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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 2014**

#### **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 2014 decreased slightly by 3% to approximately HK\$238,751,000 (2013: approximately HK\$246,072,000).
- Loss for the year ended 31 March 2014 amounted to approximately HK\$3,258,000 (2013: profit for the year of approximately HK\$11,671,000).
- Consolidated net asset value of the Group as at 31 March 2014 increased significantly to approximately HK\$85,164,000 (2013: approximately HK\$24,600,000).
- Total equity attributable to owners of the Company as at 31 March 2014 was approximately HK\$79,871,000 (2013: approximately HK\$15,597,000).
- Basic and diluted loss per share attributable to ordinary equity holders of the Company for the year ended 31 March 2014 was approximately HK\$0.0168 (2013: basic and diluted earnings per share of approximately HK\$0.0302).
- The Board does not recommend the payment of a final dividend for the year ended 31 March 2014.

## ANNUAL RESULTS

The board (the “Board”) of directors of the Company presents the audited consolidated results of the Company and its subsidiaries (collectively, the “Group”) for the year ended 31 March 2014, together with the comparative figures for the year ended 31 March 2013 as follows:

### CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2014

	Notes	2014 HK\$'000	2013 HK\$'000
<b>REVENUE</b>	3	238,751	246,072
Other income and gains	4	872	1,165
Cost of inventories sold		(68,018)	(71,286)
Staff costs		(69,671)	(69,734)
Depreciation and amortisation		(14,292)	(14,236)
Property rentals and related expenses		(48,325)	(47,169)
Fuel and utility expenses		(5,113)	(5,432)
Other operating expenses		(28,922)	(23,869)
Listing expenses		(6,701)	–
Finance cost	5	–	(4)
<b>(LOSS)/PROFIT BEFORE TAX</b>	6	<b>(1,419)</b>	15,507
Income tax expense	7	(1,839)	(3,836)
<b>(LOSS)/PROFIT FOR THE YEAR</b>		<b>(3,258)</b>	11,671
Other comprehensive income, net of tax		–	–
<b>TOTAL COMPREHENSIVE (EXPENSE)/INCOME FOR THE YEAR</b>		<b>(3,258)</b>	11,671
Attributable to:			
Owners of the Company		(5,976)	9,971
Non-controlling interests		2,718	1,700
		<b>(3,258)</b>	11,671
<b>(LOSS)/EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY</b>			
Basic and diluted (HK cents)	9	<b>(1.68)</b>	3.02

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION***As at 31 March 2014*

	<i>Notes</i>	<b>2014</b> <b>HK\$'000</b>	2013 <i>HK\$'000</i>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		<b>34,660</b>	31,309
Intangible assets		<b>1,120</b>	962
Non-current rental deposits		<b>13,252</b>	3,739
		<hr/>	<hr/>
Total non-current assets		<b>49,032</b>	36,010
		<hr/>	<hr/>
<b>CURRENT ASSETS</b>			
Inventories	<i>10</i>	<b>2,747</b>	4,590
Trade receivables	<i>11</i>	<b>1,159</b>	3,729
Prepayments, deposits and other receivables		<b>7,268</b>	15,574
Due from related parties		<b>1,350</b>	7,807
Due from non-controlling shareholders		<b>172</b>	611
Tax recoverable		<b>1,000</b>	997
Cash and cash equivalents		<b>45,844</b>	15,352
		<hr/>	<hr/>
Total current assets		<b>59,540</b>	48,660
		<hr/>	<hr/>
<b>CURRENT LIABILITIES</b>			
Trade payables	<i>12</i>	<b>5,688</b>	5,875
Other payables and accruals	<i>13</i>	<b>9,890</b>	8,503
Due to related parties		<b>84</b>	33,963
Due to non-controlling shareholders		<b>873</b>	1,108
Provision for reinstatement costs		<b>235</b>	5,529
Tax payable		<b>1,980</b>	3,909
		<hr/>	<hr/>
Total current liabilities		<b>18,750</b>	58,887
		<hr/>	<hr/>
<b>NET CURRENT ASSETS/(LIABILITIES)</b>		<b>40,790</b>	(10,227)
		<hr/>	<hr/>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>89,822</b>	25,783
		<hr/>	<hr/>

