



JC Group Holdings Limited

(Incorporated in the Cayman Islands with limited liability)
STOCK CODE: 8326



Third Quarterly Report
2014



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This report, for which the directors (the “Directors”) of JC Group Holdings Limited (the “Company” and together with its subsidiaries, the “Group”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the GEM (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 report 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 report misleading.



The board (the "Board") of directors (the "Directors") of the Company announces the unaudited condensed consolidated results of the Company and the subsidiaries (collectively, the "Group") for the three and nine months ended 31 December 2014, together with the unaudited comparative figures for the respective corresponding periods in 2013 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the three and nine months ended 31 December 2014

	Notes	Three months ended		Nine months ended	
		31 December		31 December	
		2014 HK\$'000 (Unaudited)	2013 HK\$'000 (Unaudited)	2014 HK\$'000 (Unaudited)	2013 HK\$'000 (Unaudited)
REVENUE	3	71,741	64,566	193,837	181,496
Other income and gains	3	349	335	540	961
Cost of inventories sold		(19,541)	(17,695)	(53,806)	(52,194)
Staff costs		(19,397)	(18,020)	(56,541)	(50,808)
Depreciation and amortisation		(4,284)	(3,894)	(12,312)	(10,219)
Property rentals and related expenses		(14,043)	(12,247)	(39,311)	(36,393)
Fuel and utility expenses		(1,243)	(1,152)	(3,988)	(3,780)
Other operating expenses		(7,024)	(8,512)	(22,921)	(20,998)
Listing expenses		–	(3,668)	–	(6,701)
PROFIT/(LOSS) BEFORE TAX	4	6,558	(287)	5,498	1,364
Income tax expense	5	(1,975)	(1,442)	(3,455)	(3,249)
PROFIT/(LOSS) FOR THE PERIOD		4,583	(1,729)	2,043	(1,885)
Other comprehensive income, net of tax		–	–	–	–
TOTAL COMPREHENSIVE INCOME/ (EXPENSE) FOR THE PERIOD		4,583	(1,729)	2,043	(1,885)
Attributable to:					
Owners of the Company		4,142	(1,416)	1,384	(2,887)
Non-controlling interests		441	(313)	659	1,002
		4,583	(1,729)	2,043	(1,885)
EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY					
– Basic and diluted (HK cents)	6	1.04	(0.39)	0.35	(0.87)



CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the nine months ended 31 December 2014

	Attributable to owners of the Company						Total equity HK\$'000
	Issued Capital HK\$'000	Share premium HK\$'000	Other reserves HK\$'000	(Accumulated losses)/ Retained profits HK\$'000	Total HK\$'000	Non-controlling interests HK\$'000	
At 1 April 2014 (audited)	4,000	27,847	51,567	(3,543)	79,871	5,293	85,164
Profit for the period	-	-	-	1,384	1,384	659	2,043
Total comprehensive income for the period	-	-	-	1,384	1,384	659	2,043
Acquisition of subsidiaries	-	-	-	-	-	6	6
Interim dividend	-	-	-	-	-	(850)	(850)
At 31 December 2014 (unaudited)	4,000	27,847	51,567	(2,159)	81,255	5,108	86,363
At 1 April 2013 (audited)	11,568	-	-	4,029	15,597	9,003	24,600
(Loss)/profit for the period	-	-	-	(2,887)	(2,887)	1,002	(1,885)
Total comprehensive (expense)/ income for the period	-	-	-	(2,887)	(2,887)	1,002	(1,885)
Acquisition of additional interest in a subsidiary	7,500	-	-	(111)	7,389	(7,389)	-
Shares issued by subsidiaries to shareholders	25	7,499	-	-	7,524	-	7,524
Loan capitalisation	-	-	26,462	-	26,462	-	26,462
Corporate Reorganisation	(19,093)	52,986	(33,904)	-	(11)	-	(11)
Issue of new shares	4,000	31,000	-	-	35,000	-	35,000
Share issue expenses	-	(3,152)	-	-	(3,152)	-	(3,152)
Interim dividend	-	-	-	(1,485)	(1,485)	(515)	(2,000)
At 31 December 2013 (unaudited)	4,000	88,333	(7,442)	(454)	84,437	2,101	86,538



NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended 31 December 2014

1. GENERAL INFORMATION

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. Its parent and ultimate holding company is Victory Stand International Limited, a company incorporated in the British Virgin Islands. The shares of the Company have been listed on the GEM of The Stock Exchange with effect from 21 November 2013. The address of its registered office is Clifton House, 75 Fort Street, P.O. Box 1350, Grand Cayman, KY1-1108, Cayman Islands. The address of its principal place of business is at 14th Floor, TAL Building, 45-53 Austin Road, Tsim Sha Tsui, Kowloon, Hong Kong.

The Company's principal activity during the nine months ended 31 December 2014 was investment holding. The Group's principal activity during the nine months ended 31 December 2014 was the operation and management of various restaurants and cake shops in Hong Kong.

2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

The unaudited condensed consolidated financial statements for the nine months ended 31 December 2014 have been prepared in accordance with the accounting principles generally accepted in Hong Kong and comply with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the applicable disclosure provisions of Chapter 18 of the GEM Listing Rules.

The accounting policies and methods of computation used in the preparation of the unaudited condensed consolidated financial statements for the nine months ended 31 December 2014 are consistent with those adopted in the Group's annual financial statements for the year ended 31 March 2014, except for the adoption of the new and revised Hong Kong Financial Reporting Standards (the "New and Revised HKFRSs") (which include all HKFRSs, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the HKICPA that have become effective for accounting period beginning on 1 April 2014. The unaudited condensed consolidated financial statements for the nine months ended 31 December 2014 do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the audited financial statements included in the annual report of the Company dated 13 June 2014.

The adoption of the New and Revised HKFRSs has had no significant effect on these unaudited condensed consolidated financial statements for the nine months ended 31 December 2014 and there have been no significant changes to the accounting policies applied in these unaudited condensed consolidated financial statements for the nine months ended 31 December 2014.

The Group has not applied new and revised standards, amendments or interpretations that have been issued but are not yet effective. The Group is currently assessing the impact of the adoption of such new and revised standards, amendments or interpretations to the Group but is yet to be in a position to state whether they would have any material financial impact on the Group's results of operations and financial position.

The unaudited condensed consolidated financial statements for the nine months ended 31 December 2014 have been prepared under the historical cost convention. The unaudited condensed consolidated financial statements for the nine months ended 31 December 2014 are presented in Hong Kong dollars ("HK\$"), which is also the functional currency of the Group.



3. REVENUE, OTHER INCOME AND GAINS

	Three months ended 31 December		Nine months ended 31 December	
	2014 HK\$'000 (Unaudited)	2013 HK\$'000 (Unaudited)	2014 HK\$'000 (Unaudited)	2013 HK\$'000 (Unaudited)
Revenue				
Restaurant operations	71,741	64,566	193,837	181,496
Other income and gains				
Bank interest income	36	–	95	–
Forfeited income	–	152	–	251
Sponsorship income	52	75	158	298
Compensation for insurance claims	–	37	–	240
Reversal of provision for reinstatement cost	235	–	235	–
Others	26	71	52	172
	349	335	540	961

