

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

(Incorporated in the Cayman Islands with Limited Liability)  
(於開曼群島註冊成立的有限公司)

Stock Code 股份代號 : 538

九州風味  
源自熊本  
世田谷の  
味千拉麵



中期報告 2012  
INTERIM REPORT

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## 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 1996, 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, the Group has 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 restaurant elements, 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 (the “Stock Exchange”) on 30 March 2007, the strong capital support has injected new vitality into the Group’s rapid expansion. As a renowned brand in the Food and Beverage (“F&B”) industry, Ajisen’s fast casual chain restaurants are very popular among consumers with its outlets widely scattered in prime locations of major cities in the PRC and Hong Kong. As at 30 June 2012, Ajisen restaurants have entered 121 cities and 29 provinces of the PRC with total 672 restaurants. Among the major cities, the international metropolis Shanghai boasts the largest number of Ajisen restaurants, being 133, followed by 71 in Jiangsu and 70 in Guangdong (excluding Shenzhen), together with the remaining 359 restaurants spanning across other major cities from the southern to the northern region of the PRC. In Hong Kong, Ajisen operates 37 chain restaurants with its chain network covering all major business areas of the city. Moreover, the restaurant network is supported by the Group’s Shanghai and Shenzhen manufacturing centres, as well as 7 food manufacturing and processing centres in other major cities.

On 30 March 2007, Ajisen was successfully listed on the Main Board of the Stock Exchange, which make it the first domestic catering chain company listed overseas. In 2007, the Group was ranked first among the top 50 fastest-growing Asian enterprises of the year by the influential international financial magazine Business Week. The Company was selected as a constituent to the 200-stock Hang Seng Composite Index (“HSCI”) Series and Hong Kong Freefloat Index (“HSFI”) Series with effect from 10 September 2007.

Ajisen initial public offering was also named “2007 Best Mid-Cap Equity Deal” by Finance Asia, a renowned Asian business publication.

In September 2008, the Group acquired a place in “Asia’s 200 Best Under A Billion” list made by Forbes. Ms. Poon Wai, Chairman and Chief Executive Officer of the Group, was enlisted into “Chinese Celebrities” by Forbes. In 2009, the Group was enlisted for the third consecutive year as one of the “Chinese Enterprises with Best Potential”. The Group was also selected as the “Most Influential Fast Food Brand in China” by the China Cuisine Association, and designated as the “Gold Medal Brand of PRC Consumers’ Most Favorable Hong Kong Brand”, as well as being accredited as a “Credible Enterprise” in China.

Ajisen strives to become the No. 1 FCR chain operator in the PRC.

# 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

## Audit Committee

Mr. Jen Shek Voon *(Chairman)*

Mr. Lo Peter

Mr. Wang Jincheng

Mr. Wong Hin Sun, Eugene

## Remuneration Committee

Mr. Lo Peter *(Chairman)*

Mr. Jen Shek Voon

Mr. Wong Hin Sun, Eugene

## Nomination Committee

Mr. Wang Jincheng *(Chairman)*

Mr. Wong Hin Sun, Eugene

Mr. Lo Peter

## Authorised Representatives

Ms. Poon Wai

Mr. Lau Ka Ho, Robert

## Qualified Accountant

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

## Company Secretary

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

## Head Office and Principal Place of Business in Hong Kong

6th Floor

Ajisen Group Tower

Block B

24-26 Sze Shan Street

Yau Tong, Kowloon

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

# CORPORATE INFORMATION

## 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

## Principal Bankers

Hang Seng Bank Limited  
Industrial and Commercial Bank of China (Asia) Limited  
Chong Hing Bank Limited  
Bank of Shanghai Co., Ltd

## Auditors

Deloitte Touche Tohmatsu

## Hong Kong Legal Advisers

Fairbairn Catley Low & Kong

## Investor and Media Relations Consultant

iPR Ogilvy Ltd  
[www.iprogilvy.com](http://www.iprogilvy.com)

## Investor Relations (“IR”) Contact

Mr. Richard Liu  
Ajisen (China) Holdings Limited  
31st Floor, Jinzhong Plaza  
No. 98 Middle Huaihai Road  
Shanghai, PRC 200021  
E-mail: [Richard.liu@ajisen.net](mailto:Richard.liu@ajisen.net)

## Company Website

[www.ajisen.com.hk](http://www.ajisen.com.hk)  
[www.ajisen.com.cn](http://www.ajisen.com.cn)

## Stock Code

538



## FINANCIAL HIGHLIGHTS

| <b>For the six months ended 30 June (unaudited)</b>          | <b>2012</b>    | 2011    | %<br>+/- |
|--|----------------|---------|----------|
| Turnover (HK\$' million)                                     | <b>1,512.1</b> | 1,664.7 | -9.2     |
| Gross profit (HK\$' million)                                 | <b>995.4</b>   | 1,139.9 | -12.7    |
| Profit before taxation (HK\$' million)                       | <b>88.2</b>    | 385.6   | -77.1    |
| Profit attributable to owners of the Company (HK\$' million) | <b>46.9</b>    | 255.2   | -81.6    |
| Earnings per share – basic (HK cents)                        | <b>4.37</b>    | 23.83   | -81.7    |

# MANAGEMENT DISCUSSION AND ANALYSIS

## Industry Review

During the first half of 2012, the macro-economic environment in both Hong Kong and Mainland China have stayed sluggish, and the European sovereign debt crisis in particular continues to be a key focus of the financial markets. The weak global environment has led to lower the growth forecasts for the PRC. The Growth of the gross domestic product (“GDP”) is expected to fall to 7.5% this year. It is the lowest growth rate since 2006. Inflation has peaked at 6.5% in July 2011 and fell to 4.1% at the end of 2011 and continued to fall steadily in the first half of 2012. Furthermore, there was a general labour shortage in the food and beverages (“F&B”) industry, and labour costs increased rapidly, pushing the operating costs of the F&B industry on a continuous upward track. As an indicator of economic environment, retail sales will be slow but its growth rates are still high in comparison with most other industries. The government’s effort to encourage consumption through policies to boost income will be the main drivers of economic growth.

Since the Ajisen soup base incident in July 2011, we have carried out a series of public relations and promotion activities to restore our customer flow, however, due to the macro-economic environment in both Hong Kong and Mainland China have stayed sluggish, with lower-than-expected sales growth, operating cost efficiency in the first half of 2012 were trending behind the levels achieved last year, which resulted in a certain increase in costs and expenditures. Meanwhile we were still under the pressure of rising food prices and labor costs as mentioned above. Despite facing all these challenges, we are confident that, through fully leveraging on our competitive edge and our accumulated industry experience over all these years, we are able to tackle this incident in a flexible manner and stick to the quality and operation efficiency of our restaurant network, so as to restore the Company’s various economic indicators to the level before the incident as soon as possible.

## Business Review

For the six months ended 30 June 2012, the Group’s turnover decreased from approximately HK\$1,664,730,000 for the corresponding period of 2011 by approximately 9.2% to approximately HK\$1,512,126,000. The gross profit of the Group reached HK\$995,430,000 a decrease of approximately 12.7% from approximately HK\$1,139,879,000 for the corresponding period of 2011. Profit attributable to the owners of the Company decreased by approximately 81.6% to approximately HK\$46,934,000 from approximately HK\$255,243,000 for the corresponding period of 2011. Correspondingly, basic earnings per share decreased from HK Cents 23.83 for the corresponding period of last year to HK Cents 4.37 per ordinary share.

During the reporting period, the Group decelerated its pace for the expansion of Fast Casual Restaurant (“FCR”) network as planned. The Group adopted more focused strategies in its development, and continued to expand the restaurant network and deepened the density in mature markets, such as Jiangsu, Zhejiang and Shanghai. As at 30 June 2012, the Group had a total of 672 fast causal chain restaurants, an increase of 96 restaurants from 576 restaurants for the corresponding period in 2011. The Group’s restaurant network covers 121 cities in 29 provinces and municipalities of China, an addition of 26 cities and 2 provinces from the corresponding period in 2011.

The production and logistics system offers strong support to the expansion of the chain restaurant network in a rapid and steady manner. The Group’s two major production bases in Shanghai and Shenzhen and seven food manufacturing and processing centres throughout China comprised a comprehensive and state-of-the-art support system. The Group also steadily pursued the construction of three new production bases in order to accommodate the pace and demand from the planned expansion of restaurant network in the future.

# MANAGEMENT DISCUSSION AND ANALYSIS

During the reporting period, the Group's cost of inventories as a proportion to turnover was approximately 34.2%, an increase of approximately 2.7 percentage point from that of the corresponding period of last year. Accordingly, gross profit margin has decreased from approximately 68.5% for the corresponding period of last year to approximately 65.8%; which due to various discounts and promotion were offered and increased in materials cost. The Group will closely follow the price trend of materials and is confident to stabilise the gross profit margin at expected level.

During the reporting period, the Group's labour costs accounted for approximately 24.9% of the turnover, an increase of approximately 6.7 percentage point over the corresponding period of last year. During the reporting period, the standard of minimum wage in a number of provinces and municipalities in China was successively raised. As such, the Group also adjusted the wages of its staff according to the relevant laws and regulations. At the same time, the Group increased the bonus for staff and implementing new human resources policy, leading to an increase in labour costs.

During the reporting period, the ratio of the rental and related costs against the turnover of the Group was approximately 15.7%, which was approximately 2.6 percentage point higher than that of the corresponding period of last year. During the reporting period, the Group maintained stringent criteria in location selection for new restaurants to ensure the rate of success of the new establishment. Also, a large number of medium and small size restaurants was developed so as to enhance the output per unit area. With our expanding restaurant network, the Group has secured fixed leases on a long-term basis. However, due to the negative-same store sales growth, the fixed component in the rental structure will account for a larger portion compared with the corresponding period last year, so that the ratio of the rental and related costs against the turnover of the Group became higher.

The highly effective operation of over 650 restaurants under the Group would not be achieved without our efficient management and intensive staff training. During the reporting period, the Group placed emphasis on the guidance and training of restaurant managers and regional supervisors. The operation efficiency of each restaurant was enhanced through constant upgrading of its basic management level. The Group continued to launch inter-restaurant competitions this year so as to fully mobilise its staff, which created significant contribution to the Group's turnover.

## Retail Chain Restaurants

During the first half of 2012, the Group's major business and primary source of income continue to stem from the retail chain restaurant business. During the reporting period, the Group's restaurant business income recorded approximately HK\$1,458,114,000 (2011: HK\$1,603,056,000), accounted for approximately 96.4% (2011: 96.3%) of the Group's total revenue, a decrease of 9.0% from the corresponding period in last year.

