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JC Group Holdings Limited

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 8326)

THIRD QUARTERLY RESULTS ANNOUNCEMENT FOR THE NINE MONTHS ENDED 31 DECEMBER 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 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 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 nine months ended 31 December 2015 increased by approximately 6% to approximately HK\$204,668,000 (2014: approximately HK\$193,837,000).
- Loss for the nine months ended 31 December 2015 amounted to approximately HK\$6,408,000 (2014: profit for the period of approximately HK\$2,043,000).
- Basic and diluted loss per share attributable to ordinary equity holders of the Company for the nine months ended 31 December 2015 was approximately HK\$0.0165 (2014: basic and diluted earnings per share of approximately HK\$0.0035).
- The Board does not recommend the payment of interim dividend for the nine months ended 31 December 2015 (2014: nil).

The board of Directors (the “Board”) 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 2015, together with the unaudited comparative figures for the respective corresponding periods in 2014 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the three and nine months ended 31 December 2015

	Notes	Three months ended 31 December		Nine months ended 31 December	
		2015 HK\$'000 (Unaudited)	2014 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited)	2014 HK\$'000 (Unaudited)
REVENUE	3	70,304	71,741	204,668	193,837
Other income and gains	3	241	349	343	540
Cost of inventories sold		(20,494)	(19,541)	(60,141)	(53,806)
Staff costs		(21,054)	(19,397)	(62,536)	(56,541)
Depreciation and amortisation		(3,733)	(4,284)	(12,766)	(12,312)
Property rentals and related expenses		(15,289)	(14,043)	(44,904)	(39,311)
Fuel and utility expenses		(1,381)	(1,243)	(4,237)	(3,988)
Other operating expenses		(9,188)	(7,024)	(23,152)	(22,921)
Other expenses, net		—	—	(1,083)	—
(LOSS)/PROFIT BEFORE FINANCE COSTS AND TAX		(594)	6,558	(3,808)	5,498
Finance costs	4	(363)	—	(450)	—
(LOSS)/PROFIT BEFORE TAX	4	(957)	6,558	(4,258)	5,498
Income tax expense	5	(723)	(1,975)	(2,150)	(3,455)
(LOSS)/PROFIT FOR THE PERIOD		(1,680)	4,583	(6,408)	2,043
Other comprehensive income, net of tax		—	—	—	—
TOTAL COMPREHENSIVE (EXPENSE)/ INCOME FOR THE PERIOD		(1,680)	4,583	(6,408)	2,043
Attributable to:					
Owners of the Company		(1,835)	4,142	(6,610)	1,384
Non-controlling interests		155	441	202	659
		(1,680)	4,583	(6,408)	2,043
(LOSS)/EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY					
– Basic and diluted (HK cents)	6	(0.46)	1.04	(1.65)	0.35

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended 31 December 2015

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. 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 2015 was investment holding. The Group's principal activity during the nine months ended 31 December 2015 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 2015 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 2015 are consistent with those adopted in the Group's annual financial statements for the year ended 31 March 2015, 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 2015. The unaudited condensed consolidated financial statements for the nine months ended 31 December 2015 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 23 June 2015.

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 2015 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 2015.

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 2015 have been prepared under the historical cost convention. The unaudited condensed consolidated financial statements for the nine months ended 31 December 2015 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		Nine months ended	
	31 December		31 December	
	2015	2014	2015	2014
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Revenue				
Restaurant operations	70,304	71,741	204,668	193,837
Other income and gains				
Bank interest income	4	36	40	95
Other interest income	83	–	83	–
Sponsorship income	91	52	91	158
Reversal of provision for reinstatement cost	–	235	–	235
Others	63	26	129	52
	241	349	343	540

4. (LOSS)/PROFIT BEFORE TAX

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

	Three months ended		Nine months ended	
	31 December		31 December	
	2015	2014	2015	2014
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Cost of inventories sold	20,494	19,541	60,141	53,806
Amortisation of intangible assets	79	98	238	293
Auditors' remuneration	–	32	–	29
Depreciation	3,654	4,186	12,528	12,019
Lease payments under operating lease in respect of land and buildings:				
Minimum lease payments	14,453	12,733	42,696	36,359
Contingent rents	336	839	735	1,722
	14,789	13,572	43,431	38,081
Employee benefits expenses (excluding directors' and chief executive's remuneration):				
Salaries, wages and other benefits	19,118	17,883	57,411	52,026
Retirement benefits scheme contributions	722	689	2,195	2,040
	19,840	18,572	59,606	54,066
Write-off of items of property, plant and equipment	1,254	(9)	1,254	1,574
Exchange differences, net	–	2	(17)	1
Write-off of amount due from a former subsidiary [#]	–	–	6,972	–
Gain on disposal of subsidiaries [#]	–	–	(6,489)	–
Donation [#]	–	–	600	–
Finance costs:				
Interest expenses on promissory note	363	–	450	–

