	2,500,000
(2)	**Employees and others**	6,515,000	6,245,000	90,000	—	—	6,155,000
		20,000,000	19,730,000	90,000	—	—	19,640,000

Notes:

(1) *All options under the Pre-IPO Share Option Scheme granted on 8 March 2007 can be exercised at a price of HK$4.6495 per share.*

(2) *Ms. Poon Wai, Mr. Yin Yibing and Mr. Poon Ka Man, Jason who are executive Directors of the Company, have formed Center Goal to hold the options. Center Goal is owned as to approximately 62.92% by Ms. Poon Wai, as to approximately 18.54% by Mr. Poon Ka Man, Jason and as to approximately 18.54% by Mr. Yin Yibing.*

(3) *All holders of options granted under the Pre-IPO Share Option Scheme may only exercise their options in the following manner:*

Maximum percentage of options exercisable	*Period for vesting of the relevant percentage of the option*
25% of the total number of options to any grantee	*From the expiry of the first anniversary of the listing date to the date immediately before the second anniversary of the listing date*
25% of the total number of options to any grantee	*From the second anniversary of the listing date to the date immediately before the third anniversary of the listing date*
25% of the total number of options to any grantee	*From the third anniversary of the listing date to the date immediately before the fourth anniversary of the listing date*
25% of the total number of options to any grantee	*From the fourth anniversary of the listing date to the date immediately before the fifth anniversary of the listing date*

Directors' Rights to Acquire Shares or Debentures

Save as disclosed under the sections headed Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures of Ajisen and its Associated Corporations, Share Option Scheme and Pre-IPO Share Option Scheme, as at 30 June 2008, no arrangements has been entered by Ajisen or any of its subsidiaries or fellow subsidiaries to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, Ajisen or any other body corporate, and none of the Directors or any of their spouses or children under the age of 18, was granted any right to subscribe for the equity or debt securities of Ajisen or any other body corporate nor had exercised any such right.

Employee's Remuneration and Policy

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

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

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

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

Hong Kong, 19 September 2008