	<i>Notes</i>	<b>2014</b> <b><i>HK\$'000</i></b>	2013 <i>HK\$'000</i>
<b>NON-CURRENT LIABILITY</b>			
Provision for reinstatement costs		<u>4,658</u>	<u>1,183</u>
Total non-current liability		<u>4,658</u>	<u>1,183</u>
Net assets		<u><b>85,164</b></u>	<u><b>24,600</b></u>
<b>EQUITY</b>			
<b>Equity attributable to owners of the Company</b>			
Issued capital	<i>14</i>	4,000	11,568
Reserves		<u>75,871</u>	<u>4,029</u>
		79,871	15,597
<b>Non-controlling interests</b>		<u>5,293</u>	<u>9,003</u>
Total equity		<u><b>85,164</b></u>	<u><b>24,600</b></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 years ended 31 March 2014 and 2013 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 statement of financial position as at 31 March 2013 has been prepared to present the assets and liabilities of the companies now comprising the Group as if the current group structure had been in existence at that date.

The consolidated financial statements is 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 NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

For the purpose of preparing and presenting the consolidated financial statements for the year, the Group has consistently adopted Hong Kong Financial Reporting Standards (“HKFRSs”), Hong Kong Accounting Standards (“HKASs”), amendments and interpretations issued by the HKICPA, which are effective for financial periods beginning on or after 1 April 2013.

The Group has not early applied the following new and revised standards, amendments and interpretations, that have been issued but are not yet effective, in the consolidated financial statements:

HKFRS 9	Financial Instruments <sup>4</sup>
HKFRS 9 and HKFRS 7 (Amendments)	Mandatory Effective Date of HKFRS 9 and Transition Disclosures <sup>4</sup>
HKFRS 10, HKFRS 12 and HKAS 27 (2011) (Amendments)	Investment Entities <sup>1</sup>
HKFRS 14	Regulatory Deferral Accounts <sup>3</sup>
HKAS 19 (2011) (Amendments)	Defined Benefit Plans: Employee Contributions <sup>2</sup>
HKAS 32 (Amendments)	Offsetting Financial Assets and Financial Liabilities <sup>1</sup>
HKAS 36 (Amendments)	Recoverable Amount Disclosures for Non-Financial Assets <sup>1</sup>
HKAS 39 (Amendments)	Novation of Derivatives and Continuation of Hedge Accounting <sup>1</sup>
HK(IFRIC)-Int 21	Levies <sup>1</sup>
Annual Improvements Project	Annual Improvements 2010-2012 Cycle <sup>2</sup>
Annual Improvements Project	Annual Improvements 2011-2013 Cycle <sup>2</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2014, with earlier application permitted.

<sup>2</sup> Effective for annual periods beginning on or after 1 July 2014, with earlier application permitted.

<sup>3</sup> Effective for annual periods beginning on or after 1 January 2016, with earlier application permitted.

<sup>4</sup> No mandatory effective date yet determined but is available for adoption.

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

## 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 6, 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 2014 and 2013 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 (2013: 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:

	<b>2014</b> <i>HK\$'000</i>	2013 <i>HK\$'000</i>
<i>Revenue</i>		
Restaurant operations	<u><u>238,751</u></u>	<u><u>246,072</u></u>
<b>4. OTHER INCOME AND GAINS</b>		
	<b>2014</b> <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Bank interest income	60	–
Forfeited income	341	508
Membership income	–	44
Sponsorship income	359	151
Compensation from insurance claims	–	188
Others	112	274
	<u><u>872</u></u>	<u><u>1,165</u></u>
<b>5. FINANCE COST</b>		
	<b>2014</b> <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Interest on extended rental payments	<u><u>–</u></u>	<u><u>4</u></u>