## MANAGEMENT DISCUSSION AND ANALYSIS

As at 30 June 2012, the Group's restaurant portfolio consisted of 672 Ajisen chain restaurants, comprising the following:

|   | 30 June<br>2012 | 31 December<br>2011 | +/-   |
|---|-----------------|---------------------|-------|
| By type:                                |                 |                     |       |
| Owned and managed                       | 670             | 660                 | 10    |
| Owned but not managed                   | 2               | 2                   | 0     |
| <b>Total</b>                            | <b>672</b>      | 662                 | 10    |
| By provinces:                           |                 |                     |       |
| Shanghai                                | 133             | 134                 | -1    |
| Beijing                                 | 33              | 36                  | -3    |
| Tianjin                                 | 12              | 8                   | 4     |
| Guangdong (excluding Shenzhen)          | 70              | 64                  | 6     |
| Shenzhen                                | 35              | 35                  | 0     |
| Jiangsu                                 | 71              | 70                  | 1     |
| Zhejiang                                | 49              | 48                  | 1     |
| Sichuan                                 | 23              | 23                  | 0     |
| Chongqing                               | 14              | 13                  | 1     |
| Fujian                                  | 25              | 25                  | 0     |
| Hunan                                   | 16              | 13                  | 3     |
| Hubei                                   | 17              | 18                  | -1    |
| Liaoning                                | 13              | 13                  | 0     |
| Shandong                                | 40              | 37                  | 3     |
| Guangxi                                 | 9               | 9                   | 0     |
| Guizhou                                 | 8               | 9                   | -1    |
| Jiangxi                                 | 6               | 7                   | -1    |
| Shaanxi                                 | 13              | 13                  | 0     |
| Yunnan                                  | 7               | 7                   | 0     |
| Henan                                   | 4               | 4                   | 0     |
| Hebei                                   | 4               | 5                   | -1    |
| Anhui                                   | 12              | 13                  | -1    |
| Gansu                                   | 2               | 2                   | 0     |
| Xinjiang                                | 4               | 3                   | 1     |
| Hainan                                  | 3               | 3                   | 0     |
| Shanxi                                  | 1               | 1                   | 0     |
| Neimenggu                               | 4               | 4                   | 0     |
| Heilongjiang                            | 3               | 3                   | 0     |
| Ningxia, Qinghai                        | 2               | 2                   | 0     |
| Hong Kong                               | 37              | 38                  | -1    |
| Taiwan*                                 | 2               | 2                   | 0     |
| <b>Total</b>                            | <b>672</b>      | 662                 | 10    |
| <b>Total saleable area (sq. meters)</b> | <b>153,636</b>  | 151,989             | 1,647 |

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



# MANAGEMENT DISCUSSION AND ANALYSIS

|                         | <b>30 June<br/>2012</b> | 31 December<br>2011 | +/- |
|-------------------------|-------------------------|---------------------|-----|
| By geographical region: |                         |                     |     |
| Northern China          | <b>112</b>              | 108                 | 4   |
| Eastern China           | <b>253</b>              | 252                 | 1   |
| Southern China          | <b>179</b>              | 175                 | 4   |
| Central China           | <b>126</b>              | 125                 | 1   |
| Taiwan                  | <b>2</b>                | 2                   | 0   |
| <b>Total</b>            | <b>672</b>              | 662                 | 10  |

|              | <b>30 June<br/>2012</b> | 31 December<br>2011 | +/- |
|--------------|-------------------------|---------------------|-----|
| By scale:    |                         |                     |     |
| Flagship     | <b>44</b>               | 44                  | 0   |
| Standard     | <b>618</b>              | 608                 | 10  |
| Economic     | <b>10</b>               | 10                  | 0   |
| <b>Total</b> | <b>672</b>              | 662                 | 10  |

## Sales of Packaged Noodle and Related Products

The manufacturing and sales of packaged noodle products under the Ajisen brand is one of the Group's two main businesses and is a beneficial complement to the major business of FCR network operation. These packaged noodle products are manufactured solely by the Group. Besides they are supplied to the chain restaurants of the Group and also sold through diversified channels, including supermarkets and department stores, which further enhanced the awareness of the Ajisen brand.

For the six months ended 30 June 2012, revenue from the sales of packaged noodle and related products was approximately HK\$54,012,000 (2011: HK\$61,674,000), accounted for approximately 3.6% (2011: 3.7%) of the Group's total revenue.

The Group has an extensive distribution network for the packaged noodle and related products in China. As of 30 June 2012, the total number of points-of-sale in this network reached approximately 8,000, which was the same compared to the corresponding period in last year. The distribution network covers over 30 cities in China. These distributors include nationwide retailers such as Wal-Mart, Carrefour and Metro, and regional retailers such as China Resources Vanguard, Sanjiang in Ningbo and Century Lianhua, as well as reputable convenient chain stores such as Allday, Kedi and C-Store.

# MANAGEMENT DISCUSSION AND ANALYSIS

## Financial review

### Turnover

For the six months ended 30 June 2012, the Group's turnover decreased by approximately 9.2%, or approximately HK\$152,604,000, to approximately HK\$1,512,126,000 from approximately HK\$1,664,730,000 for the corresponding period in 2011. Such decrease was mainly due to the decrease in the comparing same store growth of the Group during the reporting period.

### Cost of inventories consumed

For the six months ended 30 June 2012, the Group's cost of inventories decreased by approximately 1.6%, or approximately HK\$8,155,000, to approximately HK\$516,696,000 from approximately HK\$524,851,000 for the corresponding period in 2011. However, the increase of inventories cost was higher than the increase in turnover. During the reporting period, the ratio of inventories cost to turnover was approximately 34.2%, higher than 31.5% for the corresponding period in 2011. Such increase was attributable to the increase in the purchasing cost and various discounts and promotion were offered for the period.

### Gross profit and gross profit margin

Driven by the above factors, gross profit for the six months ended 30 June 2012 decreased by approximately 12.7%, or approximately HK\$144,449,000 to approximately HK\$995,430,000 from approximately HK\$1,139,879,000 for the corresponding period in 2011. Gross profit margin of the Group also further decreased from approximately 68.5% for the corresponding period in 2011 to approximately 65.8%.

### Property rentals and related expenses

For the six months ended 30 June 2012, property rentals and related expenses of the Group increased by approximately 8.6% from approximately HK\$218,771,000 for the corresponding period in 2011 to approximately HK\$237,593,000. Its proportion to turnover increased by 2.6 percentage point from approximately 13.1% for the corresponding period in 2011 to approximately 15.7%. Such a increase was mainly attributable to the fact that the negative same store sales growth for the period.

# MANAGEMENT DISCUSSION AND ANALYSIS

## Staff costs

For the six months ended 30 June 2012, staff costs of the Group increased by approximately 23.9% from approximately HK\$303,512,000 for the corresponding period in 2011 to approximately HK\$376,063,000, primarily due to the increase in headcount resulting from the opening of new restaurants. Staff costs as a proportion to turnover increased from approximately 18.2% for the corresponding period in 2011 by 6.7 percentage point to approximately 24.9%, which reflected the increase in minimum wage in a number of provinces and municipalities in China and in Hong Kong and negative same store sales growth for the period.

## Depreciation

For the six months ended 30 June 2012, depreciation of the Group increased by approximately 25.7% or approximately HK\$17,733,000 from approximately HK\$69,100,000 for the corresponding period in 2011 to approximately HK\$86,833,000. Such an increase was mainly attributable to the increase in the number of restaurants and commencement of operation of new factory in Shanghai.

## Other operating expenses

Other operating expenses mainly included expenses for fuel and utility, consumables, advertising and promotion and franchise fee. For the six months ended 30 June 2012, other operating expenses increased by approximately 17.3%, or approximately HK\$37,317,000, to approximately HK\$253,560,000 from approximately HK\$216,243,000 for the corresponding period in 2011. Its proportion to turnover was increased by 3.8 percentage point from 13.0% to approximately 16.8%, which was mainly attributable to the increase in the number of restaurants and the negative same store sales growth for the period.

## Other income

For the six months ended 30 June 2012, other income of the Group decreased by approximately 4.2%, or approximately HK\$2,110,000, to approximately HK\$48,448,000 from approximately HK\$50,558,000 for the corresponding period in 2011. The decrease mainly originated from the decrease in government grant during the period.

## Other gains and losses

For the six months ended 30 June 2012, other gains and losses of the Group decreased by approximately 100.8% to losses of approximately HK\$37,000 from approximately gains of HK\$4,701,000 for the corresponding period in 2011. The decrease were due to decrease in foreign exchange gain for the period and there was a loss on disposal of property, plant and equipment as more shops closed for the period.

## Finance costs

For the six months ended 30 June 2012, finance costs decreased by approximately 14.7%, or approximately HK\$281,000 to approximately HK\$1,637,000 from approximately HK\$1,918,000 for the corresponding period in 2011. The decrease mainly due to repayment of loans for the period.

## Profit before taxation

Being affected by the factors referred to above in aggregate, the Group's profit before taxation for the six months ended 30 June 2012 decreased by approximately 77.1%, or approximately HK\$297,439,000 to approximately HK\$88,155,000 from approximately HK\$385,594,000 for the corresponding period in 2011.

# MANAGEMENT DISCUSSION AND ANALYSIS

## Profit attributable to owners of the Company

Being affected by the factors referred to above in aggregate, profit attributable to owners of the Company for the six months ended 30 June 2012 decreased by approximately 81.6%, or approximately HK\$208,309,000, to approximately HK\$46,934,000 from approximately HK\$255,243,000 for the corresponding period in 2011.

## Assets and liabilities

The Group's net current assets were approximately HK\$1,239,393,000 and the current ratio was 2.9 as at 30 June 2012 (31 December 2011: 2.5). As the Group is primarily engaged in the restaurant business, most of the sales are settled in cash. As a result, the Group was able to maintain a relatively high current ratio. The increase in current ratio was mainly attributable to the decrease in bank loans as at 30 June 2012.

## Cash flows

Net cash inflow from operating activities for the six months ended 30 June 2012 was approximately HK\$161,351,000 while profit before taxation for the same period was approximately HK\$88,155,000. The operating cash inflows was mainly due to increase in number of FCR operated by the Group which the increase in size of operation of the Group strengthened the bargaining power of the Group with the suppliers and slowed down settlement of purchases.

## Capital expenditure

For the six months ended 30 June 2012, the Group's capital expenditure was approximately HK\$112,265,000 (corresponding period in 2011: HK\$209,524,000), which was due to the increase in purchase of property, plant and equipment for new restaurants.

## Key operating ratios for "Ajisen Ramen" restaurant

|   | Hong Kong  |   |            | PRC      |   |           |
|---|------------|---|------------|----------|---|-----------|
|   | 1-6/2012   | 1-12/2011<br>(approximate)<br>(unaudited) | 1-6/2011   | 1-6/2012 | 1-12/2011<br>(approximate)<br>(unaudited) | 1-6/2011  |
| Comparable restaurant sales growth:                 | -2.4%      | 4.6%                                      | 5.8%       | -24.7%   | -6.0%                                     | 14.0%     |
| Turnover per Gross Floor Area (per day/sq. meters): | HK\$196    | HK\$212                                   | HK\$213    | RMB38.7  | RMB45.2                                   | RMB53.3   |
| Turnover per day per restaurant:                    | HK\$23,317 | HK\$23,310                                | HK\$23,490 | RMB9,160 | RMB11,950                                 | RMB13,619 |
| Per capita spending:                                | HK\$60.1   | HK\$59.1                                  | HK\$59.3   | RMB40.0  | RMB40.6                                   | RMB41.2   |
| Table turnover per day (times per day):             | 5.6        | 5.6                                       | 6          | 3.3      | 4.0                                       | 5.2       |



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

## Introduction

We have reviewed the condensed consolidated financial statements of Ajisen (China) Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 13 to 39, which comprises the condensed consolidated statement of financial position as of 30 June 2012 and the related condensed consolidated statement of comprehensive income, statement of changes in equity and statement of cash flows 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 34 "Interim Financial Reporting" ("HKAS34") issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with HKAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements 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 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 these condensed consolidated financial statements consists of making inquiries, 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 condensed consolidated financial statements are not prepared, in all material respects, in accordance with HKAS 34.

