

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

这一碗
让心里好满



九州の味、熊本生まれ。世界の味千ラーメン!!



中期報告 **2016**
INTERIM REPORT

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Corporate Profile

Ajisen (China) Holdings Limited (stock code: 538) (“Ajisen” or the “Company”; together with its subsidiaries, the “Group”) is one of the leading fast casual restaurant (“FCR”) chain operators in the People’s Republic of China (“PRC”) and the Hong Kong Special Administrative Region (“Hong Kong”). Since its establishment in 1996, the Group has been selling Japanese ramen and Japanese-style dishes under the Ajisen brand in the PRC and Hong Kong. By incorporating Chinese people’s culinary preferences and the essence of the Chinese cuisine, the Group has carefully developed over one hundred types of Japanese-style ramen and dishes that cater for the Chinese people’s palate. Combining the elements of fast food shops and traditional restaurant elements, the Group has become a fast-growing FCR chain operator.

After our listing on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) on 30 March 2007, the strong capital support has injected new vitality into the Group’s rapid expansion. As a renowned brand in the Food and Beverage (“F&B”) industry, Ajisen’s fast casual chain restaurants are very popular among consumers with its outlets widely scattered in prime locations of major cities in the PRC and Hong Kong. As at 30 June 2016, the Group’s nationwide retail network comprises 662 restaurants, Ajisen restaurants have entered 122 cities and 31 provinces of the PRC. Among the major cities, the international metropolis Shanghai boasts the largest number of Ajisen restaurants, being 140, followed by 80 in Jiangsu and 54 in Guangdong (excluding Shenzhen), together with the remaining 351 restaurants spanning across other major cities from the southern to the northern region of the PRC. In Hong Kong, Ajisen operates 37 chain restaurants with its chain network covering all major business areas of the city. Moreover, the restaurant network is supported by the Group’s Shanghai, Chengdu, Tianjin and Dongguan production bases.

On 30 March 2007, Ajisen was successfully listed on the Main Board of the Stock Exchange, which made 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’s 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.



Board of Directors

Executive Directors

Ms. Poon Wai

(Chairman and Chief Executive Officer)

Mr. Poon Ka Man, Jason

Non-executive Director

Mr. Katsuaki Shigemitsu

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

Remuneration Committee

Mr. Lo Peter *(Chairman)*

Mr. Jen Shek Voon

Mr. Wang Jincheng

Nomination Committee

Mr. Wang Jincheng *(Chairman)*

Mr. Lo Peter

Mr. Jen Shek Voon

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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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

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George Town

Grand Cayman

Cayman Islands

Hong Kong Branch Share Registrar and Transfer Office

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

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
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Company Website

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Stock Code

538

FINANCIAL HIGHLIGHTS



For the six months ended 30 June (unaudited)	2016	2015	% +/-
Turnover (HK\$ million)	1,395.4	1,569.6	-11.1
Gross profit (HK\$ million)	987.9	1,095.5	-9.8
Profit before taxation (HK\$ million)	901.6	170.2	+429.7
Profit attributable to owners of the Company (HK\$ million)	671.2	110.7	+506.2
Earnings per share – basic (HK cents)	61.49	10.14	+506.4

Industry Review

In the first half of 2016, the global economy continued being unstable, which was evidenced by the facts that: the market sentiment which has been stirred up by the expectation of the raise of interest by the Federal Reserve, the risk events which occurred frequently, and the exit of Britain from Europe, which will certainly have a significant impact on both Europe and the global economy. In the first half of 2016, the economy of China still faced multiple pressures, with the GDP grew by 6.7% year-on-year, further slowing down from that of 7% in the same period of last year.

According to the National Statistics Bureau of the PRC, revenue from the nationwide catering industry from January to June 2016 amounted to RMB1,668.3 billion, representing a year-on-year increase of 11.2% (same period of last year: 11.5%), which indicated an expansion trend in the market. Among which, revenue from restaurants over RMB2 million in annual revenue recorded RMB421.8 billion, representing a year-on-year increase of 6.6% (same period of last year: 6.3%).

Affected by competitors who newly entered into the industry, the scope of the catering market keeps expanding. However, the increase of new competitors is slowing down. According to the data from the website (www.dianping.com), growths of catering industry in the four first-tier cities, namely Beijing, Shanghai, Guangzhou and Shenzhen were within 10% in the first half of 2016, far below that of 50% growth throughout last year. Among which, the growths of number of restaurants in Shanghai, Beijing, Guangzhou and Shenzhen recorded 5.6% (same period of last year: 13.8%), 1% (same period of last year: 18.4%), 9.3% (same period of last year: 21.3%) and 7.1% (same period of last year: 22.1%), respectively.

Further, after the outburst of catering take-out took place last year, the situation of three takeout platforms (ele.me, meituan.com and Baidu Takeout Delivery) has been formed and the campaign for subsidy has faded away.

Faced with the on-going competition pressure and the downward macro economy, the management of the Group proactively explores and seeks for approaches for the transformation of the Group, aiming at creating greater economic value for employees and shareholders of the Company. Over the past half year, the Group continued to expand the takeout business and strengthened the cooperation with the three platforms. Meanwhile, the Group also actively prepared for establishing takeout stores, for the purpose of providing new impetus for the growth of the Company. Considering the sufficient cash flow, the management is proactively seeking for investment targets, so as to make greater benefit for shareholders.



Business Review

For the six months ended 30 June 2016, the Group's turnover decreased from approximately HK\$1,569,556,000 during the corresponding period in 2015, by approximately 11.1% to approximately HK\$1,395,388,000. The gross profit of the Group reached approximately HK\$987,894,000, a decrease of approximately 9.8% from approximately HK\$1,095,469,000 during the corresponding period in 2015; the profit attributable to the owners of the Company reached approximately HK\$671,152,000, an increase of approximately 506.2% from approximately HK\$110,715,000 in 2015. The basic earnings per share increased to HK61.49 cents from HK10.14 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. The Group adopted more focused strategies in its development, and continued to expand the restaurants network and deepened the density in mature markets, such as Beijing, Jiangsu, Zhejiang and Shanghai. As at 30 June 2016, the Group had a total of 662 fast casual chain restaurants, a decrease of 2 from 664 during the corresponding period in 2015; the Group's restaurant network extended its reach to 31 provinces and municipalities nationwide, amounting to 122 cities in aggregate, increasing 3 cities as compared with the corresponding period in 2015.

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 four major factories in Shanghai, Chengdu, Tianjin and Dongguan have been put into operation, to support the Group's network expansion.

During the current reporting period, the Group's cost of inventories as a proportion to turnover was approximately 29.2%, representing a decrease of approximately 1.0 percentage point as compared with the corresponding period last year. Accordingly, the gross profit margin increased to approximately 70.8% from approximately 69.8% during the corresponding period last year, which was attributable to the stability in raw material costs and benefit from value added tax ("VAT") reform in PRC effective on 1 May 2016. 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 24.5% of the turnover, which was approximately 0.4 percentage point 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.

