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)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2023

2023 ANNUAL RESULTS HIGHLIGHTS

	For the year ended 31 December		
	2023	2022	**Increase**
	(RMB'000)	*(RMB'000)*	%
Turnover	**1,815,406**	1,429,792	27.0
Sales from restaurant operation	**1,734,200**	1,339,611	29.5
Gross profit	**1,373,330**	1,054,959	30.2
Profit (loss) from operation	**126,842**	(114,084)	N/A
Profit (loss) before tax	**247,875**	(176,765)	N/A
Profit (loss) attributable to owners of the Company	**181,188**	(143,906)	N/A
Basic earnings (loss) per share (RMB)	**0.17**	(0.13)	N/A
Recommended final dividend per share (RMB)	**0.08**	0.06	
	(HK$8.6 cents)	(HK$6.8 cents)	
Total number of restaurants (as at 31 December)	**562**	597	

ANNUAL RESULTS

The board (the "Board") of directors (the "Directors") of Ajisen (China) Holdings Limited (the "Company" or "Ajisen") is pleased to announce the audited consolidated annual results of the Company and its subsidiaries (the "Group") for the year ended 31 December 2023 together with the comparative figures for the year ended 31 December 2022 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2023

	NOTES	**2023** *RMB'000*	2022 *RMB'000*
Revenue	*3*	**1,815,406**	1,429,792
Cost of inventories consumed		**(442,076)**	(374,833)
Staff costs	*7*	**(475,830)**	(425,410)
Depreciation	*7*	**(316,692)**	(367,489)
Other operating expenses		**(453,966)**	(376,144)
Profit (loss) from operation		**126,842**	(114,084)
Other income	*4*	**109,842**	87,408
Impairment losses under expected credit loss model, net of reversal		**(1,452)**	(500)
Impairment loss recognised in respect of			
– property, plant and equipment		**(961)**	(4,125)
– right-of-use assets		**(2,625)**	(18,758)
– interests in associates	*11*	**(987)**	(16,953)
Other gains and losses	*5*	**37,236**	(78,519)
Share of loss of associates		**(1,901)**	(3,488)
Share of gain (loss) of a joint venture		**1,059**	(1,729)
Finance costs	*6*	**(19,178)**	(26,017)
Profit (loss) before tax		**247,875**	(176,765)
Income tax (expense) credit	*8*	**(55,348)**	20,397
Profit (loss) for the year		**192,527**	(156,368)
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		**7,851**	52,019
Other comprehensive income for the year, net of income tax		**7,851**	52,019
Total comprehensive income (expense) for the year		**200,378**	(104,349)

	NOTE	2023 RMB'000	2022 RMB'000
Profit (loss) for the year attributable to:			
Owners of the Company		**181,188**	(143,906)
Non-controlling interests		**11,339**	(12,462)
		192,527	(156,368)
Total comprehensive income (expense) attributable to:			
Owners of the Company		**189,440**	(96,322)
Non-controlling interests		**10,938**	(8,027)
		200,378	(104,349)

	NOTE	2023 RMB	2022 RMB
Earnings (loss) per share	*10*		
– Basic		**0.17**	(0.13)
– Diluted		**0.17**	(0.13)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2023

	NOTES	2023 RMB'000	2022 RMB'000
Non-current assets			
Investment properties		**1,007,255**	999,262
Property, plant and equipment		**349,071**	405,554
Right-of-use assets		**423,864**	445,273
Goodwill		**1,355**	1,342
Intangible assets		**1,506**	1,313
Interests in associates	*11*	**43,110**	45,980
Interest in a joint venture		**7,820**	6,761
Rental deposits		**60,752**	67,709
Deferred tax assets		**38,982**	47,604
Financial assets at fair value through profit or loss ("FVTPL")	*12*	**125,867**	125,444
		2,059,582	2,146,242
Current assets			
Inventories		**76,247**	99,306
Trade and other receivables	*13*	**177,852**	154,599
Taxation recoverable		**28**	1,026
Restricted bank deposits		**15,136**	2,300
Financial assets at FVTPL	*12*	**25,031**	–
Bank balances and cash		**1,607,635**	1,465,111
		1,901,929	1,722,342
Current liabilities			
Trade and other payables	*14*	**249,488**	255,102
Lease liabilities		**168,231**	237,031
Contract liabilities		**1,439**	2,559
Amounts due to related companies		**1,819**	5,644
Amounts due to directors		**604**	549
Amounts due to non-controlling interests		**13,543**	13,538
Amount due to associates		**2,247**	2,215
Amount due to a joint venture		**350**	289
Taxation payable		**24,234**	14,051
Bank borrowings		**5,247**	5,243
		467,202	536,221
Net current assets		**1,434,727**	1,186,121
Total assets less current liabilities		**3,494,309**	3,332,363

	2023	2022
	RMB'000	*RMB'000*
Non-current liabilities		
Lease liabilities	**234,074**	225,685
Bank borrowings	**32,237**	35,174
Deferred tax liabilities	**167,945**	143,118
Financial liabilities at FVTPL	**2,127**	7,074
	436,383	411,051
Net assets	**3,057,926**	2,921,312
Capital and reserves		
Share capital	**108,404**	108,404
Reserves	**2,891,987**	2,766,311
Equity attributable to owners of the Company	**3,000,391**	2,874,715
Non-controlling interests	**57,535**	46,597
Total equity	**3,057,926**	2,921,312

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

1. GENERAL INFORMATION

Ajisen (China) Holdings Limited (the "Company") was 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") on 30 March 2007. Its immediate holding company is Favor Choice Group Limited, a company which is incorporated in the British Virgin Islands and wholly-owned by Anmi Holding Company Limited, a company which is incorporated in the British Virgin Islands and wholly-owned by Anmi Trust and controlled by Ms. Poon Wai ("Ms. Poon") who is also the Chairwoman and Managing Director of the Company.

