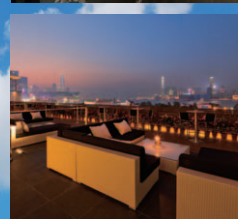
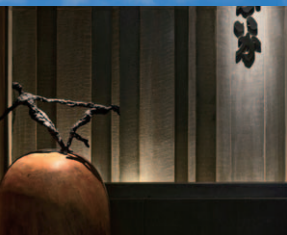




# JC Group Holdings Limited

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



2 0 1 4

First Quarterly Report

**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.**

*Hong Kong Exchanges and Clearing Limited and the Stock Exchange take no responsibility for the contents of this report, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this report.*

*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 of Directors (the "Board") announces the unaudited condensed consolidated results of the Group for the three months ended 30 June 2014, together with the audited comparative figures for the respective corresponding periods in 2013 as follows:

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)**

*For the three months ended 30 June 2014*

		<b>For the three months ended 30 June</b>	
	Notes	<b>2014 HK\$'000 (Unaudited)</b>	2013 HK\$'000 (Audited)
REVENUE	3	<b>58,518</b>	62,165
Other income and gains	3	<b>88</b>	262
Cost of inventories sold		<b>(16,285)</b>	(17,683)
Staff costs		<b>(18,575)</b>	(17,212)
Depreciation and amortisation		<b>(3,958)</b>	(3,205)
Property rentals and related expenses		<b>(12,601)</b>	(12,341)
Fuel and utility expenses		<b>(1,322)</b>	(1,428)
Other operating expenses		<b>(6,522)</b>	(6,210)
Listing expenses		<b>-</b>	(1,459)
<b>(LOSS)/PROFIT BEFORE TAX</b>		<b>(657)</b>	2,889
Income tax expense	5	<b>(1,195)</b>	(987)
<b>(LOSS)/PROFIT FOR THE PERIOD</b>		<b>(1,852)</b>	1,902
Other comprehensive income, net of tax		<b>-</b>	-
<b>TOTAL COMPREHENSIVE (EXPENSE)/INCOME FOR THE PERIOD</b>		<b>(1,852)</b>	1,902
Attributable to:			
Owners of the Company		<b>(1,918)</b>	1,176
Non-controlling interests		<b>66</b>	726
		<b>(1,852)</b>	1,902
<b>(LOSS)/EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY</b>			
- Basic and diluted (HK cents)	6	<b>(0.48)</b>	0.36

## **NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

*For the three months ended 30 June 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 Company 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 three months ended 30 June 2014 was investment holding. The Group's principal activity during the three months ended 30 June 2014 was the operation and management of various restaurants and cake shops in Hong Kong.

### **2. BASIS OF PREPARATION**

The unaudited condensed consolidated financial statements for the three months ended 30 June 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 three months ended 30 June 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 three months ended 30 June 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 three months ended 30 June 2014 and there have been no significant changes to the accounting policies applied in these unaudited condensed consolidated financial statements for the three months ended 30 June 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 three months ended 30 June 2014 have been prepared under the historical cost convention. The unaudited condensed consolidated financial statements for the three months ended 30 June 2014 are presented in Hong Kong dollars ("HK\$"), which is also the functional currency of the Group.

### 3. REVENUE, OTHER INCOME AND GAINS

	For the three months ended 30 June	
	2014 HK\$'000 (Unaudited)	2013 HK\$'000 (Audited)
Revenue		
Restaurant operation	<b>58,518</b>	62,165
Other income and gains		
Forfeited income	<b>74</b>	108
Sponsorship income	<b>-</b>	123
Others	<b>14</b>	31
	<b>88</b>	262