During the current reporting period, rent and related costs as a proportion to turnover of the Group was approximately 16.9%, which was approximately 0.8 percentage point higher 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-size 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.

The operation of over 660 restaurants under the Group is dependent 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 to the Group's turnover.

Important events after the current reporting period

On 4 August 2016, Ajisen Investments Limited, an indirect wholly-owned subsidiary of the Company (“Ajisen Investments”), entered into a share purchase agreement in relation to the investment in 7,147,945 series B preferred shares in Yunnex Inc. for a cash consideration of US\$10 million. Yunnex Inc. is principally engaged in the design, distribution, sale and/or operation of the software and hardware products. The major product of Yunnex Inc. is code-scanning point of sales machine. Details of this acquisition transaction has been disclosed in the Company’s announcement dated 4 August 2016.

Retail Chain Restaurants

During the first half of 2016, the Group’s major business and primary source of income continued to stem from the retail chain restaurant business. During the reporting period, the Group’s restaurant business income recorded approximately HK\$1,331,060,000 (2015: HK\$1,513,474,000), accounted for approximately 95.4% (2015: 96.4%) of the Group’s total revenue, a decrease of 12.1% from the corresponding period last year.

MANAGEMENT DISCUSSION AND ANALYSIS



As at 30 June 2016, the Group's restaurant portfolio consisted of 662 Ajisen chain restaurants, comprising the following:

	30 June 2016	30 June 2015	+/-
By type:			
Owned and managed	662	663	-1
Owned but not managed	0	1	-1
Total	662	664	-2
By provinces:			
Shanghai	140	140	0
Beijing	41	39	2
Tianjin	6	7	-1
Guangdong (excluding Shenzhen)	54	56	-2
Shenzhen	28	28	0
Jiangsu	80	81	-1
Zhejiang	52	52	0
Sichuan	21	22	-1
Chongqing	17	17	0
Fujian	22	18	4
Hunan	15	17	-2
Hubei	15	16	-1
Liaoning	13	10	3
Shandong	35	40	-5
Guangxi	7	6	1
Guizhou	2	3	-1
Jiangxi	10	10	0
Shaanxi	14	13	1
Yunnan	7	6	1
Henan	5	4	1
Hebei	4	4	0
Anhui	12	14	-2
Gansu	1	1	0
Xinjiang	2	2	0
Hainan	3	3	0
Shanxi	1	1	0
Neimenggu	5	5	0
Heilongjiang	7	5	2
Ningxia, Qinghai	3	2	1
Jilin	3	2	1
Hong Kong	37	39	-2
Taiwan*	0	1	-1
Total	662	664	-2
Total saleable area (sq. meters)	151,842	152,114	-272

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

MANAGEMENT DISCUSSION AND ANALYSIS

	30 June 2016	30 June 2015	+/-
By geographical region:			
Northern China	118	115	3
Eastern China	272	273	-1
Southern China	151	150	1
Central China	121	125	-4
Taiwan	0	1	-1
Total	662	664	-2

Sales of packaged noodle and related products

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

For the six months ended 30 June 2016, revenue from the sales of packaged noodle and related products was approximately HK\$64,328,000 (2015: HK\$56,082,000), accounted for approximately 4.6% (2015: 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 2016, the total number of points-of-sale in this network reached approximately 8,000, which was the same compared to the corresponding period 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 Alldays, Kedi and C-Store.

Financial Review

Turnover

For the six months ended 30 June 2016, the Group's turnover decreased by approximately 11.1%, or approximately HK\$174,168,000 to approximately HK\$1,395,388,000 from approximately HK\$1,569,556,000 for the corresponding period in 2015. Such decrease was mainly due to the decrease in the same store growth and number of stores of the Group during the reporting period.

Cost of inventories consumed

For the six months ended 30 June 2016, the Group's cost of inventories decreased by approximately 14.0%, or approximately HK\$66,593,000, to approximately HK\$407,494,000 from approximately HK\$474,087,000 for the corresponding period in 2015. During the reporting period, the ratio of inventories cost to turnover was approximately 29.2%, lower than 30.2% for the corresponding period in 2015. Such decrease was attributable to the stability in the purchasing cost and benefit from VAT reform in PRC effective on 1 May 2016 for the period.



Gross profit and gross profit margin

Driven by the above factors, gross profit for the six months ended 30 June 2016 decreased by approximately 9.8%, or approximately HK\$107,575,000 to approximately HK\$987,894,000 from approximately HK\$1,095,469,000 for the corresponding period in 2015. Gross profit margin of the Group also further increased from approximately 69.8% for the corresponding period in 2015 to approximately 70.8%.

Property rentals and related expenses

For the six months ended 30 June 2016, property rentals and related expenses of the Group decreased by approximately 6.5% from approximately HK\$252,299,000 for the corresponding period in 2015 to approximately HK\$235,949,000. Its proportion to turnover increased by 0.8 percentage point from approximately 16.1% for the corresponding period in 2015 to approximately 16.9%. Such increase was mainly attributable to the increase in rentals for certain shops for the period.

Staff costs

For the six months ended 30 June 2016, staff costs of the Group decreased by approximately 12.5% from approximately HK\$390,250,000 for the corresponding period in 2015 to approximately HK\$341,572,000. Staff costs as a proportion to turnover decreased from approximately 24.9% for the corresponding period in 2015 by 0.4 percentage point to approximately 24.5%, which reflected the implementing efficient management system such as increasing number of part time staff for the period.

Depreciation

For the six months ended 30 June 2016, depreciation of the Group decreased by approximately 4.7% or approximately HK\$4,678,000 from approximately HK\$100,186,000 for the corresponding period in 2015 to approximately HK\$95,508,000. Such decrease was mainly attributable to the decrease in number of stores in first half of 2016.

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 2016, other operating expenses decreased by approximately 13.9%, or approximately HK\$31,957,000, to approximately HK\$197,626,000 from approximately HK\$229,583,000 for the corresponding period in 2015. Its proportion to turnover was decreased by 0.4 percentage point from 14.6% to approximately 14.2%, which was mainly attributable to the decrease in expenses spent on consumables, and fuel and utility for the period, while expenses spent on advertising and promotion had decreased to approximately HK\$14,411,000 from approximately HK\$39,746,000 for the corresponding period in 2015.

Other income

For the six months ended 30 June 2016, other income of the Group decreased by approximately 10.2%, or approximately HK\$6,358,000, to approximately HK\$55,894,000 from approximately HK\$62,252,000 for the corresponding period in 2015. The decrease was mainly originated from the decrease in government grant and royalties from sub-franchisees during the period.