4. PROFIT/(LOSS) BEFORE TAX

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

	Three months ended 31 December		Nine months ended 31 December	
	2014 HK\$'000 (Unaudited)	2013 HK\$'000 (Unaudited)	2014 HK\$'000 (Unaudited)	2013 HK\$'000 (Unaudited)
Cost of inventories sold	19,541	17,695	53,806	52,194
Amortisation of intangible assets	98	98	293	251
Auditors' remuneration	32	106	29	266
Depreciation	4,186	3,796	12,019	9,968
Lease payments under operating lease in respect of land and buildings:				
Minimum lease payments	12,733	11,003	36,359	33,417
Contingent rents	839	869	1,722	2,054
	13,572	11,872	38,081	35,471
Employee benefits expenses (excluding directors' and chief executive's remunerations):				
Salaries, wages and other benefits	17,883	17,437	52,026	48,930
Retirement benefits scheme contributions	689	475	2,040	1,380
	18,572	17,912	54,066	50,310
Write-off of items of property, plant and equipment	(9)	8	1,574	141
Listing expenses	–	3,668	–	6,701
Exchange differences, net	2	–	1	8



5. INCOME TAX EXPENSE

	Three months ended 31 December		Nine months ended 31 December	
	2014 HK\$'000 (Unaudited)	2013 HK\$'000 (Unaudited)	2014 HK\$'000 (Unaudited)	2013 HK\$'000 (Unaudited)
Current tax – charge for the period	1,975	1,442	3,455	3,249

Hong Kong profits tax has been provided at the rate of 16.5% on the estimated assessable profits arising in Hong Kong for the nine months ended 31 December 2013 and 2014.

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

The calculation of the basic earnings per share attributable to owners of the Company for the three and nine months ended 31 December 2014 was based on (i) the unaudited condensed consolidated profit attributable to owners of the Company of approximately HK\$4,142,000 and HK\$1,384,000 respectively; and (ii) the weighted average number of 400,000,000 and 400,000,000 ordinary shares in issue during the respective periods.

The calculation of basic loss per share for the three and nine months ended 31 December 2013 are based on (i) the unaudited condensed consolidated loss of approximately HK\$1,416,000 and HK\$2,887,000 attributable to owners of the Company for the three and nine months ended 31 December 2013 respectively; and (ii) the weighted average number of ordinary shares of 361,195,652 and 332,636,364 in issue during the respective periods.

The diluted earnings/(loss) per share for the respective periods are the same as basic earnings/(loss) per share as there are no dilutive potential ordinary shares.



7. DIVIDENDS

The dividends paid by the Company's subsidiaries to the then shareholders during the nine months ended 31 December 2014 and 2013 are as follows:

	Three months ended 31 December		Nine months ended 31 December	
	2014 HK\$'000 (Unaudited)	2013 HK\$'000 (Unaudited)	2014 HK\$'000 (Unaudited)	2013 HK\$'000 (Unaudited)
Interim dividend	2,800	2,000	2,800	2,000

No dividends have been declared by the Company during the nine months ended 31 December 2014 and 2013. The Board does not recommend the payment of an interim dividend for the nine months ended 31 December 2014 (for the nine months ended 31 December 2013: nil).



MANAGEMENT DISCUSSION AND ANALYSIS

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 December 2014, 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". 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 used 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 November 2014, the Group has successfully rebranded and changed its Chinese cuisine restaurant in Tsim Sha Tsui into Japanese cuisine restaurant, namely "Mekikinoginji – Okinawa", which is the third restaurant under this tradename.

Mekikinoginji – Okinawa

With a view to capturing the high demand in the matured and densely populated area, 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 the 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.

The 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.

Due to successful launch of restaurants under the tradename of "Mekikinoginji-Okinawa" in new town and tourist area, which serve contemporary Japanese cuisine and are frequently patronised by young customers, the Group further strengthens this tradename 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.

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 nine months ended 31 December 2014. During the period, 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 of A Grade restaurant by Taste of Hong Kong Awards.

Harlan's

With an inviting ambience and plush interior design, Harlan's had been selected as a venue for major corporate events and wedding banquets. Harlan's was selected as one of the "Best Restaurants" by "Hong Kong Tatler – Best Restaurants – Hong Kong and Macau Edition" in 2014, 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. In December 2013, Kaika was included in "The MICHELIN Guide" (Hong Kong and Macau 2014) with two Fork & spoon designations representing "satisfying quality of 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 heart 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 chef team of Hooray was granted the "Best Team Work and Silver Award" in European cuisine in Gourmet Master Chef held in September 2014. Hooray 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 in which Hooray is located had been frequently selected by international brands for holding corporate events and wedding banquets.