## 6. (LOSS)/PROFIT BEFORE TAX

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

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Cost of inventories sold	68,018	71,286
Amortisation of intangible assets	348	306
Auditors' remuneration	829	128
Depreciation	13,944	13,930
Lease payments under operating lease in respect of land and buildings:		
Minimum lease payments	44,355	43,114
Contingent rents	2,525	2,649
	<u>46,880</u>	<u>45,763</u>
Employee benefits expenses (excluding directors' and chief executive's remuneration):		
Salaries, wages and other benefits	65,456	65,535
Retirement benefit scheme contributions	2,077	2,094
	<u>67,533</u>	<u>67,629</u>
Write-off of items of property, plant and equipment	121	179
Bad debts written off	70	–
Reversal of provision for estimated fine on water pollution	(588)	–
Listing expenses	6,701	–
Foreign exchange differences, net	8	3
	<u>8</u>	<u>3</u>

## 7. 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% (2013: 16.5%) during the year.

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Current tax – charge for the year	1,839	3,830
Deferred tax	–	6
	<u>1,839</u>	<u>3,836</u>

## 8. DIVIDENDS

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Interim dividend	<u>2,000</u>	<u>12,600</u>

During the year, the interim dividends of HK\$2,000,000 (2013: HK\$12,600,000) 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.

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

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

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
<b>(Loss)/Earnings</b>		
(Loss)/Profit for the year attributable to owners of the Company for the purposes of basic (loss)/earnings per share	<u>(5,976)</u>	<u>9,971</u>

	2014 <i>'000</i>	2013 <i>'000</i>
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### Number of shares

Weighted average number of ordinary shares for the purposes of basic (loss)/earnings per share	<u>355,123</u>	<u>330,000</u>
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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 14.

For the year ended 31 March 2013, 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 330,000,000 shares (comprising 1,000 shares in issue and 329,999,000 shares to be issued under the capitalisation issue), as if these 330,000,000 shares were outstanding since 1 April 2012.

The diluted (loss)/earnings per share is equal to the basic (loss)/earnings per share as there were no dilutive potential ordinary shares in issue during the years ended 31 March 2014 and 2013.

## 10. INVENTORIES

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Food and beverage, and other operating items for restaurant operations	<u>2,747</u>	<u>4,590</u>

## 11. TRADE RECEIVABLES

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Trade receivables	<u>1,159</u>	<u>3,729</u>

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.

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

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Within 1 month	1,015	3,508
1 to 3 months	65	125
Over 3 months	79	96
	<u>1,159</u>	<u>3,729</u>

## 12. 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:

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Within 1 month	5,649	5,833
Over 1 month but less than 2 months	26	25
Over 2 months	13	17
	<u>5,688</u>	<u>5,875</u>

## 13. OTHER PAYABLES AND ACCRUALS

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Deferred income	87	300
Other payables	1,468	351
Accruals	7,379	6,972
Provision for estimated fine on water pollution	–	588
Customer deposits	956	292
	<u>9,890</u>	<u>8,503</u>

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

During the year ended 31 March 2014, the movements in the share capital were as follows:

- (a) For the purpose of the preparation of the consolidated financial statements, the balance of issued capital at 31 March 2013 represents the aggregate of the paid up share capital of the subsidiaries comprising the Group under the control of the Controlling Shareholders prior to the Corporate Reorganisation.
- (b) 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.
- (c) 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.
- (d) 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.

- (e) 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.
- (f) 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 9 full-service restaurants, 2 cake shops and 1 café as at 31 March 2014, namely “Inakaya”, “Harlan’s”, “Kaika”, “Mekikinoginji-Okinawa” in Tuen Mun and Causeway Bay, “Hooray”, “Pearl Delights” in Tsim Sha Tsui and Shatin, “PHO24”, “Harlan’s Cake Shop”, “Carousel”, and “a la Folie”. The Group’s philosophy is “unique dining concepts” which is fully reflected in the quality dishes accompanied by a pleasant atmosphere and attentive services. The Group uses quality food ingredients to prepare cuisines based on the recipes that are created by chefs or licensed by way of franchising arrangements, and implements a stringent quality control system to ensure consistency and high food quality. Restaurants are strategically located in prime areas, contemporarily decorated and coupled with trained staff providing attentive services.

In July 2013, the Group closed down three restaurants in ifc mall, Hong Kong. To mitigate the impact of the closing down of the aforesaid restaurants, the Group launched two restaurants and a cafe, namely “Pearl Dining House” in Tsim Sha Tsui, “Mekikinoginji – Okinawa” in Tuen Mun, and “a la Folie” in Mongkok, in late 2013.

