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Ajisen (China) Holdings Limited 味千(中國)控股有限公司

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

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2025

2025 INTERIM RESULTS HIGHLIGHTS

	For the six months ended 30 June		
	2025	2024	Change
	(RMB'000)	(RMB'000)	
Turnover	875,336	826,790	+5.9%
Sales from restaurant operation	849,095	792,194	+7.2%
Gross profit	673,896	636,261	+5.9%
Profit from operation	31,131	11,121	+180.0%
Profit (loss) before tax	36,845	(15,566)	N/A
Profit (loss) attributable to owners of the Company	24,232	(7,157)	N/A
Earnings (loss) per share (RMB)	0.02	(0.01)	N/A
Total number of restaurants (as at 30 June)	608	575	

The board (the “**Board**”) of directors (the “**Directors**”) of Ajisen (China) Holdings Limited (the “**Company**” or “**Ajisen**”) announces the unaudited interim results of the Company and its subsidiaries (collectively, the “**Group**”) for the six months ended 30 June 2025, together with the comparative figures for the corresponding period in 2024 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2025

	Notes	Six months ended 30 June	
		2025	2024
		RMB'000	RMB'000
		(Unaudited)	(Unaudited)
Revenue	3	875,336	826,790
Cost of inventories consumed		(201,440)	(190,529)
Staff costs		(239,662)	(224,511)
Depreciation		(166,610)	(156,919)
Other operating expenses		<u>(236,493)</u>	<u>(243,710)</u>
Profit from operation		31,131	11,121
Other income	4	45,236	46,681
Impairment losses under expected credit loss (“ECL”) model, net of reversal		654	107
Other gains and losses	5	(27,333)	(61,755)
Share of loss of associates		(1,245)	(1,232)
Share of (loss) profit of a joint venture		(238)	194
Finance costs		<u>(11,360)</u>	<u>(10,682)</u>
Profit (loss) before tax	6	36,845	(15,566)
Income tax (expense) credit	7	<u>(11,299)</u>	<u>11,305</u>
Profit (loss) for the period		<u>25,546</u>	<u>(4,261)</u>
Other comprehensive (expense) income:			
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Exchange differences arising on translation of financial statements of foreign operations		(7,100)	1,319
Other comprehensive (expense) income for the period, net of income tax		<u>(7,100)</u>	<u>1,319</u>
Total comprehensive income (expense) for the period		<u><u>18,446</u></u>	<u><u>(2,942)</u></u>

		Six months ended 30 June	
		2025	2024
<i>Note</i>		<i>RMB'000</i>	<i>RMB'000</i>
		(Unaudited)	(Unaudited)
Profit (loss) for the period attributable to:			
	Owners of the Company	24,232	(7,157)
	Non-controlling interests	<u>1,314</u>	<u>2,896</u>
		<u>25,546</u>	<u>(4,261)</u>
Total comprehensive income (expense) for the period attributable to:			
	Owners of the Company	17,720	(3,961)
	Non-controlling interests	<u>726</u>	<u>1,019</u>
		<u>18,446</u>	<u>(2,942)</u>
		<i>RMB</i>	<i>RMB</i>
Earnings (loss) per share			
	– Basic and diluted	<u>0.02</u>	<u>(0.01)</u>

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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2025

		30 June 2025 <i>RMB'000</i> (Unaudited)	31 December 2024 <i>RMB'000</i> (Audited)
	<i>Notes</i>		
Non-current assets			
Investment properties		791,625	816,634
Property, plant and equipment		415,052	437,090
Right-of-use assets		562,188	566,180
Intangible assets		1,580	1,808
Interests in associates		34,492	35,763
Interest in a joint venture		8,355	8,593
Rental deposits		78,684	67,459
Goodwill		1,361	1,375
Deferred tax assets		37,415	34,920
Term deposits with banks		41,180	26,180
Financial assets at fair value through profit or loss ("FVTPL")	10	<u>112,225</u>	<u>115,535</u>
		<u>2,084,157</u>	<u>2,111,537</u>
Current assets			
Inventories		67,946	76,625
Trade and other receivables	11	165,737	158,817
Taxation recoverable		250	550
Restricted bank deposits		115	113
Financial assets at FVTPL	10	10,000	10,000
Bank balances and cash		<u>1,648,904</u>	<u>1,629,653</u>
		<u>1,892,952</u>	<u>1,875,758</u>
Current liabilities			
Trade and other payables	12	219,729	251,204
Lease liabilities		209,537	211,607
Contract liabilities		1,433	1,005
Amounts due to related companies		4,178	4,100
Amounts due to directors		165	1,111
Amounts due to non-controlling interests		13,545	13,551
Amounts due to associates		2,261	2,296
Amount due to a joint venture		359	323
Dividend payable		65,492	—
Taxation payable		21,121	18,183
Bank borrowings		<u>9,728</u>	<u>5,287</u>
		<u>547,548</u>	<u>508,667</u>