The principal activities of the Company and its subsidiaries (the "Group") are operation of restaurants, manufacture and sales of noodles and related products, and investment holding. The consolidated financial statements are presented in Renminbi ("RMB"), which is also the functional currency of the Company and the Mainland China operating subsidiaries of the Company. The functional currency of Hong Kong operating subsidiaries is Hong Kong dollars ("HK$").

2. APPLICATION OF NEW AND AMENDMENTS TO HKFRSs AND AGENDA DECISIONS OF THE HKFRS INTERPRETATIONS COMMITTEE (THE "COMMITTEE")

New and amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following new and amendments to HKFRSs issued by the HKICPA for the first time, which are mandatorily effective for the Group's annual period beginning on 1 January 2023 for the preparation of the consolidated financial statements:

HKFRS 17 (including the October 2020 and February 2022 Amendments to HKFRS 17)	Insurance Contracts
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to HKAS 12	International Tax Reform-Pillar Two model Rules
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies

Except as described below, the application of the new and amendments to HKFRSs and the Committee's agenda decision in the current year has had no material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

2.1 Impacts on application of Amendments to HKAS 12 Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The Group has applied the amendments for the first time in the current year. The amendments narrow the scope of the recognition exemption of deferred tax liabilities and deferred tax assets in paragraphs 15 and 24 of HKAS 12 Income Taxes so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences.

In accordance with the transition provision:

(i) the Group has applied the new accounting policy retrospectively to leasing transactions that occurred on or after 1 January 2022;

(ii) the Group also, as at 1 January 2022, recognised a deferred tax asset (to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised) and a deferred tax liability for all deductible and taxable temporary difference associated with right-of-use-assets and lease liabilities.

The application of the amendments has had no material impact on the Group's financial position and performance, except that the Group recognised the related deferred tax assets of RMB133,192,000 and deferred tax liabilities of RMB133,192,000 on a gross basis but it has no impact on the retained earnings at the earliest period presented.

2.2 Impacts on application of Amendments to HKAS 1 and HKFRS Practice Statement 2 Disclosure of Accounting Policies

The Group has applied the amendments for the first time in the current year. HKAS 1 Presentation of Financial Statements is amended to replace all instances of the term "significant accounting policies" with "material accounting policy information". Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The amendments also clarify that accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material. If an entity chooses to disclose immaterial accounting policy information, such information must not obscure material accounting policy information.

HKFRS Practice Statement 2 Making Materiality Judgements (the "Practice Statement") is also amended to illustrate how an entity applies the "four-step materiality process" to accounting policy disclosures and to judge whether information about an accounting policy is material to its financial statements. Guidance and examples are added to the Practice Statement.

The application of the amendments has had no material impact on the Group's financial positions and performance but has affected the disclosure of the Group's accounting policies.

Amendments to HKFRSs in issue but not yet effective

The Group has not early applied the following new and amendments to HKFRSs that have been issued but are not yet effective:

Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[1]
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback[2]
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)[2]
Amendments to HKAS 1	Non-current Liabilities with Covenants[2]
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements[2]
Amendments to HKAS 21	Lack of Exchangeability[3]

1 Effective for annual periods beginning on or after a date to be determined

2 Effective for annual periods beginning on or after 1 January 2024

3 Effective for annual periods beginning on or after 1 January 2025

The directors of the Company anticipate that the application of all the amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

3. OPERATING SEGMENTS

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

Specifically, the Group's reportable segments under HKFRS 8 *Operating Segments* are as follows:

Operation of restaurants	– operation of restaurants in Mainland China – operation of restaurants in Hong Kong
Manufacture and sales of noodles and related products	– manufacture and sales of noodles and related products in Mainland China and Hong Kong
Investment holding	– investments in properties, investments in financial instruments and interests in associates and a joint venture

Information regarding these segments is presented below.

Segment revenues and results

The following is an analysis of the Group's revenue and results from continuing operations by reportable segments:

For the year ended 31 December 2023

	Operation of restaurants			Manufacture and sales of noodles				
	Mainland China	**Hong Kong**	**Total**	**and related products**	**Investment holding**	**Total reportable segments**	**Eliminations**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
SEGMENT REVENUE								
– External sales	**1,534,269**	**199,931**	**1,734,200**	**81,206**	**–**	**1,815,406**	**–**	**1,815,406**
– Inter-segment sales	**–**	**–**	**–**	**620,941**	**–**	**620,941**	**(620,941)**	**–**
	1,534,269	**199,931**	**1,734,200**	**702,147**	**–**	**2,436,347**	**(620,941)**	**1,815,406**
Segment profit	**180,332**	**8,712**	**189,044**	**2,310**	**58,378***	**249,732**	**–**	**249,732**
Interest income								**31,425**
Unallocated administrative expenses								**(32,200)**
Unallocated finance costs								**(1,082)**
Profit before tax								**247,875**
Income tax expense								**(55,348)**
Profit for the year								**192,527**

For the year ended 31 December 2022

	Operation of restaurants			Manufacture and sales of noodles and related products	Investment holding	Total reportable segments	Eliminations	Total
	Mainland China	Hong Kong	Total					
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
SEGMENT REVENUE								
– External sales	1,186,012	153,599	1,339,611	90,181	–	1,429,792	–	1,429,792
– Inter-segment sales	–	–	–	535,461	–	535,461	(535,461)	–
	1,186,012	153,599	1,339,611	625,642	–	1,965,253	(535,461)	1,429,792
Segment (loss) profit	(146,261)	(32,974)	(179,235)	3,598	28,804*	(146,833)	–	(146,833)
Interest income								20,473
Unallocated administrative expenses								(48,949)
Unallocated finance costs								(1,456)
Loss before tax								(176,765)
Income tax credit								20,397
Loss for the year								(156,368)

* Segment profit (loss) in investment holding segment included share of loss of associates and joint venture totalling RMB842,000 (2022: RMB5,217,000) for the current and prior reporting periods respectively.

