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JC Group Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 8326)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 MARCH 2015

CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (“GEM”) OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

This announcement, for which the directors (the “Directors”) of JC Group Holdings Limited (the “Company”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the “GEM Listing Rules”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

FINANCIAL HIGHLIGHTS

- Revenue for the year ended 31 March 2015 increased by approximately 7% to approximately HK\$254,689,000 (2014: approximately HK\$238,751,000).
- Profit for the year ended 31 March 2015 amounted to approximately HK\$701,000 (2014: loss for the year of approximately HK\$3,258,000).
- Consolidated net asset value of the Group as at 31 March 2015 decreased slightly to approximately HK\$85,015,000 (2014: approximately HK\$85,164,000).
- Total equity attributable to owners of the Company as at 31 March 2015 was approximately HK\$80,410,000 (2014: approximately HK\$79,871,000).
- Basic and diluted earnings per share attributable to ordinary equity holders of the Company for the year ended 31 March 2015 was approximately HK\$0.0013 (2014: basic and diluted loss per share of approximately HK\$0.0168).
- The Board does not recommend the payment of a final dividend for the year ended 31 March 2015.

ANNUAL RESULTS

The board (the “Board”) of directors (the “Directors”) of the Company presents the audited consolidated results of the Company and its subsidiaries (collectively, the “Group”) for the year ended 31 March 2015, together with the comparative figures for the year ended 31 March 2014 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2015

	Notes	2015 HK\$'000	2014 HK\$'000
REVENUE	3	254,689	238,751
Other income and gains	4	904	872
Cost of inventories sold		(71,595)	(68,018)
Staff costs		(75,607)	(69,671)
Depreciation and amortisation		(17,489)	(14,292)
Property rentals and related expenses		(53,183)	(48,325)
Fuel and utility expenses		(5,558)	(5,113)
Other operating expenses		(29,627)	(28,922)
Listing expenses		–	(6,701)
PROFIT/(LOSS) BEFORE TAX	5	2,534	(1,419)
Income tax expense	6	(1,833)	(1,839)
PROFIT/(LOSS) FOR THE YEAR		701	(3,258)
Other comprehensive income, net of tax		–	–
TOTAL COMPREHENSIVE INCOME/(EXPENSE) FOR THE YEAR		701	(3,258)
Attributable to:			
Owners of the Company		539	(5,976)
Non-controlling interests		162	2,718
		701	(3,258)
EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY			
Basic and diluted (HK cents)	8	0.13	(1.68)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION*As at 31 March 2015*

	<i>Notes</i>	2015 HK\$'000	2014 HK\$'000
NON-CURRENT ASSETS			
Property, plant and equipment		26,535	34,660
Intangible assets		826	1,120
Deposits paid for acquiring property, plant and equipment		580	–
Non-current rental deposits		17,865	13,252
		<hr/>	<hr/>
Total non-current assets		45,806	49,032
		<hr/>	<hr/>
CURRENT ASSETS			
Inventories	<i>9</i>	2,635	2,747
Trade receivables	<i>10</i>	1,291	1,159
Prepayments, deposits and other receivables		6,746	7,268
Due from related parties		1,943	1,350
Due from ultimate holding company		8	–
Due from non-controlling shareholders		125	172
Tax recoverable		1,112	1,000
Cash and cash equivalents		49,852	45,844
		<hr/>	<hr/>
Total current assets		63,712	59,540
		<hr/>	<hr/>
CURRENT LIABILITIES			
Trade payables	<i>11</i>	6,561	5,688
Other payables and accruals	<i>12</i>	8,511	9,890
Due to related parties		575	84
Due to non-controlling shareholders		1,912	873
Provision for reinstatement costs		2,409	235
Tax payable		996	1,980
		<hr/>	<hr/>
Total current liabilities		20,964	18,750
		<hr/>	<hr/>
NET CURRENT ASSETS		42,748	40,790
		<hr/>	<hr/>
TOTAL ASSETS LESS CURRENT LIABILITIES		88,554	89,822
		<hr/>	<hr/>

	<i>Notes</i>	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
NON-CURRENT LIABILITY			
Provision for reinstatement costs		<u>3,539</u>	<u>4,658</u>
Total non-current liability		<u>3,539</u>	<u>4,658</u>
Net assets		<u>85,015</u>	<u>85,164</u>
EQUITY			
Equity attributable to owners of the Company			
Issued capital	<i>13</i>	4,000	4,000
Reserves		<u>76,410</u>	<u>75,871</u>
		80,410	79,871
Non-controlling interests		<u>4,605</u>	<u>5,293</u>
Total equity		<u>85,015</u>	<u>85,164</u>

NOTES:

1. GENERAL INFORMATION AND BASIS OF PRESENTATION

JC Group Holdings Limited (the “Company”) was incorporated in the Cayman Islands on 21 June 2013 as an exempted company with limited liability under the Companies Law of the Cayman Islands. The shares of the Company have been listed on the Growth Enterprise Market (the “GEM”) of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) with effect from 21 November 2013. Its parent and ultimate holding company is Victory Stand International Limited (“Victory Stand”), a company incorporated in the British Virgin Islands (the “BVI”).