Other gains and losses

For the six months ended 30 June 2016, other gains and losses of the Group increased by approximately 5,400.8% or approximately HK\$750,014,000, to approximately HK\$736,127,000 from approximately a loss of HK\$13,887,000 for the corresponding period in 2015. The increase was due to change in the fair value of approximately HK\$745,938,000 of financial asset designated as at FVTPL for the period.

Finance costs

For the six months ended 30 June 2016, finance costs increased by approximately 384.5%, or approximately HK\$5,337,000 to approximately HK\$6,725,000 from approximately HK\$1,388,000 for the corresponding period in 2015. The increase was mainly due to raise of certain loans during the second half of 2015.

Profit before taxation

Being affected by the factors referred to above, the Group's profit before taxation for the six months ended 30 June 2016 increased by approximately 429.7%, or approximately HK\$731,425,000 to approximately HK\$901,648,000 from approximately HK\$170,223,000 for the corresponding period in 2015.

Profit 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 2016 increased by approximately 506.2%, or approximately HK\$560,437,000, to approximately HK\$671,152,000 from approximately HK\$110,715,000 for the corresponding period in 2015.

Assets and liabilities

The Group's net current assets were approximately HK\$1,138,554,000 and the current ratio was 2.0 as at 30 June 2016 (31 December 2015: 2.1). 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 2016.

Cash flows

Net cash inflow from operations of the Group for the six months ended 30 June 2016 was approximately HK\$240,058,000 while profit before taxation for the same period was approximately HK\$901,648,000. 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.

Liquidity and financial resources

The liquidity and financial position of the Group as at 30 June 2016 remained healthy and strong, with bank balances amounting to HK\$2,050,352,000 (31 December 2015: HK\$1,955,645,000) and a current ratio of 2.0 (31 December 2015: 2.1).

As at 30 June 2016, the Group had bank borrowings of HK\$663,533,000 (31 December 2015: HK\$665,193,000) and therefore the gearing ratio (expressed as a percentage of total borrowings over total assets) was 12.3 (31 December 2015: 14.3).

Exposure to exchange rates

Presently, 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 2016 and 31 December 2015 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.

MANAGEMENT DISCUSSION AND ANALYSIS



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

Save for those disclosed in this interim report, 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 interim report, there was no plan authorised by the Board for other material investments or additions of capital assets at the date of this interim report.

Interest rate risk

As the Group has no significant interest-bearing assets (other than pledged bank deposits and bank balances and cash), 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, bank balances and cash and pledged 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 using 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 2016 and 31 December 2015, all of the bank balances and pledged bank deposits were deposited with highly reputable and sizable banks and financial institutions without significant credit risk in the PRC 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 2016, the Group did not have any significant contingent liabilities.

Capital expenditure

For the six months ended 30 June 2016, the Group's capital expenditure was approximately HK\$59,411,000 (corresponding period in 2015: HK\$72,787,000), which was due to the decrease in purchase of property, plant and equipment.

Key operating ratios for "Ajisen Ramen" restaurants

	Hong Kong			PRC		
	1-6/2016	1-12/2015 (approximate) (unaudited)	1-6/2015	1-6/2016	1-12/2015 (approximate) (unaudited)	1-6/2015
Comparable restaurant sales growth:	-1.4%	6.0%	4.3%	-7.7%	-7.5%	-7.8%
Per capita spending:	HK\$65.3	HK\$66.1	HK\$65.6	RMB46.7	RMB46.7	RMB44.6
Table turnover per day (times per day):	4.9	5.2	5.0	3.4	3.4	3.4

Deloitte.

德勤

TO THE MEMBERS OF AJISEN (CHINA) HOLDINGS LIMITED

(incorporated in the Cayman Islands with limited liabilities)

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 14 to 37, which comprise the condensed consolidated statement of financial position as of 30 June 2016 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 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

23 August 2016

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2016

	NOTES	Six months ended 30 June	
		2016 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited)
Turnover	4	1,395,388	1,569,556
Other income	5	55,894	62,252
Other gains and losses	6	736,127	(13,887)
Cost of inventories consumed		(407,494)	(474,087)
Staff costs		(341,572)	(390,250)
Depreciation		(95,508)	(100,186)
Property rentals and related expenses		(235,949)	(252,299)
Other operating expenses		(197,626)	(229,583)
Share of (loss) profit of associates		(887)	95
Finance costs	7	(6,725)	(1,388)
Profit before taxation	8	901,648	170,223
Taxation	9	(121,876)	(47,117)
Profit for the period		779,772	123,106
Other comprehensive income:			
Items that will not be reclassified to profit or loss:			
Gain on revaluation of properties		–	15,120
Deferred tax liability on recognition of revaluation of properties		–	(8,685)
		–	6,435
Items that may be subsequently reclassified to profit or loss:			
Exchange differences arising on translation of financial statements of foreign operations		(56,782)	581
Other comprehensive (expense) income for the period, net of income tax		(56,782)	7,016
Total comprehensive income for the period		722,990	130,122
Profit for the period attributable to:			
Owners of the Company		671,152	110,715
Non-controlling interests		108,620	12,391
		779,772	123,106

(continued)

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2016

		Six months ended 30 June	
	NOTES	2016 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited)
Total comprehensive income attributable to:			
Owners of the Company		617,420	117,696
Non-controlling interests		105,570	12,426
		722,990	130,122
		HK cents	HK cents
Earnings per share	11		
– Basic		61.49	10.14
– Diluted		61.49	10.14

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2016

	NOTES	30 June 2016 HK\$'000 (Unaudited)	31 December 2015 HK\$'000 (Audited)
Non-current assets			
Investment properties	12	516,876	521,021
Property, plant and equipment	12	1,028,624	1,098,824
Prepaid lease payments		92,085	95,238
Intangible assets		6,400	6,400
Loan to an associate		1,495	1,495
Rental deposits		103,007	96,931
Goodwill		37,135	37,135
Deferred tax assets		1,908	1,920
Available-for-sale investments	13	58,807	60,530
Financial asset designated as at fair value through profit and loss ("FVTPL")	14	1,288,438	542,500
Interest in associates		680	1,587
		3,135,455	2,463,581
Current assets			
Inventories		93,016	113,527
Trade and other receivables	15	102,047	116,843
Amounts due from a related party	16	14	14
Taxation recoverable		1,529	1,299
Pledged bank deposits	17	354,918	362,073
Bank balances and cash	17	1,695,434	1,593,572
		2,246,958	2,187,328
Current liabilities			
Trade and other payables	18	284,275	328,258
Amounts due to related companies	19	6,400	7,044
Amounts due to directors	19	176	634
Amount due to a shareholder	19	18,011	32,471
Amounts due to non-controlling shareholders	19	15,587	15,587
Dividend payable		131,005	26
Taxation payable		54,149	51,739
Bank loans – current	20	598,801	597,473
		1,108,404	1,033,232
Net current assets		1,138,554	1,154,096

