AJISEN RAMEN
味千拉麵

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 2007

INTERIM RESULTS HIGHLIGHTS

- Turnover rose by 41.6% to RMB390,875,000 (corresponding period of 2006: RMB276,056,000)
- Sales from restaurant operation grew by 52.4% to RMB361,074,000, accounting for about 92.4% of turnover
- Gross profit was RMB266,268,000 (corresponding period of 2006: RMB173,589,000), an increase of 53.4%
- Profit attributable to equity holders grew by 90.6% to RMB106,958,000
- Basic earnings per share amounted to RMB12.17 cents (corresponding period of 2006: RMB7.91 cents), representing an increase of 53.9%
- Total number of restaurants reached 150 by 30 June 2007 and 167 as at the date of this announcement

The Board of Directors of Ajisen (China) Holdings Limited (the "Company" or "Ajisen") announces the condensed consolidated financial report of the Group and its subsidiaries (the "Group") for the six months ended 30 June 2007 together with the comparative figures for the corresponding period in 2006 as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2007

	Notes	Six months ended 30 June 2007 RMB'000 (unaudited)	2006 RMB'000 (unaudited)
Turnover		**390,875**	276,056
Cost of sales		**(124,607)**	(102,467)
Gross profit		**266,268**	173,589
Other income		**60,902**	17,996
Property rentals		**(54,139)**	(37,217)
Distribution and selling expenses		**(107,178)**	(68,636)
Administrative expenses		**(33,273)**	(15,554)
Finance costs		**(1,879)**	(529)
Profit before taxation	*3*	**130,701**	69,649
Taxation	*4*	**(21,033)**	(12,754)
Profit for the period		**109,668**	56,895
Attributable to:			
Equity holders of the Company		**106,958**	56,122
Minority interests		**2,710**	773
		109,668	56,895
		RMB cents	RMB cents
Earnings per share			
— Basic	*5*	**12.17**	7.91
— Diluted		**12.11**	N/A

CONDENSED CONSOLDATED BALANCE SHEET

	Notes	**30 June 2007** *RMB'000* **(unaudited)**	31 December 2006 *RMB'000* (audited)
Non-current assets			
Property, plant and equipment		**234,238**	166,695
Prepaid lease payments		**6,162**	6,361
Goodwill		**37,135**	37,135
Deferred tax assets		**1,340**	1,340
Available-for-sale investments		**1,536**	1,536
		280,411	213,067
Current assets			
Inventories		**20,848**	21,376
Trade and other receivables	*6*	**62,441**	64,900
Amount due from other related parties		**46,672**	53,173
Taxation recoverable		**373**	673
Bank balances and cash		**1,748,642**	107,473
		1,878,976	247,595
Current liabilities			
Trade and other payables	*7*	**91,835**	82,400
Amounts due to related companies		**563**	10,670
Amounts due to directors		**1,172**	36,507
Amounts due to shareholders		**2,572**	3,906
Amounts due to minority shareholder		**2,900**	—
Dividend payable		**—**	11,220
Taxation payable		**34,256**	26,230
Current portion of long-term bank loans		**43**	1,229
Short-term bank loans		**—**	46,000
Bank overdrafts		**1,059**	1,395
		134,400	219,557
Net current assets		**1,744,576**	28,038
Total assets less current liabilities		**2,024,987**	241,105

	Notes	**30 June 2007** *RMB'000* **(unaudited)**	31 December 2006 *RMB'000* (audited)
Non-current liabilities			
Long-term bank loans		**342**	72,927
Deferred tax liabilities		**178**	178
		520	73,105
		2,024,467	168,000
Capital and reserves			
Paid-in capital		**104,500**	8
Reserves		**1,908,087**	161,972
Equity attributable to equity holders of the Company		**2,012,587**	161,980
Minority interests		**11,880**	6,020
Total equity		**2,024,467**	168,000

Note:

(All amounts in RMB thousands unless otherwise stated)

1. GENERAL

The Company is incorporated and registered as an exempted company with limited liability on 6 April 2006 under the Companies Law of the Cayman Islands and acts as an investment holding company. Its shares have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") since 30 March 2007.