The address of the Company’s registered office is Clifton House, 75 Fort Street, PO Box 1350, Grand Cayman KY1-1108, Cayman Islands. The address of the Company’s principal place of business in Hong Kong is 14th Floor, TAL Building, 45-53 Austin Road, Tsim Sha Tsui, Kowloon, Hong Kong. The Company is an investment holding company. The Company and its subsidiaries (collectively referred to as the “Group”) are principally engaged in the operation and management of restaurants and cake shops in Hong Kong.

Prior to the corporate reorganisation undertaken in preparation for the listing of the Company’s shares on the GEM of the Stock Exchange (the “Corporate Reorganisation”), the group entities were under the control of Mr. Zhang Fuzhu, Mr. Wu Kai Char, Ms. Wong Wai Ling and Mr. Lui Hung Yen (the “Controlling Shareholder(s)”). They collectively and beneficially held more than 50% equity interests in each of the companies now comprising the Group prior to the Corporate Reorganisation. Through the Corporate Reorganisation, the Company became the holding company of the companies now comprising the Group on 31 October 2013. Accordingly, for the purpose of the preparation of the consolidated financial statements of the Group, the Company has been considered as the holding company of the companies now comprising the Group throughout the years presented. The Group comprising the Company and its subsidiaries resulting from the Corporate Reorganisation is regarded as a continuing entity. The Group was under the control of the Controlling Shareholders prior to and after the Corporate Reorganisation.

The consolidated financial statements have been prepared as if the Company had been the holding company of the Group throughout the years presented in accordance with Accounting Guideline 5 “Merger Accounting for Common Control Combinations” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). The consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year ended 31 March 2014 which include the results, changes in equity and cash flows of the companies now comprising the Group have been prepared as if the current group structure had been in existence throughout the years presented, or since their respective dates of incorporation, where this is a shorter period.

The consolidated financial statements are presented in Hong Kong dollars (“HK\$”), which is the same as the functional currency of the Company. The choice of presentation currency is to better reflect the currency that mainly determines the economic effects of transactions, events and conditions of the Group.

2. APPLICATION OF REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

The Group has adopted the following revised HKFRSs and new interpretation for the first time for the current year’s financial statements.

HKFRS 10, HKFRS 12 and HKAS 27 (2011) (Amendments)	Investment Entities
HKAS 32 (Amendments)	Offsetting Financial Assets and Financial Liabilities
HKAS 36 (Amendments)	Recoverable Amount Disclosures for Non-Financial Assets
HKAS 39 (Amendments)	Novation of Derivatives and Continuation of Hedge Accounting
HK(IFRIC)-Int 21	Levies

Other than explained below regarding the impact of amendments to HKAS 32, the adoption of the above revised HKFRSs and new interpretation has had no significant financial effect on these financial statements.

The HKAS 32 Amendments clarify the meaning of “currently has a legally enforceable right to set off” for offsetting financial assets and financial liabilities. The amendments also clarify the application of the offsetting criteria in HKAS 32 to settlement systems (such as central clearing house systems) which apply gross settlement mechanisms that are not simultaneous. The amendments have had no impact on the Group as the Group does not have any offsetting arrangement.

2.1 NEW AND REVISED HKFRSs AND NEW DISCLOSURE REQUIREMENTS UNDER THE HONG KONG COMPANIES ORDINANCE NOT YET ADOPTED

The Group has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in the consolidated financial statements.

HKFRS 9	Financial Instruments ⁴
HKFRS 10 and HKAS 28 (2011) (Amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ²
HKFRS 10, HKFRS 12 and HKAS 28 (2011) (Amendments)	Investment Entities: Applying the Consolidation Exception ²
HKFRS 11 (Amendments)	Accounting for Acquisitions of Interests in Joint Operations ²
HKFRS 14	Regulatory Deferral Accounts ²
HKFRS 15	Revenue from Contracts with Customers ³
HKAS 1 (Amendments)	Disclosure Initiative ²
HKAS 16 and HKAS 38 (Amendments)	Clarification of Acceptable Methods of Depreciation and Amortisation ²
HKAS 16 and HKAS 41 (Amendments)	Agriculture: Bearer Plants ²
HKAS 19 (2011) (Amendments)	Defined Benefit Plans: Employee Contributions ¹
HKAS 27 (2011) (Amendments)	Equity Method in Separate Financial Statements ²
Annual Improvements Project	Annual Improvements 2010-2012 Cycle ¹
Annual Improvements Project	Annual Improvements 2011-2013 Cycle ¹
Annual Improvements Project	Annual Improvements 2012-2014 Cycle ²

¹ Effective for annual periods beginning on or after 1 July 2014, with earlier application permitted.

² Effective for annual periods beginning on or after 1 January 2016, with earlier application permitted.

³ Effective for annual periods beginning on or after 1 January 2017, with earlier application permitted.

⁴ Effective for annual periods beginning on or after 1 January 2018, with earlier application permitted.