	30 June 2025 RMB'000 (Unaudited)	31 December 2024 RMB'000 (Audited)
Net current assets	<u>1,345,404</u>	<u>1,367,091</u>
Total assets less current liabilities	<u>3,429,561</u>	<u>3,478,628</u>
Non-current liabilities		
Bank borrowings	27,015	29,322
Lease liabilities	365,366	365,029
Deferred tax liabilities	<u>116,385</u>	<u>116,810</u>
	<u>508,766</u>	<u>511,161</u>
Net assets	<u><u>2,920,795</u></u>	<u><u>2,967,467</u></u>
Capital and reserves		
Share capital	108,404	108,404
Reserves	<u>2,755,469</u>	<u>2,802,867</u>
Equity attributable to owners of the Company	2,863,873	2,911,271
Non-controlling interests	<u>56,922</u>	<u>56,196</u>
Total equity	<u><u>2,920,795</u></u>	<u><u>2,967,467</u></u>

1. BASIS OF PREPARATION

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

2. ACCOUNTING POLICIES

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

Other than change in accounting policies resulting from application of amendments to HKFRS Accounting Standards disclosed below, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2025 are the same as those presented in the Group’s annual consolidated financial statements for the year ended 31 December 2024.

Application of amendments to HKFRS Accounting Standards

In the current interim period, the Group has applied the following amendments to a HKFRS Accounting Standard issued by the HKICPA, for the first time, which are mandatorily effective for the Group’s annual period beginning on 1 January 2025 for the preparation of the Group’s condensed consolidated financial statements:

Amendments to HKAS 21

Lack of Exchangeability

The application of the amendments to a HKFRS Accounting Standard in the current interim period has had no material impact on the Group’s financial positions and performance for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

3. OPERATING SEGMENTS

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

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

Six months ended 30 June 2025 (unaudited)

	<u>Operation of restaurants</u>			Manufacture and sales of noodles and related products	Investment holding	Segment total	Elimination	Total
	Mainland China RMB'000	Hong Kong RMB'000	Total RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Revenue								
– external sales	730,640	118,455	849,095	26,241	–	875,336	–	875,336
– inter-segment sales	<u>–</u>	<u>–</u>	<u>–</u>	<u>320,948</u>	<u>–</u>	<u>320,948</u>	<u>(320,948)</u>	<u>–</u>
	<u>730,640</u>	<u>118,455</u>	<u>849,095</u>	<u>347,189</u>	<u>–</u>	<u>1,196,284</u>	<u>(320,948)</u>	<u>875,336</u>
Segment profit (loss)	<u>39,775</u>	<u>601</u>	<u>40,376</u>	<u>179</u>	<u>(3,777)</u>	<u>36,778</u>	<u>–</u>	<u>36,778</u>
Interest income								13,926
Central administrative expenses								(13,484)
Unallocated finance costs								<u>(375)</u>
Profit before taxation								36,845
Income tax expense								<u>(11,299)</u>
Profit for the period								<u><u>25,546</u></u>

Six months ended 30 June 2024 (unaudited)

	Operation of restaurants			Manufacture and sales of noodles and related products	Investment holding	Segment total	Elimination	Total
	Mainland China RMB'000	Hong Kong RMB'000	Total RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Revenue								
– external sales	698,616	93,578	792,194	34,596	–	826,790	–	826,790
– inter-segment sales	–	–	–	287,505	–	287,505	(287,505)	–
	<u>698,616</u>	<u>93,578</u>	<u>792,194</u>	<u>322,101</u>	<u>–</u>	<u>1,114,295</u>	<u>(287,505)</u>	<u>826,790</u>
Segment profit (loss)	<u>5,238</u>	<u>(254)</u>	<u>4,984</u>	<u>292</u>	<u>(17,905)</u>	<u>(12,629)</u>	<u>–</u>	<u>(12,629)</u>
Interest income								15,462
Central administrative expenses								(17,867)
Unallocated finance costs								<u>(532)</u>
Loss before taxation								(15,566)
Income tax credit								<u>11,305</u>
Loss for the period								<u><u>(4,261)</u></u>

Segment profit (loss) represents the profit/loss earned/incurred by each segment without allocation of interest income, central administrative expenses, certain finance costs and income tax expense (credit). This is the measure reported to the chief operating decision maker, Ms. Poon, for the purposes of resource allocation and assessment of segment performance.

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

Other than financial assets at FVTPL, loan to an associate, rental deposits, term deposits with banks and deferred tax assets, the Group's non-current assets are located in the Group entities' regions of domicile, Mainland China and Hong Kong.

All of the Group's revenue from external customers are attributed to the location of the relevant group entities, which are Mainland China and Hong Kong, for the current and preceding interim periods.

