





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

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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 of Directors (the "Board") of the Company announces the unaudited condensed consolidated results of the Company and the subsidiaries (collectively, the "Group") for the six months ended 30 September 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 six months ended 30 September 2014

	Notes	Three months ended 30 September		Six months ended 30 September	
		2014 HK\$'000 (Unaudited)	2013 HK\$'000 (Unaudited)	2014 HK\$'000 (Unaudited)	2013 HK\$'000 (Unaudited)
REVENUE	4	63,578	54,764	122,096	116,929
Other income and gains	4	103	168	191	430
Cost of inventories sold		(17,980)	(16,815)	(34,265)	(34,498)
Staff costs		(18,569)	(15,380)	(37,144)	(32,592)
Depreciation and amortisation		(4,070)	(3,120)	(8,028)	(6,325)
Property rentals and related expenses		(12,667)	(11,812)	(25,268)	(24,153)
Fuel and utility expenses		(1,423)	(1,200)	(2,745)	(2,628)
Other operating expenses		(9,375)	(6,039)	(15,897)	(12,249)
Listing expenses		–	(1,794)	–	(3,253)
(LOSS)/PROFIT BEFORE TAX	5	(403)	(1,228)	(1,060)	1,661
Income tax expense	6	(285)	(531)	(1,480)	(1,518)
(LOSS)/PROFIT FOR THE PERIOD		(688)	(1,759)	(2,540)	143
Other comprehensive income, net of tax		–	–	–	–
TOTAL COMPREHENSIVE (EXPENSE)/INCOME FOR THE PERIOD		(688)	(1,759)	(2,540)	143
Attributable to:					
Owners of the Company		(839)	(2,349)	(2,758)	(1,173)
Non-controlling interests		151	590	218	1,316
		(688)	(1,759)	(2,540)	143
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY					
– Basic and diluted (HK cents)	7	(0.21)	(0.71)	(0.69)	(0.36)



CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2014

		30 September 2014 HK\$'000 (Unaudited)	31 March 2014 HK\$'000 (Audited)
	<i>Notes</i>		
NON-CURRENT ASSETS			
Property, plant and equipment	9	29,114	34,660
Intangible assets	10	925	1,120
Non-current rental deposits		10,520	13,252
Total non-current assets		40,559	49,032
CURRENT ASSETS			
Inventories		2,865	2,747
Trade receivables	11	1,491	1,159
Prepayments, deposits and other receivables		12,810	7,268
Due from related parties		1,495	1,350
Due from non-controlling shareholders		45	172
Tax recoverable		813	1,000
Cash and cash equivalents		52,450	45,844
Total current assets		71,969	59,540
CURRENT LIABILITIES			
Trade payables	12	8,630	5,688
Other payables and accruals		12,855	9,890
Due to related parties		79	84
Due to non-controlling shareholders		750	873
Provision for reinstatement costs		2,264	235
Tax payable		2,921	1,980
Total current liabilities		27,499	18,750
NET CURRENT ASSETS		44,470	40,790
TOTAL ASSETS LESS CURRENT LIABILITIES		85,029	89,822



CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

As at 30 September 2014

	<i>Notes</i>	30 September 2014 HK\$'000 (Unaudited)	31 March 2014 HK\$'000 (Audited)
NON-CURRENT LIABILITY			
Provision for reinstatement costs		2,401	4,658
Total non-current liability		2,401	4,658
Net assets		82,628	85,164
EQUITY			
Equity attributable to owners of the Company			
Issued capital	13	4,000	4,000
Reserves		73,113	75,871
		77,113	79,871
Non-controlling interests		5,515	5,293
Total equity		82,628	85,164



CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2014

	Attributable to owners of the Company (Accumulated losses)/				Total HK\$'000	Non- controlling interests HK\$'000	Total equity HK\$'000
	Issued capital HK\$'000	Share premium HK\$'000	Other reserves HK\$'000	Retained profits HK\$'000			
At 1 April 2014 (audited)	4,000	27,847	51,567	(3,543)	79,871	5,293	85,164
(Loss)/profit for the period	-	-	-	(2,758)	(2,758)	218	(2,540)
Total comprehensive (expense)/income for the period	-	-	-	(2,758)	(2,758)	218	(2,540)
Acquisition of a subsidiary	-	-	-	-	-	4	4
At 30 September 2014 (unaudited)	4,000	27,847	51,567	(6,301)	77,113	5,515	82,628
At 1 April 2013 (audited)	11,568	-	-	4,029	15,597	9,003	24,600
(Loss)/profit for the period	-	-	-	(1,173)	(1,173)	1,316	143
Total comprehensive (expense)/income for the period	-	-	-	(1,173)	(1,173)	1,316	143
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	-	-	24,986	-	24,986	1,476	26,462
Corporate Reorganisation	(19,086)	(7,499)	26,574	-	(11)	-	(11)
At 30 September 2013 (unaudited)	7	-	51,560	2,745	54,312	4,406	58,718



CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2014

	Six months ended 30 September	
	2014 HK\$'000 (Unaudited)	2013 HK\$'000 (Unaudited)
Net cash from operating activities	10,643	6,444
Net cash used in investing activities	(4,037)	(4,687)
Net cash from financing activities	–	7,514
Net increase in cash and cash equivalents	6,606	9,271
Cash and cash equivalents at beginning of the period	45,844	15,352
Cash and cash equivalents at end of the period	52,450	24,623
Analysis of balance of cash and cash equivalents		
Cash and bank balances	52,450	24,623



NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 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 six months ended 30 September 2014 was investment holding. The Group's principal activity during the six months ended 30 September 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 six months ended 30 September 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 six months ended 30 September 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 six months ended 30 September 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 six months ended 30 September 2014 and there have been no significant changes to the accounting policies applied in these unaudited condensed consolidated financial statements for the six months ended 30 September 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 six months ended 30 September 2014 have been prepared under the historical cost convention. The unaudited condensed consolidated financial statements for the six months ended 30 September 2014 are presented in Hong Kong dollars ("HK\$"), which is also the functional currency of the Group.



3. SEGMENT INFORMATION

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

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

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

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

The Company is domiciled in the Cayman Islands with the Group's major operations located in Hong Kong. Substantially all of the Group's revenues from external customers for the six months ended 30 September 2014 and 2013 were derived from Hong Kong, the place of domicile of the Group's operating subsidiaries. All the non-current assets of the Group are located in Hong Kong.

4. REVENUE, OTHER INCOME AND GAINS

	Three months ended 30 September		Six months ended 30 September	
	2014 HK\$'000 (Unaudited)	2013 HK\$'000 (Unaudited)	2014 HK\$'000 (Unaudited)	2013 HK\$'000 (Unaudited)
Revenue				
Restaurant operations	63,578	54,764	122,096	116,929
Other income and gains				
Bank interest income	59	-	59	-
Forfeited income	-	-	-	108
Gain on disposal of fixed assets	-	22	-	22
Sponsorship income	32	100	106	223
Others	12	46	26	77
	103	168	191	430



5. (LOSS)/PROFIT BEFORE TAX

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

	Three months ended 30 September		Six months ended 30 September	
	2014 HK\$'000 (Unaudited)	2013 HK\$'000 (Unaudited)	2014 HK\$'000 (Unaudited)	2013 HK\$'000 (Unaudited)
Cost of inventories sold	17,980	16,815	34,265	34,498
Amortisation of intangible assets	97	76	195	153
Auditors' remuneration	(3)	1	(3)	171
Depreciation	3,973	3,044	7,833	6,172
Lease payments under operating lease in respect of land and buildings:				
Minimum lease payments	11,814	11,245	23,626	22,543
Contingent rents	477	244	883	1,057
	12,291	11,489	24,509	23,600
Employee benefits expenses (excluding directors' and chief executive's remuneration):				
Salaries, wages and other benefits	17,040	15,142	34,143	31,686
Retirement benefits scheme contributions	704	433	1,351	906
	17,744	15,575	35,494	32,592
Write-off of items of property, plant and equipment	1,583	111	1,583	111
Listing expenses	-	1,794	-	3,253
Exchange differences, net	5	3	(1)	8

6. INCOME TAX EXPENSE

	Three months ended 30 September		Six months ended 30 September	
	2014 HK\$'000 (Unaudited)	2013 HK\$'000 (Unaudited)	2014 HK\$'000 (Unaudited)	2013 HK\$'000 (Unaudited)
Current tax – charge for the period	285	531	1,480	1,518

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



7. LOSS 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 six months ended 30 September 2014 was based on (i) the unaudited condensed consolidated loss attributable to owners of the Company of approximately HK\$839,000 and HK\$2,758,000 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 the basic loss per share attributable to owners of the Company for the three and six months ended 30 September 2013 was based on (i) the audited condensed consolidated loss attributable to owners of the Company of approximately HK\$2,349,000 and HK\$1,173,000 respectively; and (ii) the weighted average number of 330,000,000 and 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 per share is equal to the basic loss per share as there were no dilutive potential ordinary shares in issue during the three and six months ended 30 September 2013 and 2014.