Moreover, the Group has rebranded its Vietnamese cuisine restaurant, namely “PHO24”, in New Town Plaza, Sha Tin into a Chinese cuisine restaurant, namely “Pearl Delights”, in December 2013.

### **Pearl Dining House (rebranded as “Pearl Delights” in March 2014)**

In order to continue the business momentum and further expand the variety of the Group’s cuisine offered to its customers, the Group launched its pioneer Chinese cuisine restaurant, the “Pearl Dining House” in The ONE, Tsim Sha Tsui, in September 2013.

To strengthen the promotion campaign for the “Pearl” series, “Pearl Dining House” was rebranded as “Pearl Delights” in March 2014 with a new focus on Cantonese dishes that emphasise on presentation and flavors.

### **Mekikinoginji – Okinawa**

With a view to capturing the high demand in the matured and densely populated new towns, the Group operated a restaurant under the franchise name of “Mekikinoginji – Okinawa”, a famous izakaya chain well known for its creative dishes and contemporary interior design in the Okinawa Prefecture of Japan. This restaurant commenced its operation in V city, Tuen Mun, in October 2013. On the other hand, the Japanese teppanyaki restaurant operated by the Group, located at World Trade Centre, Causeway Bay, has been rebranded as “Mekikinoginji – Okinawa” in September 2013.

## **a la Folie**

The Group established a cafe under the tradename of “a la Folie” in Grand Century Plaza, Mongkok, in December 2013. This cafe targets middle to higher income consumers by serving light refreshments and offering quality baked products, including French and Japanese style breads, rolls and pastries.

## **Pearl Delights**

The second Chinese cuisine restaurant, namely “Pearl Delights”, under the “Pearl” series was successfully rebranded and changed from the Group’s previous Vietnamese cuisine restaurant in December 2013. The Group believes that it is the right time to bring in a new Cantonese cuisine dining concept that focuses on dim sum and Cantonese barbeque meat for its customers in the Shatin District, one of the most populous districts in Hong Kong.

## **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 image in Hong Kong. There has been very encouraging growth in the revenue of Inakaya for the year ended 31 March 2014, and last year the restaurant had held some of the most remarkable events in Hong Kong which further established the unique connection between Japan and Hong Kong. In March 2013, a Sakura-Dinner together with a sake-auction were held which raised an impressive amount of donation for the 3.11 earthquake refugees. In summer 2013, a large scale promotion jointly organised with Miyazaki Prefecture in Japan received great response from diners and had been widely covered by the press. In Autumn 2013, Inakaya organised a joint promotion with the legendary soba restaurant ‘Sawacho’ in Tokyo. Inakaya was selected as one of the ‘Best Restaurants’ in Hong Kong Tatler – Best Restaurants – Hong Kong and Macau Edition in 2013.

## **Harlan’s**

Harlan’s, being the Group’s trademark restaurant, delivered a great performance in 2013. The revenue has been more than satisfactory and growth of diner’s numbers and positive feedback in terms of quality of food and service have been remarkable. With an inviting ambience and plush interior design, the restaurant had been selected frequently as a venue for major corporate events. The restaurant was selected as one of the ‘Best Restaurants’ in Hong Kong Tatler – Best Restaurants – Hong Kong and Macau Edition in 2013, and has maintained its unique position as one of the finest restaurants with splendid views in the Tsim Sha Tsui area.

## **Kaika**

The teppanyaki brand has been moving on with enormous momentum which transcended itself from merely a teppenayki restaurant from Ginza Tokyo. In December 2013, Kaika was included in the world-famous ‘The MICHELIN Guide’ (Hong Kong and Macau 2014) with two fork & spoon designations representing ‘satisfying quality of service and food’. The teppanyaki restaurant stayed on top in the market with top-notch food and attentive service, which captured not only frequent diners but also new customers with a discerning palate. The revenue generated from Kaika has been encouraging.

## **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.

## **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 restaurant has established a sharp image for modern and adventurous cuisine which had been popular among the young clientele. The prime location with a grand view had been selected by international brands for holding corporate events. Revenue has been growing steadily and is expected to rise after the interior touch-up will be finished in summer 2014.