The following table sets forth the Group's revenue from external customers and the Group's non-current assets by geographical location of assets:

	Revenue from external customers		Non-current assets	
	Six months ended 30 June		30 June 2025	31 December 2024
	2025	2024		
	<i>RMB'000</i> (Unaudited)	<i>RMB'000</i> (Unaudited)	<i>RMB'000</i> (Unaudited)	<i>RMB'000</i> (Audited)
Mainland China	753,810	728,813	1,334,261	1,376,716
Hong Kong	121,526	97,977	479,030	489,343
	<u>875,336</u>	<u>826,790</u>	<u>1,813,291</u>	<u>1,866,059</u>

None of the customers accounted for 10% or more of the total revenue of the Group in each of the current and preceding interim periods.

4. OTHER INCOME

	Six months ended 30 June	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Royalty income from sub-franchisees	1,765	2,736
Property rental income, net of direct outgoings (<i>Note i</i>)	20,430	19,924
Bank interest income	13,926	15,462
Government grants (<i>Note ii</i>)	422	656
Waive of franchise commission payable to a related party (<i>Note iii</i>)	6,442	5,942
Others	2,251	1,961
	<u>45,236</u>	<u>46,681</u>

Note i: Direct outgoings during the current interim period amounted to RMB820,000 (six months ended 30 June 2024: RMB930,000).

Note ii: The grants were received from Mainland China local district authorities with no specific conditions attached.

Note iii: Franchise commission payable to a related party, namely Shigemitsu Industry Co., Ltd, has been waived under mutually agreed terms.

5. OTHER GAINS AND LOSSES

	Six months ended 30 June	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Loss on disposal of property, plant and equipment	(1,051)	(605)
Interest income from financial assets at FVTPL	63	–
Fair value loss on investment properties	(19,414)	(36,792)
Fair value loss on financial assets at FVTPL	(3,310)	(12,404)
Fair value gain on financial liabilities at FVTPL	–	2,127
Net foreign exchange gain (loss)	3,078	(205)
Gain on termination of leases, net	5,166	157
Impairment loss recognised in respect of		
– property, plant and equipment	(1,744)	(3,391)
– right-of-use assets	(10,117)	(10,642)
– interests in an associate	(4)	–
	<u>(27,333)</u>	<u>(61,755)</u>

6. PROFIT (LOSS) BEFORE TAX

Profit (loss) before tax has been arrived at after charging the following items:

	Six months ended 30 June	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Depreciation of property, plant and equipment	50,165	51,152
Depreciation of right-of-use assets	<u>116,445</u>	<u>105,767</u>
Total depreciation	<u>166,610</u>	<u>156,919</u>
Fuel and utility expenses	44,554	42,987
Property rentals in respect of		
– Variable lease payment	8,821	9,873
– Short-term lease payment	<u>6,289</u>	<u>8,332</u>

7. INCOME TAX EXPENSE (CREDIT)

	Six months ended 30 June	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Hong Kong Profits Tax		
– current period	1,354	1,378
– under provision in prior periods	103	–
	<u>1,457</u>	<u>1,378</u>
Mainland China Enterprise Income Tax (“EIT”)		
– current period	9,220	4,654
– under provision in prior periods	512	123
	<u>9,732</u>	<u>4,777</u>
Withholding tax paid	3,030	–
Deferred taxation	<u>(2,920)</u>	<u>(17,460)</u>
	<u><u>11,299</u></u>	<u><u>(11,305)</u></u>

Under the two-tiered profits tax rates regime of Hong Kong, the first HK\$2 million of assessable profit for a qualifying group entity is taxed at 8.25%, while profits above HK\$2 million are taxed at 16.5%. Group entities that do not qualify for the two-tiered profits tax rates regime continue to be taxed at a flat rate of 16.5% on their estimated assessable profit.

In accordance with the Law of the PRC on Enterprise Income Tax (the “EIT Law”) and Implementation Regulation of the EIT Law, the subsidiaries in Mainland China are subject to EIT rate of 25%.

Pursuant to the relevant provincial policy, Chongqing Weiqian Food & Restaurant Management Co., Ltd. 重慶味千餐飲管理有限公司 (“Chongqing Weiqian”), a subsidiary of the Group, successfully applied a preferential tax rate of 15% for a term of 9 years from 2021 to 2030.

According to the tax law and implementation regulations in the PRC, dividends paid from net profits earned by the operating subsidiaries in Mainland China after 1 January 2008 are subject to withholding tax at a rate of 10%, unless a lower treaty rate applies. Under the relevant tax treaty, dividends paid to Hong Kong resident companies are subject to a reduced withholding tax rate of 5%. Withholding tax has been provided based on the anticipated level of dividend payout ratio of the entities in Mainland China.

The Group is operating in certain jurisdictions where the Pillar Two Rules is effective. However, as the Group’s consolidated annual revenue is expected to be less than EUR 750 million, the management of the Group considered the Group is not liable to top-up tax under the Pillar Two Rules.

8. DIVIDENDS

Six months ended 30 June	
2025	2024
<i>RMB'000</i>	<i>RMB'000</i>
(Unaudited)	(Unaudited)

Dividends recognised as distribution during the period:

Final, declared – RMB0.06 (HK6.4 cents) per share for 2024

(six months ended 30 June 2024: declared – RMB0.08

(HK8.6 cents) per share for 2023)

65,492	87,323
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The final dividend for 2024 had been paid subsequent to the current interim period.