2. GEOGRAPHICAL AND BUSINESS SEGMENTS

Geographical segments

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

	Six months ended 30 June	
	2007	2006
	RMB'000	*RMB'000*
TURNOVER		
PRC		
— External sales	**295,644**	177,812
— Inter-segment sales	**44,432**	45,725
	340,076	223,537
Hong Kong		
— External sales	**95,231**	98,244
— Inter-segment sales	**24,170**	31,253
	119,401	129,497
Elimination of inter-segment sales	**(68,602)**	(76,978)
	390,875	276,056
RESULTS		
Profit from operations		
— PRC	**86,440**	48,510
— Hong Kong	**23,807**	24,102
	110,247	72,612
Unallocated income	**38,418**	1,697
Unallocated expenses	**(16,085)**	(4,131)
Finance costs	**(1,879)**	(529)
Profit before taxation	**130,701**	69,649
Taxation	**(21,033)**	(12,754)
Profit for the period	**109,668**	56,895

Business segments

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

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

	Six months ended 30 June	
	2007	2006
	RMB'000	*RMB'000*
TURNOVER		
Operation of restaurant — external sales	**361,074**	236,927
Sales of noodles and related products		
— external sales	**29,801**	39,129
— inter-segment sales	**68,602**	76,978
	98,403	116,107
Elimination of inter-segment sales	**(68,602)**	(76,978)
	390,875	276,056

3. PROFIT BEFORE TAXATION

	Six months ended 30 June	
	2007	2006
	RMB'000	*RMB'000*
Profit before taxation has been arrived at after charging:		
Depreciation	**17,782**	10,884
Exchange loss	**276**	—
Loss on disposal of property, plant and equipment	**749**	42
Operating lease rentals in respect of		
— prepaid lease payments	**199**	327
— rented premises	**53,940**	36,890
Share issue expenses	**9,524**	3,072
and after crediting:		
Dividend income	**92**	—
Exchange gain	**—**	1,127
Gain on disposal of investments	**962**	—
Interest income		
— on monies received for application of new shares	**37,442**	—
— others	**435**	272
Management fee income	**18,133**	13,927
Property rental income, net of negligible outgoings	**1,201**	495
Royalty income from sub-franchisee	**892**	818

Note: Cost of operation of restaurants of approximately RMB53,452,000 (2006: approximately RMB36,239,000) and approximately RMB100,689,000 (2006: approximately RMB61,702,000) have been included in property rentals and distribution and selling expenses, respectively.

4. TAXATION

Hong Kong Profits Tax is calculated at 17.5% on the estimated assessable profit for the periods.

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

Pursuant to the Income Tax Law for the Foreign Investment Enterprises and Foreign Enterprises of the PRC, Weiqian Noodle (Shenzhen) Co., Ltd. is entitled to preferential tax relief by reducing the Foreign Enterprise Income Tax rate to 15%, as it operates in Shenzhen Special Economic Zone. Lead Food (Shanghai) Development Co., Ltd., being qualified as Production Enterprises, is entitled to exemption from PRC corporate income tax for two years commencing from its first profit making year in 2005, followed by 50% tax rate reduction for PRC corporate income tax for the subsequent three years.

On 16 March 2007, the Enterprise Income Tax Law (the "new EIT law") was passed at the Fifth Session of the Tenth National People's Congress of the People's Republic of China. The new EIT law will be effective as of 1 January 2008. However, the detailed implementation rules regarding the new EIT law have not yet been issued and therefore it is premature for the Group to determine whether the Company's PRC subsidiaries will still be entitled to the tax relief above.