Other information

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment profit (loss) represents the profit earned by/loss incurred from each segment without allocation of interest income, certain administrative expenses, certain finance costs and income tax (expense) credit. This is the measure reported to the CODM, Ms. Poon, for the purposes of resource allocation and assessment of segment performance.

Inter-segment sales are charged at prevailing market rates.

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

All of the Group's non-current assets, including investment properties, property, plant and equipment, right-of-use assets, goodwill, intangible assets, interests in associates (other than loan to an associate) and a joint venture are located in the Group entities' regions of domicile, Mainland China and Hong Kong.

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

	Revenue from external customers		Non-current assets	
	Year ended 31 December		Year ended 31 December	
	2023	2022	**2023**	2022
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Mainland China	**1,609,482**	1,270,628	**1,343,385**	1,445,277
Hong Kong	**205,924**	159,164	**489,243**	458,873
	1,815,406	1,429,792	**1,832,628**	1,904,150

Note: Non-current assets excluded financial assets at FVTPL, loan to an associate, rental deposits and deferred tax assets.

None of the customers accounted for 10% or more of the total revenue of the Group during the current and prior reporting periods.

4. OTHER INCOME

	2023	2022
	RMB'000	*RMB'000*
Royalty income from sub-franchisee *(note i)*	**7,650**	6,287
Gross rental income from investment properties *(note ii)*	**41,525**	33,186
Less: direct operating expenses incurred for investment properties that generated rental income during the year	**(1,726)**	(2,400)
	39,799	30,786
Bank interest income	**31,425**	20,473
Government grants *(note iii)*	**10,101**	18,574
Compensation received from landlord for early termination of operating leases of restaurants	**379**	100
Waive of franchise commission payable to a related party *(note iv)*	**12,049**	6,144
Others	**8,439**	5,044
	109,842	87,408

Notes:

(i) The Group grants to the franchisees the rights to operate restaurants with the brand "Ajisen" for fixed contract terms. Royalty income is recognised over time by reference to the amounts specified in the contract.

(ii) Property rental income are recognised on a straight-line basis over the terms of the relevant leases. All the leases for the years ended 31 December 2023 and 2022 were operating leases with fixed lease payments.

(iii) During the year ended 31 December 2023, the Group recognised government grants of RMB10,101,000 that represents the incentive subsidies received from the Mainland China local district authorities for the business activities carried out by the Group. There are no specific conditions attached to the grants received from Mainland China local district authorities.

During the year ended 31 December 2022, the Group recognised government grants of RMB9,822,000 received under the Covid-19-related subsidies provided by the Hong Kong government, of which RMB4,659,000 related to Anti-epidemic Fund and RMB5,163,000 related to Employment Support Scheme. For the government grant received from the Hong Kong government, the Group is required to hire numbers of working employees not less than the number reported to the government. The remaining amounts of government grants represent the incentive subsidies received from the Mainland China local district authorities for the business activities carried out by the Group. There are no specific conditions attached to the grants received from Mainland China local district authorities.

(iv) During the year ended 31 December 2023, franchise commission payable to a related party, namely Shigemitsu Industry Co. Ltd ("Shigemitsu Industry"), has been waived under terms mutually agreed between the Group and Shigemitsu Industry.

5. OTHER GAINS AND LOSSES

	2023	2022
	RMB'000	*RMB'000*
Fair value gain (loss) on investment properties	**8,822**	(29,803)
Loss on disposal of property, plant and equipment	**(3,479)**	(13,592)
Net gain on termination of right-of-use assets and lease liabilities	**3,239**	6,835
Fair value gain (loss) on financial assets at FVTPL	**23,935**	(63,876)
Fair value gain on financial liabilities at FVTPL	**4,947**	28,946
Dividends from financial assets at FVTPL	**–**	753
Net foreign exchange loss	**(228)**	(6,371)
Loss on de-registration of subsidiaries	**–**	(1,411)
	37,236	(78,519)

6. FINANCE COSTS

	2023	2022
	RMB'000	*RMB'000*
Interest on lease liabilities	**18,096**	24,561
Interest on bank borrowings	**1,082**	1,456
	19,178	26,017

7. PROFIT (LOSS) BEFORE TAX

	2023 *RMB'000*	2022 *RMB'000*
Profit (loss) before tax has been arrived at after (crediting) charging:		
Directors' remuneration	**4,195**	3,765
Salaries, wages and other benefits	**424,247**	366,439
Retirement benefits scheme contributions	**45,659**	52,214
Share-based payment	**1,729**	2,992
Total staff costs	**475,830**	425,410
Depreciation of property, plant and equipment	**113,283**	131,095
Depreciation of right-of-use assets	**203,409**	236,394
Total depreciation	**316,692**	367,489
Covid-19-related rent concessions	**–**	(41,423)
Auditor's remuneration	**3,100**	3,250
Non-audit services	**400**	–

8. INCOME TAX EXPENSE (CREDIT)

	2023 *RMB'000*	2022 *RMB'000*
Hong Kong Profits Tax		
– Current year	**2,925**	1,906
– Under (over) provision in prior years	**372**	(275)
	3,297	1,631
Mainland China Income Tax		
– Current year	**18,879**	4,413
– (Over) under provision in prior years	**(277)**	100
	18,602	4,513
Withholding tax	**–**	6,937
Deferred taxation expense (credit)	**33,449**	(33,478)
	55,348	(20,397)

Under the two-tiered profits tax rates regime of Hong Kong Profits Tax, the first HK$2 million of the qualifying group entity will be taxed at 8.25%, and profits above HK$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%. Accordingly, the Hong Kong Profits Tax of the qualifying group entity is calculated at 8.25% on the first HK$2 million of the estimated assessable profits and at 16.5% on the estimated assessable profits above HK$2 million.

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the subsidiaries in Mainland China are subject to EIT rate of 25%.