## **Carousel Fine Cake & Pastries (a la Folie – Coming Soon)**

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 good valued pastry such as cakes, macarons, cookies and is usually frequented by regular customers. An interior touch-up will be finished by the end of summer 2014 and the shop will be rebranded and changed to become a la Folie, to further strengthen the trade name of a la Folie.

## **PHO24 (PHO Hoi An – Coming Soon in Summer 2014)**

The mass-traffic Vietnamese eatery continued to serve as major casual dining trademark and will be rebranded with a new name PHO Hoi An in late summer 2014. The growth in income in 2014 has been satisfactory and the new brand is expected to strengthen the existing clientele base and establish a new stream of customers with efficient service and an array of Vietnamese cuisines inspired from Hoi An, the world heritage town in Vietnam.

## **FINANCIAL REVIEW**

### **Revenue**

For the financial year ended 31 March 2014, the Group recorded revenue of approximately HK\$238,751,000 (2013: approximately HK\$246,072,000), representing a slight decrease of approximately 3% compared with the financial year ended 31 March 2013. Revenue generated from the three restaurants in ifc mall, Hong Kong, represented a significant portion of the Group's revenue last year. To alleviate the impact of the closing down of these restaurants, the Group has adopted the strategies of boosting the revenue of existing outlets and opening new outlets. As a result of the successful implementation of these strategies, revenue was successfully maintained at similar levels.

## **Cost of inventories sold**

The cost of inventories sold for the financial year ended 31 March 2014 amounted to approximately HK\$68,018,000 (2013: approximately HK\$71,286,000). Despite the increase in inflation in general in recent years, the Group was able to maintain the overall cost margin at a level below 30% of revenue for both of the financial years ended 31 March 2013 and 2014. The Directors will continue to monitor the cost of inventories sold as a percentage of revenue, which is a key performance indicator of the overall efficiency and profitability of the restaurant operations.

## **Staff costs**

The staff costs for the financial year ended 31 March 2014 amounted to approximately HK\$69,671,000 (2013: approximately HK\$69,734,000). The slight decrease was mainly due to the layoff of employees in the three restaurants in ifc mall, Hong Kong, upon closure of those restaurants. With the opening of the three new outlets as mentioned above, the number of employees remained approximately the same as at 31 March 2013 and 2014.

## **Property rentals and related expenses**

The property rentals and related expenses for the financial year ended 31 March 2014 amounted to approximately HK\$48,325,000 (2013: approximately HK\$47,169,000), representing an increase of approximately 2% as compared to the financial year ended 31 March 2013. The increase was mainly due to the rental expenses of newly-opened outlets and also increases in rent of some of the existing outlets upon the renewal of tenancy agreements during the financial year ended 31 March 2014.

## **Net (loss)/profit for the year**

For the financial year ended 31 March 2014, the Group recorded loss attributable to owners of the Company of approximately HK\$5,976,000 (2013: profit of approximately HK\$9,971,000). The loss was mainly attributable to the one-off listing expenses of approximately HK\$6,701,000, which incurred in relation to the placing of the shares of the Company on the GEM of the Stock Exchange. If the one-off listing expenses are not taken into account, the Group would record a profit (without listing expenses) for the financial year ended 31 March 2014.

## **FUTURE PROSPECTS**

Despite the keen competition of the restaurant business in Hong Kong, the Group is able to maintain its market position, changing the landscape of the Hong Kong dining scene since its first restaurant was opened in ifc mall, Hong Kong. To maintain its competitive edge, the Group will continue to adhere to its philosophy – “unique dining concepts”, by developing innovative and tasty dishes, creating a pleasant atmosphere and providing attentive services.



During the financial year ended 31 March 2014, the listing of the shares of the Company on the GEM of the Stock Exchange marked an important milestone in the history of the Group and opened up brand-new opportunities for the Group's development in the future. Meanwhile, the Group also introduced several new restaurants and a café under different and new brand names to the market.

Looking forward, the Group will continue its expansion by opening new restaurants under new brand names. It is the Group's strategy to continue to diversify its cuisines and hence the Group welcomes any proposals if they meet the Group's strategic position.