(continued)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2016

	NOTE	30 June 2016 HK\$'000 (Unaudited)	31 December 2015 HK\$'000 (Audited)
Total assets less current liabilities		4,274,009	3,617,677
Non-current liabilities			
Bank loans – non-current	20	64,732	67,720
Deferred tax liabilities	9	140,290	65,541
		205,022	133,261
Net assets		4,068,987	3,484,416
Capital and reserves			
Share capital	21	109,154	109,154
Reserves		3,665,534	3,175,898
Equity attributable to owners of the Company		3,774,688	3,285,052
Non-controlling interests		294,299	199,364
Total equity		4,068,987	3,484,416

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2016

	Share capital HK\$'000	Share premium HK\$'000	Special reserve HK\$'000	Share options reserve HK\$'000	Capital reserve HK\$'000	Properties revaluation reserve HK\$'000	Translation reserve HK\$'000	Statutory surplus reserve fund HK\$'000	Retained profits HK\$'000	Attributable to owners of the Company HK\$'000	Non-controlling interests HK\$'000	Total HK\$'000
At 1 January 2015 (Audited)	109,153	1,933,820	(277,655)	79,872	1,159	39,138	277,492	126,313	1,085,014	3,374,306	113,046	3,487,352
Profit for the period	-	-	-	-	-	-	-	-	110,715	110,715	12,391	123,106
Other comprehensive income for the period	-	-	-	-	-	6,435	546	-	-	6,981	35	7,016
Total comprehensive income for the period	-	-	-	-	-	6,435	546	-	110,715	117,696	12,426	130,122
Dividends recognised as distribution (Note 10)	-	-	-	-	-	-	-	-	(141,898)	(141,898)	-	(141,898)
Dividends paid to a non-controlling shareholder	-	-	-	-	-	-	-	-	-	-	(11,411)	(11,411)
Transfer	-	-	-	-	-	-	-	26	(26)	-	-	-
Shares issued upon exercise of share options	1	68	-	(23)	-	-	-	-	-	46	-	46
Recognition of equity-settled share-based payments	-	-	-	4,080	-	-	-	-	-	4,080	-	4,080
At 30 June 2015 (Unaudited)	109,154	1,933,888	(277,655)	83,929	1,159	45,573	278,038	126,339	1,053,805	3,354,230	114,061	3,468,291
At 1 January 2016 (Audited)	109,154	1,933,888	(277,655)	90,228	1,159	45,771	137,469	133,886	1,111,152	3,285,052	199,364	3,484,416
Profit for the period	-	-	-	-	-	-	-	-	671,152	671,152	108,620	779,772
Other comprehensive income for the period	-	-	-	-	-	-	(53,732)	-	-	(53,732)	(3,050)	(56,782)
Total comprehensive income for the period	-	-	-	-	-	-	(53,732)	-	671,152	617,420	105,570	722,990
Dividends recognised as distribution (Note 10)	-	-	-	-	-	-	-	-	(130,985)	(130,985)	-	(130,985)
Dividends paid to a non-controlling shareholder	-	-	-	-	-	-	-	-	-	-	(10,635)	(10,635)
Transfer	-	-	-	-	-	-	-	11,528	(11,528)	-	-	-
Recognition of equity-settled share-based payments	-	-	-	3,201	-	-	-	-	-	3,201	-	3,201
At 30 June 2016 (Unaudited)	109,154	1,933,888	(277,655)	93,429	1,159	45,771	83,737	145,414	1,639,791	3,774,688	294,299	4,068,987

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2016

	Six months ended 30 June	
	2016 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited)
Operating activities		
Profit before taxation	901,648	170,223
Adjustments for:		
Fair value changes on investment properties	–	253
Depreciation for property, plant and equipment	95,508	100,186
Finance costs	6,725	1,388
Bank interest income	(19,373)	(17,205)
Share of loss (profit) of associates	887	(95)
Loss on disposal of property, plant and equipment	2,135	7,864
Fair value gain on financial asset designated as at FVTPL	(745,938)	–
Operating lease rentals in respect of prepaid lease payments	1,649	–
Share-based payment expenses	3,201	4,080
Impairment loss on available-for-sale investments	537	6,000
Operating cash flows before movements in working capital	246,979	272,694
Decrease in inventories	20,511	4,776
Decrease in amounts due from a related company	–	270
(Increase) decrease in rental deposits	(6,076)	897
Increase (decrease) in trade and other receivables	14,742	(9,438)
Decrease in trade and other payables	(36,098)	(271)
Cash generated from operations	240,058	268,928
Income tax paid	(43,854)	(54,793)
Net cash from operating activities	196,204	214,135
Investing activities		
Interest received	19,373	17,205
Proceeds from disposal of property, plant and equipment	7,342	189
Purchases of available-for-sale investments	–	(5,984)
Purchase of property, plant and equipment	(59,411)	(72,787)
Purchase of structured deposits	–	(133,146)
Net cash used in investing activities	(32,696)	(194,523)

(continued)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2016

	Six months ended 30 June	
	2016 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited)
Financing activities		
Proceeds from issue of shares	–	46
Advance from related parties	6,400	7,004
Advance from directors	176	196
Dividends paid	(6)	(5)
Interest paid	(6,725)	(1,388)
Dividends paid to a non-controlling shareholder	(10,635)	(11,411)
Repayment to related parties	(7,044)	(9,085)
Repayment to directors	(634)	(742)
Repayment to a shareholder	(14,460)	(13,752)
Repayment of bank borrowings	(1,737)	(1,707)
Net cash used in financing activities	(34,665)	(30,844)
Net increase (decrease) in cash and cash equivalents	128,843	(11,232)
Cash and cash equivalents at 1 January	1,593,572	1,931,746
Effect of foreign exchange rate changes	(26,981)	189
Cash and cash equivalents at 30 June representing bank balances and cash	1,695,434	1,920,703

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2016

1. 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").

2. Significant Events and Transaction in the Current Interim Period

For the six months ended 30 June 2016, the fair value of an unlisted equity investment of the Group classified as financial asset designated as at FVTPL described in Note 14 has been increased significantly. The resulting fair value gain of HK\$745,938,000 and the corresponding deferred tax charge of HK\$74,594,000 have been recognised in the condensed consolidated statement of profit and loss and other comprehensive income (see Note 6 and 9 respectively).

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 as described below, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2016 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2015.