The Group is in the process of making an assessment of the impact of these new and revised standards and amendments upon initial application but is not yet in a position to state whether these new and revised standards and amendments would have a significant impact on its results of operations and financial position.

In addition, the Hong Kong Companies Ordinance (Cap. 622) will affect the presentation and disclosure of certain information in the consolidated financial statements for the year ending 31 March 2016. The Group is in the process of making an assessment of the impact of these changes.

3. SEGMENT INFORMATION AND REVENUE

The directors of the Company review the Group's internal financial reporting and other information and also obtain other relevant external information in order to assess performance and allocate resources and operating segment is identified with reference to these.

The directors of the Company consider that the business of the Group is organised in one operating segment which is operation and management of restaurants and cake shops in Hong Kong. Additional disclosure in relation to segment information is not presented as the directors of the Company assess the performance of the only operating segment identified based on the consistent information as disclosed in the consolidated financial statements.

The total net segment income is equivalent to total comprehensive income for the year as shown in the consolidated statement of profit or loss and other comprehensive income and the total segment assets and total segment liabilities are equivalent to total assets and total liabilities as shown in the consolidated statement of financial position.

Details of interest income, depreciation and amortisation in relation to the operating segment are disclosed in notes 4 and 5, respectively.

The Company is domiciled in the Cayman Islands with the Group's major operations located in Hong Kong. Substantially all of the Group's revenues from external customers during the years ended 31 March 2015 and 2014 were derived from Hong Kong, the place of domicile of the Group's operating subsidiaries. All the non-current assets of the Group are located in Hong Kong.

As no revenue derived from sales to a single customer of the Group has individually accounted for 10% of the Group's total revenue during the year (2014: Nil), no information about major customers is presented.

Revenue, which is also the Group's turnover, represents amounts received and receivable from the operation of restaurants, net of sales discounts. An analysis of revenue is as follows:

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
<i>Revenue</i>		
Restaurant operations	<u><u>254,689</u></u>	<u><u>238,751</u></u>

4. OTHER INCOME AND GAINS

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Bank interest income	95	60
Forfeited income	33	341
Sponsorship income	197	359
Reversal of provision for reinstatement costs	427	–
Others	152	112
	<u>904</u>	<u>872</u>

5. PROFIT/(LOSS) BEFORE TAX

The Group's profit/(loss) before tax is arrived at after charging/(crediting):

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Cost of inventories sold	71,595	68,018
Amortisation of intangible assets	403	348
Auditors' remuneration	650	829
Depreciation	17,086	13,944
Lease payments under operating lease in respect of land and buildings:		
Minimum lease payments	49,338	44,355
Contingent rents	2,182	2,525
	<u>51,520</u>	<u>46,880</u>
Employee benefits expenses (excluding directors' and chief executive's remuneration):		
Salaries, wages and other benefits	69,437	65,456
Retirement benefit scheme contributions	2,864	2,077
	<u>72,301</u>	<u>67,533</u>
Write-off of items of property, plant and equipment	1,740	121
Write-off of other receivables	16	–
Bad debts written off	–	70
Reversal of provision for reinstatement costs	(427)	–
Reversal of provision for estimated fine on water pollution	–	(588)
Listing expenses	–	6,701
Foreign exchange differences, net	4	8
	<u>4</u>	<u>8</u>

6. INCOME TAX EXPENSE

Hong Kong profits tax has been provided on the estimated assessable profits arising in Hong Kong at a rate of 16.5% (2014: 16.5%) during the year.

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Current tax – charge for the year	2,475	1,839
– over-provision in prior years	(642)	–
	<u>1,833</u>	<u>1,839</u>
Total tax charge for the year	<u><u>1,833</u></u>	<u><u>1,839</u></u>

7. DIVIDENDS

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Interim dividend	–	2,000
	<u>–</u>	<u>2,000</u>

No dividends have been paid or declared by the Company since its incorporation.

During the year ended 31 March 2015, the Company's certain subsidiaries declared interim dividends of HK\$850,000 to their respective non-controlling shareholders.

During the year ended 31 March 2014, the interim dividends of HK\$2,000,000 paid by the respective subsidiaries to their then equity holders prior to the Corporate Reorganisation. The rate of dividend and the number of shares ranking for dividends have not been presented as such information is not meaningful having regard to the purpose of these consolidated financial statements.

8. EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Earnings/(Loss)		
Profit/(Loss) for the year attributable to owners of the Company for the purposes of basic and diluted earnings/(loss) per share	<u>539</u>	<u>(5,976)</u>
	2015 <i>'000</i>	2014 <i>'000</i>

Number of shares

Weighted average number of ordinary shares for the purposes of basic and diluted earnings/(loss) per share	<u>400,000</u>	<u>355,123</u>
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For the year ended 31 March 2015, the calculation of the basic earnings per share attributable to owners of the Company was based on (i) the profit attributable to owners of the Company and (ii) the weighted average number of ordinary shares.