Pearl Delights

A Chinese cuisine restaurant, namely "Pearl Delights", 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.

PHO Hoi An

This Vietnamese eatery continues to maintain its image as major casual dining restaurant of the Group and was successfully rebranded from "PHO 24" 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 the business by launching another Vietnamese cuisine restaurant under the tradename of "PHO Hoi An" in a young and refreshing shopping mall in San Po Kong in September 2014.

a la Folie

The Group established a café under the tradename 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 baked products, including French and Japanese style breads, rolls and 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 good valued pastry such as cakes, macarons, cookies, and is usually frequented by regular customers.



FINANCIAL REVIEW

Revenue

For the nine months ended 31 December 2014, the Group recorded an unaudited revenue of approximately HK\$193,837,000, representing an increase of approximately 7% compared with approximately HK\$181,496,000 of the corresponding period in 2013. After closing down three restaurants in ifc mall, Hong Kong in July 2013, the Group has adopted the strategies of boosting the revenue of existing outlets, and opening new outlets to benefit from broadening of client base through market diversification. Meanwhile, the Group also did some rebranding in conformity with the strategies, the success of which was reflected in an increase in revenue for the nine months ended 31 December 2014.

Cost of inventories

The cost of inventories sold for the nine months ended 31 December 2014 amounted to approximately HK\$53,806,000 (for the nine months ended 31 December 2013: approximately HK\$52,194,000). 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 nine months ended 31 December 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 increased by approximately 11% to approximately HK\$56,541,000 for the nine months ended 31 December 2014 (for the nine months ended 31 December 2013: approximately HK\$50,808,000). The increase 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 costs at a reasonably low level.

Depreciation and amortisation

Depreciation and amortisation increased by approximately 20% to approximately HK\$12,312,000 for the nine months ended 31 December 2014 (for the nine months ended 31 December 2013: approximately HK\$10,219,000). The increase was mainly attributable to the newly opened outlets which required significant decoration cost and purchase of property, plant and equipment.

Property rentals and related expenses

The property rentals and related expenses for the nine months ended 31 December 2014 amounted to approximately HK\$39,311,000 (for the nine months ended 31 December 2013: approximately HK\$36,393,000), representing an increase of approximately 8% as compared to the corresponding period in 2013. The increase was mainly due to the rental expenses of newly opened outlets and also increases in the rent of some of the existing outlets upon the renewal of tenancy agreements.

Other operating expenses

Other operating expenses increased by approximately 9% to approximately HK\$22,921,000 for the nine months ended 31 December 2014 from approximately HK\$20,998,000 for the corresponding period in 2013. The increase was mainly derived from the write-off of property, plant and equipment amounting to approximately HK\$1,574,000 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. Apart from this, the increase in the number of outlets also caused the increase in other operating expenses.

Net profit/(loss) for the period

For the nine months ended 31 December 2014, the Group recorded profit attributable to owners of the Company of approximately HK\$1,384,000 (for the nine months ended 31 December 2013: loss of approximately HK\$2,887,000). The profit for the period reflected the success of the Group's strategy of boosting revenue of existing outlets and the marketing strategy of rebranding, while the result is partially offset by i) the write-off of



the property, plant and equipment with the amount of approximately HK\$1,574,000 due to the 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 increase in staff costs. The write-off of the property, plant and equipment is one-off in nature and the start-up costs and inefficiency of newly setup 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 nine months ended 31 December 2013 which caused the net loss was not incurred in the current period.