9. DIVIDENDS

	2023	2022
	RMB'000	*RMB'000*
Dividends for ordinary shareholders of the Company recognised as distribution during the year:		
Final, paid – RMB0.06 (HK$0.068) per share for 2022 (2022: paid – RMB0.08 (HK$0.098) per share for 2021)	**65,493**	91,480
	65,493	91,480

Subsequent to the end of the reporting period, a final dividend in respect of the year ended 31 December 2023 of RMB0.08 (HK$0.086) (2022: final dividend in respect of the year ended 31 December 2022 of RMB0.06 (HK$0.068)) per ordinary share, in an aggregate amount of RMB87,323,000 (HK$93,872,000) (2022: RMB65,492,000 (HK$74,225,000)), has been proposed by the directors of the Company and is subject to approval by the shareholders in the annual general meeting.

10. EARNINGS (LOSS) PER SHARE

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

Earnings (loss) figures are calculated as follows:

	2023	2022
	RMB'000	*RMB'000*
Earnings (loss) for the purposes of basic and diluted earnings per share, being earnings (loss) for the year attributable to owners of the Company	**181,188**	(143,906)

Number of shares

	2023	2022
Weighted average number of ordinary shares for the purpose of calculating basic and diluted earnings (loss) per share	**1,091,538,820**	1,091,538,820

During the year ended 31 December 2023, the computation of diluted earnings per share did not assume the exercise of outstanding share options of the Company as the exercise price of the Company's outstanding options is higher than the average market price of the Company's share.

During the year ended 31 December 2022, the computation of diluted loss per share did not assume the exercise of outstanding share options of the Company as this would result in the decrease in the loss per share.

11. INTERESTS IN ASSOCIATES

	2023 *RMB'000*	2022 *RMB'000*
Cost of investment in associates	**161,341**	161,341
Share of post-acquisition results and other comprehensive expense, net of dividends received	**(8,911)**	(7,010)
	152,430	154,331
Less: Accumulated impairment losses recognised *(note i)*	**(110,673)**	(109,686)
Loan to an associate *(note ii)*	**1,353**	1,335
	43,110	45,980

Notes:

(i) During the year ended 31 December 2023, in view of the poor performance of certain associates, the directors of the Company estimated that the recoverable amount of the interests in these associates, which is the higher of value in use and fair value less costs of disposal, to be less than its carrying amount. Following the impairment assessment, the carrying amount of the interests in these associates was reduced to the extent of its estimated recoverable amount accordingly.

For interest in Guangzhou Yunnex Information Technology Co., Ltd., ("Yunnex"), the recoverable amount is determined based on fair value less costs of disposal. As at 31 December 2023, Yunnex has been fully impaired (carrying amount as at 31 December 2022: RMB987,000). An impairment loss of RMB987,000 (2022: RMB16,953,000) has been recognised for the year ended 31 December 2023.

(ii) Loan to an associate forms part of the net interests in the associate. The amount is unsecured, interest free and is repayable as may from time to time be agreed among the shareholders.

12. FINANCIAL ASSETS AND LIABILITIES AT FVTPL

Financial assets at FVTPL

	2023	2022
	RMB'000	*RMB'000*
Current asset:		
Wealth management product *(note i)*	**25,031**	–
Non-current assets:		
Unlisted equity investments and fund investments *(note ii)*	**125,867**	125,444
	150,898	125,444

The components of unlisted equity instruments and fund investments are as follows:

	2023	2022
	RMB'000	*RMB'000*
Guangzhou Yunxi Information Technology Co., Ltd.	**5,961**	24,348
Anhui Jiahua Anyuan Investment Fund Partnership (Limited Partnership)	**13,254**	60,243
Guangzhou Hezhi Investment Center (Limited Partnership)	**75,509**	27,440
Jialan Jiahua (Tianjin) Venture Capital Fund Partnership (Limited Partnership)	**20,000**	–
Others	**11,143**	13,413
	125,867	125,444

	2023	2022
	RMB'000	*RMB'000*
Financial liabilities at FVTPL *(note ii)*	**2,127**	7,074

Notes:

(i) During the year ended 31 December 2023, the Group enters into a contract of wealth management product with a bank which the maturity term is within 12 months, and the expected return rates vary from 1.32% to 1.91% per annum.

(ii) Financial assets and liabilities at FVTPL are classified as non-current as the directors of the Company expect to realise and/or settle these financial assets and liabilities not earlier than twelve months from the end of the reporting period.

13. TRADE AND OTHER RECEIVABLES

	2023	2022
	RMB'000	*RMB'000*
Trade receivables		
– contracts with customers (third parties)	**32,989**	19,145
Less: allowance for credit losses	**(1,879)**	(680)
	31,110	18,465
Other receivables		
Rental and utility deposits	**31,448**	41,709
Prepaid management fee and property rental *(note)*	**15,639**	4,416
Advance to suppliers	**27,535**	34,000
Deductible value added tax	**41,521**	36,029
Lease receivables	**18,376**	13,408
Prepayments	**4,625**	2,718
Staff advance	**9,400**	5,921
Others	**7,966**	7,448
	156,510	145,649
Less: allowance for credit losses	**(9,768)**	(9,515)
	146,742	136,134
	177,852	154,599

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

Customers relating to manufacture and sales of noodles and related products are normally granted 0 to 90 days (2022: 0 to 90 days) credit period upon issuance of invoices, except for certain well established customers for which the credit terms are up to 180 days (2022: 180 days). There is no credit period for customers relating to sales from operation of restaurants, unless when the payments are made through payment platforms, in which case the trade receivables are normally settled within 30 days.

The following is an aging analysis of trade receivables net of allowance for credit losses presented based on the invoice dates at the end of the reporting period, which approximated the respective revenue recognition dates:

	2023	2022
	RMB'000	*RMB'000*
0 to 30 days	**23,165**	13,487
31 to 60 days	**1,333**	1,280
61 to 90 days	**5,158**	2,764
91 to 180 days	**261**	256
180 to 365 days	**1,193**	678
	31,110	18,465

As at 31 December 2023, included in the Group's trade receivables are debtors with aggregate carrying amount of RMB1,901,000 (2022: RMB1,140,000) which are past due 90 days or more as at the reporting date. These past due balances are not considered as default as these balances are mainly due from customers with good credit quality. The Group does not hold any collateral over the balances.