8. DIVIDENDS

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

9. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 September 2014, the Group acquired property, plant and equipment of approximately HK\$4,099,000 (for the six months ended 30 September 2013: approximately HK\$4,242,000) for the purpose of operation. During the six months ended 30 September 2014, property, plant and equipment with the amount approximately HK\$1,583,000 was written off by the Group (for the six months ended 30 September 2013: approximately HK\$111,000).



10. INTANGIBLE ASSETS

	Franchise cost HK\$'000
<hr/>	
At 31 March 2014 and 1 April 2014 (audited):	
Cost	2,232
Accumulated amortisation	<u>(1,112)</u>
Net carrying amount	<u>1,120</u>
At 1 April 2014, net of accumulated amortisation (audited)	1,120
Amortisation provided during the period	<u>(195)</u>
At 30 September 2014, net of accumulated amortisation (unaudited)	<u>925</u>
At 30 September 2014 (unaudited):	
Cost	2,232
Accumulated amortisation	<u>(1,307)</u>
Net carrying amount	<u>925</u>



11. TRADE RECEIVABLES

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

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

	30 September 2014 HK\$'000 (Unaudited)	31 March 2014 HK\$'000 (Audited)
Within 1 month	1,234	1,015
Over 1 month but less than 3 months	203	65
Over 3 months	54	79
	1,491	1,159

The trade receivables included in the above ageing analysis are considered not impaired. As at 30 September 2014 and 31 March 2014, no trade receivables were past due or impaired. No provision for impairment of trade receivables was made as at 30 September 2014 and 31 March 2014.

12. TRADE PAYABLES

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

	30 September 2014 HK\$'000 (Unaudited)	31 March 2014 HK\$'000 (Audited)
Within 1 month	8,603	5,649
Over 1 month but less than 2 months	15	26
Over 2 months	12	13
	8,630	5,688

The trade payables are non-interest bearing and generally have payment terms of 30 – 45 days. Trade payables from related parties are also repayable on similar credit terms to those offered by the major suppliers of the Group.

13. ISSUED CAPITAL

	Number of ordinary share of HK\$0.01 each	Nominal value of ordinary shares HK\$'000
Authorised:		
At 31 March 2014 and 30 September 2014	2,000,000,000	20,000
Issued and fully paid:		
At 31 March 2014 and 30 September 2014	400,000,000	4,000



14. RELATED PARTY TRANSACTIONS

- (a) The Group had the following material transactions with related parties during the period:

	Six months ended 30 September	
	2014 HK\$'000 (Unaudited)	2013 HK\$'000 (Unaudited)
JC & Associates Limited – purchase of food (<i>note (i)</i>)	1,467	1,911
R & C Corporate Services Limited – corporate service fee (<i>note (i)</i>)	170	209
Rich Base Limited – franchise fee (<i>note (i)</i>)	101	360
W. L. Wong & Co – corporate service fee (<i>note (iii)</i>)	–	84
Well-in Hotel Supplies Company Limited – purchase of property, plant and equipment (<i>note (ii)</i>)	104	–
– purchase of kitchen utensils (<i>note (i)</i>)	539	144
– property rental & related expenses (<i>note (i)</i>)	–	378
– administrative expenses (<i>note (i)</i>)	–	89

The transactions were conducted on terms and conditions mutually agreed between the relevant parties. The Directors are of the opinion that those related party transactions were conducted in the ordinary course of business of the Group.

Unless otherwise stated, all of the above related parties are controlled by the controlling shareholders of the Company.

