

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



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中期報告
INTERIM REPORT

2013

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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 2013, Ajisen restaurants have entered 120 cities and 30 provinces of the PRC with total 647 restaurants. Among the major cities, the international metropolis Shanghai boasts the largest number of Ajisen restaurants, being 132, followed by 73 in Jiangsu and 63 in Guangdong (excluding Shenzhen), together with the remaining 341 restaurants spanning across other major cities from the southern to the northern region of the PRC. In Hong Kong, Ajisen operates 36 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. 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

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Ajisen Group Tower

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Registered Office

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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

Investor Relations ("IR") Contact

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Stock Code

538

FINANCIAL HIGHLIGHTS

For the six months ended 30 June (unaudited)	2013	2012	%
			+/-
Turnover (HK\$' million)	1,568.9	1,512.1	+3.8
Gross profit (HK\$' million)	1,049.1	995.4	+5.4
Profit before taxation (HK\$' million)	173.9	88.2	+97.3
Profit attributable to owners of the Company (HK\$' million)	130.1	46.9	+177.2
Earnings per share – basic (HK cents)	12.03	4.37	+175.3

MANAGEMENT DISCUSSION AND ANALYSIS

Industry Review

In the first half of 2013, the global economy maintained a persistent underwhelmed growth, especially the economic slowdown in emerging markets as evidenced by the further slackening in Mainland China and Hong Kong. Bugged in a “decade trough”, the catering industry is entering a new cycle of challenging development with another round of industrial reshuffle looming. Besides, the catering industry continued to be burdened by the “four highs and one low” phenomenon in 2013, featuring high rental expenditure, labour cost, raw material price and public utility rates, resulting in low profit margin. Other challenges confronting the Group included food safety issues, consumer complaints, high risk of media exposure and struggling store sales.

Given the sluggish economic environment and the unfinished recovery process of Ajisen, the Group enhanced the efforts in brand advertisement and promotion activities. Through planned integration of marketing programmes, the Group placed more targeted advertisements on digital media, network media, and print media, which have lifted customer volume and store sales. Meanwhile, the Group adopted a prudent strategy in opening new stores and carefully streamlined the existing stores, while deepening the market penetration in first- and second-tier cities and improving management of each segment in the Company in order to strengthen single-store turnover and profitability. Always putting quality first, the Group has paid especially strict attention to food quality as usual and made continuous efforts in flavour improvement and food quality enhancement, so as to boost customer’s satisfaction and loyalty.

Business Review

For the six months ended 30 June 2013, the Group’s turnover increased from approximately HK\$1,512,126,000 during the corresponding period in 2012, by approximately 3.8% to approximately HK\$1,568,936,000. The gross profit of the Group reached approximately HK\$1,049,131,000, an increase of approximately 5.4% from approximately HK\$995,430,000 during the corresponding period in 2012; the profit attributable to the owners of the Company reached approximately HK\$130,096,000, an increase of approximately 177.2% from approximately HK\$46,934,000 in 2012. The basic earnings per share increased to HK12.03 cents from HK4.37 cents per ordinary share during the corresponding period in the previous year.

During the current reporting period, the Group focused on streamlining the existing stores, adopting a prudent strategy in opening new stores, and scaling up the restaurant network in mature markets such as those in the first- and second-tier cities, so as to accomplish the structural shift from store quantity to store quality which effectively strengthened single-store turnover and profitability. As at 30 June 2013, the Group had a total of 647 fast casual chain restaurants, a decrease of 25 from 672 during the corresponding period in 2012; the Group’s restaurant network extended its reach to 30 provinces and municipalities nationwide, amounting to 120 cities in aggregate, adding 1 provinces and reducing 1 city as compared with the corresponding period in 2012.

MANAGEMENT DISCUSSION AND ANALYSIS

The construction and operation of the four major production bases in China guaranteed the steady growth and food quality of the Group's chain restaurant network. The Group's three major factories in Wuhan, Shanghai and Dongguan have been put into operation, while the factory in Tianjin will commence operation as well in the second half of this year to further support the Group's network expansion and regional coverage in the future.

During the current reporting period, the Group's cost of inventories as a proportion to turnover was approximately 33.1%, representing a decrease of approximately 1.1 percentage points as compared with the corresponding period last year. Accordingly, the gross profit margin increased to approximately 66.9% from approximately 65.8% during the corresponding period last year, which was attributable to less discounts and promotions offered by the Group as well as the stable in raw material costs. The Group will properly control the raw material costs, and is therefore confident in achieving the expected gross profit margin.

During the current reporting period, the Group's labour costs accounted for approximately 23.7% of the turnover, which was approximately 1.2 percentage points lower than that of the corresponding period last year. During the reporting period, the level of minimum wage was raised in a number of provinces and cities in China successively, and the Group has adjusted its employee wages in compliance with the relevant law and regulations. In the meantime, the Group also applied new human resource policies, leading to a decrease in labour costs.

During the current reporting period, rent and related costs as a proportion to turnover of the Group was approximately 15.3%, which was approximately 0.4 percentage point lower than that of the corresponding period last year. During the reporting period, the Group applied stringent criteria in location selection, so as to guarantee the success rate of new stores. Also, a large number of medium-and small-size restaurants were developed to enhance the output per unit area. The Group was able to secure long-term fixed lease terms as it expands the restaurant network. With the recovery of turnover, rental costs will be diluted further, pushing down the proportion of rent and related costs in turnover.

The highly effective operation of over 640 restaurants under the Group is depending upon the efficacy of our management and staff training. During the current 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. This year, the Group continued to host the inter-restaurant competition to fully mobilize its staff, thus making prominent contribution the Group's turnover.

Retail Chain Restaurants

During the first half of 2013, 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\$1,511,347,000 (2012: HK\$1,458,114,000), accounted for approximately 96.3% (2012: 96.4%) of the Group's total revenue, an increase of 3.7% from the corresponding period in last year.