FUTURE PROSPECTS

Despite the keen competition and challenging operating environment of the restaurant business in Hong Kong, the Group is able to maintain its market position. To maintain its competitive edge, the Group continue to adhere to its philosophy – “unique dining concepts”, by developing innovative and tasty dishes, creating a pleasant atmosphere and providing attentive services. To match and stay ahead of the current dining stream in Hong Kong, the Group also strengthen its existing young and middle-market brands by opening its second Vietnamese cuisine restaurant under the tradename of PHO Hoi An and its third Japanese cuisine restaurant under the tradename of “Mekikinoginji-Okinawa”, in September and November 2014 respectively. The role and image of the Group can be further enhanced in the dining market.

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.

Looking forward, the Group will continue its expansion by opening new restaurants under new or existing 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 the Group’s major development to continue emphasising on expanding mass-market quality brands as the Group has realised the potential of middle-grade market which have been burgeoning in Hong Kong in the recent years, especially target for the young couples who are more concentrated on career and without cooking habit.

To cope with the challenging environment in foreseeable future, the Group will continue to implement effective cost control measures, reduce the operating cost and improve the operating efficiency of newly setup outlets.

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 December 2014, the share capital and equity attributable to owners of the Company amounted to approximately HK\$4,000,000 and HK\$81,255,000 respectively (as at 31 March 2014: approximately HK\$4,000,000 and HK\$79,871,000 respectively).

Cash position

As at 31 December 2014, the cash and cash equivalents of the Group amounted to approximately HK\$63,646,000 (as at 31 March 2014: approximately HK\$45,844,000), representing an increase of approximately 39% 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 December 2014 and 2013.

Gearing ratio

As at 31 December 2014, the gearing ratio of the Group was approximately 2% (as at 31 March 2014: approximately 1%). The gearing ratio is calculated based on the total debt at the end of the period divided by the total debt plus total equity at the end of the respective period/year. Total debt represents all liabilities excluding trade payables, other payables and accruals, tax payables and provision for reinstatement costs.



CORPORATE GOVERNANCE CODE

During the nine months ended 31 December 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.

INTEREST OF THE COMPLIANCE ADVISER

As confirmed by the Group's compliance adviser, TC Capital Asia Limited (the "Compliance Adviser"), save as the compliance adviser agreement entered into between the Company and the Compliance Adviser dated 8 November 2013, none of the Compliance Adviser or its directors, employees or close associates (as defined under the GEM Listing Rules) had any interest in the Group or in the share capital of any member of the Group which is required to be notified to the Company pursuant to Rule 6A.32 of the GEM Listing Rules.

COMPETING BUSINESS

For the nine months ended 31 December 2014, none of the Directors, the controlling shareholders or the substantial shareholders of the Company or any of their respective close associates (as defined under the GEM Listing Rules) are engaged in any business that competes or may compete, directly or indirectly, with the business of the Group or have any other conflicts of interest with the Group nor are they aware of any other conflicts of interest which any such person has or may have with the Group.

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 during the nine months ended 31 December 2014.

THE INTERESTS AND SHORT POSITIONS OF THE DIRECTORS AND THE CHIEF EXECUTIVE IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at 31 December 2014, the interests and short positions of the Directors and chief executive of the Company in the shares (the "Shares"), underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO")) which were required to be notified to the Company and the Stock Exchange under Divisions 7 and 8 of Part XV of the SFO (including any interests or short positions which they are taken or deemed to have under such provisions of the SFO) or as recorded in the register of the Company required to be kept under Section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, were as follows:



Long positions in the shares of associated corporation

Name of Director	Name of associated corporation	Capacity/Nature of Interest	Number of ordinary shares interested	Approximate percentage of shareholding
Mr. Wu Kai Char (Mr. Wu)	Victory Stand International Limited ("Victory Stand")	Beneficial owner	2,975	29.75%
Ms. Wong Wai Ling (Ms. Wong)	Victory Stand	Beneficial owner	1,624	16.24%
Mr. Lui Hung Yen (Mr. Lui)	Victory Stand	Beneficial owner	813	8.13%

Save as disclosed above and so far as is known to the Directors, as at 31 December 2014, none of the Directors and chief executive of the Company had any interests or short positions in the Shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange under Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO) or as recorded in the register of the Company required to be kept under Section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules.