[#] included in other expenses, net

5. INCOME TAX EXPENSE

	Three months ended		Nine months ended	
	31 December		31 December	
	2015	2014	2015	2014
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Current tax – charge for the period	<u>723</u>	<u>1,975</u>	<u>2,150</u>	<u>3,455</u>

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 2014 and 2015.

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

The calculation of the basic loss per share attributable to owners of the Company for the three and nine months ended 31 December 2015 was based on (i) the unaudited condensed consolidated loss attributable to owners of the Company of approximately HK\$1,835,000 and HK\$6,610,000 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 earnings per share attributable to owners of the Company for the three and nine months ended 31 December 2014 are 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 ordinary shares of 400,000,000 and 400,000,000 in issue during the respective periods.

The diluted (loss)/earnings per share is equal to the basic (loss)/earnings per share as there are no dilutive potential ordinary shares in issue during the three and nine months ended 31 December 2014 and 2015.

7. DIVIDENDS

The dividends paid by the Company's subsidiaries to the then shareholders during the nine months ended 31 December 2015 and 2014 are as follows:

	Three months ended		Nine months ended	
	31 December		31 December	
	2015	2014	2015	2014
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Interim dividend	<u>–</u>	<u>2,800</u>	<u>–</u>	<u>2,800</u>

No dividends have been declared by the Company during the nine months ended 31 December 2015 and 2014. The Board does not recommend the payment of an interim dividend for the nine months ended 31 December 2015 (for the nine months ended 31 December 2014: nil).

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group is a food and beverage group in Hong Kong operating 11 full-service restaurants and 2 cake shops as at 31 December 2015, namely “Inakaya”, “Harlan’s”, “Kaika”, “Mekikinoginji-Okinawa” in Tuen Mun, Causeway Bay, Tsim Sha Tsui, and Mongkok, “Hooray”, “Pearl Delights”, “PHO Hoi An” in Tsim Sha Tsui and San Po Kong, “Harlan’s Cake Shop” and “Carousel” of which some are operated by way of franchising agreement.

The Group endeavored to work out the philosophy – “unique dining concepts” through the 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. The chefs are committed to preparing innovative dishes and executing stringent quality control.

The Group adopted the diversification strategy by operating fine-dining and casual dining restaurants as well as restaurants in middle-class market to broaden the stream of customers. By launching our fourth restaurant under the Japanese franchise name of “Mekikinoginji-Okinawa” in May 2015, we have increased penetration of our brand in the middle-class market and increased the awareness of our brand among young customers through the splendid menu and unique dishes from Okinawa. Likewise, the Group desired to put more resources on those potential profit making outlets. In November 2015, the Group closed down the loss-making café – a la Folie.

In addition, the Group looks for other attractive business in an attempt to diversify its businesses areas to reduce the reliance upon existing food and beverages business and broaden its revenue base. The Group plans to commence a new business segment of energy business, which may include research and development of solar power technology, operation and construction of solar power station, EPC (Engineering, Procurement and Construction) business and sales of solar mounting and tracking system materials etc. In November 2015, the Group has set up a wholly-owned subsidiary in Shanghai, 同景新能源科技(上海)有限公司, which is engaged in the new energy business. The Group has entered into several contracts with independent third parties concerning the new energy business during November and December 2015, thereby the Group secured contracting order of a 20MW solar project, 30MW sales and installation order of intelligent tracking photovoltaic mounting brackets and 6MW project order in relation to permitted grid connection of agricultural photovoltaic power station (the “Projects”). The Projects are mainly distributed in Hubei, Zhejiang and Anhui provinces of China.

Mekikinoginji-Okinawa

The Group operates restaurants 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.