14. TRADE AND OTHER PAYABLES

	2023	2022
	RMB'000	*RMB'000*
Trade payables		
– related parties *(note)*	**32,785**	36,190
– third parties	**62,863**	56,891
	95,648	93,081
Other payables		
Payroll and welfare payables	**30,495**	42,458
Rental deposits received	**14,039**	11,371
Payable for acquisition of property, plant and equipment	**24,010**	25,422
Payable for variable lease payments	**15,541**	13,579
Other taxes payable	**7,374**	10,337
Others	**62,381**	58,854
	249,488	255,102

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

The average credit period for purchase of goods is 60 days (2022: 60 days). The following is an aged analysis of trade payables presented based on invoice dates at the end of the reporting period:

Aging	**2023**	2022
	RMB'000	*RMB'000*
0 to 30 days	**69,928**	72,371
31 to 60 days	**19,684**	13,522
61 to 90 days	**344**	468
91 to 180 days	**1,615**	391
Over 180 days	**4,077**	6,329
	95,648	93,081

DIVIDEND

A final dividend of RMB0.08 (HK$8.6 cents) per ordinary share (2022: a final dividend of RMB0.06 (HK$6.8 cents) per ordinary share) for the year ended 31 December 2023 has been proposed by the Board and is subject to the approval by the shareholders of the Company (the "Shareholders") at the annual general meeting ("AGM") to be held on 13 June 2024. The Company had continuously paid a final dividend to its Shareholders since the year ended 31 December 2007. The proposed final dividend is expected to be paid on or about 15 August 2024. No interim dividend were paid for the year ended 31 December 2023 and 2022.

MANAGEMENT DISCUSSION AND ANALYSIS

Industry Review

During the year ended 31 December 2023 (the "Period"), facing the complex and severe international environment and the tasks of reform, development and stabilization at home, all regions and departments in China adhered to the general working guideline of pursuing progress while maintaining stability, implemented the new development concept in a complete, accurate and comprehensive manner, accelerated the construction of a new development pattern, comprehensively deepened reform and opening up, strengthened macroeconomic control, and focused on expanding domestic demand, optimizing structure, boosting confidence, and preventing and defusing risks. Therefore, the national economy rebounded, and supply and demand improved steadily. According to the National Bureau of Statistics of China, during the Period, China's gross domestic product (GDP) amounted to RMB126,058.2 billion, representing a year-on-year increase of 5.2% (same period in 2022: 3.0%); the total retail sales of social consumer goods amounted to RMB47,149.5 billion, representing a year-on-year increase of 7.2%; the national per capita disposable income amounted to RMB39,218, representing a real growth of 6.1% over the same period last year; and the national consumer price index (CPI) increased by 0.2% year on year.

In 2023, with the orderly resumption of production and living and the continuous effectiveness of consumption promotion policies, the demand for catering consumption was significantly released, which promoted the rapid recovery of the catering industry and further boosted the development confidence, completely demonstrating the characteristics of strong resilience, great potential and full vitality of the catering economy. According to the National Bureau of Statistics of China, the national revenue of the catering industry for the Period was RMB5,289 billion, representing a year-on-year increase of 20.4%. According to iiMedia Research, as at 30 June 2023, the number of takeaway users reached 535 million, and the takeaway revenue contributed 21.4% of the total revenue of catering industry. The integrative development of online and offline operations has accelerated, the takeaway and dine-in business have achieved positive synergy, and the "dual model" layout has become the consensus of most catering enterprises.

Digital technology empowering the high-quality transformation and upgrading of the catering industry has become the main theme of the industry. The catering industry has begun its transformation from the digitalization of services, management and marketing to the digitalization of the entire industry chain. Under the new situation, the catering industry is accelerating the integration with digital technology, and digital acceleration has become an effective way to transform the business methods and operation patterns of enterprises and continuously improve anti-risk capability and core competitiveness, which will further promote digital growth to become an important barrier to the competition of catering enterprises.

In 2024, the catering industry will gradually return to normal operations, and market consumption will further recover. The Group will continue to conduct lean management, strictly control food quality and safety, continuously expand its restaurant network, actively promote internal change to accelerate digital upgrading, firmly grasp the dividends generated from the recovery of the industry, and capture new opportunities, so as to bring better return on investment to shareholders.

Business Review

During the Period, the Group's turnover was approximately RMB1,815 million, representing an increase of approximately 27.0% from approximately RMB1,430 million for the corresponding period in 2022.

During the Period, the Group's catering business gradually recovered from the pandemic, but due to the impact of the economic slowdown and global inflation, and the catering industry still encountered difficulties. The Group has continuously adjusted its operating strategy with an aim to pursue stable and sustainable operation.

During the past three years of the pandemic, the Group had actively streamlined its stores by shutting down those performing unsatisfactorily. The Group prudently evaluates the location of new stores and adopts a stable operation and store opening strategy, which allows us to focus our resources and efforts on the stores with higher profitability, and further optimize the operational efficiency of existing stores to improve overall profitability. Under inflationary pressure, the proportion of food cost and labor cost of the Group both recorded a decrease as a result of the Group's concerted efforts. In terms of food ingredients, the Group continuously optimized its supply chain and sought quality suppliers around the world to supply raw materials at stable prices. The Group has also maintained five major production bases in Mainland China, including those in Shanghai, Chengdu, Tianjin, Wuhan and Dongguan, which guaranteed the food quality, food safety and stable supply of the Group's restaurants. In terms of manpower, the Group continuously optimized the operational processes of the frontline and back offices to reduce manpower without compromising service quality.