In the current interim period, the Group has applied, for the first time, the following amendments to Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA that are mandatorily effective for the Group's financial year beginning on 1 January 2016:

Amendments to HKFRS 11	<i>Accounting for Acquisitions of Interests in Joint Operations</i>
Amendments to HKAS 1	<i>Disclosure Initiative</i>
Amendments to HKAS 16 and HKAS 38	<i>Clarification of Acceptable Methods of Depreciation and Amortisation</i>
Amendments to HKAS 16 and HKAS 41	<i>Agriculture: Bearer Plants</i>
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	<i>Investment Entities: Applying the Consolidation Exception</i>
Amendments to HKFRSs	<i>Annual Improvements to HKFRSs 2012-2014 Cycle</i>

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2016

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 2016 (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	1,210,702	120,358	1,331,060	64,328	–	1,395,388	–	1,395,388
– inter-segment sales	–	–	–	340,526	–	340,526	(340,526)	–
	1,210,702	120,358	1,331,060	404,854	–	1,735,914	(340,526)	1,395,388
Segment profits	156,429	4,810	161,239	5,765	758,233	925,237	–	925,237
Unallocated income								19,373
Unallocated expenses								(36,237)
Finance costs								(6,725)
Profit before taxation								901,648
Taxation								(121,876)
Profit for the period								779,772

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2016

4. Segment Information (Continued)

For the period ended 30 June 2015 (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 HK\$'000	Hong Kong HK\$'000	Total HK\$'000					
Revenue								
– external sales	1,393,522	119,952	1,513,474	56,082	–	1,569,556	–	1,569,556
– inter-segment sales	–	–	–	391,778	–	391,778	(391,778)	–
	1,393,522	119,952	1,513,474	447,860	–	1,961,334	(391,778)	1,569,556
Segment profits	153,060	6,247	159,307	5,850	10,358	175,515	–	175,515
Unallocated income								17,205
Unallocated expenses								(21,109)
Finance costs								(1,388)
Profit before taxation								170,223
Taxation								(47,117)
Profit for the period								123,106

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 2016

5. Other Income

	Six months ended 30 June	
	2016 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited)
Government grant (Note)	19,147	23,810
Bank interest income	19,373	17,205
Property rental income, net of negligible outgoings	12,832	10,611
Royalties from sub-franchisees	2,970	7,211
Others	1,572	3,415
	55,894	62,252

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	
	2016 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited)
Loss on disposal of property, plant and equipment	(2,135)	(7,864)
Net foreign exchange (loss) gain	(7,139)	230
Impairment loss on available-for-sale investments	(537)	(6,000)
Loss from changes in fair value of investment properties	–	(253)
Gain from changes in fair value of financial asset designated as at FVTPL	745,938	–
	736,127	(13,887)

7. Finance Costs

	Six months ended 30 June	
	2016 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited)
Interest on bank borrowings:		
– wholly repayable within five years	6,015	645
– not wholly repayable within five years	710	743
	6,725	1,388

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2016

8. Profit Before Taxation

	Six months ended 30 June	
	2016 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited)
Profit before taxation has been arrived at after charging:		
Cost of inventories consumed (Note a)	407,494	474,087
Advertising and promotion expenses	14,411	39,746
Fuel and utility expenses	70,432	80,723
Operating lease rentals in respect of		
– land lease	1,649	3,691
– rented premises (Note b)	205,113	219,338

Notes:

- a. This represents costs of raw materials and consumables used.
- b. For the six months ended 30 June 2016, the amount included in the operating lease rentals in respect of rental premises are minimum lease payments of approximately HK\$146,954,000 (for the six months ended 30 June 2015: HK\$153,929,000) and contingent rent of approximately HK\$58,159,000 (for the six months ended 30 June 2015: HK\$65,409,000).

9. Taxation

	Six months ended 30 June	
	2016 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited)
Hong Kong Profits Tax		
– current period	2,628	3,670
PRC Enterprise Income Tax (“EIT”)		
– current period	44,955	47,453
– over-provision in prior periods	(4,976)	(6,906)
	39,979	40,547
Deferred taxation	79,269	2,900
	121,876	47,117

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2016

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 the PRC EIT are 16.5% (for the six months ended 30 June 2015: 16.5%) and 25% (for the six months ended 30 June 2015: 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 year 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%.

According to the Chongqing STB, the preferential tax rate needs to be applied by the Company and approved year by year after year 2013. As such, the Group applied the standard enterprise income tax rate of 25% for Chongqing Weiqian from year 2013 onwards and reversed the income tax liability after obtaining the written approval.

During the six months ended 30 June 2016, Chongqing Weiqian was granted a preferential tax rate of 15% for year 2015, the Company reversed the income tax liability of approximately HK\$5.0 million (equivalent to approximately RMB4.2 million) which was previously recognised for year 2015.

During the six months ended 30 June 2015, Chongqing Weiqian was granted a preferential tax rate of 15% for year 2014, the Company reversed the income tax liability of approximately HK\$6.9 million (equivalent to approximately RMB5.4 million) which was previously recognised for year 2014.

During the six months ended 30 June 2016, included in deferred tax charge is the deferred tax effect in respect of temporary differences attributable to the fair value change of the financial asset designated as at FVTPL amounting to HK\$74,594,000 (for the six month ended 30 June 2015: Nil). According to the PRC EIT Law, 10% withholding tax shall be imposed to any gain arising from the transfer of the PRC established equity investments by the entities incorporated elsewhere other than the PRC which are deemed as non-resident enterprises.

10. Dividends

	Six months ended 30 June	
	2016	2015
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Dividends recognised as distribution during the period:		
Final, declared – HK12.0 cents per share for 2015 (2015: declared – HK13.0 cents per share for 2014)	130,985	141,898

At a meeting of the board of directors held on 23 August 2016, the directors of the Company resolved to declare an interim dividend of HK4.90 cents per ordinary share for the six months ended 30 June 2016 (for the six months ended 30 June 2015: HK4.70 cents).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2016

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	
	2016 HK\$'000 (Unaudited)	2015 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	671,152	110,715
	Number of shares	
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	1,091,538,820	1,091,527,839
Effect of dilutive potential ordinary shares relating to: – outstanding share options	–	63,765
Weighted average number of ordinary shares for the purpose of calculating diluted earnings per share	1,091,538,820	1,091,591,604

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 2016 and 30 June 2015 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

During the six months ended 30 June 2015, certain investment properties transferred from property, plant and equipment during the period were valued by an independent firm of appraisers at 1 January 2015, 1 May 2015 (date of change of intention of the use of the property interests) and 30 June 2015.

The fair values of the Group's investment properties as at 30 June 2016 were determined by the directors of the Company with reference to recent transaction prices of similar properties. Based on such assessment, the directors of the Company concluded there was no material change in the fair value of the investment properties as at 30 June 2016 as compared with that of as at 31 December 2015.