### 4. (LOSS)/PROFIT BEFORE TAX

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

	For the three months ended 30 June	
	2014 HK\$'000 (Unaudited)	2013 HK\$'000 (Audited)
Cost of inventories sold	<b>16,285</b>	17,683
Amortisation of intangible assets	<b>98</b>	77
Auditors' remuneration	<b>-</b>	170
Depreciation	<b>3,860</b>	3,128
Lease payments under operating lease in respect of land and buildings:		
Minimum lease payments	<b>11,812</b>	11,298
Contingent rents	<b>406</b>	813
	<b>12,218</b>	12,111
Employee benefits expenses (excluding directors' and chief executive's remuneration):		
Salaries, wages and other benefits	<b>14,813</b>	16,544
Retirement benefits scheme contributions	<b>647</b>	473
	<b>15,460</b>	17,017
Listing expenses	<b>-</b>	1,459
Exchange differences, net	<b>(6)</b>	5

## 5. INCOME TAX EXPENSE

	For the three months ended 30 June	
	2014 HK\$'000 (Unaudited)	2013 HK\$'000 (Audited)
Current tax – charge for the period	<b>1,195</b>	987

Hong Kong profits tax has been provided at the rate of 16.5% on the estimated assessable profits arising in Hong Kong for the three months ended 30 June 2014 and 2013.

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

For the three months ended 30 June 2014, the calculation of the basic loss per share attributable to owners of the Company was based on (i) the unaudited condensed consolidated loss attributable to owners of the Company of approximately HK\$1,918,000 and (ii) the weighted average number of ordinary shares 400,000,000 in issue.

For the three months ended 30 June 2013, the calculation of the basic earnings per share attributable to owners of the Company was based on (i) the audited condensed consolidated profit attributable to owners of the Company of approximately HK\$1,176,000 and (ii) the weighted average number of 330,000,000 ordinary shares (comprising 1,000 shares and 329,999,000 shares issued under the capitalization issue), as if these 330,000,000 shares were outstanding since 1 April 2013.

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 three months ended 30 June 2014 and 2013.

## 7. DIVIDENDS

No dividend has been paid or declared by the Company for the three months ended 30 June 2014 (three months ended 30 June 2013: Nil).

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **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 30 June 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.

#### **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 café under the tradename of "a la Folie" in Grand Century Plaza, 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.

#### **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 barbecue 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 three months ended 30 June 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**

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 teppanyaki 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 – rebranded in August 2014)**

The mass-traffic Vietnamese eatery continued to serve as major casual dining trademark and has been rebranded with a new name PHO Hoi An in August 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 three months ended 30 June 2014, the Group recorded revenue of approximately HK\$58,518,000 (2013: approximately HK\$62,165,000), representing a slight decrease of approximately 5.87% compared with the three months ended 30 June 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. However, revenue generated from these newly setup outlets was relatively less than revenue generated from the three restaurants in ifc mall. Thus, a slight decrease in revenue for the three months ended 30 June 2014 was recorded.



### **Cost of inventories sold**

The cost of inventories sold for the three months ended 30 June 2014 amounted to approximately HK\$16,285,000 (2013: approximately HK\$17,683,000). 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 three months ended 30 June 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 three months ended 30 June 2014 amounted to approximately HK\$18,575,000 (2013: approximately HK\$17,212,000). The slight increase was mainly due to the expansion of the size of corporate headquarters by hiring Operation Management, HR and IT personnel, in order to strengthen the functions of corporate headquarters for the Group's strategic future development.

### **Property rentals and related expenses**

The property rentals and related expenses for the three months ended 30 June 2014 amounted to approximately HK\$12,601,000 (2013: approximately HK\$12,341,000), representing an increase of approximately 2% as compared to the three months ended 30 June 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 three months ended 30 June 2014.