MANAGEMENT DISCUSSION AND ANALYSIS

As at 30 June 2013, the Group's restaurant portfolio consisted of 647 Ajisen chain restaurants, comprising the following:

	30 June 2013	31 December 2012	+/-
By type:			
Owned and managed	645	659	-14
Owned but not managed	2	2	0
Total	647	661	-14
By provinces:			
Shanghai	132	132	0
Beijing	36	35	1
Tianjin	6	6	0
Guangdong (excluding Shenzhen)	63	66	-3
Shenzhen	31	34	-3
Jiangsu	73	73	0
Zhejiang	45	45	0
Sichuan	26	26	0
Chongqing	15	17	-2
Fujian	23	26	-3
Hunan	16	16	0
Hubei	15	15	0
Liaoning	13	14	-1
Shandong	39	41	-2
Guangxi	9	10	-1
Guizhou	6	6	0
Jiangxi	6	6	0
Shaanxi	12	12	0
Yunnan	6	7	-1
Henan	2	3	-1
Hebei	5	4	1
Anhui	11	12	-1
Gansu	1	1	0
Xinjiang	4	4	0
Hainan	3	3	0
Shanxi	1	1	0
Neimenggu	4	4	0
Heilongjiang	3	3	0
Ningxia, Qinghai	2	2	0
Jilin	1	0	1
Hong Kong	36	35	1
Taiwan*	2	2	0
Total	647	661	-14
Total saleable area (sq. meters)	147,796	151,748	-3,952

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

MANAGEMENT DISCUSSION AND ANALYSIS

	30 June 2013	31 December 2012	+/-
By geographical region:			
Northern China	110	110	0
Eastern China	250	250	0
Southern China	166	174	-8
Central China	119	125	-6
Taiwan	2	2	0
Total	647	661	-14

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 Fast Casual Restaurant ("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 2013, revenue from the sales of packaged noodle and related products was approximately HK\$57,589,000 (2012: HK\$54,012,000), accounted for approximately 3.7% (2012: 3.6%) 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 2013, 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 2013, the Group's turnover increased by approximately 3.8%, or approximately HK\$56,810,000, to approximately HK\$1,568,936,000 from approximately HK\$1,512,126,000 for the corresponding period in 2012. Such increase was mainly due to the increase in the comparing same store growth of the Group during the reporting period.

Cost of inventories consumed

For the six months ended 30 June 2013, the Group's cost of inventories increased by approximately 0.6%, or approximately HK\$3,109,000, to approximately HK\$519,805,000 from approximately HK\$516,696,000 for the corresponding period in 2012. During the reporting period, the ratio of inventories cost to turnover was approximately 33.1%, lower than 34.2% for the corresponding period in 2012. Such decrease was attributable to the stable in the purchasing cost and less 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 2013 increased by approximately 5.4%, or approximately HK\$53,701,000 to approximately HK\$1,049,131,000 from approximately HK\$995,430,000 for the corresponding period in 2012. Gross profit margin of the Group also further increased from approximately 65.8% for the corresponding period in 2012 to approximately 66.9%.

Property rentals and related expenses

For the six months ended 30 June 2013, property rentals and related expenses of the Group increased by approximately 1.3% from approximately HK\$237,593,000 for the corresponding period in 2012 to approximately HK\$240,700,000. Its proportion to turnover decreased by 0.4 percentage point from approximately 15.7% for the corresponding period in 2012 to approximately 15.3%. Such a decrease was mainly attributable to the fact that the positive same store sales growth for the period.

MANAGEMENT DISCUSSION AND ANALYSIS

Staff costs

For the six months ended 30 June 2013, staff costs of the Group decreased by approximately 1.1% from approximately HK\$376,063,000 for the corresponding period in 2012 to approximately HK\$371,863,000, primarily due to the decrease in headcount resulting from the new human resources policies adopted in the second half of 2012. Staff costs as a proportion to turnover decreased from approximately 24.9% for the corresponding period in 2012 by 1.2 percentage points to approximately 23.7%, which reflected the effect of the new human resources policies adopted and positive same store sales growth for the period.

Depreciation

For the six months ended 30 June 2013, depreciation of the Group decreased by approximately 2.5% or approximately HK\$2,200,000 from approximately HK\$86,833,000 for the corresponding period in 2012 to approximately HK\$84,633,000. Such an decrease was mainly attributable to the decrease in the number of restaurants.

Other operating expenses

Other operating expenses mainly included expenses for fuel and utility, consumables, advertising and promotion and franchise fee. For the six months ended 30 June 2013, other operating expenses decreased by approximately 9.7%, or approximately HK\$24,552,000, to approximately HK\$229,008,000 from approximately HK\$253,560,000 for the corresponding period in 2012. Its proportion to turnover was decreased by 2.2 percentage points from 16.8% to approximately 14.6%, which was mainly attributable to the decrease in expenses spent on consumables, fuel and utility and decrease in the number of restaurants for the period. While expenses spent on advertising and promotion had increased to approximately HK\$23,938,000 from approximately HK\$13,957,000 for the corresponding period in 2012.

Other income

For the six months ended 30 June 2013, other income of the Group increased by approximately 17.4%, or approximately HK\$8,424,000, to approximately HK\$56,872,000 from approximately HK\$48,448,000 for the corresponding period in 2012. The increase mainly originated from the increase in government grant during the period.

Other gains and losses

For the six months ended 30 June 2013, other gains and losses of the Group increased by approximately 13,213.5% to losses of approximately HK\$4,926,000 from approximately losses of HK\$37,000 for the corresponding period in 2012. The increase were due to loss on disposal of property, plant and equipment as more shops closed for the period.

Finance costs

For the six months ended 30 June 2013, finance costs decreased by approximately 41.6%, or approximately HK\$681,000 to approximately HK\$956,000 from approximately HK\$1,637,000 for the corresponding period in 2012. 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 2013 increased by approximately 97.3%, or approximately HK\$85,762,000 to approximately HK\$173,917,000 from approximately HK\$88,155,000 for the corresponding period in 2012.

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 2013 increased by approximately 177.2%, or approximately HK\$83,162,000, to approximately HK\$130,096,000 from approximately HK\$46,934,000 for the corresponding period in 2012.

Assets and liabilities

The Group's net current assets were approximately HK\$1,411,005,000 and the current ratio was 3.1 as at 30 June 2013 (31 December 2012: 3.5). 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 decrease in current ratio was mainly attributable to the increase in dividend payable as at 30 June 2013.

Cash flows

Net cash inflow from operations for the six months ended 30 June 2013 was approximately HK\$265,479,000 while profit before taxation for the same period was approximately HK\$173,917,000. The operating cash inflows was mainly due to increase in profitability 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 2013, the Group's capital expenditure was approximately HK\$163,331,000 (corresponding period in 2012: HK\$112,265,000), which was due to the increase in purchase of property, plant and equipment for new restaurants and an investment property.