For the year ended 31 March 2014, the calculation of the basic loss per share attributable to owners of the Company was based on (i) the loss attributable to owners of the Company and (ii) the weighted average number of ordinary shares (adjusted retrospectively for 1,000 shares in issue and 329,999,000 shares issued under the capitalisation issue), and the effects of 70,000,000 shares issued under placing as described in note 13.

The diluted earnings/(loss) per share is equal to the basic earnings/(loss) per share as there were no dilutive potential ordinary shares in issue during the years ended 31 March 2015 and 2014.

9. INVENTORIES

	2015	2014
	<i>HK\$'000</i>	<i>HK\$'000</i>
Food and beverage, and other operating items for restaurant operations	2,635	2,747

10. TRADE RECEIVABLES

	2015	2014
	<i>HK\$'000</i>	<i>HK\$'000</i>
Trade receivables	1,291	1,159

The Group's trading terms with its customers are mainly on cash, credit card and smart card settlement. The Group seeks to maintain strict control over its outstanding receivables to minimise credit risk. Trade receivables are non-interest-bearing.

An aged analysis of the trade receivables, based on the invoice date, is as follows:

	2015	2014
	<i>HK\$'000</i>	<i>HK\$'000</i>
Within 1 month	1,150	1,015
Over 1 month but less than 3 months	87	65
Over 3 months	54	79
	1,291	1,159

11. TRADE PAYABLES

An aged analysis of the trade payables as at the end of the reporting period, based on the invoice date, is as follows:

	2015	2014
	<i>HK\$'000</i>	<i>HK\$'000</i>
Within 1 month	6,553	5,649
Over 1 month but less than 2 months	5	26
Over 2 months	3	13
	6,561	5,688

12. OTHER PAYABLES AND ACCRUALS

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Deferred income	28	87
Other payables	225	1,468
Accruals	7,576	7,379
Customer deposits	682	956
	<u>8,511</u>	<u>9,890</u>

13. ISSUED CAPITAL

There was no authorised and issued capital as at 31 March 2013 since the Company had not yet been incorporated.

Company

	<i>Notes</i>	Number of ordinary share of HK\$0.01 each	Nominal value of ordinary shares <i>HK\$'000</i>
Authorised:			
On 21 June 2013 (date of incorporation)	<i>(a)</i>	38,000,000	380
Increase in authorised share capital	<i>(c)</i>	1,962,000,000	19,620
		<u>2,000,000,000</u>	<u>20,000</u>
At 31 March 2014, 1 April 2014 and 31 March 2015		<u>2,000,000,000</u>	<u>20,000</u>
Issued and fully paid:			
On 21 June 2013 (date of incorporation)	<i>(a), (b)</i>	1	–
Issue of shares pursuant to Corporate Reorganisation	<i>(b)</i>	999	–
Issue of shares upon capitalisation issue	<i>(d)</i>	329,999,000	3,300
Issue of shares by placing	<i>(e)</i>	70,000,000	700
		<u>400,000,000</u>	<u>4,000</u>
At 31 March 2014, 1 April 2014 and 31 March 2015		<u>400,000,000</u>	<u>4,000</u>

During the years ended 31 March 2015 and 2014, the movements in the share capital were as follows:

- (a) The Company was incorporated on 21 June 2013 in the Cayman Islands under the Companies Law of the Cayman Islands as an exempted company with limited liability with an initial authorised share capital of HK\$380,000 divided into 38,000,000 ordinary shares with a par value of HK\$0.01 per share. One nil-paid share was allotted and issued to the initial subscriber on 21 June 2013, which was later transferred to Victory Stand on the same date.
- (b) Pursuant to the Corporate Reorganisation and as consideration for the acquisition by the Company of the entire issued share capital of Glory Kind Development Limited from Victory Stand and Dragon Flame Holdings Limited (“Dragon Flame”) on 31 October 2013, (a) the one nil-paid share held by Victory Stand was credited as fully paid; and (b) 749 and 250 shares were allotted and issued to Victory Stand and Dragon Flame, respectively, and were credited as fully paid.

- (c) Pursuant to the written resolution of the shareholders passed on 2 November 2013, the authorised share capital of the Company was increased from HK\$380,000 to HK\$20,000,000 by the creation of an additional of 1,962,000,000 shares of HK\$0.01 each, each ranking pari passu with the shares then in issue in all respects.
- (d) Pursuant to the written resolutions of the shareholders passed on 2 November 2013, the directors were authorised to capitalise the amount of HK\$3,299,900 standing to the credit of the share premium account of the Company and to appropriate such amount as to capital to pay up in full at par 329,990,000 shares for allotment and issue to the then existing shareholders of the Company, each ranking pari passu in all respects with the then existing issued shares. On 21 November 2013, the Company allotted and issued such shares as aforesaid and gave effect to the capitalisation issue.
- (e) On 21 November 2013, the Company issued 70,000,000 shares pursuant to the Company's listing on the GEM of the Stock Exchange by way of placing at a price of HK\$0.50 per share.