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

For the three months ended 30 June 2014, the Group recorded loss attributable to owners of the Company of approximately HK\$1,918,000 (2013: profit of approximately HK\$1,176,000). The loss was mainly attributable to i) the closing of three restaurants in ifc mall in July 2013, of which the profit generated by the three restaurants represented a significant portion of the total profit of the Group for the three months ended 30 June 2013; and ii) the losses incurred for the three months ended 30 June 2014 in relation to the one-off startup costs and less operational efficiency in some of the newly opened outlets. However, the operating loss was expected to be incurred only in the preliminary stage for these newly setup outlets and be short term in nature. The Board believes it is consistent with the general market practice in the food and beverage industry in Hong Kong. Moreover, the Board is confident that its management team is well experienced and is able to operate the new outlets smoothly within a short period of time, as to reduce the costs to a reasonably low level and turn the loss into profit for these new outlets. The Board believes that the profit generated by these new outlets could offset the impact of the closing of three restaurants in ifc mall in July 2013.

### **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.

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 the recent years and thus it will be one of the Group's major development plans to emphasise on expanding brands with mass-market quality such as Pearl Delights, Mekikinoginji – Okinawa and a la Folle, 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 30 June 2014, the share capital and equity attributable to owners of the Company amounted to approximately HK\$4,000,000 and HK\$77,955,000 respectively (2013: approximately HK\$7,800 and HK\$58,137,000 respectively).

### *Cash position*

As at 30 June 2014, the cash and cash equivalents of the Group amounted to approximately HK\$50,225,000 (2013: approximately HK\$28,421,000), representing an increase of approximately 77% as compared to that as at 30 June 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 30 June 2013 and 2014.

### *Gearing ratio*

As at 30 June 2014, the gearing ratio of the Group was approximately 1% (2013: approximately 8%). 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. Total debt represents all liabilities excluding trade payables, other payables and accruals, tax payable and provision for reinstatement costs.

## **CORPORATE GOVERNANCE CODE**

During the three months ended 30 June 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 three months ended 30 June 2014, none of the Directors, the controlling Shareholders or the substantial Shareholders 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 three months ended 30 June 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 30 June 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

Name of Director	Nature of Interest	Number of Shares interested	Approximate percentage of shareholding
Mr. Pan Chik	Interest in a controlled corporation ( <i>Note</i> )	63,000,000	15.75%

Note: These 63,000,000 Shares are held by Dragon Flame Holdings Limited, the entire issued share capital of which is legally and beneficially owned by Mr. Pan Chik. Mr. Pan Chik is deemed to be interested in all the Shares held by Dragon Flame Holdings Limited under the SFO. Mr. Pan Chik resigned as a non-executive Director with effect from 7 July 2014.

### 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	Victory Stand International Limited ("Victory Stand")	Beneficial owner	2,975	29.75%
Ms. Wong Wai Ling	Victory Stand	Beneficial owner	1,624	16.24%
Mr. Lui Hung Yen	Victory Stand	Beneficial owner	813	8.13%

Save as disclosed above, as at 30 June 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 30 June 2014 and so far as the Directors are aware, 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 Director	Nature of Interest	Number of Shares interested	Approximate percentage of shareholding
Victory Stand	Beneficial owner	204,000,000	51.00%
Mr. Zhang Fuzhu ("Mr. Zhang")	Interest in a controlled corporation ( <i>Note 1</i> )	204,000,000	51.00%
Dragon Flame Holdings Limited ("Dragon Flame")	Beneficial owner	63,000,000	15.75%
Ms. Liu Ming Lai, Lorna	Interest of spouse ( <i>Note 2</i> )	63,000,000	15.75%

Notes:

- These 204,000,000 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 Kai Char ("Mr. Wu"), Ms. Wong Wai Ling ("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, Mr. Wu and Mr. Lui are the executive Directors. Each of Mr. Zhang, Ms. Wong, Mr. Wu and Mr. Lui is a director of Victory Stand.
- Ms. Liu Ming Lai, Lorna is the spouse of Mr. Pan Chik. Under the SFO, Ms. Liu Ming Lai, Lorna is deemed to be interested in all the Shares in which Mr. Pan Chik is interested.

Save as disclosed above, as at 30 June 2014, the Directors were 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.

### 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 three months ended 30 June 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 three months ended 30 June 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, 12 August 2014

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