Key operating ratios for "Ajisen Ramen" restaurant

	Hong Kong			PRC		
	1-6/2013	1-12/2012 (approximate) (unaudited)	1-6/2012	1-6/2013	1-12/2012 (approximate) (unaudited)	1-6/2012
Comparable restaurant sales growth:	1.5%	0.7%	-2.4%	4.5%	-12.6%	-24.7%
Turnover per Gross Floor Area (per day/sq. meters):	HK\$225	HK\$224	HK\$196	RMB41.1	RMB39.5	RMB38.7
Per capita spending:	HK\$61.1	HK\$59.9	HK\$60.1	RMB42.0	RMB41.6	RMB40.0
Table turnover per day (times per day):	5.6	5.6	5.6	3.4	3.3	3.3



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 37, which comprise the condensed consolidated statement of financial position as of 30 June 2013 and the related condensed consolidated statement of profit or loss and other 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" ("HKAS 34") 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
20 August 2013

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2013

	Notes	Six months ended 30 June	
		2013 HK\$'000 (Unaudited)	2012 HK\$'000 (Unaudited)
Turnover	4	1,568,936	1,512,126
Other income	5	56,872	48,448
Other gains and losses	6	(4,926)	(37)
Cost of inventories consumed		(519,805)	(516,696)
Staff costs		(371,863)	(376,063)
Depreciation		(84,633)	(86,833)
Property rentals and related expenses		(240,700)	(237,593)
Other operating expenses		(229,008)	(253,560)
Finance costs	7	(956)	(1,637)
Profit before taxation	8	173,917	88,155
Taxation	9	(36,241)	(36,324)
Profit for the period		137,676	51,831
Other comprehensive income that may be subsequently reclassified to profit or loss:			
Exchange differences arising on translation of financial statements of foreign operations		32,831	(10,254)
Total comprehensive income for the period		170,507	41,577
Profit for the period attributable to:			
Owners of the Company		130,096	46,934
Non-controlling interests		7,580	4,897
		137,676	51,831
Total comprehensive income attributable to:			
Owners of the Company		160,061	37,094
Non-controlling interests		10,446	4,483
		170,507	41,577
Earnings per share	11	HK cents	HK cents
– Basic		12.03	4.37
– Diluted		12.00	4.34

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2013

	Notes	30 June 2013 HK\$'000 (Unaudited)	31 December 2012 HK\$'000 (Audited)
Non-current assets			
Investment properties	12	460,576	378,273
Property, plant and equipment	12	1,080,853	1,083,272
Prepaid lease payments		110,686	110,541
Intangible assets		6,400	6,400
Deposits paid for acquisition of property, plant and equipment		24,792	10,238
Deposits paid for acquisition of land leases		15,706	15,429
Rental deposits		89,091	84,943
Goodwill		37,135	37,135
Deferred tax assets		3,063	3,032
Available-for-sale investments	22	21,165	21,154
		1,849,467	1,750,417
Current assets			
Inventories		90,070	87,847
Trade and other receivables	13	138,511	118,346
Amount due from a related party	14	15	14
Taxation recoverable		969	887
Structured deposit	15	125,541	–
Bank balances and cash		1,737,839	1,650,048
		2,092,945	1,857,142
Current liabilities			
Trade and other payables	16	381,127	352,530
Amounts due to related companies	17	3,007	4,891
Amounts due to directors	17	181	544
Amount due to a shareholder	17	18,004	34,831
Amounts due to non-controlling shareholders	17	29,770	18,394
Dividend payable		131,060	14
Taxation payable		55,772	53,608
Bank loans	18	63,019	60,000
		681,940	524,812
Net current assets		1,411,005	1,332,330
Total assets less current liabilities		3,260,472	3,082,747
Non-current liabilities			
Deferred tax liabilities		23,279	20,735
Bank loans	18	68,981	–
		92,260	20,735
Net assets		3,168,212	3,062,012
Capital and reserves			
Share capital	19	108,827	107,416
Reserves		2,972,234	2,866,693
Equity attributable to owners of the Company		3,081,061	2,974,109
Non-controlling interests		87,151	87,903
Total equity		3,168,212	3,062,012

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2013

	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 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 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
Other comprehensive expense for the period	-	-	-	-	-	-	(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	-	-	-	-	-	-	-	-	(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
At 1 January 2013 (Audited)	107,416	1,831,198	(277,655)	62,727	1,159	7,564	218,360	110,995	912,345	2,974,109	87,903	3,062,012
Profit for the period	-	-	-	-	-	-	-	-	130,096	130,096	7,580	137,676
Other comprehensive income for the period	-	-	-	-	-	-	29,965	-	-	29,965	2,866	32,831
Total comprehensive income for the period	-	-	-	-	-	-	29,965	-	130,096	160,061	10,446	170,507
Dividends recognised as distribution (Note 10)	-	-	-	-	-	-	-	-	(131,048)	(131,048)	-	(131,048)
Dividends paid to a non-controlling shareholder	-	-	-	-	-	-	-	-	-	-	(11,198)	(11,198)
Transfer	-	-	-	-	-	-	-	1,043	(1,043)	-	-	-
Shares issued upon exercise of share options	1,411	74,604	-	(10,221)	-	-	-	-	-	65,794	-	65,794
Recognition of equity-settled share-based payments	-	-	-	12,145	-	-	-	-	-	12,145	-	12,145
At 30 June 2013 (Unaudited)	108,827	1,905,802	(277,655)	64,651	1,159	7,564	248,325	112,038	910,350	3,081,061	87,151	3,168,212

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2013

	Six months ended 30 June	
	2013 HK\$'000 (Unaudited)	2012 HK\$'000 (Unaudited)
Operating activities		
Profit before taxation	173,917	88,155
Adjustments for:		
Depreciation	84,633	86,833
Interest expense	956	1,637
Bank interest income	(15,989)	(22,269)
Loss on disposal of property, plant and equipment	3,710	1,214
Operating lease rentals in respect of prepaid lease payments	1,453	1,336
Share-based payment expenses	12,145	18,433
Operating cash flows before movements in working capital	260,825	175,339
(Increase) decrease in inventories	(2,223)	6,268
(Increase) decrease in amounts due from a related party	(1)	1,070
Increase in rental deposits	(4,148)	(6,710)
(Increase) decrease in trade and other receivables	(20,112)	20,508
Increase (decrease) in trade and other payables	31,138	(35,124)
Cash generated from operations	265,479	161,351
Tax paid	(30,328)	(38,459)
Net cash from operating activities	235,151	122,892
Investing activities		
Interest received	15,989	22,269
Proceeds from disposal of property, plant and equipment	95	667
Deposits paid and addition of prepaid lease payments	–	(10,796)
Government grant in relation to land leases	–	14,240
Purchase of available-for-sale investments	–	(15,613)
Purchase of property, plant and equipment	(67,581)	(101,469)
Proceeds on partial disposal of equity interests in a subsidiary	–	137
Deposits paid for acquisition of property, plant and equipment	(14,242)	–
Purchase of an investment property	(81,508)	–
Purchase of a structured deposit	(125,541)	–
Net cash used in investing activities	(272,788)	(90,565)