THE INTERESTS OF SUBSTANTIAL SHAREHOLDERS IN THE SHARES AND UNDERLYING SHARES AND THE INTERESTS AND SHORT POSITIONS OF OTHER PERSONS IN THE SHARES AND UNDERLYING SHARES

As at 31 December 2014 and so far as is known to the Directors, the following persons (other than the Directors or chief executive of the Company) had interests and short positions in the Shares or underlying shares of the Company which were required to be notified to the Company under Divisions 2 and 3 of Part XV of the SFO or as recorded in the register of the Company required to be kept under Section 336 of the SFO were as follows:

Long positions in the Shares

Name of Shareholder	Nature of Interest	Number of Shares interested	Approximate percentage of shareholding
Victory Stand	Beneficial owner	149,000,000	37.25%
Mr. Zhang Fuzhu ("Mr. Zhang")	Interest in a controlled corporation (<i>Note 1</i>)	149,000,000	37.25%
International Financial Holding Group ("International Financial")	Beneficial owner	19,120,000	4.78%
Chung Tsai Kin ("Mr. Chung")	Interest in a controlled corporation (<i>Note 2</i>)	19,120,000	4.78%
Ms. Cheung Po Yuet ("Ms. Cheung")	Interest of spouse (<i>Note 3</i>)	19,120,000	4.78%

Notes:

- These 149,000,000 Shares are held by Victory Stand, the entire issued share capital of which is legally and beneficially owned as to 45.88%, 29.75%, 16.24% and 8.13% by Mr. Zhang, Mr. Wu, Ms. Wong and Mr. Lui, respectively. Mr. Zhang is deemed to be interested in all the Shares held by Victory Stand under the SFO. Ms. Wong, Mr. Wu and Mr. Lui are the executive Directors. Each of Mr. Wu and Ms. Wong is a director of Victory Stand.
- These 19,120,000 Shares are held by International Financial, which is controlled by Mr. Chung. For the purpose of the SFO, Mr. Chung is deemed to be interested in all the Shares held by International Financial.
- Ms. Cheung is the spouse of Mr. Chung. Under the SFO, Ms. Cheung is deemed to be interested in all the Shares in which Mr. Chung is interested.



Save as disclosed above, as at 31 December 2014, the Directors are not aware of any interests or short positions owned by any persons (other than the Directors or chief executive of the Company) in the Shares or underlying shares of the Company which were required to be disclosed under Divisions 2 and 3 of Part XV of the SFO or which were required to be recorded in the register of the Company under Section 336 of the SFO.

SHARE OPTION SCHEME

The Company had adopted a share option scheme (the "Share Option Scheme") on 2 November 2013.

Since the adoption of the Share Option Scheme and up to the date of this report, no share options have been granted pursuant to the Share Option Scheme.

There is no option outstanding, granted, cancelled and lapsed during the nine months ended 31 December 2014.

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 for the nine months ended 31 December 2014.

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 primary duties of the audit committee are (i) to review the financial systems of the Group; (ii) to review the accounting policy, financial position and financial reporting procedures of the Group; (iii) to communicate with external auditors; (iv) to assess the performance of internal financial and audit personnel; and (v) to assess the internal controls of the Group. The audit committee has reviewed the unaudited condensed consolidated financial statements and the results of the Group for the nine months ended 31 December 2014 and this report, and considered that the results and this report have been prepared in accordance with the applicable accounting standards and requirements.

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

Hong Kong, 9 February 2015

As at the date of this report, the executive Directors are Mr. Wu Kai Char, Ms. Wong Wai Ling and Ms. Chen Chen; and the independent non-executive Directors are Ms. Kwong Ka Ki, Mr. Chan Wai Hung Clarence and Mr. Pao Ping Wing.