During the period, the Group spent approximately HK\$59,411,000 on acquisition of property, plant and equipment (for the six months ended 30 June 2015: HK\$66,900,000).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2016

13. Available-for-Sale Investments

	30 June 2016 HK\$'000 (Unaudited)	31 December 2015 HK\$'000 (Audited)
Unlisted equity investments in British Virgin Islands, at cost	20,000	20,000
Unlisted equity investments in the PRC, at cost	59,344	60,530
	79,344	80,530
Less: provision for impairment	(20,537)	(20,000)
	58,807	60,530

At 30 June 2016, the unlisted equity investments are equity securities issued by private entities established in British Virgin Islands and PRC.

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. During the period, an additional impairment loss of HK\$537,000 (for the six months ended 30 June 2015: HK\$6,000,000) has been made on the Group's unlisted equity investments.

14. Financial Asset Designated as at FVTPL

	30 June 2016 HK\$'000 (Unaudited)	31 December 2015 HK\$'000 (Audited)
Unlisted equity investments in Cayman Islands	1,288,438	542,500

Further to our US\$70 million (approximately HK\$542.5 million) investment in the takeout business of Baidu, Inc. known as "Baidu Takeout Delivery" (百度外賣) in the PRC ("Project BW"), in which we took up less than 10% equity interest through Hina Group Fund III Limited Partnership, our 86% consolidated subsidiary, towards the end of 2015, the Company has engaged an independent firm of appraisers (the "Independent Appraiser") to assist the management in determining the fair value of the investment in Project BW as at 30 June 2016. The Independent Appraiser assessed the fair value with reference to the issue price of the most recent share allotments in Baidu Takeout which carries the rights, preferences and privileges very similar to that of the investment in Project BW. Based on such valuation, the directors of the Company determined that the fair value of the investment in Project BW as at June 30 2016 is US\$166,250,000 (approximately equivalent to HK\$1,288,438,000) and therefore the Group has recognised a fair value gain on financial asset designated as at FVTPL of approximately HK\$745,938,000 in the condensed consolidated statement of profit and loss and other comprehensive income for the six months ended 30 June 2016 (for the six month ended 30 June 2015: nil).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2016

15. Trade and other Receivables

	30 June 2016 HK\$'000 (Unaudited)	31 December 2015 HK\$'000 (Audited)
Trade receivables		
– a related company	1,094	1,117
– others	17,349	22,833
	18,443	23,950
Rental and utility deposits	9,549	21,084
Property rentals paid in advance for restaurants	22,203	24,416
Advance to suppliers	24,467	24,252
Other receivables and prepayments	27,385	23,141
	102,047	116,843

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

Customers including both independent third parties and related companies of noodles and related products are normally granted 60 to 90 days (for the year ended 31 December 2015: 60 to 90 days) credit period upon issuance of invoices, except for certain well established customers for which the credit terms are up to 180 days (for the year ended 31 December 2015: 180 days). There was no credit period for customers relating to sales from operation of restaurants. The following is an aged analysis of trade receivables net of allowance for doubtful debts presented based on invoice dates at the end of the reporting period, which approximated the respective revenue recognition dates:

	30 June 2016 HK\$'000 (Unaudited)	31 December 2015 HK\$'000 (Audited)
Age		
0 to 30 days	14,925	17,842
31 to 60 days	1,603	2,101
61 to 90 days	96	517
91 to 180 days	–	364
181 to 365 days	4	1,093
Over 365 days	1,815	2,033
	18,443	23,950

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2016

16. Amounts Due From a Related Party

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

Name of related parties	30 June 2016 HK\$'000 (Unaudited)	31 December 2015 HK\$'000 (Audited)
Well Keen International Ltd., a company in which Ms. Poon has controlling interests	14	14

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

17. Bank Balance and Cash/Pledged Bank Deposits

As at 30 June 2016, pledged bank deposits held by the Group amounting to HK\$445,000 (equivalent to approximately RMB380,000) represents deposits pledged to banks to secure advances on construction, and HK\$354,473,000 (equivalent to approximately RMB302,958,000) represents deposits pledged to banks to secure the general banking facilities granted to the Group, which are classified as current assets. Details are set out in Note 24.

Bank balances and cash comprise cash held by the Group and short-term bank deposits with an original maturity of three months or less which carry interest at market rates ranging from 0.35% to 3.15% (2015: 0.35% to 2.75%) per annum.

18. Trade and Other Payables

	30 June 2016 HK\$'000 (Unaudited)	31 December 2015 HK\$'000 (Audited)
Trade payables		
– related companies	4,640	5,617
– others	101,442	115,868
	106,082	121,485
Payroll and welfare payables	43,445	49,972
Customers' deposits received	12,385	12,569
Payable for acquisition of property, plant and equipment	47,949	55,834
Payable for property rentals	29,305	31,315
Other taxes payable	20,823	33,176
Others	24,286	23,907
	284,275	328,258

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2016

18. Trade and Other Payables (Continued)

The average credit period for the purchase of goods is 60 days (for the year ended 31 December 2015: 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 2016 HK\$'000 (Unaudited)	31 December 2015 HK\$'000 (Audited)
0 to 30 days	55,911	73,276
31 to 60 days	36,715	35,477
61 to 90 days	5,245	4,721
91 to 180 days	4,556	4,596
Over 180 days	3,655	3,415
	106,082	121,485

19. Amounts Due to Related Companies/Directors/A Shareholder/ Non-Controlling Shareholders

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

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

20. Bank Loans

	30 June 2016 HK\$'000 (Unaudited)	31 December 2015 HK\$'000 (Audited)
Secured bank loans with carrying amounts repayable:		
Within one year	598,801	597,473
In more than one year but not more than two years	4,842	3,567
In more than two years but not more than five years	15,126	11,143
In more than five years	44,764	53,010
	663,533	665,193
Less: amounts shown as non-current liabilities	(64,732)	(67,720)
Amounts shown as current liabilities	598,801	597,473

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2016

20. Bank Loans (Continued)

Detail of the assets of the Group as at 30 June 2016 and 31 December 2015 that have been pledged as collateral to secure the general banking facilities of the Group are set out in Note 24.

The Group's bank loans as at 30 June 2016 and 31 December 2015 carried variable interest rate at 3.25% below prime rate of the counterparty bank, 2.80% per annum below the base lending rate of the counterparty bank, 1.35% per annum over Hong Kong Interbank Offered Rate ("HIBOR") and 1.3% per annum over London Interbank offered Rate ("LIBOR"), and the effective interest rate was 0.87% to 1.44% (31 December 2015: 1.39% to 2.13%) per annum.

21. Share Capital

	Number of shares	Share capital HK\$'000
Authorised:		
Ordinary shares of HK\$0.10 each		
At 1 January 2015, 31 December 2015, and 30 June 2016	10,000,000,000	1,000,000
Issued and fully paid:		
At 1 January 2015	1,091,526,320	109,153
Exercise of share options (Note)	12,500	1
At 1 January 2016 and 30 June 2016	1,091,538,820	109,154

Note: During the year ended 31 December 2015, the Company issued 12,500 new shares upon exercises of share options at the average exercise price of HK\$3.7260 per share.