BUSINESS REVIEW

The Group is a food and beverage group in Hong Kong operating 10 full-service restaurants, 2 cake shops and 1 café as at 31 March 2015, namely “Inakaya”, “Harlan’s”, “Kaika”, “Mekikinoginji-Okinawa” in Tuen Mun, Causeway Bay and Tsim Sha Tsui, “Hooray”, “Pearl Delights”, “PHO Hoi An” in Tsim Sha Tsui and San Po Kong, “Harlan’s Cake Shop”, “Carousel” and “a la Folie”, of which some are operated by way of franchising agreement.

During the year ended 31 March 2015, the Group endeavored to work out the philosophy – “unique dining concepts” through quality dishes accompanied by a pleasant atmosphere and attentive services. The Group continues to explore fresh and high quality food ingredients with reasonable prices and sources some seafood supply directly from Japan to our Japanese style restaurants. Both newly-joined and existing chefs are committed to preparing innovative dishes and executing stringent food quality control.

Despite the smooth operation of existing fine-dining restaurants, the Group has confidence on the potential of middle class market and develops the middle class market through rebranding and expansion of outlets. In August 2014, in order to establish new stream of customers and introduce specialty flavor from Hoi An, the Group rebranded the Vietnamese cuisines restaurant “PHO24” in Tsim Sha Tsui into “PHO Hoi An”. In view of the success in casual dining of Vietnamese cuisines, the Group opened one more new outlet in San Po Kong in September 2014.

Likewise, in view of the high popularity of Japanese food among young customers in middle class market and the high demand in prime area, development of our Japanese brand “Mekikinoginji-Okinawa” was one of our key strategies. In view of the successful launch of Japanese restaurants in Causeway Bay and Tuen Mun, the Group rebranded its Chinese cuisine restaurant in Tsim Sha Tsui into “Mekikinoginji-Okinawa” in November 2014.

Mekikinoginji-Okinawa (new outlet in Mongkok in May 2015)

The Group operates a restaurant under the franchise name of “Mekikinoginji-Okinawa”, a famous izakaya chain well known for its creative dishes and contemporary interior design in Okinawa Prefecture of Japan. In December 2014, the restaurant was granted the award of A Grade restaurant by Taste of Hong Kong Awards which affirm our achievement.

Due to the successful launch of restaurants under the franchise name of “Mekikinoginji-Okinawa” in V city, Tuen Mun, and World Trade Centre, Causeway Bay, which serve contemporary Japanese cuisine and are frequently patronized by young customers, the Group further strengthens this franchise name by opening the third restaurant in The ONE, Tsim Sha Tsui, which was changed from the Group’s previous Chinese cuisine restaurant with further expansion. The restaurant commenced its operation in November 2014.

In view of the high demand in middle class market and the potential demand in prime area in Mongkok for Japanese cuisine, the Group opened the fourth restaurant in MOKO, Mongkok under this franchise name in May 2015.

Inakaya

Being one of the few robatayaki Japanese restaurants that is located on the upper floors of one of the tallest buildings in the world, Inakaya has successfully maintained and strengthened its upscale and fine-dining image in Hong Kong. There has been very encouraging growth in the revenue of Inakaya for the year ended 31 March 2015. During the year, an executive chef from Japan joined Inakaya which brought in the new Japanese cuisine essence together with traditional style to the restaurant and further established the unique connection between Japan and Hong Kong. Inakaya was included in the world-famous “The MICHELIN GUIDE” (Hong Kong and Macau 2015) with two Fork & Spoon designations representing “comfortable restaurant”, and was granted an award from “Hong Kong Tatler Best Restaurants – Hong Kong & Macau Edition 2015”.

Harlan’s

With an inviting ambience and plush interior design, in 2015, Harlan’s successfully joined the quality wedding merchant scheme held by ESD Services Limited which further demonstrate our strength in providing perfect venue and attentive services for holding wedding banquets and corporate events. Harlan’s also received “Hong Kong Tatler Best Restaurants – Hong Kong and Macau Edition” in 2015, and has maintained its unique position as one of the finest restaurants with splendid view in Tsim Sha Tsui.

Kaika

The Teppanyaki brand has been moving on with enormous momentum which transcended itself from merely a teppanyaki restaurant from Ginza Tokyo. Kaika also received accolades from “Hong Kong Tatler Best Restaurants – Hong Kong and Macau Edition in 2015”. With the completion of the interior renovation in early April 2015, the restaurant captured not only frequent diners but also new customers with a discerning palate.

Hooray

Acclaimed as the sky garden restaurant, “Hooray”, with a 12,000 sq. ft. venue, continued to explore new cuisine and dining fashions for the young and trend-setting customers. The chef team of Hooray was granted the “Silver Award” in Asian Culinary Contest 2014 – Western cuisine – seafood in November 2014. Hooray has established a sharp image for modern and adventurous cuisine which had been popular among the young clientele. Together with Harlan’s, Hooray also successfully joined the quality wedding merchant scheme held by ESD Services Limited in 2015.