Notes:

- (i) These related party transactions also constitute continuing connected transactions as defined in the GEM Listing Rules.
- (ii) These related party transactions also constitute connected transactions as defined in the GEM Listing Rules.
- (b) Compensation of key management personnel of the Group, including directors' and chief executive's remuneration, is as follows:

	Six months ended 30 September	
	2014 HK\$'000 (Unaudited)	2013 HK\$'000 (Unaudited)
Short term employee benefits	2,494	778
Post-employment benefits	310	–
	2,804	778



15. OPERATING LEASE COMMITMENTS

The Group leases certain of its restaurants, office premises and warehouses under operating lease arrangements. Leases for these properties are negotiated for terms ranging from one to three years.

	30 September 2014 HK\$'000 (Unaudited)	31 March 2014 HK\$'000 (Audited)
Within one year	43,971	44,795
In the second to five years, inclusive	52,195	47,195
Beyond five years	–	–
	96,166	91,990

In addition, the operating lease rentals for certain restaurants are based on the higher of a fixed rental and contingent rent based on the revenue of the restaurants pursuant to the terms and conditions as set out in the respective tenancy agreements. As the future revenue of the restaurants could not be reliably determined, the minimum lease commitments are based on the fixed rental.



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 September 2014, namely "Inakaya", "Harlan's", "Kaika", "Mekikinoginji-Okinawa" in Tuen Mun and Causeway Bay, "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. The title of "Recommended Restaurants" was granted by La Commanderie Des Cordons Bleus De France & GHM to all the restaurants of the Group in June 2014.

In August 2014, the Group has rebranded its Vietnamese cuisine restaurant in Tsim Sha Tsui, namely "PHO24" into "PHO Hoi An". To further strengthen the image of casual dining of the Group, the second restaurant under the same trademark was opened in San Po Kong in September 2014.

Mekikinoginji – Okinawa (The third restaurant – coming soon)

With a view to capturing the high demand in the matured and densely populated area, the Group operate 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. 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 the 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. The decoration of the third restaurant is finished and has commenced operation in early November of 2014.

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

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.

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 six months ended 30 September 2014. During the period, the Group's chefs from Inakaya together with those from Kaika visited Tokyo and Hokkaido in July 2014 and brought in the new Japanese cuisine essence to the Group's restaurants and further established the unique connection between Japan and Hong Kong. Inakaya was selected as one of the "Best Restaurants" by "Hong Kong Tatler – Best Restaurants – Hong Kong and Macau Edition" in 2014, and was granted the "Top 10 Restaurant Award – Japanese Upscale" by WOM Guide in September 2014.



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 best restaurants with splendid view 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", 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 selected by international brands for holding corporate events and wedding banquets. Revenue has been growing steadily and is expected to further increase after the completion of the interior touch-up in the winter of 2014.

Carousel (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. The Group intended to rebrand the shop to become a la Folie, to further strengthen the trade name of a la Folie.

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 order to further expand the business in major casual dining, the Group launched another Vietnamese cuisines restaurant which is also under the tradename of "PHO Hoi An" in a young and refreshing shopping mall in San Po Kong in September 2014.

FINANCIAL REVIEW

Revenue

For the six months ended 30 September 2014, the Group recorded an unaudited revenue of approximately HK\$122,096,000, representing an increase of approximately 4% compared with approximately HK\$116,929,000 of the corresponding period in 2013. Three restaurants in ifc mall, Hong Kong, were closed down in July 2013. Revenue generated from those three restaurants represented a significant portion of the Group's revenue last year. To alleviate the impact, the Group has adopted the strategies of boosting the revenue of existing outlets and opening new outlets. The strategy was successful in increasing the revenue for the six months ended 30 September 2014.



Cost of inventories sold

The cost of inventories sold for the six months ended 30 September 2014 amounted to approximately HK\$34,265,000 (2013: approximately HK\$34,498,000). 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 six months ended 30 September 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 six months ended 30 September 2014 amounted to approximately HK\$37,144,000, representing an increase by approximately 14% when compared with that of approximately HK\$32,592,000 from the corresponding period in 2013. The increase was mainly attributable to the expansion of the Group with more outlets operated 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 size of corporate headquarters was also expanded by hiring operation management, HR & IT personnel in order to strengthen the functions for the Group's strategic future development. The management teams will adopt a more stringent cost control to maintain the staff costs at a reasonably low level.