The effective operation of the existing 562 restaurants of the Group would not be achieved without our efficient management and intensive staff training. The Group also strengthened the guidance and training for restaurant managers and regional supervisors, and enhanced the operational efficiency of each restaurant through constant improvement of the management ability of frontline employees.

The Group will closely monitor market conditions, respond quickly to market changes, and identify new opportunities while maintaining stability, so as to achieve the Group's objective of sustainable operation.

Retail Chain Restaurants

In 2023, the Group's major business and primary source of income continued to stem from the retail chain restaurant business. During the year, the Group's restaurant business income recorded approximately RMB1,734,200,000 (2022: RMB1,339,611,000), accounted for approximately 95.5% (2022: 93.7%) of the Group's total revenue.

As at 31 December 2023, the Group's restaurant portfolio consisted of 562 chain restaurants, comprising the following:

	31 December 2023	31 December 2022	+/–
By provinces/cities			
Shanghai	**101**	104	-3
Beijing	**31**	33	-2
Tianjin	**2**	2	-
Guangdong (excluding Shenzhen)	**61**	61	-
Shenzhen	**21**	19	+2
Jiangsu	**68**	71	-3
Zhejiang	**58**	61	-3
Sichuan	**11**	12	-1
Chongqing	**11**	10	+1
Fujian	**12**	10	+2
Hunan	**13**	13	-
Hubei	**12**	11	+1
Liaoning	**5**	12	-7
Shandong	**30**	37	-7
Guangxi	**16**	16	-
Guizhou	**3**	2	+1
Jiangxi	**13**	13	-
Shaanxi	**9**	10	-1
Yunnan	**10**	10	-
Henan	**5**	6	-1

	31 December 2023	31 December 2022	+/–
Hebei	**9**	11	-2
Anhui	**12**	15	-3
Xinjiang	**2**	2	-
Hainan	**2**	3	-1
Shanxi	**3**	4	-1
Neimenggu	**3**	4	-1
Heilongjiang	**9**	11	-2
Ningxia	**1**	1	-
Jilin	**6**	8	-2
Gansu	**-**	1	-1
Hong Kong	**21**	22	-1
Rome	**1**	1	-
Finland	**1**	1	-
Total	**562**	597	-35

	31 December 2023	31 December 2022	+/–
By geographical region			
Northern China	**95**	118	-23
Eastern China	**239**	251	-12
Southern China	**146**	144	+2
Central China	**80**	82	-2
Europe	**2**	2	-
Total	**562**	597	-35

Financial Review

Turnover

For the year ended 31 December 2023, the Group's turnover increased by approximately 27.0%, or approximately RMB385,614,000 to approximately RMB1,815,406,000 from approximately RMB1,429,792,000 for the corresponding period in 2022. Although the number of stores decreased during the period, with the gradual decline in the impact of the COVID-19 pandemic, the stores no longer needed to suspend operations for pandemic control measures, the stores resumed normal operations, leading to an increase in revenue.

Cost of inventories consumed

For the year ended 31 December 2023, the Group's cost of inventories increased by approximately 17.9%, or approximately RMB67,243,000 to approximately RMB442,076,000 from approximately RMB374,833,000 for the corresponding period in 2022.

During the year, the ratio of inventories cost to turnover was approximately 24.4%, which decreased by 1.8 percentage point from approximately 26.2% for the corresponding period in 2022 mainly due to the decline in the market prices of the main raw material, pork, compared to last year.

Gross profit and gross profit margin

Driven by the above factors, gross profit for the year ended 31 December 2023 increased by approximately 30.2%, or approximately RMB318,371,000 to approximately RMB1,373,330,000 from approximately RMB1,054,959,000 for the corresponding period in 2022.

Gross profit margin of the Group also increased to 75.6% from approximately 73.8% for the corresponding period in 2022.

Staff costs

For the year ended 31 December 2023, staff costs of the Group increased by approximately 11.9% or approximately RMB50,420,000 to approximately RMB475,830,000 from approximately RMB425,410,000 for the corresponding period in 2022.

Staff costs as a proportion to turnover decreased by 3.6 percentage points to 26.2% from approximately 29.8% for the corresponding period in 2022. The staff costs to turnover ratio decreased is mainly due to the increase in revenue, which improved the operating efficiency.

Depreciation

For the year ended 31 December 2023, depreciation of the Group decreased by approximately 13.8% to approximately RMB316,692,000 from approximately RMB367,489,000 for the corresponding period in 2022.

Both depreciation of right-of-use assets and depreciation of property, plant and equipment decreased during the year.

Depreciation of right-of-use assets decreased as a result of the decrease in the number of shops; depreciation of property, plant and equipment decreased due to the decrease in capital expenditure in recent years as a result of the COVID-19 pandemic, which slowed down the pace of store openings.

Other operating expenses

For the year ended 31 December 2023, other operating expenses increased by approximately 20.7% to approximately RMB453,966,000 from approximately RMB376,144,000.

The increase in other operating expenses is consistent with the growth in sales. After the pandemic, extending business hours has led to an increase in utilities and maintenances costs. The increase in takeaway orders has led to an increase in service charges for delivery platforms.

Set out below is the breakdown of the main operating expenses for the years ended 31 December 2023 and 2022.

	2023 ***RMB million***	2022 *RMB million*	% +/–
Utilities	**82.4**	73.5	+12.1
Store and factory management fee	**62.4**	66.3	-5.9
Service charges for delivery platforms	**57.6**	52.2	+10.3
Consumables & utensils	**42.0**	41.2	+1.9
Rental expenses under short-term lease	**29.1**	16.5	+76.4
Rental expenses under variable lease payment	**27.2**	17.9	+52.0
Logistics expenses	**26.4**	24.4	+8.2
Franchise expenses	**22.2**	23.7	-6.3
Advertising and promotions	**13.6**	11.6	+17.2
Travelling expenses	**6.8**	4.6	+47.8
Repairment and maintenance expenses	**5.2**	3.5	+48.6
Bank charges on credit card payment	**4.8**	3.3	+45.5
Auditors' remuneration	**3.1**	3.3	-6.1
Cleaning expenses	**2.5**	2.3	+8.7
Consultancy fee	**2.0**	1.0	+100

Other income

For the year ended 31 December 2023, other income of the Group increased by approximately 25.7% to approximately RMB109,842,000 from approximately RMB87,408,000 for the corresponding period in 2022.