Since November 2006, a subsidiary established in Shanghai, the PRC (the "Shanghai Subsidiary") has relocated its business registration to the Huangpu District of Shanghai Puxi. Its business had been registered as operating at Shanghai Pudong New Area and its net profits were taxed at 15% before. Effective from 28 November 2006, the date of relocation to the Huangpu District, the Shanghai Subsidiary shall be assessed to Corporate Income Tax at 33% of its profits. During the "Intervening Period", hereinafter referred to as the period between the date of relocation aforementioned and the date of registering with Huangpu tax bureau, i.e. 26 July 2007, the Shanghai Subsidiary continued to report and pay its Corporate Income Tax to Pudong tax bureau, as if it were remaining as its tax bureau in-charge. Huangpu tax bureau should be the in-charge commencing 28 November 2006, including the Intervening Period. At the date of this announcement, the Company is in the process of obtaining the official written confirmation from Huangpu tax bureau of not charging Corporate Income Tax of the Shanghai Subsidiary's profits for the Intervening Period, and the directors of the Company are confident that Huangpu tax bureau will issue this confirmation soon. Accordingly, Corporate Income Tax of the Shanghai Subsidiary up to 30 June 2007 is provided in the condensed consolidated financial statements at 15%. At as 30 June 2007, the shortfall of the Corporate Income Tax already paid to Pudong tax bureau, compared with the estimated tax liabilities calculated at the rate of 33%, amounted to approximately RMB12.5 million (31 December 2006: RMB3.2 million).

5. EARNINGS PER SHARE

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

	Six months ended 30 June	
	2007	2006
	RMB'000	*RMB'000*
Earnings for the purposes of basic and diluted earnings per share, being profit for the period attributable to equity holders of the Company	**106,958**	56,122
	Number of shares	
Weighted average number of ordinary shares for the purposes of calculating basic earnings per share	**879,041,238**	709,278,000
Effect of dilutive potential ordinary shares relating to:		
— outstanding share options	**4,488,240**	
Weighted average number of ordinary shares for the purpose of calculating diluted earnings per share	**883,529,478**	

6. TRADE AND OTHER RECEIVABLES

	30 June 2007 *RMB'000*	31 December 2006 *RMB'000*
Trade receivables		
— related companies	**5,247**	11,475
— others	**13,494**	13,285
	18,741	24,760
Rental and utility deposits	**32,018**	29,341
Property rentals paid in advance for restaurants	**5,439**	3,645
Advance to suppliers	**3,596**	1,726
Other receivables and prepayments	**2,647**	5,428
	62,441	64,900

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

	30 June 2007 *RMB'000*	31 December 2006 *RMB'000*
0 to 30 days	**12,293**	11,808
31 to 60 days	**3,218**	2,626
61 to 90 days	**1,102**	1,623
91 to 180 days	**1,689**	7,972
Over 180 days	**439**	731
	18,741	24,760

7. TRADE AND OTHER PAYABLES

	30 June 2007 *RMB'000*	31 December 2006 *RMB'000*
Trade payables		
— related companies	**1,675**	480
— others	**38,506**	30,374
	40,181	30,854
Payroll and welfare payables	**9,018**	5,398
Customers' deposits received	**2,763**	3,856
Payable for acquisition of property, plant and equipment	**3,352**	6,674
Payable for property rentals	**9,614**	7,764
Other taxes payable	**10,369**	13,058
Others	**16,538**	14,796
	91,835	82,400

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

	30 June 2007 *RMB'000*	31 December 2006 *RMB'000*
0 to 30 days	**33,517**	25,483
31 to 60 days	**4,846**	4,496
61 to 90 days	**1,204**	437
91 to 180 days	**172**	37
Over 180 days	**442**	401
	40,181	30,854

DIVIDEND

The Board of Directors did not recommend payment of any interim dividend for the six months ended 30 June 2007.

MANAGEMENT DISCUSSION AND ANALYSIS

Operating Environment

During the first half of the year 2007, Chinese economy continued its high growth momentum and its GDP reached 11.5%. The contribution of consumption to the economy is increasing. F & B is an important part of consumption and Fast Casual Restaurants ("FCR") have especially become popular among middle-class consumers. Both the increasingly prosperous retail market and rising consumer spending power provide the Group with excellent opportunity for further development.