Property rentals and related expenses

The property rentals and related expenses for the six months ended 30 September 2014 amounted to approximately HK\$25,268,000 (2013: approximately HK\$24,153,000), representing an increase of approximately 5% as compared to the six months ended 30 September 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 30% to approximately HK\$15,897,000 for the six months ended 30 September 2014 from approximately HK\$12,249,000 for the corresponding period in 2013. The increase was mainly derived from the write-off of property, plant and equipment with the amount of approximately HK\$1,583,000 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 fixed assets were abandoned. Apart from this, the increase in the number of outlets also caused the increase in other operating expenses, including kitchen utensils cost and consumable and cleaning expenses.

Net loss for the period

For the six months ended 30 September 2014, the Group recorded loss attributable to owners of the Company of approximately HK\$2,758,000 (2013: loss of approximately HK\$1,173,000). The loss was mainly attributable to i) the write-off of the property, plant and equipment with the amount of approximately HK\$1,583,000 for the change of entire decoration and other fixed assets due to the rebranding of the Chinese cuisine restaurant in Tsim Sha Tsui to Japanese cuisine restaurant; ii) the losses incurred for the six months ended 30 September 2014 in relation to the one-off 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 operating loss for 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. The Board believes that it is consistent with the general market practice in the food and beverage industry in Hong Kong. In view of the trend of shortage of labour and high staff turnover rate in the industry, the Group needs to increase the salaries to attract experienced staffs. 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, and to monitor and reduce the costs to a reasonably low level and to turn the loss into profit for the outlets.



FUTURE PROSPECTS

Despite the keen competition of the restaurant business in Hong Kong, the Group is able to maintain its market position. 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 markets.

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 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 realized the potential of restaurants positioned for middle-grade market 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 Mekikinoginji-Okinawa, PHO Hoi An and a la Folie, with equal uncompromising quality of food and service, to match and stay ahead of the current dining stream in Hong Kong. In November 2014, the Group has opened the third Japanese cuisine restaurant under the tradename of Mekikinoginji-Okinawa, which also targets for customers from young and middle-grade market.

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 September 2014, the share capital and equity attributable to owners of the Company amounted to approximately HK\$4,000,000 and HK\$77,113,000 respectively (31 March 2014: approximately HK\$4,000,000 and HK\$79,871,000 respectively).

Cash position

As at 30 September 2014, the cash and cash equivalents of the Group amounted to approximately HK\$52,450,000 (31 March 2014: approximately HK\$45,844,000), representing an increase of approximately 14% 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 30 September 2014 and 31 March 2014.

Gearing ratio

As at 30 September 2014, the gearing ratio of the Group was approximately 1% (31 March 2014: 1%). 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.



Exchange Rate Exposure

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

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

There were no significant investments held, material acquisitions or disposals of subsidiaries and affiliated companies during the six months ended 30 September 2014. Save for the business plan as disclosed in the prospectus of the Company dated 14 November 2013 (the "Prospectus"), there is no plan for material investments or capital assets as at 30 September 2014.

Contingent Liabilities

As at 30 September 2014, the Group had no material contingent liabilities (31 March 2014: nil).

Capital Commitment

As at 30 September 2014, the Group had no material capital commitment (31 March 2014: nil).

Employee and Emolument Policies

The Group had 284 employees (including Directors) as at 30 September 2014 (31 March 2014: 264 employees). The Group recruits and promotes individuals based on their performance and development potential in the positions held. In order to attract and retain high quality staff and to enable smooth operations within the Group, the Group offered competitive remuneration packages (with reference to market conditions and individual qualifications and experience) and various in-house training courses. The remuneration packages are subject to review on a regular basis. The emoluments of the Directors and senior management are reviewed by the remuneration committee of the Company, having regard to the Company's operating results, market competitiveness, individual performance and achievement, and approved by the Board.

Comparison of Business Plan with Actual Business Progress

The following is a comparison of the Group's business plan as set out in the Prospectus with actual business progress for the six months ended 30 September 2014.

Business plan as set out in the Prospectus

Progress up to 30 September 2014

Diversification of product offerings

Opening of Pearl Chamber with an expected usable area and seating capacity of approximately 220 sq.m. and 60 seats in the first quarter of 2014.

The Group is in the progress to identify the location.

Opening of another new Japanese cuisine restaurant under "Mekikinoginji – Okinawa" by 31 March 2015.