The increase in other income is mainly due to the increase in gross rental income from investment properties as a result of the increase in occupancy rate. Interest income increased as deposit rate rise. The gross rental income from investment properties and bank interest income recognized during the year amounted to RMB41,525,000 (2022: RMB33,186,000) and RMB31,425,000 (2022: RMB20,473,000) respectively.

Other gains and losses

For the year ended 31 December 2023, the Group recognised other gains of approximately RMB37,236,000 (2022: losses of approximately RMB78,519,000). The other gains and losses turned from loss to gain mainly due to the fair value gain on financial assets at FVTPL.

Fair value gain of approximately RMB23,935,000 (2022: loss of approximately RMB63,876,000) on financial assets at FVTPL was recognised for the year ended 31 December 2023. The investees recorded better performance due to the improved economic environment compared to the same period last year, resulting in an increase in the valuation.

Finance costs

For the year ended 31 December 2023, finance costs decreased by approximately 26.3% to approximately RMB19,178,000 from approximately RMB26,017,000 for the corresponding period in 2022. Both the interest on lease liabilities and interest on borrowings decreased during the year.

The interest on lease liabilities decreased due to the decrease in number of shop; The interest on borrowings decreased as a result of the decrease in loan balance during the year.

Profit (loss) before tax

Being affected by the factors referred to above, the Group recorded a profit before tax of approximately RMB247,875,000 for the year ended 31 December 2023 (31 December 2022: loss of approximately RMB176,765,000).

Profit (loss) attributable to owners of the Company

Being affected by the factors referred to above, profit attributable to owners of the Company for the year ended 31 December 2023 amounted to approximately RMB181,188,000 (31 December 2022: loss of approximately RMB143,906,000).

Investments

The Group maintained an investment portfolio, the portfolio can be divided into three categories depends on its accounting treatment:

Financial assets at fair value through profit or loss ("FVTPL"), interests in associates and interest in a joint venture.

The following table shows the breakdown of the major investments:

Financial assets at FVTPL, net of financial liabilities at FVTPL:

	31 December 2023	31 December 2022	Initial investment cost
	RMB'000	*RMB'000*	*RMB'000*
Hezhi	**75,509**	27,440	99,120
Wealth management product	**25,031**	–	25,031
Jialan Jiahua Fund	**20,000**	–	20,000
Jiahua Anyuan Fund	**13,254**	60,243	50,000
Yunxi	**3,834**	17,274	60,000
Others	**11,143**	13,413	16,907
	148,771	118,370	271,058

Financial assets at FVTPL represented the unlisted equity investments and fund investments.

The Group engaged an independent qualified professional valuer to access the valuation.

Interests in associates

	31 December 2023	31 December 2022	Initial investment cost
	RMB'000	*RMB'000*	*RMB'000*
Jiangsu Hong Xuan Ecological Agriculture Company Limited	**–**	–	43,354
Yunnex Inc.	**–**	987	64,791
Others	**43,110**	44,993	53,196
	43,110	45,980	161,341

The Group engaged an independent qualified professional valuer to assist the management in performing impairment review for Yunnex Inc..

Interest in a joint venture

	31 December 2023	31 December 2022	Initial investment cost
	RMB'000	*RMB'000*	*RMB'000*
Beijing Feicui Jinghua & Restaurant Management Co., Ltd	**7,820**	6,761	12,858

The increase in the value of joint venture mainly represented the share of post-acquisition results of the joint venture.

RISK MANAGEMENT

Liquidity and financial resources

The liquidity and financial position of the Group as at 31 December 2023 remained healthy and strong, with bank balances amounting to approximately RMB1,607,635,000 (31 December 2022: RMB1,465,111,000) and a current ratio of 4.1 (31 December 2022: 3.2).

As at 31 December 2023, the Group had bank borrowings of approximately RMB37,484,000 (31 December 2022: approximately RMB40,417,000) and therefore the gearing ratio (expressed as a percentage of total borrowings over total assets) was 0.9% (31 December 2022: 1.0%).

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 31 December 2023 and 31 December 2022 were denominated in the respective Group companies' functional currencies. The Group does not have any currency hedging policy and has not entered into any hedging or other instrument to reduce currency risks. However, the management will closely monitor the Group's exposure to the fluctuation of exchange rates and take appropriate measures as necessary to minimise any adverse impact that may be caused by such fluctuation.

Interest rate risk

As the Group has no significant interest-bearing assets (other than 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 and bank balances and cash, included in the consolidated balance sheets represent the maximum exposure to credit risk in relation to the Group's financial assets. The Group typically does not require collaterals from customers. Provisions are made for the balance that is past due when the management considers the loss from non-performance by the customers is likely. Sales to retail customers are settled in cash or by using major credit cards. The Group also makes deposits to the relevant landlords for lease of certain of the self-managed outlets. As of 31 December 2023 and 31 December 2022, all of the bank balances were deposited with highly reputable and sizable banks and financial institutions without significant credit risk in Mainland China and Hong Kong. The management does not expect to incur any loss from non-performance by these banks and financial institutions.

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

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

Contingent liabilities

As of 31 December 2023, the Group did not have any significant contingent liabilities.

Assets and liabilities

The Group's net current assets were approximately RMB1,434,727,000 and the current ratio was 4.1 as at 31 December 2023 (31 December 2022: 3.2). As the Group is primarily engaged in the restaurant business, most of the sales are settled in cash. As a result, the Group was able to maintain a relatively high current ratio.