Due to the successful launch of restaurants under the franchise name of “Mekikinoginji-Okinawa” in V city, Tuen Mun, World Trade Centre, Causeway Bay and the ONE, Tsim Sha Tsui, which serve contemporary Japanese cuisine and are frequently patronized by young customers, the Group further opened the fourth restaurant in MOKO, Mongkok in May 2015 under the brand name of “Royal Grill Ginji” in view of the potential demand in prime area. The brand name of “Royal Grill Ginji” was established under the franchise name of “Mekikinoginji-Okinawa”. It is a new concept izakaya restaurant that serves teppanyaki delights together with signature izakaya dishes.

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. Our executive chef 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, 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 accolades from “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 dinners 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. 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 barbeque 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

This Vietnamese eatery continues to maintain its image as major casual dining restaurant of the Group. 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.

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.

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 nine months ended 31 December 2015, the Group recorded an unaudited revenue of approximately HK\$204,668,000, representing an increase of approximately 6% compared with approximately HK\$193,837,000 of the corresponding period in 2014. The Growth in revenue was mainly attributable to the success in our diversification strategy. As the Group realised the potential of middle-class market and casual dining, the Group further expanded its business in these segments by opening or rebranding two outlets during 2014 and opening one more outlet in 2015. The effect of the drop in revenue in some of the brands as a result of the weakened global economy and inbound tourism when compared with the corresponding period in last year had been offset by the expansion of business.

Cost of inventories sold

The cost of inventories sold for the nine months ended 31 December 2015 amounted to approximately HK\$60,141,000 (for the nine months ended 31 December 2014: approximately HK\$53,806,000). Despite the economic uncertainty looming over Hong Kong, the inflation rate remained at a high level in the market. However, the Group was still able to maintain the overall cost margin at a level below 30% of revenue for both of the nine months ended 31 December 2014 and 2015. 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\$62,536,000 for the nine months ended 31 December 2015 (for the nine months ended 31 December 2014: approximately HK\$56,541,000). The increase was mainly attributable to the expansion in business 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, strengthening the functions of corporate headquarters for future strategic and business development also contributed to the increase in staff costs.

Depreciation and amortisation

Depreciation and amortisation increased by approximately 4% to approximately HK\$12,766,000 for the nine months ended 31 December 2015 (for the nine months ended 31 December 2014: approximately HK\$12,312,000). The increase was mainly attributable to the newly opened outlets that incurred decoration cost and acquisition of property, plant and equipment.

Property rentals and related expenses

The property rentals and related expenses for the nine months ended 31 December 2015 amounted to approximately HK\$44,904,000 (for the nine months ended 31 December 2014: approximately HK\$39,311,000), representing an increase of approximately 14% as compared to the corresponding period in 2014. Such increase was mainly attributable to the property rentals and related expenses of newly opened outlets during both the period for the nine months ended 2014 and 2015 and also 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 1% to approximately HK\$23,152,000 for the nine months ended 31 December 2015 from approximately HK\$22,921,000 for the corresponding period in 2014.

Finance costs

Finance costs amounted to approximately HK\$450,000 for the nine months ended 31 December 2015 (for the nine months ended 31 December 2014: nil), which comprised interest expenses derived from the promissory note issued by the Group to an independent third party.

Net loss for the period

For the nine months ended 31 December 2015, the Group recorded loss attributable to owners of the Company of approximately HK\$6,610,000 (for the nine months ended 31 December 2014: profit of approximately HK\$1,384,000). The loss was mainly attributable to i) expenses incurred for the Group's business and strategic development; ii) written-off of the amount due from a former subsidiary amounting to approximately HK\$6,972,000; iii) written-off of property, plant and equipment derived from closing down of a café amounting to approximately HK\$1,254,000; and iv) drop in revenue of some outlets compared to prior corresponding period owing to economic downturn and lessen inbound tourism. The written-off of amount due from a former subsidiary and property, plant and equipment was one-off in nature. And the loss was partially offset by the gain on disposal of subsidiaries amounting to approximately HK\$6,489,000.

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.

In future, the Group will put more resources on its new energy business, which includes research and development of solar power technology, operation and construction of solar power station, EPC (Engineering, Procurement and Construction) business and sales of solar mounting and tracking system materials etc. In order to reflect the business focus of the Group more accurately, the Board proposes to change the English name of the Company from “JC Group Holdings Limited” to “Tonking New Energy Group Holdings Limited” and to adopt the Chinese name as “同景新能源集團控股有限公司”. The new name will give the potential investors of the Company and the Shareholders a more defined corporate image and identity which will be in the interests of the Company.