All the shares issued by the Company ranked pari passu in all respects.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2016

22. 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 2016 and 30 June 2015.

Grant date	Exercise price HK\$	Outstanding at 1 January 2016	Granted during the period	Exercised during the period	Forfeited during the period	Outstanding at 30 June 2016
Employees						
25 June 2008	3.726	40,000	-	-	-	40,000
31 December 2008	3.726	70,000	-	-	(7,500)	62,500
3 July 2009	4.938	27,500	-	-	-	27,500
2 July 2010	8.884	673,000	-	-	(182,500)	490,500
6 July 2010	8.710	-	-	-	-	-
26 August 2011	5.530	10,988,000	-	-	(1,768,000)	9,220,000
15 October 2012	5.530	400,000	-	-	-	400,000
7 January 2013	7.140	-	-	-	-	-
2 July 2013	6.310	600,000	-	-	-	600,000
19 July 2013	7.206	-	-	-	-	-
27 August 2013	8.740	1,210,000	-	-	-	1,210,000
23 September 2013	8.524	-	-	-	-	-
25 October 2013	8.350	1,050,000	-	-	-	1,050,000
19 December 2013	7.690	50,000	-	-	(50,000)	-
14 April 2014	7.050	200,000	-	-	(200,000)	-
30 June 2014	6.020	300,000	-	-	(150,000)	150,000
25 September 2014	6.450	100,000	-	-	-	100,000
8 January 2015	5.900	250,000	-	-	(100,000)	150,000
2 April 2015	4.700	100,000	-	-	(100,000)	-
17 April 2015	5.060	2,200,000	-	-	-	2,200,000
2 July 2015	4.104	2,890,000	-	-	(350,000)	2,540,000
		21,148,500	-	-	(2,908,000)	18,240,500
Directors						
22 January 2009	3.308	137,500	-	-	-	137,500
15 October 2012	5.530	500,000	-	-	(100,000)	400,000
		637,500	-	-	(100,000)	537,500

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2016

22. Share Option Schemes (Continued)

(a) Share Option Scheme (Continued)

Grant date	Exercise price HK\$	Outstanding at 1 January 2015	Granted during the period	Exercised during the period	Forfeited during the period	Outstanding at 30 June 2015
Employees						
25 June 2008	3.726	40,000	–	–	–	40,000
31 December 2008	3.726	82,500	–	(12,500)	–	70,000
3 July 2009	4.938	27,500	–	–	–	27,500
2 July 2010	8.884	693,000	–	–	(10,000)	683,000
6 July 2010	8.710	–	–	–	–	–
26 August 2011	5.530	11,661,000	–	–	(323,000)	11,338,000
15 October 2012	5.530	400,000	–	–	–	400,000
7 January 2013	7.140	–	–	–	–	–
2 July 2013	6.310	600,000	–	–	–	600,000
19 July 2013	7.206	–	–	–	–	–
27 August 2013	8.740	1,210,000	–	–	–	1,210,000
23 September 2013	8.524	–	–	–	–	–
25 October 2013	8.350	1,050,000	–	–	–	1,050,000
19 December 2013	7.690	50,000	–	–	–	50,000
14 April 2014	7.050	200,000	–	–	–	200,000
30 June 2014	6.020	300,000	–	–	–	300,000
25 September 2014	6.450	100,000	–	–	–	100,000
8 January 2015	5.900	–	250,000	–	–	250,000
2 April 2015	4.700	–	100,000	–	–	100,000
17 April 2015	5.060	–	2,200,000	–	–	2,200,000
		16,414,000	2,550,000	(12,500)	(333,000)	18,618,500
Directors						
22 January 2009	3.308	137,500	–	–	–	137,500
15 October 2012	5.530	500,000	–	–	–	500,000
		637,500	–	–	–	637,500

In respect of the share options exercised during the six months ended 30 June 2015, the weighted average share price and exercise price at the dates of exercise are HK\$4.6050 and HK\$3.7260 per share, respectively.

The Group recognised an expense of approximately HK\$3,201,000 for the six months ended 30 June 2016 (for the six months ended 30 June 2015: HK\$4,080,000) in relation to share options granted by the Company under the Share Option Scheme.

During the six months ended 30 June 2016, 3,008,000 share options were forfeited due to departure of employees.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2016

22. 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 2016 and 30 June 2015:

Grantees	Outstanding at 1 January 2016	Exercised during the period	Forfeited during the period	Cancelled during the period	Outstanding at 30 June 2016
Employees and others	388,500	–	–	–	388,500

Grantees	Outstanding at 1 January 2015	Exercised during the period	Forfeited during the period	Cancelled during the period	Outstanding at 30 June 2015
Employees and others	388,500	–	–	–	388,500

23. Capital Commitments

	30 June 2016 HK\$'000 (Unaudited)	31 December 2015 HK\$'000 (Audited)
Capital expenditure contracted for but not provided in the condensed consolidated financial statements in respect of the acquisition of – property, plant and equipment	15,635	18,794

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2016

24. Pledge of Assets

	30 June 2016 HK\$'000 (Unaudited)	31 December 2015 HK\$'000 (Audited)
Investment properties	311,300	311,300
Property, plant and equipment	19,753	20,277
Prepaid lease payments	18,750	19,047
Pledged bank deposits	354,918	362,073
	704,721	712,697

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	
		2016 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited)
Shigemitsu Industry Co., Ltd., a company in which Mr. Katsuaki Shigemitsu has significant beneficial interests	Sales of noodles and related products	330	217
	Purchase of raw materials	15,451	20,763
	Franchise commissions paid	16,032	16,746
Companies in which Mr. Poon Ka Man, Jason, a director of the Company, has significant beneficial interests	Decoration expenses paid	2,297	1,156
Ms. Poon	Property rentals paid	1,176	1,275
Japan Foods Holdings Ltd., non-controlling shareholder of a subsidiary of Ajisen (China) Holdings Limited	Franchise commissions paid	485	1,032

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2016

25. Related Party Transactions (Continued)

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

	Six months ended 30 June	
	2016 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited)
Short-term employee benefits	3,897	4,003
Other long-term benefits	74	75
Share-based payments	163	460
	4,134	4,538

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.

26. Events After The Reporting Period

On 4 August 2016, Ajisen Investments Limited, an indirect wholly-owned subsidiary of the Company, entered into a share purchase agreement in relation to the investment in 7,147,945 series B preferred shares in Yunnex Inc. for a cash consideration of US\$10 million. Yunnex Inc. is principally engaged in the design, distribution, sale and/or operation of the software and hardware products. The major product of Yunnex Inc. is code-scanning point of sales machine. Details of this acquisition transaction has been disclosed in the Company's announcement dated 4 August 2016.