Pearl Delights

Being a Chinese cuisine restaurant, “Pearl Delights” brings in a new Cantonese cuisine dining concept that focuses on dim sum and Cantonese barbecue meat for its customers in the Shatin District, one of the most populous districts in Hong Kong. The performance of Pearl Delights was satisfactory, which was mainly attributable to traditional Cantonese gourmet and the delicate cuisines prepared by our chefs.

PHO Hoi An

The Vietnamese eatery continues to maintain its image as major casual dining restaurant of the Group and was successfully rebranded from “PHO24” in August 2014. Through providing efficient service and an array of Vietnamese cuisines inspired from Hoi An, the world heritage town in Vietnam, the new brand is expected to strengthen the clientele base and establish a new stream of customers for the Group.

In view of the success in casual dining, the Group further expanded its business in this segment by launching another Vietnamese cuisine restaurant under the brand name of “PHO Hoi An” in a young and refreshing shopping mall in San Po Kong in September 2014.

Harlan’s Cake Shop

Harlan’s Cake Shop has been growing with a strong and loyal customer base. Delightful pastry, aromatic coffee together with the graceful décor set an inviting tone for the shop which won the hearts among the locals and tourists in the Tsim Sha Tsui area.

a la Folie

The Group established a café under the brand name of “a la Folie” in MOKO, Mongkok in December 2013. This café targets middle to higher income consumers by serving light refreshments and offering quality pastries.

Carousel

Carousel Fine Cake & Pastries, being a dainty cake shop brimming with sweet delights, is well accepted as an exclusive cake shop that excels in tailor-made cakes. The shop provides a series of delicate pastry at reasonable prices such as cakes, macarons, cookies, and is usually frequented by regular customers.

FINANCIAL REVIEW

Revenue

For the financial year ended 31 March 2015, the Group recorded revenue of approximately HK\$254,689,000, representing an increase of approximately 7% compared with approximately HK\$238,751,000 of the corresponding year in 2014. The growth in revenue was mainly attributable to the adoption of diversification strategy. With the steady growth in revenue of most of the existing restaurants contributed by serving of high quality and innovative dishes, the Group also realised the potential of middle class market by further expanding its business in this segment. The total number of outlets increased to 13 as at 31 March 2015 (2014: 12). Meanwhile, the Group also did some rebranding in conformity with the diversification strategy, the success of which was reflected in an increase in revenue for the year ended 31 March 2015.

Cost of inventories sold

The cost of inventories sold for the year ended 31 March 2015 amounted to approximately HK\$71,595,000 (2014: approximately HK\$68,018,000). Despite rising inflation in the market, the Group was able to maintain the overall cost margin at a level below 30% of revenue for both of the years ended 31 March 2014 and 2015, which is a key performance indicator of the overall efficiency and profitability of the restaurant operations.

Staff costs

The staff costs increased by approximately 9% to approximately HK\$75,607,000 for the year ended 31 March 2015 (2014: approximately HK\$69,671,000). The increase was in line with the increase in total revenue and was mainly attributable to the increase in the number of outlets of the Group as well as the increase in salaries to attract experienced staffs in view of the shortage of labour and high staff turnover rate in the food and beverage industry. Meanwhile, the Directors' fee incurred after the listing of the shares of the Company on the GEM of the Stock Exchange since November 2013 was also another factor for the increase. The management teams will adopt a more stringent cost control to maintain the staff cost at a reasonably low level.

Depreciation and amortisation

Depreciation and amortisation increased significantly by approximately 22% to approximately HK\$17,489,000 for the year ended 31 March 2015 (2014: approximately HK\$14,292,000). The increase was mainly attributable to the decoration cost and expenses for purchase of property, plant and equipment incurred in relation to newly-opened outlets. Meanwhile, the fact that some outlets which were opened or rebranded during last year had the full-year depreciation charge in current year also lead to the increase in depreciation and amortisation for the year ended 31 March 2015.

Property rentals and related expenses

The property rentals and related expenses for the year ended 31 March 2015 amounted to approximately HK\$53,183,000 (2014: approximately HK\$48,325,000), representing an increase of approximately 10% as compared to the corresponding year in 2014. Such increase was mainly attributable to the rental expenses of newly-opened outlets and the rise in the rent of some existing outlets upon the renewal of tenancy agreements.

Other operating expenses

Other operating expenses increased slightly by approximately 2% to approximately HK\$29,627,000 for the year ended 31 March 2015 from approximately HK\$28,922,000 for the corresponding year in 2014. The increase was mainly derived from the write-off of property, plant and equipment amounting to approximately HK\$1,740,000 which was one-off in nature. As the Group rebranded the Chinese cuisine restaurant in Tsim Sha Tsui into Japanese cuisine with further expansion, the entire decoration was changed and some of the property, plant and equipment were abandoned by the Group. Meanwhile, the increase in the number of outlets also caused the increase in other operating expenses.