Cash flows

Cash generated from operations for the year ended 31 December 2023 was approximately RMB503,177,000, while profit before taxation for the same period was approximately RMB247,875,000. The difference was due to the non-cash items, mainly fair value movements on the investment properties and financial assets and financial liabilities at FVTPL, depreciation of property, plant and equipment and right-of use assets and the finance interest on lease liabilities.

Capital expenditure

For the year ended 31 December 2023, the Group's capital expenditure was approximately RMB65,566,000 (2022: RMB55,056,000). Capital expenditures is similar to last year. During the year, although the impact of the pandemic is gradually fading, the economy has not fully recovered. The Group has adopted a similarly cautious store opening strategy as last year.

SUBSEQUENT EVENT

Subsequent to 31 December 2023, no material events affecting the Company and its subsidiaries have occurred.

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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the listed securities of the Company during the year ended 31 December 2023.

CODE ON CORPORATE GOVERNANCE PRACTICES

The Company has adopted the Corporate Governance Code (the "Code") as set out in Appendix C1 to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Listing Rules") and complied with all applicable code provisions under the Code throughout the year ended 31 December 2023, save and except for the deviation from the code provision C.2.1 of the Code. Under the code provision C.2.1, the roles of Chairman and Chief Executive Officer ("CEO") should be separate and should not be performed by the same individual. Currently, the Company does not comply with code provision C.2.1, i.e., the roles of the Chairman and CEO have not been separated. Although Ms. Poon Wai performs both the roles of Chairman and CEO, the division of responsibilities between the Chairman and CEO is clearly established and set out in writing. In general, the Chairman is responsible for supervising the functions and performance of the Board, while the CEO is responsible for the management of the business of the Group. The two roles are performed by Ms. Poon distinctly. The Board believes that at the current stage of development of the Group, vesting the roles of both Chairman and CEO in the same person provides the Company with strong and consistent leadership, and allows for effective and efficient planning and implementation of business decisions and strategies. The relevant deviation is therefore considered reasonable at the current stage. It is also considered that the current structure does not impair the balance of power and authority between the Board and the management of the Company given the appropriate delegation of the power of the Board and the effective functions of the independent non-executive Directors (number of which exceeds one-third of the members of the Board). However, it is the long-term objective of the Company to have these two roles performed by separate individuals when suitable candidates are identified.

The Board will continue to review and monitor the corporate governance practices of the Company for the purpose of complying with the code provisions of the Code and maintaining a high standard of corporate governance of the Company.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding securities transactions by Directors on terms no less exacting than the required standard (the "Required Standard") of the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix C3 to the Listing Rules.

The Company has made specific enquiry to all Directors, and all Directors have confirmed that, throughout the year under review, they were in compliance with the Required Standard.

In addition, the Board has adopted written guidelines (the "Employees' Guidelines for Securities Transactions") for securities transactions by employees (the "Relevant Employees") who are likely to be in possession of inside information of the Company on no less exacting terms than the Model Code.

Having made specific enquiry to all the Relevant Employees, the Company confirmed that all the Relevant Employees have complied with the Required Standard as set out in the Employees' Guidelines for Securities Transactions throughout the year ended 31 December 2023.

SCOPE OF WORK OF MESSRS. DELOITTE TOUCHE TOHMATSU

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2023 as set out in the preliminary announcement have been agreed by the Group's auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the audited consolidated financial statements of the Group for the year as approved by the Board of Directors on 27 March 2024. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by Messrs. Deloitte Touche Tohmatsu on the preliminary announcement.

AUDIT COMMITTEE

The Audit Committee was set up on 8 March 2007 with its written terms of reference, which are available on the websites of the Company and the Stock Exchange. As at the end of reporting period, the Audit Committee comprised of three members, namely, Mr. Jen Shek Voon (Chairman), Mr. Lo Peter and Mr. Wang Jincheng and all of whom were independent non-executive Directors ("INED").

After the reporting period, Mr. Wang Jincheng resigned as the INED of the Company with effect from 5 January 2024 due to his other business commitments.

Subsequent to the resignation of Mr. Wang Jincheng and as at the date of this announcement, the Audit Committee consists of two members, namely Mr. Jen Shek Voon and Mr. Lo Peter with Mr. Jen Shek Voon as the chairman of the Audit Committee. Notwithstanding the limited number of members, the remaining members of the Audit Committee continued to perform the functions of the Audit Committee.

The Audit Committee is satisfied with their review of the auditor's remuneration, the independence of the auditor, Messrs. Deloitte Touche Tohmatsu ("DTT"), and recommended the Board to re-appoint DTT as the Company's auditor in the year 2024, which is subject to the approval of Shareholders at the forthcoming AGM.

The Company's annual results for the year ended 31 December 2023 have been reviewed by the Audit Committee, which opines that applicable accounting standards and requirements have been complied with and that adequate disclosures have been made.

This annual results announcement is based on the Company's audited consolidated financial statements for the year ended 31 December 2023 which have been agreed with DTT, the auditor of the Company.

CLOSURE OF THE REGISTER OF MEMBERS

In order to determine the Shareholders who are entitled to attend the AGM, the register of members of the Company will be closed from 7 June 2024 to 13 June 2024 (both days inclusive), during which period no share transfers will be registered.

In addition, in order to determine the Shareholders who are entitled to receive the final dividend for the year ended 31 December 2023, the register of members of the Company will be closed from 20 June 2024 to 24 June 2024 (both days inclusive), during which period no share transfers will be registered.

In order to qualify for attending and voting at the forthcoming AGM, and the entitlement for the final 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 6 June 2024 and 19 June 2024 respectively.

AGM AND DESPATCH OF 2023 ANNUAL REPORT

The AGM will be held on 13 June 2024. A notice convening the AGM will 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.hkexnews.hk and will be despatched to all Shareholders together with the 2023 annual report of the Company in due course.

The 2023 annual report of the Company will be despatched to all Shareholders 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.hkexnews.hk in due course.

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

Hong Kong, 27 March 2024

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