Business Review

During the reporting period, the results of the Group recorded tremendous growth. For the six months ended 30 June 2007, turnover reached RMB390,875,000, representing a 41.6% increase compared with the same period last year; gross profit and net profit were RMB266,268,000 and RMB106,958,000, representing a 53.4% and 90.6% increase respectively. The resulting growth of the Group was primarily resulted from the rapid expansion of the Group's restaurant network that had extended to 150 restaurants in the reporting period, growing by 112% year-on-year on average. Ajisen's distribution network is mainly located in the eastern, southern, northern and central parts of China. The average traffic flow per restaurant in the above four areas and the per capita spending were approximately 18,600 persons per month and RMB35 respectively.

The Group's own food manufacturing and processing facilities in Shanghai and Shenzhen have been expanding their production lines to fulfill the demand of the rapid growth of chain restaurants. The facilities apply advanced Japanese technology to produce and distribute ramen as well as sauces, finished products and semi-finished products for Ajisen distribution network. Currently the number of production lines in the Shanghai factory is 15 and the Shenzhen factory has 6 production lines. The Shanghai factory is planning to add 5 more production lines this year, which will increase 50% of the existing production capacity. The Group also plans to establish a new plant in Shanghai in 2008.

Ajisen was listed in the Stock Exchange on 30 March 2007. The listing proceeds provided stable capital support for the Group's rapid expansion. In less than half a year after listing, Ajisen (China) Holdings Limited will be included as a constituent of the 200-stock Hang Seng Composite Index ("HSCI") and Hang Seng Freefloat Composite Index Series from 10, September 2007. This honor fully represents the recognition of Ajisen's leading role in the industry by the Stock Exchange, as well as the confidence from Hong Kong and oversea investors on Ajisen.

For the six months ended 30 June 2007, the cost of sales of the Company decreased from 37.1% of the same period last year to 31.9%, representing a decrease of 5.2%. The decrease, despite an increase in the number of chain restaurants, was primarily due to the economies of scale of the Group's procurement, which resulted in a relative decrease in material prices, and local procurement of white soup, one of the main materials, as well as increase in some food prices in the restaurants.

In 2007, most foods in China, starting with pork, have seen price increases of different extents, which have an adverse effect of approximately 5% on our gross profit. In view of this, the Group took a timely measure to raise food prices in the restaurants by about 9%. Market reacted calmly, with traffic flow increasing afterward.

During the first half of this year, the higher price profile in the property market of mainland China did not dampen our profit. It is because most restaurants have lease terms of over 7 years, the rentals for restaurants remained unchanged despite the increase of property prices; and in respect of some leases, our Group pays rentals at a certain percentage of turnovers, which keeps the rental cost constant in spite of the fluctuations in property prices.

Retail chain restaurants

In 2007, our major business and primary source of income continued to be our retail chain restaurants. During the first half of 2007, our restaurant business contributed RMB361,074,000, or 92.4%, to the Group's total revenue.

As at 30 June 2007, the Group had a restaurant portfolio totaling 150 Ajisen chain restaurants, comprising the following:

	31 December 2006	**30 June 2007**	+/-
By type:			
Owned and managed	93	**123**	30
Managed but not owned	24	**24**	0
Owned but not managed	3	**3**	0
Total	120	**150**	30
By province:			
Shanghai	33	**42**	9
Beijing	8	**11**	3
Guangdong (excluding Shenzhen)	12	**15**	3
Shenzhen	11	**16**	5
Jiangsu	12	**13**	1
Zhejiang	3	**3**	0
Sichuan	3	**5**	2
Chongqing	4	**4**	0
Fujian	3	**5**	2
Hunan	0	**1**	1
Hubei	3	**3**	0
Liaoning	4	**4**	0
Shandong	9	**9**	0
Hong Kong	15	**19**	4
Total	120	**150**	30
By region:			
North China			
East China	21	**24**	3
South China	48	**58**	10
Central China	41	**55**	14
	10	**13**	3
Total	120	**150**	30
Total saleable area	34,329 sq meter	**40,620 sq meter**	6,291 sq meter

Note: during the reporting period, the Group expanded its restaurant network to Xiamen, Fujian and Mianyang, Sichuan.