Net profit/(loss) for the year

The Group recorded profit attributable to owners of the Company of approximately HK\$539,000 for the year ended 31 March 2015 (2014: net loss of approximately HK\$5,976,000). The profit for the year was the proof of high quality of food and satisfactory services of the Group as well as the successful marketing strategy of rebranding and expansion in middle class market, while the profit is partially offset by i) the write-off of the property, plant and equipment due to rebranding of the Chinese cuisine restaurant in Tsim Sha Tsui to Japanese cuisine restaurant; ii) the start-up costs and lower operational efficiency in some of the newly-opened outlets; and iii) the significant depreciation charges of the newly-opened outlets. The write-off of the property, plant and equipment is one-off in nature and the start-up costs and inefficiency of newly-opened outlets are expected to be incurred only in the preliminary stage and be short-term in nature. Likewise, the one-off listing expenses of approximately HK\$6,701,000 for the year ended 31 March 2014 which caused the net loss for the year ended 31 March 2014 was not incurred in the current year.

FUTURE PROSPECTS

The Group faced challenging operating environment of the restaurant business in the year ended 31 March 2015 including keen competition, inflation pressure, shortage of labour and political disputes. Despite that, the management strived to overcome the challenges through the diversification strategy by expanding in casual dining as well as strengthening the development in existing fine-dining restaurants. In order to increase market shares in casual dining, the Group opened its second Vietnamese cuisine restaurant under the brand name of “PHO Hoi An” and its third Japanese cuisine restaurant under the franchise name of “Mekikinoginji-Okinawa” in September and November 2014 respectively.

Looking ahead, the Group anticipates the coming year is still challenging with the high operating cost. To cope with this, the Group will make effective cost control as first priority in its strategies. We will enhance the operating efficiency of each outlets especially for those newly set up and keep monitoring the trend of rent and rental condition in the market.

The Group will also continue to adhere to its philosophy – “unique dining concepts”, by developing innovative and tasty dishes, creating a pleasant atmosphere and providing attentive services. With the great opportunities brought from the listing of the shares of the Company on the GEM of the Stock Exchange, the Group has confidence to well utilities the resources in expanding our brand in middle-grade market which have been burgeoning in Hong Kong in the recent year. The Japanese cuisine brand “Mekikinoginji-Okinawa” in this segment will still be our focus of development in the coming year. We have set up the forth restaurant under the name “Royal Grill Ginji” in MOKO, Mongkok in May 2015, which is established under the franchise name of “Mekikinoginji-Okinawa”.

Meanwhile, we are currently looking for potential business opportunities in Mainland China which the Group believes will be another important market to drive our growth in the future. Looking ahead, we will launch our successful fine-dining restaurant “Inakaya” in Guangzhou in a newly constructed shopping mall located in prime area with hotels and commercial buildings nearby. The role and image of the Group can be further enhanced in the dining market in both Hong Kong and PRC.

The Board is optimistic that the Group’s persistence in the quality of its food and service will enable the Group to grow continuously in the foreseeable future. The Group will continue to make its best efforts in achieving satisfactory returns for the shareholders of the Company.

Liquidity, Financial and Capital Resources

Capital structure

As at 31 March 2015, the share capital and equity attributable to owners of the Company amounted to HK\$4,000,000 and approximately HK\$80,410,000 respectively (2014: HK\$4,000,000 and approximately HK\$79,871,000 respectively).

Cash Position

As at 31 March 2015, the cash and cash equivalents of the Group amounted to approximately HK\$49,852,000 (2014: approximately HK\$45,844,000), representing an increase of approximately 9% as compared to that as at 31 March 2014.

Bank borrowings and charges on the Group’s assets

The Group did not have any bank borrowings nor charges on the assets of the Group as at 31 March 2014 and 2015.

Gearing ratio

As at 31 March 2015, the gearing ratio of the Group was approximately 3% (2014: approximately 1%). The gearing ratio is calculated based on the total debt at the end of the year divided by the total debt plus total equity at the end of the respective year. Total debt represents all liabilities excluding trade payables, other payables and accruals, tax payable and provision for reinstatement costs.

Exchange Rate Exposure

Since most of the revenue and expenditures are made in Hong Kong dollars, the Group is not exposed to significant foreign exchange exposure.

Significant Investments Held, Material Acquisitions or Disposals of Subsidiaries and Affiliated Companies, and Plans for Material Investments or Capital Assets

There were no significant investments held, material acquisitions or disposals of subsidiaries and affiliated companies during the year ended 31 March 2015. Save for the business plan as disclosed in the prospectus of the Company dated 14 November 2013, there is no plan for material investments or capital assets as at 31 March 2015.

Contingent Liabilities

As at 31 March 2015, the Group had no material contingent liabilities (2014: nil).

Capital Commitment

As at 31 March 2015, the Group had capital commitments of approximately HK\$1,006,000 (2014: nil).

Employees and Emolument Policies

The Group had 285 employees (including Directors) as at 31 March 2015 (2014: 264 employees). The Group recruits and promotes individuals based on their performance and development potential in the positions held. In order to attract and retain high quality staff and to enable smooth operations within the Group, the Group offered competitive remuneration packages (with reference to market conditions and individual qualifications and experience) and various in-house training courses. The remuneration packages are subject to review on a regular basis. The emoluments of the Directors and senior management are reviewed by the remuneration committee of the Company, having regard to the Company's operating results, market competitiveness, individual performance and achievement, and approved by the Board.