Compliance with the Corporate Governance Code

The Company has complied with all applicable code provisions under the Corporate Governance Code and Corporate Governance Report as set out in Appendix 14 to the Listing Rules for the six months ended 30 June 2016, 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 at the current stage. 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 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 (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 2016, they were in compliance with the Required Standard.

Audit Committee Review

The audit committee of the Company (“Audit Committee”), which comprises three independent non-executive Directors, namely Mr. Jen Shek Voon, Mr. Lo Peter and Mr. Wang Jincheng, 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 2016 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 2016.

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 2016, 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)	480,123,041 shares (L)	43.99%
	beneficial owner	30,262,347 shares (L)	2.77%
Mr. Poon Ka Man, Jason	beneficial owner	2,500,000 shares (L)	0.23%
Mr. Katsuaki Shigemitsu	beneficial owner	950,000 shares (L)	0.09%
	interest of controlled corporation (Note 3)	31,425,380 shares (L)	2.88%
Mr. Wong Hin Sun, Eugene	interest of spouse (Note 4)	500,000 shares (L)	0.05%
	beneficial owner	100,000 shares (L)	0.01%
Mr. Jen Shek Voon	beneficial owner	95,000 shares (L)	0.01%
Mr. Lo Peter	beneficial owner	75,000 shares (L)	0.01%

Notes:

- The letter "L" denotes the Director's long position in such securities.
- The 480,123,041 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.
- The 10,604,251 shares held by Shigemitsu Industry Co. Ltd., and the 20,821,129 shares held by Wealth Corner Limited are respectively owned as to approximately 69.89% and 100% by Mr. Katsuaki Shigemitsu, a non-executive Director.
- The 500,000 shares are held by Mr. Wong Hin Sun, Eugene's wife, Ms. Chin May Yee Emily. Mr. Wong Hin Sun, Eugene resigned as a non-executive Director with effect from 22 February 2016.

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 2)</i>	200,000 (L)
Mr. Lo, Peter	beneficial owner	share option <i>(Note 2)</i>	100,000 (L)
Mr. Wang Jin Cheng	beneficial owner	share option <i>(Note 2)</i>	137,500 (L)
Mr. Wong Hin Sun, Eugene	beneficial owner	share option <i>(Notes 2 and 3)</i>	100,000 (L)
Mr. Katsuaki Shigemitsu	beneficial owner	share option <i>(Note 2)</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 share option scheme of the Company.
3. Mr. Wong Hin Sun, Eugene resigned as a non-executive Director with effect from 22 February 2016.

(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	1	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	10,000	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.

Save as disclosed herein, as at 30 June 2016, 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 2016, 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	480,123,041(L)	43.99%
Anmi Holding (Notes 2 and 3)	interest of controlled corporation	480,123,041(L)	43.99%
HSBC International Trustee Limited (Note 3)	trustee	500,523,720(L)	45.85%
Invesco Hong Kong Limited	investment manager	107,442,000(L)	9.84%

Notes:

- The letter "L" denotes the substantial shareholder's long position in such shares respectively.
- The 480,123,041 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.
- 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 Investment Limited. Anmi Holding wholly owned Favor Choice which held 476,625,041 shares and Royal Century Investment Limited wholly owned Brillinda Hilltop Inc. which held 23,898,679 shares.

Save as disclosed herein, as at 30 June 2016, the Company has not been notified of any substantial shareholder (other than a Director or chief executive of the Company) who had an interest or short position in the shares or underlying shares of the Company that were recorded in the register required to be kept under section 336 of the SFO.



Share Option Scheme

The Company has conditionally adopted 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 2016, the number of shares in respect of which options under the Share Option Scheme had been granted and remained outstanding was 18,778,000 Shares (31 December 2015: 21,786,000 Shares), representing approximately 1.72% of the Shares of the Company in issue as at 30 June 2016.

Total number of shares available for issue under the Share Option Scheme was 81,222,000 shares (21 March 2016 (date of 2015 annual report): 81,168,000 Shares), representing approximately 7.44% (21 March 2016 (date of 2015 annual report): 7.44%) of the shares of the Company in issue as at 30 June 2016.

Details of the share options movement during the period ended 30 June 2016 under the Share Option Scheme contained in note 22 to the condensed consolidated financial statements.

Particulars of the vesting period and exercise period of the Share Option Scheme are contained in note 30 to the consolidated financial statement of 2015 annual report of the Company dated 21 March 2016.

Pre-IPO Share Option Scheme

The Company conditionally adopted 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.

Set out below are details of the outstanding options granted under the Pre-IPO Share Option Scheme as at 30 June 2016:

Grantee	Number of options granted on 8 March 2007 (Notes 1 and 3)	Outstanding as at 1 January 2016	Number of options			Outstanding as at 30 June 2016
			Exercise during the period ended 30 June 2016	Cancelled during the period ended 30 June 2016	Lapsed during the period ended 30 June 2016	
(1) Directors						
Ms. Poon Wai (Note 2)	8,485,000	–	–	–	–	–
Mr. Poon Ka Man, Jason (Note 2)	2,500,000	–	–	–	–	–
Mr. Yin Yibing (Note 2)	2,500,000	–	–	–	–	–
(2) Employees and others	6,515,000	388,500	–	–	–	388,500
	20,000,000	388,500	–	–	–	388,500

Notes:

- (1) All options under the Pre-IPO Share Option Scheme granted on 8 March 2007 can be exercised at a price of HK\$4.6495 per share.
- (2) Ms. Poon Wai and Mr. Poon Ka Man Jason, both are executive Directors of the Company, and Mr. Yin Yibing, a former Director 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.
- (3) All holders of options granted under the Pre-IPO Share Option Scheme may only exercise their options in the following manner:

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

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



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 2016, no arrangements have 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.

Changes of Director

Mr. Wong Hin Sun, Eugene resigned as a non-executive Director of the Company with effect from 22 February 2016.

Employee's Remuneration and Policy

As at 30 June 2016, the Group employed 10,339 persons (30 June 2015: 12,773 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 2016 was approximately HK\$341,572,000 (30 June 2015: HK\$390,250,000).

Dividend

An interim dividend of HK4.90 cents per ordinary share (for six months ended 30 June 2015: HK4.70 cents) for the six months ended 30 June 2016 have been declared by the Board to shareholders and such interim dividend will be paid on 25 November 2016 to shareholders whose names appear on the register of members of the Company on 14 September 2016.

Closure of the Register of Members

The register of members of the Company will be closed from 12 September 2016 to 14 September 2016 (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 9 September 2016.

By order of the Board

Ajisen (China) Holdings Limited

Poon Wai

Chairman

Hong Kong, 23 August 2016



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。