(continued)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2013

	Six months ended 30 June	
	2013 HK\$'000 (Unaudited)	2012 HK\$'000 (Unaudited)
Financing activities		
Bank borrowings raised	72,000	–
Proceeds from issue of shares	65,794	2,977
Advance from non-controlling shareholders	11,376	3,817
Advance from related parties	3,007	5,359
Advance from directors	181	606
Dividends paid	(2)	(2)
Repayment to directors	(544)	(544)
Interest paid	(956)	(1,637)
Repayment to related parties	(4,891)	(4,222)
Dividends paid to a non-controlling shareholder	(11,198)	(369)
Repayment to shareholders	(16,827)	(7,043)
Repayment of bank borrowings	–	(233,490)
Net cash generated from (used in) financing activities	117,940	(234,548)
Net increase (decrease) in cash and cash equivalents	80,303	(202,221)
Cash and cash equivalents at 1 January	1,650,048	1,887,104
Effect of foreign exchange rate changes	7,488	(3,653)
Cash and cash equivalents at 30 June, representing bank balance and cash	1,737,839	1,681,230

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2013

1. General

The Company is incorporated and registered as an exempted company with limited liability on 6 April 2006 under the Companies Law of the Cayman Islands and acts as an investment holding company. Its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 30 March 2007. Its immediate holding company is Favour Choice Limited, a company which is incorporated in the British Virgin Islands and wholly-owned by Anmi Holdings Limited, a company which is incorporated in the British Virgin Islands and wholly-owned by Anmi Trust, which is founded by Ms. Poon Wai ("Ms. Poon") who is a director of the Company. The addresses of the registered office and the principal place of business of the Company are disclosed in the "Corporate Information" section of the interim report.

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 (the "HKICPA") 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 condensed consolidated financial statements have been prepared on the historical cost basis except for certain investment properties and financial instruments, which are measured at fair values.

Except for the application of new and revised accounting standards as described below, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2013 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2012.

In the current interim period, the Group has applied, for the first time, the following new or revised Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA:

- HKFRS 10 Consolidated Financial Statements;
- HKFRS 11 Joint Arrangements;
- HKFRS 12 Disclosure of Interests in Other Entities;
- Amendments to HKFRS 10, HKFRS 11 and HKFRS 12 Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance;
- HKFRS 13 Fair Value Measurement;
- HKAS 19 (as revised in 2011) Employee Benefits;
- HKAS 28 (as revised in 2011) Investments in Associates and Joint Ventures;

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2013

3. Principal Accounting Policies (Continued)

- Amendments to HKFRS 7 Disclosure – Offsetting Financial Assets and Financial Liabilities;
- Amendments to HKAS 1 Presentation of Items of Other Comprehensive Income;
- Amendments to HKFRSs Annual Improvements to HKFRSs 2009-2011 Cycle; and
- HK(IFRIC)-Int 20 Stripping Costs in the Production Phase of a Surface Mine.

Amendments to HKAS 1 Presentation of Items of Other Comprehensive Income

The amendments to HKAS 1 introduce new terminology for statement of comprehensive income and income statement. Under the amendments to HKAS 1, a statement of comprehensive income is renamed as a statement of profit or loss and other comprehensive income and an income statement is renamed as a statement of profit or loss. The amendments to HKAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements.

However, the amendments to HKAS 1 require additional disclosures to be made in the other comprehensive section such that items of other comprehensive income are grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss; and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis – the amendments do not change the existing option to present items of other comprehensive income either before tax or net of tax. The amendments have been applied retrospectively, and hence the presentation of items of other comprehensive income has been modified to reflect the changes.

Amendments to HKAS 34 Interim Financial Reporting (as part of the Annual Improvements to HKFRSs 2009-2011 Cycle)

The Group has applied the amendments to HKAS 34 Interim Financial Reporting as part of the Annual Improvements to HKFRSs 2009 – 2011 Cycle for the first time in the current interim period. The amendments to HKAS 34 clarify that the total assets and total liabilities for a particular reportable segment would be separately disclosed in the interim financial statements only when the amounts are regularly provided to the chief operating decision maker (CODM) and there has been a material change from the amounts disclosed in the last annual financial statements for that reportable segment.

Since the CODM does not review assets and liabilities of the Group's reportable segments for performance assessment and resource allocation purposes, the Group has not included total asset information as part of segment information.

Except as described above, the application of the other new or revised 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.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2013

4. Segment Information

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

For the period ended 30 June 2013 (unaudited)

	Operation of restaurants			Manufacture and sales of noodles and related products	Investment holding	Segment total	Elimination	Total
	The Peoples' Republic of China (the "PRC")	Hong Kong	Total					
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue								
– external sales	1,361,113	150,234	1,511,347	57,589	–	1,568,936	–	1,568,936
– inter-segment sales	–	–	–	346,143	–	346,143	(346,143)	–
	1,361,113	150,234	1,511,347	403,732	–	1,915,079	(346,143)	1,568,936
Segment profits	174,995	10,801	185,796	5,340	7,092	198,228	–	198,228
Unallocated income								17,205
Unallocated expenses								(40,560)
Finance costs								(956)
Profit before taxation								173,917
Taxation								(36,241)
Profit for the period								137,676

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2013

4. Segment Information (Continued)

For the period ended 30 June 2012 (unaudited)

	Operation of restaurants			Manufacture and sales of noodles and related products HK\$'000	Investment holding HK\$'000	Segment total HK\$'000	Elimination HK\$'000	Total HK\$'000
	PRC	Hong Kong	Total					
	HK\$'000	HK\$'000	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 costs								(1,637)
Profit before taxation								88,155
Taxation								(36,324)
Profit for the period								51,831

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 2013

5. Other Income

	Six months ended 30 June	
	2013 HK\$'000 (Unaudited)	2012 HK\$'000 (Unaudited)
Royalties from sub-franchisees	10,611	8,072
Government grant (<i>note</i>)	18,664	3,682
Bank interest income	15,989	22,269
Property rental income, net of negligible outgoings	7,092	7,493
Others	4,516	6,932
	56,872	48,448