9. EARNINGS (LOSS) PER SHARE

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

Six months ended 30 June	
2025	2024
<i>RMB'000</i>	<i>RMB'000</i>
(Unaudited)	(Unaudited)

Earnings (loss) for the purposes of basic and diluted earnings
(loss) per share, being profit (loss) for the period attributable
to owners of the Company

24,232	(7,157)
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Number of shares

Number of ordinary shares for the purpose of calculating basic
and diluted earnings (loss) per share

1,091,538,820	1,091,538,820
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During the six months ended 30 June 2025, all outstanding share options of the Company have not been included in the computation of diluted earnings per share as they did not have dilutive effect to the Group's earnings per share because the exercise prices of these options were higher than the average market prices of the Company's share during the current interim period.

During the six months ended 30 June 2024, the computation of diluted loss per share does not assume the exercise of outstanding share options of the Company as this would result in the decrease in loss per share.

10. FINANCIAL ASSETS AT FVTPL

	30 June 2025 RMB'000 (Unaudited)	31 December 2024 RMB'000 (Audited)
Current assets:		
Reverse repurchase treasury bond (<i>Note i</i>)	<u>10,000</u>	<u>10,000</u>
Non-current assets:		
Unlisted equity investments and fund investments (<i>Note ii</i>)	<u>112,225</u>	<u>115,535</u>
	<u>122,225</u>	<u>125,535</u>

Note i: During the period ended 30 June 2025, the Group purchased reverse repurchase treasury bond issued by the PRC government with interest yield rates ranging from 0.5% to 5% (2024: from 0.5% to 5%) per annum and with maturity ranging from 1 day to 182 days (2024: from 1 day to 182 days).

Note ii: The above unlisted equity investments and fund investments represent the Group's investments in certain private entities and funds established in Mainland China. The management of the Group, by reference to the valuation model formulated by the external independent qualified valuer engaged by the Group, revisited and determined the appropriate assumptions and inputs for fair value measurement for these unlisted equity investments and fund investments.

11. TRADE AND OTHER RECEIVABLES

	30 June 2025 RMB'000 (Unaudited)	31 December 2024 RMB'000 (Audited)
Trade receivables – third parties	<u>18,038</u>	<u>18,115</u>
Less: allowance for credit losses	<u>(983)</u>	<u>(1,637)</u>
	<u>17,055</u>	<u>16,478</u>
Other receivables		
Rental and utility deposits	32,409	36,216
Prepaid management fee and property rental (<i>Note</i>)	16,657	14,636
Advance to suppliers	18,162	19,592
Deductible value added tax	50,759	46,947
Lease receivables	14,235	11,741
Prepayments	6,838	6,247
Staff advance	8,221	5,869
Others	<u>11,169</u>	<u>10,859</u>
	<u>158,450</u>	<u>152,107</u>
Less: allowance for credit losses	<u>(9,768)</u>	<u>(9,768)</u>
	<u>148,682</u>	<u>142,339</u>
	<u>165,737</u>	<u>158,817</u>

Note: The prepaid property rentals are related to short-term leases.

Customers relating to manufacture and sales of noodles and related products are either having no credit period or granted up to 90 days (2024: 0 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 (2024: 180 days). There is no credit period for customers relating to sales from operation of restaurants, unless when the payments are made through online electronic payment platforms, in which case the trade receivables from these online electronic payment platforms are normally settled within 30 days.

The following is an analysis of trade receivables by age, net of ECL, presented based on the invoice date which approximated the revenue recognition date.

	30 June 2025 RMB'000 (Unaudited)	31 December 2024 RMB'000 (Audited)
0 to 30 days	15,921	15,363
31 to 60 days	578	537
61 to 90 days	139	160
91 to 180 days	381	132
180 to 365 days	36	286
	<u>17,055</u>	<u>16,478</u>

12. TRADE AND OTHER PAYABLES

	30 June 2025 RMB'000 (Unaudited)	31 December 2024 RMB'000 (Audited)
Trade payables		
– related parties (<i>Note</i>)	22,788	34,826
– third parties	61,345	62,566
	<u>84,133</u>	<u>97,392</u>
Payroll and welfare payables	36,239	40,201
Rental deposits received	20,059	19,337
Payable for acquisition of property, plant and equipment	21,709	27,019
Payable for variable lease payments	13,032	12,021
Other taxes payable	7,682	7,404
Others	36,875	47,830
	<u>219,729</u>	<u>251,204</u>

Note: The related parties are the companies 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 days (2024: 60 days). The following is an analysis of trade payables by age, presented based on the invoice date.