**Deloitte Touche Tohmatsu**  
*Certified Public Accountants*

Hong Kong  
22 August, 2012



# CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2012

|   | Notes | Six months ended 30 June        |                                 |
|---|-------|---------------------------------|---------------------------------|
|   |       | 2012<br>HK\$'000<br>(Unaudited) | 2011<br>HK\$'000<br>(Unaudited) |
| Turnover                                    | 4     | 1,512,126                       | 1,664,730                       |
| Other income                                | 5     | 48,448                          | 50,558                          |
| Other gains and losses                      | 6     | (37)                            | 4,701                           |
| Cost of inventories consumed                |       | (516,696)                       | (524,851)                       |
| Staff costs                                 |       | (376,063)                       | (303,512)                       |
| Depreciation                                |       | (86,833)                        | (69,100)                        |
| Property rentals and related expenses       |       | (237,593)                       | (218,771)                       |
| Other operating expenses                    |       | (253,560)                       | (216,243)                       |
| Finance costs                               | 7     | (1,637)                         | (1,918)                         |
| Profit before taxation                      | 8     | 88,155                          | 385,594                         |
| Taxation                                    | 9     | (36,324)                        | (118,034)                       |
| Profit for the period                       |       | 51,831                          | 267,560                         |
| <b>Other comprehensive income</b>           |       |                                 |                                 |
| Exchange differences arising on translation |       | (10,254)                        | 30,266                          |
| Total comprehensive income for the period   |       | 41,577                          | 297,826                         |
| Profit for the period attributable to:      |       |                                 |                                 |
| Owners of the Company                       |       | 46,934                          | 255,243                         |
| Non-controlling interests                   |       | 4,897                           | 12,317                          |
|   |       | 51,831                          | 267,560                         |
| Total comprehensive income attributable to: |       |                                 |                                 |
| Owners of the Company                       |       | 37,094                          | 284,277                         |
| Non-controlling interests                   |       | 4,483                           | 13,549                          |
|   |       | 41,577                          | 297,826                         |
|   |       | <b>HK cents</b>                 | <b>HK cents</b>                 |
| Earnings per share                          | 11    |                                 |                                 |
| – Basic                                     |       | 4.37                            | 23.83                           |
| – Diluted                                   |       | 4.34                            | 23.56                           |

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2012

|   | Notes | 30 June<br>2012<br>HK\$'000<br>(Unaudited) | 31 December<br>2011<br>HK\$'000<br>(Audited) |
|---|-------|--|--|
| <b>Non-current assets</b>   |       |  |  |
| Investment properties   | 12    | 327,161                                    | 327,161                                      |
| Property, plant and equipment                                     | 12    | 1,088,130                                  | 1,075,167                                    |
| Prepaid lease payments  |       | 107,615                                    | 109,935                                      |
| Intangible assets   |       | 15,800                                     | 15,800                                       |
| Deposits paid for acquisition of property,<br>plant and equipment |       | 10,183                                     | 10,241                                       |
| Deposits paid for acquisition of land leases                      |       | 15,346                                     | 26,838                                       |
| Rental deposits   |       | 80,857                                     | 74,147                                       |
| Goodwill  |       | 44,791                                     | 44,791                                       |
| Deferred tax assets   |       | 3,022                                      | 3,032  |
| Available-for-sale investments                                    |       | 21,150                                     | 5,537  |
|   |       | <b>1,714,055</b>                           | 1,692,649                                    |
| <b>Current assets</b>   |       |  |  |
| Inventories   |       | 91,990                                     | 98,258                                       |
| Trade and other receivables                                       | 13    | 129,646                                    | 149,669                                      |
| Amounts due from related parties                                  | 14    | 14   | 1,084  |
| Taxation recoverable  |       | 3,419                                      | 3,402  |
| Bank balances and cash  |       | 1,681,230                                  | 1,887,104                                    |
|   |       | <b>1,906,299</b>                           | 2,139,517                                    |
| <b>Current liabilities</b>  |       |  |  |
| Trade and other payables  | 16    | 370,687                                    | 407,590                                      |
| Amounts due to related companies                                  | 17    | 5,359                                      | 4,222  |
| Amounts due to directors  | 17    | 606  | 544  |
| Amount due to a shareholder                                       | 17    | 24,126                                     | 31,169                                       |
| Amounts due to non-controlled shareholders                        | 17    | 16,758                                     | 12,941                                       |
| Dividend payable  |       | 129,710                                    | 11   |
| Taxation payable  |       | 59,660                                     | 62,761                                       |
| Bank loans  | 18    | 60,000                                     | 293,490                                      |
|   |       | <b>666,906</b>                             | 812,728                                      |
| <b>Net current assets</b>   |       | <b>1,239,393</b>                           | 1,326,789                                    |
| <b>Total assets less current liabilities</b>                      |       | <b>2,953,448</b>                           | 3,019,438                                    |
| <b>Non-current liability</b>                                      |       |  |  |
| Deferred tax liabilities  |       | 23,309                                     | 22,353                                       |
| <b>Net assets</b>   |       | <b>2,930,139</b>                           | 2,997,085                                    |
| <b>Capital and reserves</b>                                       |       |  |  |
| Share capital   | 19    | 107,371                                    | 107,302                                      |
| Reserves  |       | 2,743,084                                  | 2,814,772                                    |
| <b>Equity attributable to owners of the Company</b>               |       | <b>2,850,455</b>                           | 2,922,074                                    |
| Non-controlling interests   |       | 79,684                                     | 75,011                                       |
| <b>Total equity</b>   |       | <b>2,930,139</b>                           | 2,997,085                                    |

# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2012

|   | Share capital | Share premium | Special reserve | Share options reserve | Capital reserve | Properties revaluation reserve | Translation reserve | Statutory surplus reserve fund | Retained profits | Attributable to owners of the Company | Non-controlling interests | Total     |
|---|---------------|---------------|-----------------|-----------------------|-----------------|--------------------------------|---------------------|--------------------------------|------------------|---------------------------------------|---------------------------|-----------|
|   | HK\$'000      | HK\$'000      | HK\$'000        | HK\$'000              | HK\$'000        | HK\$'000                       | HK\$'000            | HK\$'000                       | HK\$'000         | HK\$'000                              | HK\$'000                  | HK\$'000  |
| At 1 January 2011 (Audited)   | 107,060       | 1,809,039     | (277,655)       | 19,309                | 1,159           | 5,376                          | 134,147             | 56,280                         | 926,886          | 2,781,601                             | 65,824                    | 2,847,425 |
| Profit for the period   | -             | -             | -               | -                     | -               | -                              | -                   | -                              | 255,243          | 255,243                               | 12,317                    | 267,560   |
| Exchange differences arising on translation   | -             | -             | -               | -                     | -               | -                              | 29,034              | -                              | -                | 29,034                                | 1,232                     | 30,266    |
| Total comprehensive income for the period   | -             | -             | -               | -                     | -               | -                              | 29,034              | -                              | 255,243          | 284,277                               | 13,549                    | 297,826   |
| Dividends recognised as distribution (Note 10)  | -             | -             | -               | -                     | -               | -                              | -                   | -                              | (246,483)        | (246,483)                             | -                         | (246,483) |
| Dividends paid to non-controlling shareholders  | -             | -             | -               | -                     | -               | -                              | -                   | -                              | -                | -                                     | (12,378)                  | (12,378)  |
| Transfer  | -             | -             | -               | -                     | -               | -                              | -                   | 44,848                         | (44,848)         | -                                     | -                         | -         |
| Shares issued upon exercise of share options  | 127           | 6,700         | -               | (1,083)               | -               | -                              | -                   | -                              | -                | 5,744                                 | -                         | 5,744     |
| Recognition of equity-settled share-based payments  | -             | -             | -               | 3,138                 | -               | -                              | -                   | -                              | -                | 3,138                                 | -                         | 3,138     |
| Acquisition of subsidiaries (note 21)   | -             | -             | -               | -                     | -               | -                              | -                   | -                              | -                | -                                     | 3,000                     | 3,000     |
| At 30 June 2011 (Unaudited)   | 107,187       | 1,815,739     | (277,655)       | 21,364                | 1,159           | 5,376                          | 163,181             | 101,128                        | 890,798          | 2,828,277                             | 69,995                    | 2,898,272 |
| At 1 January 2012 (Audited)   | 107,302       | 1,822,870     | (277,655)       | 32,861                | 1,159           | 5,376                          | 207,414             | 102,356                        | 920,391          | 2,922,074                             | 75,011                    | 2,997,085 |
| Profit for the period   | -             | -             | -               | -                     | -               | -                              | -                   | -                              | 46,934           | 46,934                                | 4,897                     | 51,831    |
| Exchange differences arising on translation   | -             | -             | -               | -                     | -               | -                              | (9,840)             | -                              | -                | (9,840)                               | (414)                     | (10,254)  |
| Total comprehensive income for the period   | -             | -             | -               | -                     | -               | -                              | (9,840)             | -                              | 46,934           | 37,094                                | 4,483                     | 41,577    |
| Dividends recognised as distribution (Note 10)  | -             | -             | -               | -                     | -               | -                              | -                   | -                              | (129,701)        | (129,701)                             | -                         | (129,701) |
| Dividends paid to non-controlling shareholders  | -             | -             | -               | -                     | -               | -                              | -                   | -                              | -                | -                                     | (369)                     | (369)     |
| Transfer  | -             | -             | -               | -                     | -               | -                              | -                   | 48                             | (48)             | -                                     | -                         | -         |
| Partial disposal of equity interests in a subsidiary without losing control (Note 24 (a)) | -             | -             | -               | -                     | -               | -                              | -                   | -                              | (422)            | (422)                                 | 559                       | 137       |
| Shares issued upon exercise of share options  | 69            | 3,834         | -               | (926)                 | -               | -                              | -                   | -                              | -                | 2,977                                 | -                         | 2,977     |
| Recognition of equity-settled share-based payments  | -             | -             | -               | 18,433                | -               | -                              | -                   | -                              | -                | 18,433                                | -                         | 18,433    |
| At 30 June 2012 (Unaudited)   | 107,371       | 1,826,704     | (277,655)       | 50,368                | 1,159           | 5,376                          | 197,574             | 102,404                        | 837,154          | 2,850,455                             | 79,684                    | 2,930,139 |

# CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2012

|  | Six months<br>ended 30 June     |                                 |
|--|---------------------------------|---------------------------------|
|  | 2012<br>HK\$'000<br>(Unaudited) | 2011<br>HK\$'000<br>(Unaudited) |
| Operating activities   |                                 |                                 |
| Profit before taxation   | <b>88,155</b>                   | 385,594                         |
| Adjustments for:   |                                 |                                 |
| Depreciation   | <b>86,833</b>                   | 69,100                          |
| Interest expense   | <b>1,637</b>                    | 1,918                           |
| Bank interest income   | <b>(22,269)</b>                 | (13,012)                        |
| Loss on disposal of property, plant and equipment                | <b>1,214</b>                    | 29                              |
| Operating lease rentals in respect of prepaid lease payments     | <b>1,336</b>                    | 581                             |
| Share-based payment expenses                                     | <b>18,433</b>                   | 3,138                           |
| Operating cash flows before movements in working capital         | <b>175,339</b>                  | 447,348                         |
| Decrease (increase) in inventories                               | <b>6,268</b>                    | (10,098)                        |
| Decrease in amounts due from related parties                     | <b>1,070</b>                    | –                               |
| Increase in rental deposits                                      | <b>(6,710)</b>                  | (2,711)                         |
| Decrease (increase) in trade and other receivables               | <b>20,508</b>                   | (11,325)                        |
| Increase (decrease) in trade and other payables                  | <b>(35,124)</b>                 | 59,658                          |
| Cash generated from operations                                   | <b>161,351</b>                  | 482,872                         |
| Tax paid   | <b>(38,459)</b>                 | (115,179)                       |
| Net cash from operating activities                               | <b>122,892</b>                  | 367,693                         |
| Investing activities   |                                 |                                 |
| Interest received  | <b>22,269</b>                   | 13,012                          |
| Proceeds from disposal of property, plant and equipment          | <b>667</b>                      | 3,523                           |
| Deposits paid and addition of prepaid lease payments             | <b>(10,796)</b>                 | –                               |
| Government grant in relation to land leases                      | <b>14,240</b>                   | –                               |
| Purchase of available-for-sale investments                       | <b>(15,613)</b>                 | –                               |
| Purchase of property, plant and equipment                        | <b>(101,469)</b>                | (209,524)                       |
| Proceeds on partial disposal of equity interests in a subsidiary | <b>137</b>                      | –                               |
| Advance to related parties                                       | –                               | (2)                             |
| Acquisition of subsidiaries (Note 21)                            | –                               | (24,410)                        |
| Net cash used in investing activities                            | <b>(90,565)</b>                 | (217,401)                       |

# CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2012

|  | Six months<br>ended 30 June     |                                 |
|--|---------------------------------|---------------------------------|
|  | 2012<br>HK\$'000<br>(Unaudited) | 2011<br>HK\$'000<br>(Unaudited) |
| Financing activities   |                                 |                                 |
| Advance from (repayment to) directors                                    | 62                              | (363)                           |
| Repayment to shareholders  | (7,043)                         | (2,701)                         |
| Advance from non-controlling shareholders                                | 3,817                           | –                               |
| Dividends paid to non-controlling shareholders                           | (369)                           | –                               |
| Proceeds from issue of shares upon exercise of share options             | 2,977                           | 5,744                           |
| Repayment of bank borrowings   | (233,490)                       | –                               |
| Dividends paid   | (2)                             | (242,087)                       |
| Interest paid  | (1,637)                         | (1,918)                         |
| Bank borrowings raised   | –                               | 293,490                         |
| Advance from related parties   | 1,137                           | 475                             |
| Net cash (used in) generated from financing activities                   | <b>(234,548)</b>                | 52,640                          |
| Net (decrease) increase in cash and cash equivalents                     | <b>(202,221)</b>                | 202,932                         |
| Cash and cash equivalents at 1 January                                   | <b>1,887,104</b>                | 1,828,721                       |
| Effect of foreign exchange rate changes                                  | <b>(3,653)</b>                  | 11,068                          |
| Cash and cash equivalents at 30 June, representing bank balance and cash | <b>1,681,230</b>                | 2,042,721                       |



# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2012

## 1. General

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

## 2. Basis of Preparation

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

## 3. Principal Accounting Policies

The 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.

Except as described below, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2012 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2011.

In the current interim period, the Group has applied, for the first time, the following amendments to Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"):

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

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2012

## 3. Principal Accounting Policies (Continued)

The application of the above amendments to HKFRSs in the current interim period has had no material effect on the amounts reported in these condensed consolidated financial statements and/or disclosures set out in these condensed consolidated financial statements.

## 4. Segment Information

The following is an analysis of the Group's revenue and results by operating segments for the period under review:

For the period ended 30 June 2012 (unaudited)

|                        | Operation of restaurants |                       |                   | Manufacture and sales of noodles and related products<br>HK\$'000 | Investment holding<br>HK\$'000 | Segment total<br>HK\$'000 | Elimination<br>HK\$'000 | Total<br>HK\$'000 |
|------------------------|--------------------------|-----------------------|-------------------|---|--------------------------------|---------------------------|-------------------------|-------------------|
|                        | PRC<br>HK\$'000          | Hong Kong<br>HK\$'000 | Total<br>HK\$'000 |   |                                |                           |                         |                   |
| Revenue                |                          |                       |                   |   |                                |                           |                         |                   |
| – external sales       | 1,298,032                | 160,082               | 1,458,114         | 54,012  | –                              | 1,512,126                 | –                       | 1,512,126         |
| – inter-segment sales  | –                        | –                     | –                 | 315,729   | –                              | 315,729                   | (315,729)               | –                 |
|                        | 1,298,032                | 160,082               | 1,458,114         | 369,741   | –                              | 1,827,855                 | (315,729)               | 1,512,126         |
| Segment profits        | 86,499                   | 16,584                | 103,083           | 5,184   | 7,493                          | 115,760                   | –                       | 115,760           |
| Unallocated income     |                          |                       |                   |   |                                |                           |                         | 23,446            |
| Unallocated expenses   |                          |                       |                   |   |                                |                           |                         | (49,414)          |
| Finance cost           |                          |                       |                   |   |                                |                           |                         | (1,637)           |
| Profit before taxation |                          |                       |                   |   |                                |                           |                         | 88,155            |
| Taxation               |                          |                       |                   |   |                                |                           |                         | (36,324)          |
| Profit for the period  |                          |                       |                   |   |                                |                           |                         | 51,831            |

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2012

## 4. Segment Information (Continued)

For the period ended 30 June 2011 (unaudited)

|                        | Operation of restaurants |           |           | Manufacture<br>and sales of<br>noodles and<br>related<br>products<br>HK\$'000 | Investment<br>holding<br>HK\$'000 | Segment<br>total<br>HK\$'000 | Elimination<br>HK\$'000 | Total<br>HK\$'000 |
|------------------------|--------------------------|-----------|-----------|---|-----------------------------------|------------------------------|-------------------------|-------------------|
|                        | PRC                      | Hong Kong | Total     |   |                                   |                              |                         |                   |
|                        | HK\$'000                 | HK\$'000  | HK\$'000  |   |                                   |                              |                         |                   |
| Revenue                |                          |           |           |   |                                   |                              |                         |                   |
| – external sales       | 1,445,088                | 157,968   | 1,603,056 | 61,674  | –                                 | 1,664,730                    | –                       | 1,664,730         |
| – inter-segment sales  | –                        | –         | –         | 310,747   | –                                 | 310,747                      | (310,747)               | –                 |
|                        | 1,445,088                | 157,968   | 1,603,056 | 372,421   | –                                 | 1,975,477                    | (310,747)               | 1,664,730         |
| Segment profits        | 357,368                  | 19,237    | 376,605   | 4,100   | 7,737                             | 388,442                      | –                       | 388,442           |
| Unallocated income     |                          |           |           |   |                                   |                              |                         | 17,742            |
| Unallocated expenses   |                          |           |           |   |                                   |                              |                         | (18,672)          |
| Finance cost           |                          |           |           |   |                                   |                              |                         | (1,918)           |
| Profit before taxation |                          |           |           |   |                                   |                              |                         | 385,594           |
| Taxation               |                          |           |           |   |                                   |                              |                         | (118,034)         |
| Profit for the period  |                          |           |           |   |                                   |                              |                         | 267,560           |

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

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2012

## 5. Other Income

|  | Six months<br>ended 30 June     |                                 |
|--|---------------------------------|---------------------------------|
|  | 2012<br>HK\$'000<br>(Unaudited) | 2011<br>HK\$'000<br>(Unaudited) |
| Royalty income from sub-franchisee           | 8,072                           | 8,312                           |
| Government grant                             | 3,682                           | 16,396                          |
| Bank interest income                         | 22,269                          | 13,012                          |
| Property rental income, negligible outgoings | 7,493                           | 7,737                           |
| Others                                       | 6,932                           | 5,101                           |
|  | <b>48,448</b>                   | 50,558                          |

## 6. Other Gains and Losses

|   | Six months<br>ended 30 June     |                                 |
|---|---------------------------------|---------------------------------|
|   | 2012<br>HK\$'000<br>(Unaudited) | 2011<br>HK\$'000<br>(Unaudited) |
| Loss on disposal of property, plant and equipment | (1,214)                         | (29)                            |
| Net foreign exchange gain                         | 1,177                           | 4,730                           |
|   | <b>(37)</b>                     | 4,701                           |

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2012

## 7. Finance Costs

|  | Six months<br>ended 30 June |             |
|--|-----------------------------|-------------|
|  | 2012                        | 2011        |
|  | HK\$'000                    | HK\$'000    |
|  | (Unaudited)                 | (Unaudited) |
| Interest on bank borrowings wholly repayable within five years | <b>1,637</b>                | 1,918       |

## 8. Profit Before Taxation

|  | Six months<br>ended 30 June |             |
|--|-----------------------------|-------------|
|  | 2012                        | 2011        |
|  | HK\$'000                    | HK\$'000    |
|  | (Unaudited)                 | (Unaudited) |
| Profit before taxation has been arrived at after charging: |                             |             |
| Cost of inventories consumed ( <i>note a</i> )             | <b>516,696</b>              | 524,851     |
| Advertising and promotion expenses                         | <b>13,957</b>               | 11,042      |
| Fuel and utility expenses                                  | <b>91,112</b>               | 80,210      |
| Operating lease rentals in respect of                      |                             |             |
| – land lease   | <b>1,336</b>                | 581         |
| – rented premises ( <i>note b</i> )                        | <b>208,171</b>              | 194,181     |

Notes:

- This represents costs of raw materials and consumables used.
- Included in the operating lease rentals in respect of rental premises are minimum lease payments of approximately HK\$129,630,000 (six months ended 30 June 2011: HK\$108,466,000) and contingent rent of approximately HK\$78,541,000 (six months ended 30 June 2011: HK\$85,715,000).



# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2012

## 9. Taxation

|                                   | Six months<br>ended 30 June     |                                 |
|-----------------------------------|---------------------------------|---------------------------------|
|                                   | 2012<br>HK\$'000<br>(Unaudited) | 2011<br>HK\$'000<br>(Unaudited) |
| Hong Kong Profits Tax             |                                 |                                 |
| – current period                  | 2,165                           | 5,809                           |
| – underprovision in prior periods | –                               | 374                             |
|                                   | <b>2,165</b>                    | 6,183                           |
| PRC income tax                    |                                 |                                 |
| – current period                  | 25,213                          | 76,242                          |
| – withholding taxes paid          | –                               | 13,541                          |
| – underprovision in prior periods | 7,980                           | 14,546                          |
|                                   | <b>33,193</b>                   | 104,329                         |
|                                   | <b>35,358</b>                   | 110,512                         |
| Deferred taxation                 | 966                             | 7,522                           |
|                                   | <b>36,324</b>                   | 118,034                         |

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2012

## 9. Taxation (Continued)

The income tax expense in Hong Kong and the PRC is recognised based on management's best estimate of the weighted average annual income tax rate expected for the full financial year. The estimated weighted average annual tax rates used for Hong Kong Profit Tax and PRC income tax used are 16.5% (six months ended 30 June 2011:16.5%) and 25% (six months ended 30 June 2011:25%), respectively, for the periods under review, except the followings:

- (a) Pursuant to the relevant provincial policy and with written approval obtained from the State Tax Bureau in Chongqing ("Chongqing STB") in the year ended 31 December 2009, Chongqing Weiqian Food & Restaurant Management Co., Ltd. 重慶味千餐飲管理有限公司 ("Chongqing Weiqian") which is located in Chongqing, China applied a preferential tax rate of 15% ("Preferential Tax Treatment") during the years ended 31 December 2009 and 31 December 2010.

During the six months ended 30 June 2011, the Company received notice that the PRC National Audit Office recently issued a letter to the Chongqing STB stating that a few restaurant companies, including Chongqing Weiqian, should not have been granted the Preferential Tax Treatment for the year ended 31 December 2009. The PRC National Audit Office's ruling is that Chongqing Weiqian should pay enterprise income tax at the standard rate of 25%. During the six months ended 30 June 2011, the Group made additional enterprise income tax provision of approximately HK\$3.8 million (equivalent to approximately RMB3.2 million) for the year ended 31 December 2009 and paid such amount to the Chongqing STB on a timely manner as requested. As such, the Group applied the standard enterprise income tax rate of 25% for Chongqing Weiqian for each of the six months ended 30 June 2011 and 2012.

In addition, the Group made provision of approximately HK\$10.7 million (equivalent to approximately RMB9.0 million) for the potential payment of additional enterprise income tax based on the standard rate of 25% for the year ended 31 December 2010. This provision is based on the Group's assessment that the above PRC National Audit Office ruling has brought uncertainties to the Preferential Tax Treatment that Chongqing Weiqian enjoyed.

As a result of the foregoing, during the six months ended 30 June 2011, the Group recognised a one-time tax liability of approximately HK\$14.5 million (equivalent to approximately RMB12.2 million) related to the change in the Preferential Tax Treatment for the years ended 31 December 2009 and 2010. The directors of the Company believe that the Preferential Tax Treatment Chongqing Weiqian previously enjoyed was appropriate under relevant published government rules and regulations and the written approval it received in the year ended 31 December 2009.

- (b) The tax rates of Weiqian Noodle Food Service (Shenzhen) Co., Ltd. and Weiqian Noodle (Shenzhen) Co., Ltd. increased progressively from 15% and 15% to 25% and 25%, respectively, from 1 January 2008 onwards. The relevant tax rates for these entities were 25% and 25% during the six months ended 30 June 2012 (2011: 24% and 24%).

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2012

## 10. Dividends

|  | Six months<br>ended 30 June     |                                 |
|--|---------------------------------|---------------------------------|
|  | 2012<br>HK\$'000<br>(Unaudited) | 2011<br>HK\$'000<br>(Unaudited) |
| Dividends recognised as distribution during the period:  |                                 |                                 |
| Final, declared – HK2.28 cents per share for 2011<br>(2011: declared – HK10.50 cents per share for 2010) | <b>24,480</b>                   | 112,525                         |
| Special, declared – HK9.80 cents per share for 2011<br>(2011: HK12.50 cents per share for 2010)          | <b>105,221</b>                  | 133,958                         |
|  | <b>129,701</b>                  | 246,483                         |

An interim dividend of HK2.19 cents per ordinary share has been declared by the directors for the period ended 30 June 2012 (six months ended 30 June 2011: HK5.95 cents).

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2012

## 11. Earnings Per Share

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

|  | Six months<br>ended 30 June     |                                 |
|--|---------------------------------|---------------------------------|
|  | 2012<br>HK\$'000<br>(Unaudited) | 2011<br>HK\$'000<br>(Unaudited) |
| Earnings for the purposes of basic and diluted earnings per share, being profit for the period attributable to owners of the Company | 46,934                          | 255,243                         |
|  | Number of shares                |                                 |
| Weighted average number of ordinary shares for the purpose of calculating basic earnings per share                                   | 1,073,485,845                   | 1,071,190,812                   |
| Effect of dilutive potential ordinary shares relating to:<br>– outstanding share options   | 7,335,574                       | 12,396,611                      |
| Weighted average number of ordinary shares for the purpose of calculating diluted earnings per share                                 | 1,080,821,419                   | 1,083,587,423                   |

Certain outstanding share options of the Company have not been included in the computation of diluted earnings per share as they did not have a dilutive effect to the Company's earnings per share during the six months ended 30 June 2012 and 30 June 2011 because the exercise prices of these Company's share options were higher than the average market prices of the Company's shares during both periods.

## 12. Movements in Investment Properties and Property, Plant and Equipment

The fair values of the Group's investment properties were determined by the directors of the Company and the valuations were arrived at by reference to market evidence of transaction prices for similar properties at 30 June 2012. During the six months ended 30 June 2012, no change in fair values of the investment properties of the Group has been recognised in the condensed consolidated statement of comprehensive income (six months ended 30 June 2011: nil).

During the period, the Group spent approximately HK\$107,620,000 on acquisition of property, plant and equipment (six months ended 30 June 2011: HK\$202,520,000).

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2012

## 13. Trade and Other Receivables

|  | <b>30 June<br/>2012<br/>HK\$'000<br/>(Unaudited)</b> | 31 December<br>2011<br>HK\$'000<br>(Audited) |
|--|--|--|
| Trade receivables                                |  |  |
| – a related company                              | 599  | 602  |
| – others   | 19,070   | 29,876                                       |
|  | <b>19,669</b>  | 30,478                                       |
| Rental and utility deposits                      | 29,457   | 34,423                                       |
| Property rentals paid in advance for restaurants | 39,453   | 21,030                                       |
| Advance to suppliers                             | 21,258   | 18,709                                       |
| Other receivables and prepayments                | 19,809   | 45,029                                       |
|  | <b>129,646</b>                                       | 149,669                                      |

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

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

|                | <b>30 June<br/>2012<br/>HK\$'000<br/>(Unaudited)</b> | 31 December<br>2011<br>HK\$'000<br>(Audited) |
|----------------|--|--|
| 0 to 30 days   | 13,754   | 25,282                                       |
| 31 to 60 days  | 2,446  | 1,931  |
| 61 to 90 days  | 665  | 329  |
| 91 to 180 days | 550  | 454  |
| Over 180 days  | 2,254  | 2,482  |
|                | <b>19,669</b>  | 30,478                                       |

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2012

## 14. Amounts Due from Related Parties

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

|  | <b>30 June<br/>2012<br/>HK\$'000<br/>(Unaudited)</b> | 31 December<br>2011<br>HK\$'000<br>(Audited) |
|--|--|--|
| Well Keen International Ltd., a company in which<br>Ms. Poon has controlling interests | 14   | 14   |
| Step Profits Ltd., a company in which<br>Ms. Poon has controlling interests            | –  | 1,070  |
|  | <b>14</b>  | 1,084  |

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

As at 30 June 2012 and 31 December 2011, the related parties of the Group are neither past due nor impaired as they have no default history and there are continuous subsequent settlement. The Group does not hold collateral over these balances.

## 15. Foreign Currency Forward Contracts

As at 30 June 2012, the Group did not have any outstanding foreign currency forward contracts.



# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2012

## 16. Trade and Other Payables

|  | <b>30 June<br/>2012<br/>HK\$'000<br/>(Unaudited)</b> | 31 December<br>2011<br>HK\$'000<br>(Audited) |
|--|--|--|
| Trade payables   |  |  |
| – related companies                                      | <b>3,841</b>   | 7,279  |
| – others   | <b>149,643</b>                                       | 155,495                                      |
|  | <b>153,484</b>                                       | 162,774                                      |
| Payroll and welfare payables                             | <b>50,231</b>  | 54,356                                       |
| Customers' deposits received                             | <b>8,049</b>   | 7,442  |
| Payable for acquisition of property, plant and equipment | <b>47,649</b>  | 49,428                                       |
| Payable for property rentals                             | <b>38,539</b>  | 31,336                                       |
| Other taxes payable                                      | <b>29,875</b>  | 33,873                                       |
| Others   | <b>42,860</b>  | 68,381                                       |
|  | <b>370,687</b>                                       | 407,590                                      |

The related companies are companies in which Mr. Kasuaki Shigemitsu, has controlling interests.

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

|                | <b>30 June<br/>2012<br/>HK\$'000<br/>(Unaudited)</b> | 31 December<br>2011<br>HK\$'000<br>(Audited) |
|----------------|--|--|
| 0 to 30 days   | <b>104,935</b>                                       | 109,388                                      |
| 31 to 60 days  | <b>33,770</b>  | 43,392                                       |
| 61 to 90 days  | <b>4,083</b>   | 4,018  |
| 91 to 180 days | <b>7,036</b>   | 1,507  |
| Over 180 days  | <b>3,660</b>   | 4,469  |
|                | <b>153,484</b>                                       | 162,774                                      |

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2012

## 17. Amounts Due to Related Companies/Directors/a Shareholder/Non-controlling Shareholders

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

Either Ms. Poon or Mr. Katsuaki Shigemitsu has controlling interests in these related companies.

## 18. Bank Loans

|  | <b>30 June<br/>2012<br/>HK\$'000<br/>(Unaudited)</b> | 31 December<br>2011<br>HK\$'000<br>(Audited) |
|--|--|--|
| Bank loans with carrying amount repayable: |  |  |
| Within one year                            | <b>60,000</b>  | 293,490                                      |
| Secured                                    | <b>60,000</b>  | 60,000                                       |
| Unsecured                                  | –  | 233,490                                      |
|  | <b>60,000</b>  | 293,490                                      |

The amounts due are based on scheduled repayment dates set out in the loan agreements.

The Group's bank loans at 30 June 2012 carried variable interest rate at 1.35% per annum over Hong Kong Interbank Offered Rate ("HIBOR") (31 December 2011: 0.6% per annum over London Interbank Offer Rate and 1.35% per annum over HIBOR), and the effective interest rate was 1.0509% to 1.7025% per annum (31 December 2011: 0.86% to 1.35%).