LIQUIDITY, FINANCIAL AND CAPITAL RESOURCES

Capital structure

As at 31 December 2015, the share capital and equity attributable to owners of the Company amounted to HK\$4,000,000 and approximately HK\$73,800,000 respectively (as at 31 March 2015: HK\$4,000,000 and approximately HK\$80,410,000 respectively).

Cash position

As at 31 December 2015, the cash and cash equivalents of the Group amounted to approximately HK\$98,275,000 (as at 31 March 2015: approximately HK\$49,852,000), representing an increase of approximately 97% as compared to that as at 31 March 2015. The increase was mainly derived from the fund obtained by issuance of promissory note.

Borrowing

As at 31 December 2015, total borrowing of the Group amounted to HK\$36,450,000 (31 March 2015: nil) which was derived from the issuance of a promissory note. On 9 September 2015, the Group issued a promissory note to an independent third party with an aggregate principal amount to HK\$36,000,000 which bears an interest rate of 4% per annum for a term of two years.

Pledge of assets

As at 31 December 2015, the entire issued share capital of Glory Kind Development Limited (a direct wholly-owned subsidiary of the Company) were pledged to secure the issuance of a promissory note to an independent third party (31 March 2015: nil).

Gearing ratio

As at 31 December 2015, the gearing ratio of the Group was approximately 41% (as at 31 March 2015: approximately 3%). The significant increase was mainly attributable to the issuance of promissory note during the period. The gearing ratio is calculated based on the total debt at the end of the period/year 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 2015, 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, Messis Capital Limited (the “Compliance Adviser”), save as the compliance adviser agreement entered into between the Company and the Compliance Adviser dated 12 August 2015, 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 2015, 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 2015.

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 2015, 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

Name of Directors	Capacity	Number of ordinary shares interested	Approximate percentage of shareholding
Ms. Shen Meng Hong	Beneficial owner	1,118,500	0.28%
Mr. Wu Jian Nong	Interest of controlled corporation (<i>Note</i>)	111,850,000	27.96%

Note:

These 111,850,000 Shares are held by Rise Triumph Limited. Mr. Wu Jian Nong beneficially owns 96% of the issued share capital of Rise Triumph Limited. Mr. Wu Jian Nong is deemed, or taken to be, interested in all the Shares held by Rise Triumph Limited for the purpose of the SFO. Mr. Wu Jian Nong is a director of Rise Triumph Limited.

Long positions in the shares of associated corporation

Name of Directors	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	3,189	31.89%
Ms. Wong Wai Ling ("Ms. Wong")	Victory Stand	Beneficial owner	1,741	17.41%

Save as disclosed above and so far as is known to the Directors, as at 31 December 2015, 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 2015 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 Shareholders	Nature of Interest	Number of Shares interested	Approximate percentage of shareholding
Rise Triumph Limited	Beneficial owner	111,850,000	27.96%
Victory Stand	Beneficial owner	103,000,000	25.75%
Mr. Zhang Fuzhu ("Mr. Zhang")	Interest in a controlled corporation (<i>Note</i>)	103,000,000	25.75%

Note:

These 103,000,000 Shares are held by Victory Stand, the entire issued share capital of which is beneficially owned as to 41.99%, 31.89%, 17.41% and 8.71% by Mr. Zhang, Mr. Wu, Ms. Wong and Mr. Lui Hung Yen (“Mr. Lui”), respectively. Mr. Zhang is deemed to be interested in all the Shares held by Victory Stand under the SFO. Ms. Wong and Mr. Wu are the executive Directors. Each of Ms. Wong and Mr. Wu is a director of Victory Stand.

Save as disclosed above, as at 31 December 2015, 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 announcement, 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 2015.

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 2015.

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 2015 and this announcement, and considered that the results and this announcement 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, 4 February 2016

As at the date of this announcement, the executive Directors are Mr. Wu Kai Char, Ms. Wong Wai Ling, Ms. Shen Meng Hong, Mr. Wu Jian Nong and Mr. Xu Shui Sheng; and the independent non-executive Directors are Ms. Au Man Yi, Mr. Pao Ping Wing and Mr. Yuan Haiyang.

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).