The following table illustrates our restaurant breakdown by format:

	31 December 2006	**30 June 2007**	+/-
By format:			
Flagship	16	**17**	1
Standard	94	**123**	29
Economy	10	**10**	0
Total	120	**150**	30

Our menu is designed to suit the tastes of customers from different regions in the PRC and Hong Kong. Combining Japanese-style dishes with Chinese food culture and dining habits, the dishes we offer comprise more than 110 food product offerings on a menu that is updated twice a year.

Packaged food products

Packaged noodles under the Ajisen brand name is a complement for the robust family of Ajisen and an integral part of our multi-brand strategy. All packaged noodles are manufactured in Shanghai, Shenzhen and Hong Kong in the Group's own food manufacturing and processing facilities, which cover a total area of over 17,900 square meters, using well-recognized advanced Japanese technology.

For the six months ended 30 June 2007, sales of packaged food products recorded RMB24,295,000, accounting for 6.2% of the Group's total turnover.

FINANCIAL REVIEW

Turnover

Turnover from restaurant operations of the Group increased by approximately RMB114,819,000, or approximately 41.6%, from approximately RMB276,056,000 for the six months ended 30 June 2006, to approximately RMB390,875,000 for the same period in 2007. Such increase was mainly due to an increase in the number of chain restaurants from 120 as at 31 December 2006 to 150 as at 30 June 2007.

Cost of sales

Cost of sales of the Group increased by approximately RMB22,140,000 or 21.6%, from approximately RMB102,467,000 for the six months ended 30 June 2006, to approximately RMB124,607,000 for the same period in 2007 which was less than the growth of our turnover. Mainly due to the increased prices in food products in our chain restaurants and effective cost control, cost of sales decreased in the first half of 2007, representing approximately 31.9% of the turnover, as compared to 37.1% for the same period in 2006.

Gross profit

As a result of the above, gross profit of the Group increased by approximately RMB92,679,000 or 53.4%, from approximately RMB173,589,000 for the six months ended 30 June 2006, to approximately RMB266,268,000 for the same period in 2007. The gross profit margin increased to 68.1% in the first six months of 2007, as compared to 62.9% for the same period in 2006.

Other income

Other income of the Group increased by approximately RMB42,906,000, from approximately RMB17,996,000 for the six months ended 30 June 2006, to approximately RMB60,902,000 for the same period in 2007, primarily due to: (i) the management fees received from restaurants operated in Shenzhen increased by approximately RMB4,000,000, and (ii) interest from bank deposit of the Company increased significantly by approximately RMB37,605,000.

Distribution and selling expenses

Distribution and selling expenses of the Group increased by approximately RMB38,542,000 or 56.2%, from approximately RMB68,636,000 for the six months ended 30 June 2006, to approximately RMB107,178,000 for the same period in 2007, primarily due to the increase in salary and welfare expenses of restaurant staff, utility charges, costs of consumables and utensils and depreciation costs incurred in connection with the increase in the number of chain restaurants operated by the Company. For the first six months of 2007, distribution and selling expenses as a percentage of our turnover were approximately 27.4%, compared to approximately 24.9% for the same period in 2006.

Administrative expenses

Administrative expenses of the Group increased by approximately RMB17,719,000 or 113.9%, from approximately RMB15,554,000 for the six months ended 30 June 2006, to approximately RMB33,273,000 for the same period in 2007, primarily due to an increase in administrative staff salaries and directors' welfare and expenses incurred in relation to the listing on the Stock Exchange on 30 March 2007. For the first six months in 2006 and 2007, administrative expenses as a percentage of our turnover were 5.6% and 8.5%, respectively.