It will also be a core plan to grow with existing young and middle-market brands that are expected to strengthen the Group's role and image in Hong Kong. The Group has realised the potential of mid-market positioned restaurants which have been burgeoning in Hong Kong in recent years and thus it will be one of the Group's major development plans to emphasize on expanding brands with mass-market quality such as Pearl Delights, Mekikinoginji – Okinawa and a la Folie, with equal uncompromising quality of food and service, to match and stay ahead of the current dining stream in Hong Kong.

The Board will continue to identify any potential business opportunities for the Group's further expansion. The Board is optimistic that the Group's persistence in the quality of its food and service will enable the Group to continually grow 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 2014, the share capital and equity attributable to owners of the Company amounted to approximately HK\$4,000,000 and HK\$79,871,000 respectively (2013: approximately HK\$11,568,000 and HK\$15,597,000 respectively).

### *Cash position*

As at 31 March 2014, the cash and cash equivalents of the Group amounted to approximately HK\$45,844,000 (2013: approximately HK\$15,352,000), representing an increase of approximately 199% as compared to that as at 31 March 2013.

### *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 2013 and 2014.

### *Gearing ratio*

As at 31 March 2014, the gearing ratio of the Group was approximately 1% (2013: approximately 59%). 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**

Apart from the reorganisation in relation to the listing of the shares of the Company, there were no significant investments held, material acquisitions or disposals of subsidiaries and affiliated companies during the year ended 31 March 2014. 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 2014.

## **Contingent Liabilities**

As at 31 March 2014, the Group had no material contingent liabilities (2013: nil).

## **Capital Commitment**

As at 31 March 2014, the Group did not have any capital commitments (2013: approximately HK\$35,000).

## **Employees and Emolument Policies**

The Group had 264 employees (including Directors) as at 31 March 2014 (2013: 268 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 2014 (2013: 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 2014 and up to the date of this announcement.

## **CORPORATE GOVERNANCE CODE**

During the period from 21 November 2013, being the date of the listing of the shares of the Company on the GEM of the Stock Exchange (the “Date of Listing”), to 31 March 2014, the Company has complied with all the applicable code provisions of the Corporate Governance Code (the “Code”) contained in Appendix 15 to the GEM Listing Rules, except for the deviation from code provision A.1.8 of the Code as described below.

Under 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 SECURITIES TRANSACTIONS BY DIRECTORS**

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 from the Date of Listing to 31 March 2014.

## **PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES**

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any listed securities of the Company from the Date of Listing to 31 March 2014.

## **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 Mr. Law Yiu Sing, Mr. Chan Wai Hung Clarence and Ms. Yue Chung Sze Joyce. The chairman of the audit committee is Mr. Law Yiu Sing. The audit committee of the Company has reviewed the audited annual results of the Group for the year ended 31 March 2014.

## **SCOPE OF WORK OF AUDITORS**

The figures in respect of this announcement of the Group’s results for the year ended 31 March 2014 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 2014. 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 of the Company (the “AGM”) will be held on 31 July 2014 at Harlan’s, 19th Floor, The ONE, 100 Nathan Road, Tsimshatsui, Kowloon, Hong Kong. For determining entitlement to attend the AGM, the register of members of the Company will be closed from 30 July 2014 (Wednesday) to 31 July 2014 (Thursday), both days inclusive, during which period no transfer of the shares of the Company will be registered. The record date will be 31 July 2014 (Thursday). In order to qualify for attending the forthcoming AGM, all transfers of shares of the Company 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 18th Floor, Fook Lee Commercial Centre, Town Place, 33 Lockhart Road, Wanchai, Hong Kong before 4:30 p.m. on 29 July 2014 (Tuesday).

## **PUBLICATION OF 2014 ANNUAL REPORT**

The 2014 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, 13 June 2014

*As at the date of this announcement, the executive Directors are Mr. Wu Kai Char, Ms. Wong Wai Ling and Mr. Lui Hung Yen; the non-executive Director is Mr. Pan Chik; and the independent non-executive Directors are Mr. Law Yiu Sing, Ms. Yue Chung Sze Joyce and Mr. Chan Wai Hung Clarence.*

*This announcement will remain on the “Latest Company Announcements” page of the Stock Exchange’s website ([www.hkexnews.hk](http://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](http://www.jcgroup.hk)).*