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2012

## 19. Share Capital

|   | Number<br>of shares   | Share<br>capital<br>HK\$'000 |
|---|-----------------------|------------------------------|
| <b>Authorised:</b>  |                       |                              |
| Ordinary shares of HK\$0.10 each  |                       |                              |
| At 1 January 2011, 31 December 2011,<br>1 January 2012 and 30 June 2012 | <b>10,000,000,000</b> | 1,000,000                    |
| <b>Issued and fully paid:</b>   |                       |                              |
| At 1 January 2011   | <b>1,070,602,320</b>  | 107,060                      |
| Exercise of share options ( <i>note a</i> )                             | <b>2,424,550</b>      | 242                          |
| At 1 January 2012   | <b>1,073,026,870</b>  | 107,302                      |
| Exercise of share options ( <i>note b</i> )                             | <b>686,700</b>        | 69                           |
| At 30 June 2012   | <b>1,073,713,570</b>  | 107,371                      |

Note:

- (a) During the year ended 31 December 2011, the Company issued 2,424,550 new shares upon exercises of share options at the average exercise price of HK\$4.7058 per share.
- (b) During the six months ended 30 June 2012, the Company issued 686,700 new shares upon exercise of share options at the average exercise price of HK\$4.3345 per share.

All shares issued by the Company during the year ended 31 December 2011 and the six months ended 30 June 2012 ranked pari passu in all respects with all shares then issue.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2012

## 20. Share Option Schemes

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

### (a) Share Option Scheme

The following table disclosed movements of the Company's shares options under the Share Option Scheme during the six months ended 30 June 2012 and 30 June 2011.

| Grant date               | Exercise price<br>HK\$ | Number of share options             |                                 |                                   |                                   | Outstanding as at<br>30 June 2012 |
|--------------------------|------------------------|-------------------------------------|---------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|
|                          |                        | Outstanding as at<br>1 January 2012 | Granted during the<br>period    | Exercised during the<br>period    | Forfeited during the<br>period    |                                   |
| <b>Employees</b>         |                        |                                     |                                 |                                   |                                   |                                   |
| 25 June 2008             | 3.726                  | 325,000                             | -                               | (97,500)                          | (12,500)                          | 215,000                           |
| 31 December 2008         | 3.726                  | 597,500                             | -                               | (217,000)                         | -                                 | 380,500                           |
| 3 July 2009              | 4.938                  | 27,500                              | -                               | -                                 | -                                 | 27,500                            |
| 2 July 2010              | 8.884                  | 1,298,500                           | -                               | (17,500)                          | (7,500)                           | 1,273,500                         |
| 6 July 2010              | 8.71                   | 50,000                              | -                               | -                                 | -                                 | 50,000                            |
| 26 August 2011<br>(Note) | 9.42                   | 22,680,000                          | -                               | -                                 | (1,590,000)                       | 21,090,000                        |
|                          |                        | <b>24,978,500</b>                   | <b>-</b>                        | <b>(332,000)</b>                  | <b>(1,610,000)</b>                | <b>23,036,500</b>                 |
| <b>Directors</b>         |                        |                                     |                                 |                                   |                                   |                                   |
| 22 January 2009          | 3.308                  | 312,500                             | -                               | -                                 | -                                 | 312,500                           |
| Grant date               | Exercise price<br>HK\$ | Outstanding<br>at 1 January 2011    | Granted<br>during the<br>period | Exercised<br>during the<br>period | Forfeited<br>during the<br>period | Outstanding<br>at 30 June 2011    |
| <b>Employees</b>         |                        |                                     |                                 |                                   |                                   |                                   |
| 25 June 2008             | 3.726                  | 462,000                             | -                               | (107,000)                         | -                                 | 355,000                           |
| 31 December 2008         | 3.726                  | 926,000                             | -                               | (78,500)                          | -                                 | 847,500                           |
| 3 July 2009              | 4.938                  | 37,500                              | -                               | -                                 | -                                 | 37,500                            |
| 2 July 2010              | 8.884                  | 1,480,000                           | -                               | -                                 | -                                 | 1,480,000                         |
| 6 July 2010              | 8.71                   | 90,000                              | -                               | -                                 | -                                 | 90,000                            |
|                          |                        | <b>2,995,500</b>                    | <b>-</b>                        | <b>(185,500)</b>                  | <b>-</b>                          | <b>2,810,000</b>                  |
| <b>Directors</b>         |                        |                                     |                                 |                                   |                                   |                                   |
| 22 January 2009          | 3.308                  | 312,500                             | -                               | -                                 | -                                 | 312,500                           |

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2012

## 20. Share Option Schemes (Continued)

### (a) Share Option Scheme (Continued)

Note: On 19 January 2012, the Company modified details of certain outstanding share options previously granted by the Company on 26 August 2011. The exercise price of 22,340,000 outstanding share options at the date of modification was reduced from HK\$11.16 per share to HK\$9.42 per share.

The fair value of the share options of the Company immediately before and after modification at 19 January 2012 were calculated using the Black Scholes pricing model. The inputs into the model were as follows:

|                          | Before modification | After modification |
|--------------------------|---------------------|--------------------|
| Share price              | HK\$9.42            | HK\$9.42           |
| Exercise price           | HK\$11.16           | HK\$9.42           |
| Expected volatility      | 53.59%              | 53.59%             |
| Expected life            | 5.10 to 7.10 years  | 5.10 to 7.10 years |
| Risk free interest rates | 0.716% to 1.075%    | 0.716% to 1.075%   |
| Expected dividend yield  | 1.115%              | 1.115%             |

The risk-free interest rates were based on yield of Hong Kong Exchange Fund Note. Expected volatility was determined by using the historical volatility of the Group's share price over the previous years. 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 behavioural considerations. Changes in variables and assumptions may result in changes in fair values of the share options.

The fair values of the share options of the Company immediately before and after modification at 19 January 2012 were approximately HK\$87,330,000 and HK\$95,828,000, respectively. The incremental fair values of approximately HK\$8,498,000 will be expensed over the remaining vesting period of the relevant options.

In respect of the share options exercised during the six months ended 30 June 2012, the weighted average share price and exercise price at the dates of exercise are HK\$9.406 and HK\$4.000 per share, respectively (six months ended 30 June 2011: HK\$14.8200 and HK\$3.7260 per share).

During the six months ended 30 June 2012, 332,000 share options were exercised and 1,620,000 share options were forfeited due to the departure of employees.

During the six months ended 30 June 2011, 185,500 share options previously granted by the Company were exercised and no share options were forfeited.

The Group recognised the expense of approximately HK\$18,433,000 for six months ended 30 June 2012 in relation to share options granted by the Company under the Share Option Scheme (six months ended 30 June 2011: HK\$2,351,000).

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2012

## 20. Share Option Schemes (Continued)

### (b) Pre-IPO Share Option Scheme

The following tables disclosed movements of the Company's share options under the Pre-IPO Share Option Scheme during the six months ended 30 June 2012 and 30 June 2011:

| Grantees                           | Outstanding<br>at 1 January 2012 | Exercised<br>during<br>the period | Forfeited<br>during<br>the period | Cancelled<br>during<br>the period | Outstanding<br>at 30<br>June 2012 |
|------------------------------------|----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|
| (1) Directors                      |                                  |                                   |                                   |                                   |                                   |
| Ms.Poon (Note 2)                   | 8,485,000                        | –                                 | –                                 | –                                 | 8,485,000                         |
| Mr. Poon Ka Man,<br>Jason (Note 2) | 2,500,000                        | –                                 | –                                 | –                                 | 2,500,000                         |
| Mr. Yin Yibing (Note 2)            | 2,500,000                        | –                                 | –                                 | –                                 | 2,500,000                         |
| (2) Employees and others           | 993,700                          | (354,700)                         | –                                 | –                                 | 639,000                           |
|                                    | <b>14,478,700</b>                | <b>(354,700)</b>                  | –                                 | –                                 | <b>14,124,000</b>                 |

| Grantees                           | Outstanding<br>at 1 January 2011 | Exercised<br>during<br>the period | Forfeited<br>during<br>the period | Cancelled<br>during<br>the period | Outstanding<br>at 30<br>June 2011 |
|------------------------------------|----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|
| (1) Directors                      |                                  |                                   |                                   |                                   |                                   |
| Ms.Poon (Note 2)                   | 8,485,000                        | –                                 | –                                 | –                                 | 8,485,000                         |
| Mr. Poon Ka Man,<br>Jason (Note 2) | 2,500,000                        | –                                 | –                                 | –                                 | 2,500,000                         |
| Mr. Yin Yibing (Note 2)            | 2,500,000                        | –                                 | –                                 | –                                 | 2,500,000                         |
| (2) Employees and others           | 2,809,250                        | (1,086,750)                       | –                                 | –                                 | 1,722,500                         |
|                                    | <b>16,294,250</b>                | <b>(1,086,750)</b>                | –                                 | –                                 | <b>15,207,500</b>                 |

In respect of the share options exercised during the period, the weighted average share price and exercise price at the dates of exercise was HK\$10.5034 and HK\$4.6495 respectively per share (six months ended 30 June 2011: HK\$15.1200 and HK\$4.6495).

During the six months ended 30 June 2012, 354,700 share options (six months ended 30 June 2011: 1,086,750) previously granted by the Company were exercised.



# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2012

## 20. Share Option Schemes (Continued)

### (b) Pre-IPO Share Option Scheme (Continued)

- (1) All options under the Pre-IPO Share Option Scheme were granted on 8 March 2007 at an exercise price of HK\$4.6495 per share.
- (2) Ms. Poon Wai, Mr. Yin Yibing and Mr. Poon Ka Man, Jason who are the executive directors, have formed Center Goal Holdings Limited ("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.

Except for the share options exercised during the six months ended 30 June 2012, there were no share options granted, forfeited or cancelled, under the Pre-IPO Share Option Scheme during the six months ended 30 June 2012 and 30 June 2011.

The Group did not recognise any expense for the six months ended 30 June 2012 in relation to share options granted by the Company under the Pre-IPO Share Option Scheme due to the fact that the related share options were fully vested in prior period (2011: HK\$787,000).

## 21. Acquisition of Subsidiaries

On 1 January 2011, the Group acquired 90% of the issued capital of Domon (International) Limited and Domon (China) Limited (hereinafter collectively referred to as "Domon Entities") for cash consideration of HK\$27,000,000 from an independent third party neither connected to nor related to the Group. The acquisition was accounted for using the purchase method. The amount of goodwill arising as a result of the acquisition was HK\$7,656,000. Domon Entities were engaged in retail chain restaurants in Hong Kong. The Group acquired the Domon Entities as the Group wishes to penetrate market of retail chain restaurants in Hong Kong.

Acquisition-related costs amounting to approximately HK\$420,000 were excluded from the consideration transferred and were recognised as an expense within the other operating expenses line item in the condensed consolidated statement of comprehensive income.