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

6. Other Gains and Losses

	Six months ended 30 June	
	2013 HK\$'000 (Unaudited)	2012 HK\$'000 (Unaudited)
Loss on disposal of property, plant and equipment	(3,710)	(1,214)
Net foreign exchange (loss) gain	(1,216)	1,177
	(4,926)	(37)

7. Finance Costs

	Six months ended 30 June	
	2013 HK\$'000 (Unaudited)	2012 HK\$'000 (Unaudited)
Interest on bank borrowings wholly repayable within five years	956	1,637

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2013

8. Profit Before Taxation

	Six months ended 30 June	
	2013 HK\$'000 (Unaudited)	2012 HK\$'000 (Unaudited)
Profit before taxation has been arrived at after charging:		
Cost of inventories consumed (<i>note a</i>)	519,805	516,696
Advertising and promotion expenses	23,938	13,957
Fuel and utility expenses	82,448	91,112
Operating lease rentals in respect of		
– land lease	1,453	1,336
– rented premises (<i>note b</i>)	211,773	208,171

Notes:

- a. This represents costs of raw materials and consumables used.
- b. Included in the operating lease rentals in respect of rental premises are minimum lease payments of approximately HK\$149,916,000 (six months ended 30 June 2012: HK\$129,630,000) and contingent rent of approximately HK\$61,857,000 (six months ended 30 June 2012: HK\$78,541,000).

9. Taxation

	Six months ended 30 June	
	2013 HK\$'000 (Unaudited)	2012 HK\$'000 (Unaudited)
Hong Kong Profits Tax		
– current period	3,557	3,307
– overprovision in prior periods	–	(1,142)
	3,557	2,165
PRC income tax		
– current period	44,094	25,213
– withholding taxes paid	1,381	–
– (over) underprovision in prior periods	(15,159)	7,980
	30,316	33,193
	33,873	35,358
Deferred taxation	2,368	966
	36,241	36,324

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2013

9. Taxation (Continued)

The income tax expense in Hong Kong and the PRC is recognised based on management's best estimate of the annual income tax rate expected for the full financial year. The estimated annual tax rates for Hong Kong Profits Tax and PRC income tax are 16.5% (six months ended 30 June 2012: 16.5%) and 25% (six months ended 30 June 2012: 25%), respectively, for the period under review.

Pursuant to the relevant provincial policy and 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") from 2009 to 2010.

During 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 2009. The PRC National Audit Office's ruling is that Chongqing Weiqian should pay enterprise income tax at the standard rate of 25%. During 2011, the Group made additional enterprise income tax provision of approximately HK\$3.8 million (equivalent to approximately RMB3.2 million) for the year 2009 and paid such amount to the Chongqing STB in a timely manner as requested. In addition, the Group made provision of approximately HK\$11.4 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 2010. As such, the Group applied the standard enterprise income tax rate of 25% for Chongqing Weiqian from the year 2011 onwards.

During the six months ended 30 June 2013, the Chongqing STB issued a written notice to the Company which confirmed that Chongqing Weiqian would be permitted to apply the Preferential Tax Treatment for the year 2009 and Chongqing Weiqian received a refund from Chongqing STB. Accordingly, the Company reversed the income tax liability of approximately HK\$15.2 million (equivalent to approximately RMB12.2 million) which was previously recognized during the six months ended 30 June 2011 in relation to the change in the Preferential Tax Treatment for the years 2009 and 2010. In addition, Chongqing Weiqian is in negotiation with Chongqing STB about the application of the preferential tax rate of 15% from the year 2011 onwards.

10. Dividends

	Six months ended 30 June	
	2013 HK\$'000 (Unaudited)	2012 HK\$'000 (Unaudited)
Dividends recognised as distribution during the period:		
Final, declared – HK1.40 cents per share for 2012 (2012: declared – HK2.28 cents per share for 2011)	15,039	24,480
Special, declared – HK10.80 cents per share for 2012 (2012: HK9.80 cents per share for 2011)	116,009	105,221
	131,048	129,701

An interim dividend of HK3.59 cents per ordinary share has been declared by the directors for the period ended 30 June 2013 (six months ended 30 June 2012: HK2.19 cents).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2013

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 ended 30 June	
	2013 HK\$'000 (Unaudited)	2012 HK\$'000 (Unaudited)
Earnings for the purposes of basic and diluted earnings per share, being profit for the period attributable to owners of the Company	130,096	46,934
	Number of shares	
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	1,081,620,599	1,073,485,845
Effect of dilutive potential ordinary shares relating to: – outstanding share options	2,092,837	7,335,574
Weighted average number of ordinary shares for the purpose of calculating diluted earnings per share	1,083,713,436	1,080,821,419

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 2013 and 30 June 2012 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 making reference to market evidence of transaction prices for similar properties at 30 June 2013 and 30 June 2012. During the six months ended 30 June 2013 and 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.

During the period, the Group acquired an investment property for a cash consideration of HK\$81,508,000 (six months ended 30 June 2012: nil).

During the period, the Group spent approximately HK\$65,040,000 on acquisition of property, plant and equipment (six months ended 30 June 2012: HK\$107,620,000).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2013

13. Trade and Other Receivables

	30 June 2013 HK\$'000 (Unaudited)	31 December 2012 HK\$'000 (Audited)
Trade receivables		
– related companies	1,174	602
– others	23,488	18,207
	24,662	18,809
Rental and utility deposits	26,414	25,577
Property rentals paid in advance for restaurants	23,479	21,963
Advance to suppliers	22,766	17,867
Other receivables and prepayments	41,190	34,130
	138,511	118,346

The related companies are companies in which Ms. Poon has controlling interests.

Customers (independent third parties and related companies) for noodles and related products are normally granted a 60 to 90-day 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 which approximated the revenue recognition dates at the end of the reporting period:

	30 June 2013 HK\$'000 (Unaudited)	31 December 2012 HK\$'000 (Audited)
Age		
0 to 30 days	19,662	13,465
31 to 60 days	1,484	463
61 to 90 days	639	1,207
91 to 180 days	826	1,825
Over 180 days	2,051	1,849
	24,662	18,809

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2013

14. Amount Due from a Related Party

Details of the amount due from a related party are as follows:

Name of related party	30 June 2013 HK\$'000 (Unaudited)	31 December 2012 HK\$'000 (Audited)
Well Keen International Ltd., a company in which Ms. Poon Wai has controlling interests	15	14

The amount was unsecured, interest-free and repayable on demand.