Dividends

The Board does not recommend the payment of a final dividend for the year ended 31 March 2015 (2014: nil).

Events after the Reporting Period

The Directors are not aware of any significant event requiring disclosure that has taken place subsequent to 31 March 2015 and up to the date of this announcement.

CORPORATE GOVERNANCE PRACTICES

The Group's corporate governance practices are based on the principles and the code provisions in the Corporate Governance Code (the "Code") as set out in Appendix 15 to the GEM Listing Rules.

During the year ended 31 March 2015, the Company has complied with all the applicable code provisions of the Code contained in Appendix 15 to the GEM Listing Rules, except for the deviation from the code provision A.1.8 of the Code as described below.

Under the code provision A.1.8 of the Code, an issuer should arrange appropriate insurance cover in respect of legal action against its directors. The Company does not have such insurance cover for its Directors. This is a deviation from code provision A.1.8 of the Code.

With regular and timely communications among the Directors and the management of the Group, the management of the Group believes that all potential claims and legal actions against the Directors can be handled effectively, and the possibility of an actual litigation against the Directors is low. The Company understands the importance to arrange insurance cover for its Directors and will consider to make such an arrangement as and when it considers necessary.

MODEL CODE FOR DIRECTORS' SECURITIES TRANSACTIONS

The Group has adopted the required standard of dealing, as set out in Rules 5.48 to 5.67 of the GEM Listing Rules as the code of conduct for securities transactions by the Directors in respect of the shares of the Company. Having made specific enquiry of all Directors, all Directors have confirmed that they have complied with the required standard of dealing and the code of conduct for securities transactions by directors during the year ended 31 March 2015.

PURCHASE, SALE OR REDEMPTION OF SHARES

There were no purchases, sales or redemptions of the Company's listed securities by the Company or any of its subsidiaries during the year ended 31 March 2015.

REVIEW BY AUDIT COMMITTEE

The Company has established an audit committee with its terms of reference in compliance with Rule 5.28 of the GEM Listing Rules and paragraphs C.3.3 and C.3.7 of the Code. The audit committee has three members comprising the three independent non-executive Directors, namely Ms. Au Man Yi, Mr. Chan Wai Hung Clarence and Mr. Pao Ping Wing. The chairman of the audit committee is Ms. Au Man Yi. The audit committee of the Company has reviewed the audited annual results of the Group for the year ended 31 March 2015.

SCOPE OF WORK OF AUDITORS

The figures in respect of this announcement of the Group's results for the year ended 31 March 2015 have been agreed by the Group's auditors, HLB Hodgson Impey Cheng Limited ("HLB"), to the amounts set out in the Group's consolidated financial statements for the year ended 31 March 2015. The work performed by HLB in this respect did not constitute as assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by HLB on this announcement.

ANNUAL GENERAL MEETING AND CLOSURE OF THE REGISTER OF MEMBERS

The forthcoming annual general meeting ("AGM") of the Company will be held on 31 July 2015 (Friday) at Harlan's, 19th Floor, The ONE, 100 Nathan Road, Tsim Sha Tsui, Kowloon, Hong Kong.

For determining entitlement to attend the forthcoming AGM, the register of members of the Company will be closed from 30 July 2015 (Thursday) to 31 July 2015 (Friday), both days inclusive, during which period no transfer of shares will be registered. The record date will be 31 July 2015 (Friday). In order to qualify for attending the forthcoming AGM all transfers of shares accompanied by the relevant share certificates and transfer forms must be lodged with the Company's branch share registrar in Hong Kong, Union Registrars Limited at A18/F., Asia Orient Tower, Town Place, 33 Lockhart Road, Wanchai, Hong Kong before 4:30 p.m. on 29 July 2015 (Wednesday).

PUBLICATION OF 2015 ANNUAL REPORT

The 2015 annual report of the Company containing all the information required by the GEM Listing Rules will be despatched to the shareholders of the Company and will also be published on the website of the Company at <http://www.jcgroup.hk> and the "HKExnews" website of the Stock Exchange at <http://www.hkexnews.hk>.

APPRECIATION

The Board would like to express its sincere gratitude to the management of the Group and all the staff for their hard work and dedication, as well as its shareholders, business associates, lawyers, compliance adviser and auditors for their support throughout the year.

By order of the Board
JC Group Holdings Limited
Wu Kai Char
Chairman and Executive Director

Hong Kong, 23 June 2015

As at the date of this announcement, the executive Directors are Mr. Wu Kai Char, Ms. Wong Wai Ling and Ms. Chen Chen; and the independent non-executive Directors are Ms. Au Man Yi, Mr. Chan Wai Hung Clarence and Mr. Pao Ping Wing.

This announcement will remain on the “Latest Company Announcements” page of the Stock Exchange’s website (www.hkexnews.hk) for 7 days from the date of its posting and will also be published on the Company’s website (www.jcgroup.hk).