### Assets acquired and liabilities recognised at the date of acquisition

|                             | HK\$'000 |
|-----------------------------|----------|
| Intangible assets           | 15,800   |
| Plant and equipment         | 2,000    |
| Cash and cash equivalents   | 2,590    |
| Trade and other receivables | 4,362    |
| Inventories                 | 197      |
| Trade and other payables    | (1,347)  |
| Taxation payable            | (1,258)  |
| Net assets acquired         | 22,344   |

The fair value of trade and other receivables at the date of acquisition amounted to approximately HK\$4,362,000, which represented the gross contractual amounts and the expected recoverable cash flows of such receivables on the date of acquisition.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2012

## 21. Acquisition of Subsidiaries (Continued)

### Goodwill arising on acquisition

|  | <b>Total</b> |
|--|--------------|
|  | HK\$'000     |
| Consideration transferred                                  | 27,000       |
| Plus: non-controlling interests<br>(10% in Domon Entities) | 3,000        |
| Less: net assets acquired                                  | (22,344)     |
| <b>Goodwill arising on acquisition</b>                     | <b>7,656</b> |

### Non-controlling interests

The non-controlling interests (10%) in Domon Entities recognised at the acquisition date was measured by reference to the fair value of the non-controlling interests and amounted to HK\$3,000,000. This fair value was estimated by applying an income approach. The following were the key model inputs used in determining the fair value:

- assumed discount rate of 11.21%;
- assumed long-term sustainable growth the rate of 4.00%; and
- assumed adjustments because of the lack of control or lack of marketability that market participants would consider when estimating the fair value of the non-controlling interests in Domon Entities.

Goodwill arose on the acquisition of Domon Entities as the consideration paid for the combination effectively included amounts in relation to the benefit of expected synergies, revenue growth, future market development and the assembled workforce of Domon Entities. These benefits were not recognised separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets.

None of the goodwill arising on the acquisition was expected to be deductible for tax purposes.

### Net cash outflow on acquisition of subsidiaries

|  | HK\$'000      |
|--|---------------|
| Consideration paid in cash                       | 27,000        |
| Less: cash and cash equivalent balances acquired | (2,590)       |
|  | <b>24,410</b> |

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2012

## 21. Acquisition of Subsidiaries (Continued)

### Impact of acquisition on the results of the Group

Included in the profit for the six months ended 30 June 2011 was operating profits of approximately HK\$1,733,000 attributable to the additional business generated by Domon Entities. Revenue for the six months ended 30 June 2011 included approximately HK\$15,598,000 generated from Domon Entities.

### Intangible assets acquired

The intangible assets acquired by the Group mainly represented the trade names of the Domon Entities. In the opinion of the directors of the Company, the Group would not incur significant costs to renew such trade names. Accordingly, the intangible assets were deemed to have an indefinite useful life and were carried at cost less any subsequent accumulated impairment losses.

## 22. Capital Commitments

|   | <b>30 June<br/>2012<br/>HK\$'000<br/>(Unaudited)</b> | 31 December<br>2011<br>HK\$'000<br>(Audited) |
|---|--|--|
| Capital expenditure contracted for but not provided in the condensed consolidated financial statements in respect of the acquisition of – property, plant and equipment | <b>20,443</b>  | 30,641                                       |
|   | <b>20,443</b>  | 30,641                                       |

## 23. Available-for-sale Investments

|  | <b>30 June<br/>2012<br/>HK\$'000<br/>(Unaudited)</b> | 31 December<br>2011<br>HK\$'000<br>(Audited) |
|--|--|--|
| Unlisted equity investments in British Virgin Islands, at cost | <b>20,000</b>  | 5,000  |
| Unlisted equity investments in PRC, at cost                    | <b>1,150</b>   | 537  |
|  | <b>21,150</b>  | 5,537  |

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2012

## 23. Available-for-sale Investments (Continued)

The unlisted equity investments are equity securities issued by a private entity established in PRC and British Virgin Island at 30 June 2012 and 31 December 2011.

On 26 January 2012, an indirect wholly-owned subsidiary of the Company, namely Ajisen Project Limited ("Ajisen Project"), acquired additional 10% equity interests in the private entity established in British Virgin Islands carrying out food and beverage business (including but not limit to barbecue) in the PRC (the "Investments") in which Ajisen Project, Anmi Trust and an independent third party (the "Vendor") which is not related to the Company owned 5%, 5% and 90% equity interests, respectively, at 31 December 2011 for a cash consideration of HK\$15,000,000 from the Vendor. Immediately upon completion of the transaction, the Group owned 15% equity interests in the Investments and would neither gain control nor significant influence of the Investments. The Investments would remain as available-for-sale investments as reflected in the condensed consolidated statement of financial position at 30 June 2012.

The investments are measured at cost less impairment at the end of each reporting period because the range of reasonable fair value estimates is so significant that the directors are of the opinion that fair values cannot be measured reliably.

## 24. Related Party Transactions

- (a) During the period except as disclosure elsewhere in the condensed consolidated financial statements, the Group has the following significant transactions with related parties:

| Relationship with related parties  | Nature of transactions                   | Six months ended 30 June        |                                 |
|--|--|---------------------------------|---------------------------------|
|  |  | 2012<br>HK\$'000<br>(Unaudited) | 2011<br>HK\$'000<br>(Unaudited) |
| Shigemitsu Industry Co., Ltd.,<br>a company Mr. Kasuaki<br>Shigemitsu has significant<br>beneficial interest       | Sales of noodles and related<br>products | 302                             | 325                             |
|  | Purchase of raw materials                | 26,659                          | 33,012                          |
|  | Franchise commissions paid               | 17,036                          | 13,979                          |
|  | Property rentals received                | 86                              | 334                             |
| Companies in which<br>Mr. Poon Ka Man, Jason,<br>a director of the Company,<br>has significant beneficial interest | Decoration expenses paid                 | 761                             | 1,911                           |
| Ms. Poon   | Property rental paid                     | 1,286                           | 1,000                           |

On 14 June 2012, an indirectly wholly-owned subsidiary of the Company, namely Ajisen Investments (International) Limited ("Ajisen Investments"), Japan Foods Holding Limited (a company in which Ms. Poon Wai, Mr. Katsuaki Shigemitsu and Shigemitsu Industry Co., Limited have beneficial interests), Shigemitsu Industry Co., Limited entered into an agreement. Ajisen Investments sold (i) 25% of its equity interest in a subsidiary, ACJF Holding Limited ("the Subsidiary"), to Japan Foods Holding Limited at the consideration of HK\$97,500; (ii) 10% equity interest of the Subsidiary to Shigemitsu Industry Co., Limited at the consideration of HK\$39,000. Immediately followed by the completion of the transaction, the Subsidiary became a 65% indirectly-owned subsidiary of the Company. The difference between fair value of the consideration paid and the net carrying amount of the Subsidiary at the date of transaction was recognised directly in equity.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2012

## 24. Related Party Transactions (Continued)

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

|                              | Six months<br>ended 30 June     |                                 |
|------------------------------|---------------------------------|---------------------------------|
|                              | 2012<br>HK\$'000<br>(Unaudited) | 2011<br>HK\$'000<br>(Unaudited) |
| Short-term employee benefits | 3,728                           | 3,255                           |
| Other long-term benefits     | 85                              | 107                             |
| Share-based payments         | 590                             | 699                             |
|                              | <b>4,403</b>                    | 4,061                           |

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.

## OTHER INFORMATION

### Compliance with the Corporate Governance Code

The Company has complied with all applicable code provisions under the Code on Corporate Governance Practices (from 1 January 2012 to 31 March 2012) and Corporate Governance Code (from 1 April 2012 to 30 June 2012) (the “Code”) as set out in Appendix 14 to the Rules Governing the listing of securities on the Stock Exchange (the “Listing Rules”) for the six months ended 30 June 2012, save and except for the deviation from the code provision A.2.1, namely, the roles of the Chairman and chief executive officer (“CEO”) have not been separated. Although Ms. Poon Wai performs both the roles of Chairman and CEO, the division of responsibilities between the Chairman and CEO are clearly established and set out in writing. In general, the Chairman is responsible for supervising the functions and performance of the Board, while the CEO is responsible for the management of the business of the Group. The two roles are performed by Ms. Poon distinctly. The Board believes that at the current stage of development of the Group, vesting the roles of both Chairman and CEO in the same person provides the Company with strong and consistent leadership, and allows for effective and efficient planning and implementation of business decisions and strategies. The relevant deviation is therefore considered reasonable. It also considers that the current structure does not impair the balance of power and authority between the Board and the management of the Company given the appropriate delegation of the power of the Board and the effective functions of the independent non-executive Directors (number of which exceeds one-third of the members of the Board). However, it is the long-term objective of the Company to have these two roles performed by separate individuals when suitable candidates are identified.

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

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

The Company has made specific enquiry to all Directors, and all Directors have confirmed that, throughout the six months ended 30 June 2012, 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, reviewed the accounting principles and practices adopted by the Company and discussed auditing, internal controls and financial reporting matters. The Company’s unaudited interim results for the six months ended 30 June 2012 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 2012.



## OTHER INFORMATION

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

As at 30 June 2012, the interests and short positions of the Directors and the chief executive of the Company in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance, Chapter 571 of the laws of Hong Kong (the "SFO")) as recorded in the register required to be kept under section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code, are set out below:

#### (i) Interests and short positions in the shares of the Company

| Name of director         | Capacity and nature of interest             | Number of shares<br>(Note 1) | Approximate<br>% of<br>shareholding |
|--------------------------|---|------------------------------|-------------------------------------|
| Ms. Poon Wai             | founder of a discretionary trust (Note 2)   | 476,625,041 shares (L)       | 44.39%                              |
| Ms. Poon Wai             | beneficial owner                            | 21,777,347 shares (L)        | 2.03%                               |
| Mr. Yin Yibing           | founder of a discretionary trust (Note 3)   | 28,352,679 shares (L)        | 2.64%                               |
| Mr. Katsuaki Shigemitsu  | beneficial owner                            | 950,000 shares (L)           | 0.09%                               |
| Mr. Katsuaki Shigemitsu  | interest in controlled corporation (Note 4) | 31,425,380 shares (L)        | 2.93%                               |
| Mr. Wong Hin Sun, Eugene | interest of spouse (Note 5)                 | 100,000 shares (L)           | 0.01%                               |
| Mr. Wang Jin Cheng       | beneficial owner                            | 12,500 shares (L)            | 0.00%                               |
| Mr. Jen Shek Voon        | beneficial owner                            | 95,000 shares (L)            | 0.01%                               |

*Notes:*

- The letter "L" denotes the Director's long position in such securities.
- The 476,625,041 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.
- The 28,352,679 shares are held by Brillinda Hilltop Inc., which is an investment holding company wholly owned by Royal Century Investment Ltd ("Royal Century") and its issued share capital is wholly owned by Dalian Trust, which is founded by Mr. Yin Yibing. Mr. Yin Yibing, is an executive Director of the Company.
- The 10,604,251 shares held by Shigemitsu Industry Co. Ltd. and the 20,821,129 shares held by Wealth Corner Limited are respectively owned as to approximately 44.5% and 100% by Mr. Katsuaki Shigemitsu, a non-executive Director of the Company.
- The 100,000 shares are held by Mr. Wong Hing Sun, Eugene's wife, Ms. Chin May Yee Emily.