Profit before taxation

Profit before taxation increased by approximately RMB61,052,000 or 87.7%, from approximately RMB69,649,000 for the six months ended 30 June 2006, to approximately RMB130,701,000 for the same period in 2007, as a result of the cumulative effect of the foregoing factors.

Assets and liabilities

As at 30 June 2007, net current assets were approximately RMB1,744,576, with a current ratio of 14.0. As we are primarily engaged in the restaurant business, most of our sales are in cash. As a result, we are able to maintain a relatively high current ratio to achieve better use of our working capital.

Cashflow

Net cash inflow from operations for the six months ended 30 June 2007 was approximately RMB122,312,000, while our profit before taxation for the same period was approximately RMB130,701,000. The Directors recognized that there was an event in April 2007 which involved a subsidiary of the Company applying approximately HK$206.2 million from its internal resources HK$20.7 million and bridge financing from bank HK$185.5 million for subscription of new shares offered by an independent third party company to be listed on the Hong Kong Stock Exchange. The Company was allotted shares of HK$1,676,041 and such shares were all sold on in late April 2007 with a total net gain of HK$773,093. The subsidiary of the Company did not involve in any further securities dealings thereafter. In this regards, the Directors have conducted a detail review of the event and resolved that the Company should not engage in any securities dealings in the future without the full board's prior approval. The difference was primarily due to the increase in inventories and the increase in trade and other payables, partially offset by an increase in trade and other payables. The increase in inventories and trade and other payables was primarily due to the increased purchase of raw materials and other goods from suppliers as a result of the increase in the number of chain restaurants managed and owned by the Group during the period. The increase in trade and other receivables was primarily due to the higher sales volume in the sale of noodles and related products and an increase in rental deposits resulted from the increase in the number of chain restaurants managed and owned by us during the period.

Capital expenditure

Capital expenditures were approximately RMB91,039,000 for the six months ended 30 June 2007, which was primarily related to our purchase of property, plant and equipment and opening of new restaurants.

KEY OPERATING RATIOS FOR RESTAURANT OPERATIONS

	Hong Kong	**PRC**
Comparable restaurant Sales growth:	1.9%	5.8%
Turnover per GFA:	HK$289/day	HK$53/day
Turnover per day per restaurant:	HK$17,747/restaurant/day	HK$16,800/restaurant/day
Traffic flow per day:	510 persons/restaurant/day	620 persons/restaurant/day
Per capita spending:	HK$54	HK$33
Table turnover per day:	8/day	6/day

Outlook for the second half of 2007 and beyond

It is the goal of Ajisen (China) to be the leading FCR chain operator in the PRC. In the future, the Group will take full advantage of our renowned brand to accelerate the expansion of restaurant network, and promote the standardized production equipped with professional management team, as well as to further segment the market and implement multi-brand strategy.

Accelerate expansion of FCR network and ensure the quality of operation and management. Chain restaurants are the prime and major business of the Group. It is the foundation for the Group to sustain an integrated operation of FCR in a rapidly expanding manner. On the basis of strong management, standardization and quality control measures, the Group will be able to boost its standardized production to provide uniform products for all of its FCR. Meanwhile, standardized production will ensure consistent quality, realize economy of scale and speed up business expansion, and also make a quick response to the market needs.

Continue to expand new network on the premise of high quality operation and management. By the end of 2007 and 2008, we aim to have over 200 and 320 restaurants respectively. To achieve this goal, we plan to start our sub-franchising system in addition to the organic growth in the existing markets such as Shanghai, Shenzhen, Hong Kong, Beijing and Chengdu. The renowned brand of Ajisen has attracted numerous potential sub-franchisees. Currently, the Group has contracted for three sub-franchise stores in Hong Kong airport and Hainan airport. We expect 10 sub-franchises to be established by the end of 2007 and 50 in 2008.