	30 June 2025 <i>RMB'000</i> (Unaudited)	31 December 2024 <i>RMB'000</i> (Audited)
0 to 30 days	63,035	76,648
31 to 60 days	15,375	15,619
61 to 90 days	92	198
91 to 180 days	66	372
Over 180 days	<u>5,565</u>	<u>4,555</u>
	<u><u>84,133</u></u>	<u><u>97,392</u></u>

MANAGEMENT DISCUSSION AND ANALYSIS

Industry Review

During the six months ended 30 June 2025 (the “**Period**”), facing a complex situation, the national economy moved forward under pressure and maintained stable operation, delivered better-than-expected major indicators and made solid progress in high-quality development. According to the National Bureau of Statistics of China, during the Period, China’s gross domestic product (GDP) amounted to RMB66,053.6 billion, representing a year-on-year increase of 5.3% (same period in 2024: 5.0%) at constant prices; the total retail sales of social consumer goods amounted to RMB24,545.8 billion, representing a year-on-year increase of 5.0%; the national per capita disposable income was RMB21,840, representing a real growth of 5.4% after deducting price factors; and the national consumer price index (CPI) decreased by 0.1% year-on-year.

As a crucial component of domestic demand, the catering industry witnessed further intensified competition and a complex development situation in the first half of 2025. According to the National Bureau of Statistics of China, the national catering revenue was RMB2,748.0 billion, representing a year-on-year increase of 4.3%, which was 3.6 percentage points lower than that in the same period in 2024, indicating that the growth rate slowed down significantly and entered a slow growth cycle. The catering revenue of entities above designated size amounted to RMB799.6 billion, representing a year-on-year increase of 3.6%. Particularly, significant fluctuations occurred in June, with national catering revenue growing by only 0.9% year-on-year, and the catering revenue of entities above designated size recording negative growth, which indicates that uncertainty in the external environment has further impacted consumer confidence, and medium to large-sized chain enterprises are facing more severe development challenges.

From the perspective of industry trends, the catering industry is experiencing changes with both consumption downgrading and concept upgrading, consumer behavior has changed from pursuit of quality to practicality, channels have moved down from high-end scenarios to discount channels, and the structure has shifted from diversity to focusing on rigid needs, reflecting the overall transformation of catering consumption, but consumers’ pursuit of consumption experience and product quality remains consistent. In addition, the online and digitalization process of the catering industry has been further accelerated, the integration of takeaway and instant retail has developed, and the platform-based catering ecosystem has continued to expand. However, with the gradual saturation of the market, the growth rate of online business has also slowed down, and the demand for online and offline integration is more urgent, and catering enterprises need to further optimize the coordinated operation of online and offline channels to improve consumer experience.

Despite facing consumption downgrading and operational pressures in the short term, the catering industry will be driven towards high-quality development in the long run by trends such as consumption concept upgrading, supply chain optimization, and digital and intelligent transformation. While reducing costs and increasing efficiency, brands need to adapt to market demands, deeply explore product innovation, enhance consumer experience, and improve competitiveness through supply chain upgrades. In the future, the integration of chain operation, digitalization and diversification will become the core direction of the industry, driving further improvement of the ecosystem and bringing more growth opportunities to the market.

In the first half of 2025, although the catering industry maintained growth, the growth rate slowed down, and the industry faced many challenges and changes. In the second half of the year, with the arrival of peak consumption seasons such as summer vacation, Mid-Autumn Festival, and National Day, the catering market demand is expected to experience a new round of growth. The Group will continue to maintain rigorous standards of product and service quality, strengthen internal management and cost control, promote digital transformation, enhance the capability of online and offline integrated operations, build core competitive advantages, and strive to provide consumers with more valuable dining experiences while creating stable returns for shareholders and investors.

Business Review

During the Period, the Group achieved a turnover of approximately RMB875.3 million, representing a 5.9% increase compared to approximately RMB826.8 million for the corresponding period in 2024. This growth was primarily driven by the Group's consistent store expansion strategy, with the number of stores rising from 575 as at 30 June 2024 to 608 as at 30 June 2025. The Group remains focused on opening new stores in prime locations.

The Group continued to upgrade its stores, enhancing the dining experience, launching new menu items to attract and retain customers, and planning new packaged retail products to diversify its offerings. These efforts reflect the Group's commitment to maintaining high standards and meeting evolving customer needs. In addition, online group-buying promotions on platforms were further promoted and closely integrated with offline operations, driving business growth and increasing customer engagement.

During the Period, staff costs increased by approximately 6.7% to approximately RMB239.7 million (2024: approximately RMB224.5 million). The staff cost to turnover ratio remained stable at approximately 27.4% (2024: approximately 27.2%), demonstrating the Group's ongoing efforts in cost efficiency and effective human resource management amid network expansion and wage pressures.

The Group's five major production bases in Mainland China (Shanghai, Chengdu, Tianjin, Wuhan, and Dongguan) continued to ensure a stable and high-quality supply for the Group's stores. This contributed to food safety and effective cost management, supporting the Group's expanding store network and operational efficiency.

Looking ahead, the Group will remain committed to upholding high standards of product and service quality, further promoting digital transformation, and strengthening the management of both online and offline operations. By optimising cost structures and leveraging economies of scale, the Group aims to deliver greater value to customers and generate stable returns for shareholders and investors. The Board will continue to closely monitor the external environment and adjust operating strategies in response to market changes.