15. Structured Deposit

During the current interim period, the Group entered into a contract of a principal-guaranteed structured deposit in a bank with a carrying amount of HKD125,541,000 (equivalent to approximately RMB100,000,000) and a contractual period of six months. It carries a fixed return of 4.6% per annum. Therefore, the balance is classified as loans and receivable on the condensed consolidated statement of financial position.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2013

16. Trade and Other Payables

	30 June 2013 HK\$'000 (Unaudited)	31 December 2012 HK\$'000 (Audited)
Trade payables		
– a related company	7,393	7,609
– others	141,497	133,060
	148,890	140,669
Payroll and welfare payables	51,659	50,077
Customers' deposits received	19,457	17,594
Payable for acquisition of property, plant and equipment	45,095	47,636
Payable for property rentals	41,687	29,224
Other taxes payable	36,901	36,343
Others	37,438	30,987
	381,127	352,530

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

The average credit period for the purchase of goods is 60 (2012: 60) days. The following is an aged analysis of trade payables presented based on invoice dates at the end of the reporting period:

	30 June 2013 HK\$'000 (Unaudited)	31 December 2012 HK\$'000 (Audited)
0 to 30 days	105,698	96,873
31 to 60 days	27,172	35,181
61 to 90 days	5,748	1,250
91 to 180 days	3,240	2,577
Over 180 days	7,032	4,788
	148,890	140,669

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2013

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

	30 June 2013 HK\$'000 (Unaudited)	31 December 2012 HK\$'000 (Audited)
Secured bank loans with carrying amounts repayable:		
Within one year	63,019	60,000
More than one year	68,981	–
	132,000	60,000

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

During the current interim period, the Group obtained new bank loans with an aggregate amount of HK\$72,000,000 (six months ended 30 June 2012: nil). The loans carry interest at variable interest rates (at effective interest rate of 2.00% per annum as at 30 June 2013) and are repayable in instalments over a period of 20 years. The loans drawn during the current interim period were secured by the investment properties of the Group. Details of the assets of the Group as at 30 June 2013 and 31 December 2012 that have been pledged as collateral to secure the general banking facilities of the Group are set out in note 23.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2013

19. Share Capital

	Number of shares	Share capital HK\$'000
Authorised:		
Ordinary shares of HK\$0.10 each		
At 1 January 2012, 31 December 2012, and 30 June 2013	10,000,000,000	1,000,000
Issued and fully paid:		
At 1 January 2012	1,073,026,870	107,302
Exercise of share options (Note a)	1,134,450	114
At 1 January 2013	1,074,161,320	107,416
Exercise of share options (Note b)	14,114,500	1,411
At 30 June 2013	1,088,275,820	108,827

Note:

- (a) During the year ended 31 December 2012, the Company issued 1,134,450 new shares upon exercises of share options at the average exercise price of HK\$4.6970 per share.
- (b) During the six months ended 30 June 2013, the Company issued 14,114,500 new shares upon exercise of share options at the average exercise price of HK\$4.6615 per share.

All shares issued by the Company during the year ended 31 December 2012 and the six months ended 30 June 2013 ranked pari passu in all respects with other shares in issue.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2013

20. Share Option Schemes

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

(a) Share Option Scheme

The following table disclosed movements of the Company's share options under the Share Option Scheme during the six months ended 30 June 2013 and 30 June 2012.

Grant date	Exercise price HK\$	Outstanding at 1 January 2013	Granted during the period	Exercised during the period	Forfeited during the period	Outstanding at 30 June 2013
Employees						
25 June 2008	3.726	40,000	-	-	-	40,000
31 December 2008	3.726	368,000	-	(162,500)	-	205,500
3 July 2009	4.938	27,500	-	-	-	27,500
2 July 2010	8.884	1,068,500	-	-	(48,000)	1,020,500
6 July 2010	8.710	50,000	-	-	-	50,000
26 August 2011	5.530	17,861,000	-	(362,000)	(556,000)	16,943,000
15 October 2012	5.530	600,000	-	-	-	600,000
7 January 2013 (Note)	7.140	-	300,000	-	-	300,000
		20,015,000	300,000	(524,500)	(604,000)	19,186,500
Directors						
22 January 2009		312,500	-	-	-	312,500
15 October 2012		500,000	-	-	-	500,000
		812,500	-	-	-	812,500

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2013

20. Share Option Schemes (Continued)

(a) Share Option Scheme (Continued)

Grant date	Exercise price HK\$	Outstanding at 1 January 2012	Granted during the period	Exercised during the period	Forfeited during the period	Outstanding at 30 June 2012
Employees						
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)	(17,500)	1,263,500
6 July 2010	8.710	50,000	–	–	–	50,000
26 August 2011	5.530	22,680,000	–	–	(1,590,000)	21,090,000
		24,978,500	–	(332,000)	(1,620,000)	23,026,500
Directors						
22 January 2009	3.308	312,500	–	–	–	312,500

Note: In the current interim period, 300,000 share options were granted on 7 January 2013. The aggregate fair values of the options determined at the date of grant using the Black-Scholes option pricing model was approximately HK\$1,177,000.

The following assumptions were used to calculate the fair values of share options:

	7 January 2013
Grant date share price	HK\$7.14
Exercise price	HK\$7.14
Expected volatility	54.30%
Expected life (years)	7.75-9.75 years
Risk free interest rates	0.599%-0.739%
Expected dividend yield	0.626%

The risk-free interest rates were based on the 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.

In respect of the share options exercised during the six months ended 30 June 2013, the weighted average share price and exercise price at the dates of exercise are HK\$6.468 and HK\$4.971 per share, respectively (six months ended 30 June 2012: HK\$9.406 and HK\$4.000 per share).

During the six months ended 30 June 2013, 524,500 share options were exercised and 604,000 share options were forfeited due to the departure of employees.

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.