Maintain the diversification of our products and increase the market share. The management believes that with the matured development of FCR, the customers will be more diversified with different and distinct demands. The Group will continuously innovate and develop extensive range of food as well as introduce a wider variety of packaged food products, to meet the various taste buds of our growing customer base. Furthermore, we will launch other products, such as tableware and condiments for noodles. We will leverage on our know-how in Japanese food and Japanese food production technology to expand our customer base and reach new consumer segments in the casual dining value chain. Currently, the "Ajisen" brand is targeted at the mass market with an average spending of around HK$54 per head in Hong Kong and around RMB33 in mainland China.

Implement a multi-brand strategy within the FCR business. We intend to capture potential business opportunities in the fast-growing FCR market in mainland China and Hong Kong by implementing a multi-brand strategy. In addition to strengthen and lead the development of FCR in the PRC, we will look for other emerging business models and explore the possibility of mergers and acquisitions, as well as the opportunity for Ajisen to establish multi brands in FCR business, so as to maintain our leading position in the market. We expect plenty of room for future expansion and health pace of growth in this year and beyond. We will seek the possibilities of having strategic alliances with other overseas brands as well.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither Ajisen nor its subsidiaries purchased, sold or redeemed any of the listed securities of the Company during the six months ended 30 June 2007.

CODE ON CORPORATE GOVERNANCE PRACTICES

For the six months ended 30 June 2007, the Company has complied with all code provisions under the Code on Corporate Governance Practices (the "Code") as set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"), except that the only deviation of the Company is the code provision A.2 of the Code, namely, the roles of the chairman and chief executive officer have not been separated. Although Ms. Poon Wai performs both the roles of Chairman and Chief Executive Officer, the division of responsibilities between the Chairman and Chief Executive Officer 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 Chief Executive Officer is responsible for the management of the business of the Group. The two roles will be performed by Ms. Poon distinctly. It is the long-term objective of the Company to have these two roles performed by separate individuals when suitable candidates are identified. Therefore, at this stage, the deviation is deemed appropriate as the Board believes that vesting the roles of both Chairman and Chief Executive Officer in the same person provides the Company with strong and consistent leadership and allows for effective and efficient planning and implementation of business decisions and strategies. It also considers that the current structure does not impair the balance of power and authority between the Board and the management of the Company.

Details of the Company's corporate governance will be set out in the Company's 2007 Interim Report.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding securities transactions by Directors on terms no less exacting than the required standard (the "Required Standard") as set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Listing Rules. The Company has made specific enquiry to all Directors, and all Directors have confirmed that, throughout the six months ended 30 June 2007, they were in compliance with the Required Standard.

AUDIT COMMITTEE

The Audit Committee was set up on 8 March 2007 with written terms of reference in compliance with the Listing Rules and the Code. The principal duties of the Audit Committee include overseeing the Company's relationship with its external auditors, reviewing the preliminary results, interim results and annual financial statements of the Group and supervising the financial reporting process and the internal control procedure of the Group. These interim results have been reviewed by the Audit Committee.

The 2007 Interim Report of the Company will be despatched to the shareholders of the Company and will also be published on the Company's websites at www.ajisen.com.hk and www.ajisen.com.cn and the Stock Exchange's website at www.hkex.com.hk in due course.

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

Hong Kong, 4 September 2007

As at the date of this announcement the Board comprises, Ms. Poon Wai, Mr. Yin Yibing and Mr. Poon Ka Man, Jason as executive Directors; Mr. Katsuaki Shigemitsu and Mr. Wong Hin Sun, Eugene as non-executive Directors; and Mr. Lo Peter, Mr. Jen Shek Voon and Mr. Yan Yu as independent non-executive Directors.

Certain statements contained in this announcement, such as statements regarding the business outlook of the Group, business plan and developing strategy projections, may be viewed as "forward-looking statements". Such forward-looking statements are made on the basis of existing information of the Group as well as the then outlook at the date of this Announcement, and are incorporated into this Announcement. Such forward-looking statements are made pursuant to certain predictions, assumptions and prerequisites, some of which involve subjective factors or factors out of our control. They may be proved untrue or may not be realized in the future. These forward-looking statements involve known and unknown risks and uncertainties and further information regarding these risks, uncertainties is included in other disclosed documents of the Company.