Retail Chain Restaurants

During the Period, the Group's major business and primary source of income continued to stem from the retail chain restaurant business. During the Period, the Group's restaurant business income recorded approximately RMB849,095,000 (corresponding period in 2024: approximately RMB792,194,000), accounted for approximately 97.0% (corresponding period in 2024: approximately 95.8%) of the Group's total revenue, an increase of approximately 7.2% from the corresponding period in 2024.

As at 30 June 2025, the Group's restaurant portfolio consisted of 608 chain restaurants, comprising the following:

By provinces	30-June 2025	30-June 2024	+/-
Shanghai	109	103	+6
Beijing	40	33	+7
Tianjin	2	2	—
Guangdong (excluding Shenzhen)	64	63	+1
Shenzhen	24	20	+4
Jiangsu	86	70	+16
Zhejiang	62	59	+3
Sichuan	13	12	+1
Chongqing	11	11	—
Fujian	12	13	-1
Hunan	12	12	—
Hubei	12	13	-1
Liaoning	4	5	-1
Shandong	32	31	+1
Guangxi	15	16	-1
Guizhou	4	3	+1
Jiangxi	12	15	-3
Shaanxi	7	8	-1
Yunnan	10	11	-1

By provinces	30-June 2025	30-June 2024	+/-
Henan	3	4	-1
Hebei	7	9	-2
Anhui	14	13	+1
Xinjiang	2	2	–
Hainan	3	2	+1
Shanxi	2	4	-2
Neimenggu	3	3	–
Heilongjiang	6	7	-1
Ningxia	1	1	–
Jilin	4	5	-1
Hong Kong	31	23	+8
Rome	1	1	–
Finland	0	1	-1
Total	<u>608</u>	<u>575</u>	<u>+33</u>
By geographical region:	30-June 2025	30-June 2024	+/-
Northern China	97	96	+1
Eastern China	271	245	+26
Southern China	161	152	+9
Central China	78	80	-2
Europe	1	2	-1
Total	<u>608</u>	<u>575</u>	<u>+33</u>

Financial Review

Turnover

For the six months ended 30 June 2025, the Group's turnover increased by approximately 5.9% to approximately RMB875,336,000 from approximately RMB826,790,000 for the corresponding period in 2024. The increase in revenue was mainly attributable to the continued expansion of the Group's restaurant network, with the number of stores rising from 575 to 608 during the Period.

Cost of inventories consumed

For the six months ended 30 June 2025, the Group's cost of inventories increased by approximately 5.7% to approximately RMB201,440,000 from approximately RMB190,529,000 for the corresponding period in 2024. During the Period, the ratio of inventories cost to turnover was approximately 23.0%, which is consistent with the corresponding period in 2024. This reflects the Group's effective cost control measures and stable procurement practices, even as the number of stores and overall sales increased. The Group will continue to closely monitor raw material prices and optimise its supply chain management to ensure stable costs and maintain product quality.

Gross profit and gross profit margin

The Group's gross profit for the six months ended 30 June 2025 increased by approximately 5.9% to approximately RMB673,896,000, compared to approximately RMB636,261,000 for the corresponding period in 2024. The gross profit margin remained stable at 77.0% for both periods in 2025 and 2024, reflecting the Group's effective cost management and its ability to maintain strong profitability despite a competitive market environment.

Staff costs

For the six months ended 30 June 2025, staff costs of the Group increased by approximately 6.7% to approximately RMB239,662,000 from approximately RMB224,511,000 for the corresponding period in 2024. Staff costs as a proportion of turnover increased slightly to 27.4%, compared to 27.2% in the corresponding period in 2024. This slight increase was mainly attributable to the general wage inflation during the Period. The number of employees remained broadly consistent with the expansion in store count, and employee costs remained relatively stable on a per-employee basis.

The Group will continue to closely monitor staffing levels and seek further efficiency improvements to maintain a stable staff cost structure as the business grows.

Depreciation

For the six months ended 30 June 2025, depreciation expenses of the Group increased by approximately 6.2% to approximately RMB166,610,000 from approximately RMB156,919,000 for the corresponding period in 2024. The increase was mainly attributable to the addition of new restaurants during the Period, with the number of stores rising from 575 to 608. As the Group continues to expand its network, depreciation expenses are expected to increase accordingly with the investment in right-of-use assets for new stores.

Other operating expenses

Other operating expenses mainly include expenses for utilities, service charges for delivery platforms, store and factory management fee, consumables and utensils. For the six months ended 30 June 2025, other operating expenses decreased by approximately 3.0% to approximately RMB236,493,000, compared to approximately RMB243,710,000 for the corresponding period in 2024. As the number of stores increases, most categories of other operating expenses generally also rise. The higher proportion of takeaway sales has also led to a relatively larger increase in delivery platform service charges. The Group will continue to focus on expense management to support sustainable growth as its network expands.