The Group recognised an expense of approximately HK\$12,145,000 for the six months ended 30 June 2013 (six months ended 30 June 2012: HK\$18,433,000) in relation to share options granted by the Company under the Share Option Scheme.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2013

20. Share Option Schemes (Continued)

(b) Pre-IPO Share Option Scheme

The following table disclosed movements of the Company's share options under the Pre-IPO Share Option Scheme during the six months ended 30 June 2013 and 30 June 2012:

Grantees	Outstanding at 1 January 2013	Exercised during the period	Forfeited during the period	Cancelled during the period	Outstanding at 30 June 2013
(1) Directors					
Ms. Poon (Note 2)	8,485,000	(8,485,000)	–	–	–
Mr. Poon Ka Man, Jason (Note 2)	2,500,000	(2,500,000)	–	–	–
Mr. Yin Yibing (Note 2, 3)	2,500,000	(2,500,000)	–	–	–
(2) Employees and others	639,000	(105,000)	–	–	534,000
	14,124,000	(13,590,000)	–	–	534,000

Grantees	Outstanding at 1 January 2012	Exercised during the period	Forfeited during the period	Cancelled during the period	Outstanding at 30 June 2012
(1) Directors					
Ms. Poon (Note 2)	8,485,000	–	–	–	8,485,000
Mr. Poon Ka Man, Jason (Note 2)	2,500,000	–	–	–	2,500,000
Mr. Yin Yibing (Note 2, 3)	2,500,000	–	–	–	2,500,000
(2) Employees and others	993,700	(354,700)	–	–	639,000
	14,478,700	(354,700)	–	–	14,124,000

In respect of the share options exercised during the year, the weighted average share price and exercise price at the dates of exercise was HK\$6.468 and HK\$4.6495 respectively (six months ended 30 June 2012: HK\$10.503 and HK\$4.6495) per share.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2013

20. Share Option Schemes (Continued)

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

During the six months ended 30 June 2013, 13,590,000 share options (six months ended 30 June 2012: 354,700) previously granted by the Company were exercised.

Note:

- (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 and fully vested before 2012.
- (2) Ms. Poon Wai and Mr. Poon Ka Man, Jason, who are the executive directors of the Company, and Mr. Yin Yibing (Note 3), a former director of the Company 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.
- (3) Mr. Yin Yibing no longer be the director of the Company with effect from 18 July 2013.

Except for the share options exercised during the six months ended 30 June 2013, no share options were granted, forfeited or cancelled under the Pre-IPO Share Option Scheme during the six months ended 30 June 2013 and 30 June 2012.

21. Capital Commitments

	30 June 2013 HK\$'000 (Unaudited)	31 December 2012 HK\$'000 (Audited)
Capital expenditure contracted for but not provided in the condensed consolidated financial statements in respect of the acquisition of		
– investment properties	–	70,639
– property, plant and equipment	67,928	14,996
	67,928	85,635

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2013

22. Available-for-sale Investments

	30 June 2013 HK\$'000 (Unaudited)	31 December 2012 HK\$'000 (Audited)
Unlisted equity investments in British Virgin Islands, at cost	20,000	20,000
Unlisted equity investments in PRC and Taiwan, at cost	1,165	1,154
	21,165	21,154

The unlisted equity investments are equity securities issued by private entities established in British Virgin Islands, PRC and Taiwan, respectively at 30 June 2013 and 31 December 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.

23. Pledge of Assets

	30 June 2013 HK\$'000 (Unaudited)	31 December 2012 HK\$'000 (Audited)
Investment properties	245,808	96,800
Property, plant and equipment	10,575	10,575
Prepaid lease payments	20,531	20,827
	276,914	128,202

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2013

24. Fair Value Measurement of Financial Instruments

The directors of the Company consider the fair values of the financial assets and liabilities stated with amortised cost in the condensed consolidated financial statements approximated to their carrying amounts.

25. Related Party Transactions

- (a) During the period, except as disclosed 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	
		2013 HK\$'000 (Unaudited)	2012 HK\$'000 (Unaudited)
Shigemitsu Industry Co., Ltd., a company in which Mr. Katsuaki Shigemitsu has significant beneficial interests	Sales of noodles and related products	201	302
	Purchase of raw materials	22,571	26,659
	Franchise commissions paid	16,823	17,036
	Property rentals received	87	86
Companies in which Mr. Poon Ka Man, Jason, a director of the Company, has significant beneficial interests	Decoration expenses paid	1,280	761
Ms. Poon	Property rentals paid	1,301	1,286

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

	Six months ended 30 June	
	2013 HK\$'000 (Unaudited)	2012 HK\$'000 (Unaudited)
Short-term employee benefits	3,714	3,728
Other long-term benefits	116	85
Share-based payments	1,353	590
	5,183	4,403

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.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2013

26. Events after the Reporting Period

- (a) The Group transferred certain of its property interests with historical carrying value before transfer and revaluation of approximately HK\$23,611,000 from property, plant and equipment to investment properties on 1 July 2013 as the relevant property interests have been rented out by the Group on the date of transfer. The directors of the Company consider that the transaction did not have material impact to the financial position of the Group.
- (b) The Group transferred certain of its property interests with fair value of approximately HK\$169,698,000 from investment properties to property, plant and equipment on 1 July 2013 as the relevant property interests have been used by the Group as office premises on the date of transfer. The directors of the Company consider that the transaction did not have material impact to the financial position of the Group.
- (c) Pursuant to a written resolution of the Company on 2 July 2013, the Company granted 600,000 share options with an exercise price of HK\$6.310 per share to certain employees of the Company. The directors of the Company are in the process of estimating the impact of the grant on the financial position of the Group. Up to the date of this report, these newly granted shares options remained outstanding.
- (d) Pursuant to a written resolution of the Company on 19 July 2013, the Company granted 400,000 share options with an exercise price of HK\$7.206 per share to certain employees of the Company. The directors of the Company are in the process of estimating the impact of the grant on the financial position of the Group. Up to the date of this report, these newly granted shares options remained outstanding.

OTHER INFORMATION

Compliance with the Corporate Governance Code

The Company has complied with all applicable code provisions under the Corporate Governance Code as set out in Appendix 14 to the Listing Rules for the six months ended 30 June 2013, 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 2013, 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 2013 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 2013.

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 2013, 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 (Note 1)	Approximate % of shareholding
Ms. Poon Wai	founder of a discretionary trust (Note 2)	476,625,041 shares (L)	43.80%
Ms. Poon Wai	beneficial owner	30,262,347 shares (L)	2.78%
Mr. Poon Ka Man, Jason	beneficial owner	2,500,000 shares (L)	0.23%
Mr. Yin Yibing	founder of a discretionary trust (Note 3)	23,898,679 shares (L)	2.20%
Mr. Katsuaki Shigemitsu	beneficial owner	32,375,380 shares (L)	2.97%
Mr. Wong Hin Sun, Eugene	interest of spouse (Note 4)	300,000 shares (L)	0.03%
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 23,898,679 shares are held by Brilinda 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 a former Director of the Company who resigned on 18 July 2013.
- The 300,000 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 <i>(Note 1)</i>
Mr. Jen Shek Voon	beneficial owner	share option <i>(Note 3)</i>	200,000 (L)
Mr. Lo, Peter	beneficial owner	share option <i>(Note 3)</i>	175,000 (L)
Mr. Wang Jin Cheng	beneficial owner	share option <i>(Note 3)</i>	137,500 (L)
Mr. Wong Hin Sun, Eugene	beneficial owner	share option <i>(Note 3)</i>	200,000 (L)
Mr. Katsuaki Shigemitsu	beneficial owner	share option <i>(Note 3)</i>	100,000 (L)

Notes:

1. The letter "L" denotes the Director's long position in such securities.
2. The share options were granted under the pre-IPO share option scheme of the Company.
3. 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 <i>(Note)</i>	1 <i>(Note)</i>	100% <i>(Note)</i>

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

(2) Long position in the shares of Favor Choice

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

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.