## OTHER INFORMATION

### (ii) Interests and short positions in underlying shares of equity derivatives of the Company

| Name of director         | Capacity and nature of interest             | Description of equity derivatives | Number of underlying shares<br>(Note 1) |
|--------------------------|---|-----------------------------------|---|
| Ms. Poon Wai             | interest in controlled corporation (Note 3) | share option<br>(Note 2)          | 13,485,000 (L)<br>(Note 3)              |
| Mr. Yin Yibing           | interest in controlled corporation (Note 3) | share option<br>(Note 2)          | 13,485,000 (L)<br>(Note 3)              |
| Mr. Poon Ka Man, Jason   | interest in controlled corporation (Note 3) | share option<br>(Note 2)          | 13,485,000 (L)<br>(Note 3)              |
| Mr. Jen Shek Voon        | beneficial owner                            | share option<br>(Note 4)          | 100,000 (L)                             |
| Mr. Lo, Peter            | beneficial owner                            | share option<br>(Note 4)          | 75,000 (L)                              |
| Mr. Wang Jin Cheng       | beneficial owner                            | share option<br>(Note 4)          | 37,500 (L)                              |
| Mr. Wong Hin Sun, Eugene | beneficial owner                            | share option<br>(Note 4)          | 100,000 (L)                             |

Notes:

- The letter "L" denotes the Director's long position in such securities.
- The share options were granted under the pre-IPO share option scheme of the Company.
- 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.
- The share options were granted under the share option scheme of the Company.

### (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 (Note)         | 100% (Note)                   |

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

## OTHER INFORMATION

### (2) Long position in the shares of Favor Choice

| <u>Name of director</u> | <u>Capacity and nature of interest</u>  | <u>Number of shares</u> | <u>Approximate % of shareholding</u> |
|-------------------------|---|-------------------------|--------------------------------------|
| Ms. Poon Wai            | founder of a discretionary trust (Note) | 10,000 (Note)           | 100% (Note)                          |

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 2012, 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 the 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 2012, as recorded in the register required to be kept by the Company under section 336 of the SFO, the following persons, other than a Director or the chief executive of the Company, were the substantial shareholders (within the meaning of the Listing Rules) of the Company and had the following interests or short position in the shares or underlying shares of the Company:

| <u>Name of shareholder</u>                     | <u>Capacity and nature of interest</u> | <u>Number of shares</u>        | <u>Approximate % of shareholding</u> |
|--|--|--------------------------------|--------------------------------------|
| Favor Choice (Note 2)                          | beneficial owner                       | 476,625,041(L)                 | 44.39%                               |
| Anmi Holding<br>(Notes 2 and 3)                | interest of controlled corporation     | 476,625,041(L)                 | 44.39%                               |
| HSBC International<br>Trustee Limited (Note 3) | trustee                                | 505,068,720(L)                 | 47.04%                               |
| Morgan Stanley (Note 4)                        | interest of controlled corporation     | 68,580,000(L)<br>15,498,549(S) | 6.39%<br>1.44%                       |

Notes:

- The letters L and S denote the substantial shareholder's long position and short position in such shares respectively.
- The 476,625,041 shares were 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.
- Among the 505,068,720 shares, 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 and Royal Century. Anmi Holding wholly owned Favor Choice which held 476,625,041 Shares and Royal Century wholly owned Brilinda Hilltop Inc. which held 28,352,679 Shares.
- Morgan Stanley holds equity interest in shares of the Company through companies controlled directly or indirectly by it.

Save as disclosed herein, as at 30 June 2012, 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.

## OTHER INFORMATION

### Share Option Scheme

The Company has conditionally adopted its share option scheme (the "Share Option Scheme") on 8 March 2007 for a period of ten years. 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 amount payable by a participant upon acceptance of a grant of options is HK\$1.00.

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 twelve-month period shall not exceed 1% of the number of shares in issue unless approved by shareholders in general meeting. The maximum number of shares in respect of which options may be granted under the Share Option Scheme shall not in aggregate exceed 10% of the shares in issue as at the date of approval of the Share Option Scheme i.e. a total of 100,000,000 shares.

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 five business days immediately preceding the date of grant, and (iii) the nominal value of the shares.

As at 30 June 2012, the number of shares in respect of which options under the Share Option Scheme had been granted and remained outstanding was 23,349,000 Shares (30 June 2011: 3,122,500 Shares), representing approximately 2.17% of the Shares of the Company in issue as at 30 June 2012.

Details of the share options granted under the Share Option Scheme and remained outstanding as at 30 June 2012 are as follows:

| Grantee        | Date of Grant    | Number of share options          |                              |                             |                             |                             | Outstanding as at 30 June 2012 |
|----------------|------------------|----------------------------------|------------------------------|-----------------------------|-----------------------------|-----------------------------|--------------------------------|
|                |                  | Outstanding as at 1 January 2012 | Granted during the period    | Exercised during the period | Cancelled during the period | Forfeited during the period |                                |
| Employees      |                  |                                  |                              |                             |                             |                             |                                |
| (in aggregate) | 25 June 2008     | 325,000                          | –                            | (97,500)                    | –                           | (12,500)                    | 215,000                        |
|                | 31 December 2008 | 597,500                          | –                            | (217,000)                   | –                           | –                           | 380,500                        |
|                | 3 July 2009      | 27,500                           | –                            | –                           | –                           | –                           | 27,500                         |
|                | 2 July 2010      | 1,298,500                        | –                            | (17,500)                    | –                           | (7,500)                     | 1,273,500                      |
|                | 6 July 2010      | 50,000                           | –                            | –                           | –                           | –                           | 50,000                         |
|                | 26 August 2011   | 22,680,000                       | –                            | –                           | (22,340,000)                | (340,000)                   | –                              |
|                | 19 January 2012  | –                                | 22,340,000 <sup>(Note)</sup> | –                           | –                           | (1,250,000)                 | 21,090,000                     |
| Director       |                  |                                  |                              |                             |                             |                             |                                |
| (in aggregate) | 22 January 2009  | 312,500                          | –                            | –                           | –                           | –                           | 312,500                        |
|                |                  | 25,291,000                       | 22,340,000                   | (332,000)                   | (22,340,000)                | (1,610,000)                 | 23,349,000                     |

## OTHER INFORMATION

Note: On 19 January 2012, the Company modified details of certain outstanding share options previously granted by the Company on 26 August 2011. The exercise price of 22,340,000 outstanding share options at the date of modification was reduced from HK\$11.16 per share to HK\$9.42 per share.

The fair value of the share options of the Company immediately before and after modification at 19 January 2012 were calculated using the Black Scholes pricing model. The inputs into the model were as follows:

|                          | Before modification | After modification |
|--------------------------|---------------------|--------------------|
| Share price              | HK\$9.42            | HK\$9.42           |
| Exercise price           | HK\$11.16           | HK\$9.42           |
| Expected volatility      | 53.59%              | 53.59%             |
| Expected life            | 5.10 to 7.10 years  | 5.10 to 7.10 years |
| Risk free interest rates | 0.716% to 1.075%    | 0.716% to 1.075%   |
| Expected dividend yield  | 1.115%              | 1.115%             |

The risk-free interest rates were based on yield of Hong Kong Exchange Fund Note. Expected volatility was determined by using the historical volatility of the Group's share price over the previous years. 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 behavioural considerations. Changes in variables and assumptions may result in changes in fair values of the share options.

The fair values of the share options of the Company immediately before and after modification at 19 January 2012 were approximately HK\$87,330,000 and HK\$95,828,000, respectively. The incremental fair values of approximately HK\$8,498,000 will be expensed over the remaining vesting period of the relevant options.

In respect of the share options exercised during the six months ended 30 June 2012, the weighted average share price and exercise price at the dates of exercise are HK\$9.406 and HK\$4.000 per share, respectively (six months ended 30 June 2011: HK\$14.8200 and HK\$3.7260 per share).

During the six months ended 30 June 2012, 332,000 share options were exercised and 1,620,000 share options were forfeited due to the departure of employees.

During the six months ended 30 June 2011, 185,500 share options previously granted by the Company were exercised and no share options were forfeited.

The Group recognised the expense of approximately HK\$18,433,000 for six months ended 30 June 2012 in relation to share options granted by the Company under the Share Option Scheme (six months ended 30 June 2011: HK\$2,351,000).

### Pre-IPO Share Option Scheme

The Company 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 the Company;
- (ii) no option granted under the Pre-IPO Share Option Scheme will be exercisable within twelve 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 the Company.



## OTHER INFORMATION

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 | Outstanding as at 1 January 2012 | Number of options                             |  |   | Outstanding as at 30 June 2012 |
|---------------------------------|---|----------------------------------|---|--|---|--------------------------------|
|                                 |   |                                  | Exercise during the period ended 30 June 2012 | Cancelled during the period ended 30 June 2012 | Lapsed during the period ended 30 June 2012 |                                |
| <i>(Notes 1 and 3)</i>          |   |                                  |   |  |   |                                |
| <b>(1) Directors</b>            |   |                                  |   |  |   |                                |
| 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                      |
| <b>(2) Employees and others</b> | 6,515,000                                 | 993,700                          | (354,700)                                     | –  | –   | 639,000                        |
|                                 | 20,000,000                                | 14,478,700                       | (354,700)                                     | –  | –   | 14,124,000                     |

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               |
- (4) The total number of shares issued and which may fall to be issued upon exercise of the options granted pursuant to the Pre-IPO 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.



## OTHER INFORMATION

### 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 the Company and its Associated Corporations", "Share Option Scheme" and "Pre-IPO Share Option Scheme", during the six months ended 30 June 2012, no arrangements has been entered by the Company 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, the Company or any other body corporate, and none of the Directors or any of their spouses or children under the age of eighteen, was granted any right to subscribe for the equity or debt securities of the Company or any other body corporate nor had exercised any such right.

### Employee's Remuneration and Policy

As at 30 June 2012, the Group employed 13,834 persons (31 December 2011: 15,681 persons), most of the Group's employees work in the chain restaurants of the Group in the PRC. The number of employees will vary from time to time as 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 bonuses and/or share options based on their performances.

The total remuneration payment of the Group for the six months ended 30 June 2012 was approximately HK\$376,063,000 (30 June 2011: HK\$303,512,000).

## OTHER INFORMATION

### Dividend

An interim dividend of HK2.19 cents per ordinary share (for six months ended 30 June 2011: HK\$5.95 cents) for the six months ended 30 June 2012 have been declared by the Board to shareholders and such interim dividend will be paid on or about 30 September 2012 to shareholders whose names appear on the register of members of the Company on 21 September 2012.

### Closure of the Register of Members

The register of members of the Company will be closed from 19 September 2012 to 21 September 2012 (both days inclusive), during which period no share transfers will be registered.

In order to qualify for the interim dividend, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's Hong Kong Branch Share Registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on 18 September 2012.

By order of the Board

**Ajisen (China) Holdings Limited**

**Poon Wai**

*Chairman*

Hong Kong, 22 August 2012



DALIAN  
BEIJING  
CHENGDU  
SHANGHAI  
SHENZHEN  
HONG KONG  
BANGKOK  
KUALALUMPUR  
SINGAPORE  
JAKARTA  
HOKKAIDO  
SEOUL  
TOKYO  
KUMAMOTO  
TAIWAN  
HO CHI MINH  
MANILA  
GUAM

VANCOUVER  
SAN FRANCISCO  
LOS ANGELES  
NEW YORK

“味千拉面”不是用面来做人的生意，  
而是追求用人来做面的生意