Set out below is the breakdown of the main operating expenses for the periods ended 30 June 2025 and 2024.

	30 June 2025	30 June 2024	Change
	<i>RMB million</i>	<i>RMB million</i>	
Utilities	44.6	43.0	+3.7%
Service charges for delivery platforms	35.6	28.4	+25.4%
Store and factory management fee	32.9	28.2	+16.7%
Consumables & utensils	23.8	22.8	+4.4%
Logistics expenses	14.8	13.7	+8.0%
Franchise expenses	11.7	10.9	+7.3%
Advertising and promotions	10.5	7.6	+38.2%
Rental expenses under variable lease payment	8.8	9.9	-11.1%
Rental expenses under short-term lease	6.3	8.3	-24.1%
Consultancy fee	4.5	9.3	-51.6%
Travelling expenses	2.9	3.6	-19.4%
Bank charges on credit card payment	2.2	2.1	+4.8%
Repairment and maintenance expenses	1.6	2.3	-30.4%
Cleaning expenses	1.6	1.3	+23.1%

Other income

For the six months ended 30 June 2025, other income of the Group decreased by approximately 3.1% to approximately RMB45,236,000 from approximately RMB46,681,000 for the corresponding period in 2024. The decrease was primarily attributable to lower royalty income from sub-franchisees and a reduction in bank interest income, partially offset by an increase in property rental income and the waiver of franchise commission payable to a related party. The decrease in bank interest income was mainly due to the decline in saving interest rates during the Period.

Other gains and losses

For the six months ended 30 June 2025, the Group recorded a net loss from other gains and losses of approximately RMB27,333,000, compared to a net loss of approximately RMB61,755,000 for the corresponding period in 2024. The decrease in net loss was primarily due to lower fair value losses on investment properties and financial assets at fair value through profit or loss, as a result of a more stable market environment during the period.

Finance costs

For the six months ended 30 June 2025, finance costs increased by approximately 6.3% to approximately RMB11,360,000 from approximately RMB10,682,000 for the corresponding period in 2024.

Set out below is the breakdown of the finance costs:

	30 June 2025 <i>RMB'000</i> (Unaudited)	30 June 2024 <i>RMB'000</i> (Unaudited)
Interest on bank borrowings	375	532
Interest on lease liabilities	10,985	10,150
	11,360	10,682

The interest on lease liabilities increased due to the rise in the number of stores during the Period.

Profit and loss before tax

Being affected by the factors referred to above, the Group recorded profit before tax of approximately RMB36,845,000 for the six months ended 30 June 2025 (30 June 2024: loss of approximately RMB15,566,000).

Profit and loss attributable to owners of the Company

Being affected by the factors referred to above, profit attributable to owners of the Company for the six months ended 30 June 2025 amounted to approximately RMB24,232,000 (30 June 2024: loss of approximately RMB7,157,000).

RISK MANAGEMENT

Liquidity and financial resources

The liquidity and financial position of the Group as at 30 June 2025 remained healthy and strong, with bank balances and cash amounting to approximately RMB1,690,084,000 (31 December 2024: approximately RMB1,655,833,000) and a current ratio of 3.5 (31 December 2024: 3.7).

As at 30 June 2025, the Group had bank borrowings of approximately RMB36,743,000 (31 December 2024: approximately RMB34,609,000) and therefore the gearing ratio (expressed as a percentage of total borrowings over total assets) was 0.9% (31 December 2024: 0.9%).

Exposure to exchange rates

At present, most of the Group's business transactions, assets and liabilities are denominated in RMB and settled in RMB. The Group's exposure to currency risk is minimal as the Group's assets and liabilities as at 30 June 2025 and 31 December 2024 were denominated in the respective Group companies' functional currencies. The Group does not have any currency hedging policy and has not entered into any hedging or other instrument to reduce currency risks. However, the management will closely monitor the Group's exposure to the fluctuation of exchange rates and take appropriate measures as necessary to minimise any adverse impact that may be caused by such fluctuation.

Interest rate risk

As the Group has no significant interest-bearing assets (other than restricted bank deposits and cash and cash equivalents), the Group's income and operating cash flows are substantially independent of changes in market interest rates.

Credit risk

The Group has no significant concentrations of credit risk. The carrying amounts of trade receivables, deposits and other receivables, cash and cash equivalents and restricted bank deposits included in the condensed consolidated statement of financial position represent the maximum exposure to credit risk in relation to the Group's financial assets. The Group typically does not require collaterals from customers. Provisions are made for the balance that is past due when the management considers the loss from non-performance by the customers is likely. Sales to retail customers are settled in cash or by major credit cards. The Group also makes deposits to the relevant landlords for lease of certain of the self-managed outlets. The management does not expect to incur any loss from non-performance by these counterparties. As of 30 June 2025 and 31 December 2024 all of the bank balances and restricted bank deposits were deposited with highly reputable and sizable banks and financial institutions without significant credit risk in Mainland China and Hong Kong. The management does not expect to incur any loss from non-performance by these banks and financial institutions.