OTHER INFORMATION

Save as disclosed herein, as at 30 June 2013, 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 2013, 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:

Name of shareholder	Capacity and nature of interest	Number of shares	Approximate % of shareholding
Favor Choice (Note 2)	beneficial owner	476,625,041(L)	43.80%
Anmi Holding (Notes 2 and 3)	interest of controlled corporation	476,625,041(L)	43.80%
HSBC International Trustee Limited (Note 3)	trustee	500,523,720(L)	45.99%
JPMorgan Chase & Co. (Note 4)	interest of controlled corporation	2,130,375(L)	0.20%
	custodian – corporation/approved lending agent	53,665,000(P)	4.93%
T. Rowe Price Associates Inc. and its Affiliates	beneficial owner	54,570,000(L)	5.01%

Notes:

- The letters "L" and "P" denote the substantial shareholder's long position and lending pool 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 500,523,720 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 23,898,679 Shares.
- JPMorgan Chase & Co. holds equity interest in shares of the Company through companies controlled directly or indirectly by it.

Save as disclosed herein, as at 30 June 2013, 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 2013, the number of shares in respect of which options under the Share Option Scheme had been granted and remained outstanding was 19,999,000 Shares (30 June 2012: 23,349,000 Shares), representing approximately 1.84% of the Shares of the Company in issue as at 30 June 2013.

Details of the share options granted under the Share Option Scheme and remained outstanding as at 30 June 2013 are as follows:

Grantee	Date of Grant	Number of share options					Outstanding as at 30 June 2013
		Outstanding as at 1 January 2013	Granted during the period	Exercised during the period	Cancelled during the period	Forfeited during the period	
Employees							
(in aggregate)	25 June 2008	40,000	-	-	-	-	40,000
	31 December 2008	368,000	-	(162,500)	-	-	205,500
	3 July 2009	27,500	-	-	-	-	27,500
	2 July 2010	1,068,500	-	-	-	(48,000)	1,020,500
	6 July 2010	50,000	-	-	-	-	50,000
	26 August 2011	17,861,000	-	(362,000)	-	(556,000)	16,943,000
	15 October 2012	600,000	-	-	-	-	600,000
	7 January 2013	-	300,000	-	-	-	300,000
Director							
(in aggregate)	22 January 2009	312,500	-	-	-	-	312,500
	15 October 2012	500,000	-	-	-	-	500,000
		20,827,500	300,000	(524,500)	-	(604,000)	19,999,000

OTHER INFORMATION

Note: In the current interim period, 300,000 share options were granted on 7 January 2013. The aggregate fair values of the options determined at the date of grant using the Black-Scholes option pricing model was approximately HK\$1,177,000.

The following assumptions were used to calculate the fair values of share options:

	7 January 2013
Grant date share price	HK\$7.14
Exercise price	HK\$7.14
Expected volatility	54.30%
Expected life (years)	7.75-9.75 years
Risk free interest rates	0.599%-0.739%
Expected dividend yield	0.626%

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.

In respect of the share options exercised during the six months ended 30 June 2013, the weighted average share price and exercise price at the dates of exercise are HK\$6.468 and HK\$4.971 per share, respectively (six months ended 30 June 2012: HK\$9.406 and HK\$4.000 per share).

During the six months ended 30 June 2013, 524,500 share options were exercised and 604,000 share options were forfeited due to the departure of employees.

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.

The Group recognised the expense of approximately HK\$12,145,000 for six months ended 30 June 2013 (six months ended 30 June 2012: HK\$18,433,000) in relation to share options granted by the Company under the Share Option Scheme.

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 as at 30 June 2013:

Grantee	Number of options granted on 8 March 2007	Outstanding as at 1 January 2013	Number of options			Outstanding as at 30 June 2013
			Exercise during the period ended 30 June 2013	Cancelled during the period ended 30 June 2013	Lapsed during the period ended 30 June 2013	
<i>(Notes 1 and 3)</i>						
(1) Directors						
Ms. Poon Wai (Note 2)	8,485,000	8,485,000	(8,485,000)	–	–	–
Mr. Poon Ka Man, Jason (Note 2)	2,500,000	2,500,000	(2,500,000)	–	–	–
Mr. Yin Yibing (Note 2)	2,500,000	2,500,000	(2,500,000)	–	–	–
(2) Employees and others	6,515,000	639,000	(105,000)	–	–	534,000
	20,000,000	14,124,000	(13,590,000)	–	–	534,000

Notes:

- 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.
- Ms. Poon Wai and Mr. Poon Ka Man Jason, both are executive Directors of the Company, and Mr. Yin Yibing, a former Director of the Company who resigned on 18 July 2013, 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.
- 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

- 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 2013, 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 2013, the Group employed 11,411 persons (31 December 2012: 11,535 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 2013 was approximately HK\$371,863,000 (30 June 2012: HK\$376,063,000).

OTHER INFORMATION

Dividend

An interim dividend of HK3.59 cents per ordinary share (for six months ended 30 June 2012: HK2.19 cents) for the six months ended 30 June 2013 have been declared by the Board to shareholders and such interim dividend will be paid on 15 October 2013 to shareholders whose names appear on the register of members of the Company on 19 September 2013.

Closure of the Register of Members

The register of members of the Company will be closed from 17 September 2013 to 19 September 2013 (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 16 September 2013.

By order of the Board

Ajisen (China) Holdings Limited

Poon Wai

Chairman

Hong Kong, 20 August 2013



J A P A N C H I N A
U S A S O U T H K O R E A
A U S T R A L I A V I E T N A M
S I N G A P O R E I N D O N E S I A
T H A I L A N D M A L A Y S I A
P H I L I P P I N E C A N A D A

“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。