Contingent liabilities

As of 30 June 2025, the Group did not have any significant contingent liabilities.

Assets and liabilities

The Group's net current assets were approximately RMB1,345,404,000 and the current ratio was 3.5 as at 30 June 2025 (31 December 2024: 3.7). 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.

Cash flows

Net cash inflow from operations of the Group for the six months ended 30 June 2025 was approximately RMB194,116,000 while the Group recorded profit before tax for the same period of approximately RMB36,845,000. The difference was primarily due to the non-cash items, depreciation of property, plant and equipment and right-of-use assets, fair value loss on investment properties and financial assets at FVTPL and the impairment loss recognised on property, plant and equipment and right-of-use-assets.

Capital expenditure

For the six months ended 30 June 2025, the Group's capital expenditure was approximately RMB42,280,000 (corresponding period in 2024: RMB47,554,000). The Group remains committed to expanding its restaurant network while maintaining stringent cost control over the capital expenditure.

Subsequent events

Subsequent to 30 June 2025, no material events affecting the Company and its subsidiaries have occurred.

Significant investments held, material acquisitions and disposals of subsidiaries, and future plans for material investments or capital assets

Save for those disclosed in this announcement, there were no other significant investments held, nor were there any material acquisitions or disposals of subsidiaries during the Period under review. Apart from those disclosed in this announcement, there was no plan authorised by the Board for other material investments or additions of capital assets at the date of this announcement.

OTHER INFORMATION

Compliance with the Corporate Governance Code

The Company has complied with all applicable code provisions under the Corporate Governance Code (the “**Code**”) as set out in Appendix C1 to Listing Rules during the six months ended 30 June 2025, save and except for the deviation from the code provision C.2.1 of the Code. Under the code provision C.2.1, the roles of Chairman and Chief Executive Officer (“**CEO**”) should be separate and should not be performed by the same individual. Currently, the Company does not comply with code provision C.2.1, i.e., the roles of the Chairman and CEO have not been separated. Although Ms. Poon performs both the roles of Chairman and CEO, the division of responsibilities between the Chairman and CEO is clearly established and set out in writing. In general, the Chairman is responsible for supervising the functions and performance of the Board, while the CEO is responsible for the management of the business of the Group. The two roles are performed by Ms. Poon 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 at the current stage. It is also considered 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 the 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 as set out in Appendix C3 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 2025, they were in compliance with the Required Standard.

The Company has also established written guidelines on no less exacting than the Model Code (the “**Employees Written Guidelines**”) for governing the securities transactions by employees who are likely to possess inside information of the Company or its securities. No incident of non-compliance of the Employees Written Guidelines by the relevant employees was noted by the Company throughout the six months ended 30 June 2025. In case when the Company is aware of any restricted period for the dealings in the Company’s securities, the Company will notify its directors and relevant employee in advance.

Audit Committee Review

The audit committee of the Company (the “**Audit Committee**”), which comprises three independent non-executive Directors, namely Mr. Jen Shek Voon (Chairman of the Audit Committee), Mr. Lo Peter and Mr. Ho Pak Chuen Brian, reviewed the accounting principles and practices adopted by the Company and discussed auditing, risk management and internal controls, and financial reporting matters. The Company’s unaudited interim results for the six months ended 30 June 2025 have been reviewed by the Audit Committee.

Auditors

The Group’s unaudited condensed consolidated financial statements for the six months ended 30 June 2025 have been reviewed by Deloitte Touche Tohmatsu, Certified Public Accountants, Hong Kong, the auditors of the Company.

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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the listed securities of the Company (including sale of treasury shares) on the Stock Exchange during the six months ended 30 June 2025. As of June 30, 2025, the Company did not hold any treasury shares.

Employee’s Remuneration and Policy

As at 30 June 2025, the Group employed 8,055 persons (30 June 2024: 7,790 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 2025 was approximately RMB239,662,000 (30 June 2024: approximately RMB224,511,000).

Dividend

The Board resolved not to declare the payment of an interim dividend for the six months ended 30 June 2025 (30 June 2024: nil).

PUBLICATION OF THE INTERIM RESULTS ANNOUNCEMENT AND THE INTERIM REPORT ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY

This interim results announcement is published on the Company's website (www.ajisen.com.hk) and the website of the Hong Kong Stock Exchange (www.hkexnews.hk). The interim report of the Company for the six months ended 30 June 2025 will be dispatched to the shareholders of the Company (if requested) and published on the afore-mentioned websites in due course.

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

Hong Kong, 26 August 2025

As at the date of this announcement, the Board comprises Ms. Poon Wai, Mr. Poon Ka Man, Jason and Ms. Ng Minna as executive Directors; Mr. Katsuaki Shigemitsu and Mr. Yew Yat On as non-executive Directors; and Mr. Lo Peter, Mr. Jen Shek Voon and Mr. Ho Pak Chuen Brian as independent non-executive Directors.