Pearl Delight in Tsim Sha Tsui has been rebranded to "Mekikinoginji – Okinawa" in September 2014 and to be opened in November 2014

Enhancement of existing restaurant facilities

Change and rebrand PHO24 to Pearl Delights in New Town Plaza, Shatin, focusing on Cantonese cuisine

Peral Delights has been rebranded and opened in December 2013.

Enhance the restaurant facilities of Harlan's and Kaika and Inakaya to increase the efficiency.

The Group is in the progress to enhance existing facilities.

Strengthening of staff training

Provide trainings for different aspects of the operations of restaurants to improve their practical business skills.

The Group has employed personnel to design a training programme and arranged overseas cultural exchange for the chefs.

Enhancement of marketing and promotions

Reinforce its reputation in providing high quality of food and dining environment.

The Group has arranged regular advertising campaign.



The net proceeds from the listing of the shares of the Company by way of placing on the GEM (the “Placing”) were approximately HK\$25.1 million, which was based on the final placing price of HK\$0.5 per share and the actual expenses related to the listing. Accordingly, the Group adjusts the use of proceeds in the same manner and proportion as shown in the Prospectus.

The net proceeds from the Placing from the date of listing to 30 September 2014 had been applied as follows:

	Use of proceeds as shown from the date of listing to 30 September 2014	Actual use of proceeds from the date of listing to 30 September 2014
	HK\$'000	HK\$'000
Diversification of product offerings	7,300	652
Enhancement of existing restaurant facilities	2,800	1,800
Strengthening of staff training	1,380	766
Enhancement of marketing and promotions	1,380	1,133
Additional general working capital	2,205	2,205
Total	15,065	6,556

The Directors will constantly evaluate the Group’s business objective and will change or modify the plans against the changing market condition to suit the business growth of the Group.

All the unutilised balances have been placed in licensed banks in Hong Kong.

CORPORATE GOVERNANCE CODE

During the six months ended 30 September 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 six months ended 30 September 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 six months ended 30 September 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 September 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 30 September 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 September 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:

Long positions in the Shares

Name of Shareholder	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%
International Financial Holding Group ("International Financial")	Beneficial owner	23,000,000	5.75%
Mr. Chung Tsai Kin ("Mr. Chung")	Interest in a controlled corporation (<i>Note 2</i>)	23,000,000	5.75%
Ms. Cheung Po Yuet ("Ms. Cheung")	Interest of spouse (<i>Note 3</i>)	23,000,000	5.75%

Notes:

1. 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, 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. Zhang, Ms. Wong, Mr. Wu and Mr. Lui is a director of Victory Stand.
2. These 23,000,000 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.
3. 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 30 September 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 six months ended 30 September 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 six months ended 30 September 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 six months ended 30 September 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, 11 November 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; the non-executive Director is Mr. Chan Kwok Chung; and the independent non-executive Directors are Mr. Law Yiu Sing, Mr. Chan Wai Hung Clarence and Ms. Kwong Ka Ki.



CORPORATE INFORMATION

Board of Directors

Executive Directors

Mr. Wu Kai Char (*Chairman*)
Ms. Wong Wai Ling (*Chief Executive Officer*)
Mr. Lui Hung Yen

Non-Executive Director

Mr. Chan Kwok Chung

Independent Non-Executive Directors

Mr. Law Yiu Sing
Mr. Chan Wai Hung Clarence
Ms. Kwong Ka Ki

Company Secretary

Mr. Kwok Chun Chung (CPA)

Authorised Representatives

Ms. Wong Wai Ling
Mr. Wu Kai Char

Audit Committee

Mr. Law Yiu Sing (*Chairman*)
Mr. Chan Wai Hung Clarence
Ms. Kwong Ka Ki

Remuneration Committee

Mr. Law Yiu Sing (*Chairman*)
Ms. Wong Wai Ling
Mr. Chan Wai Hung Clarence

Nomination Committee

Mr. Chan Wai Hung Clarence (*Chairman*)
Ms. Wong Wai Ling
Mr. Law Yiu Sing

Compliance Committee

Ms. Wong Wai Ling (*Chairman*)
Mr. Chan Wai Hung Clarence
Ms. Li Yuen Shan

Registered Office

Clifton House
75 Fort Street
P.O. Box 1350
Grand Cayman
KY1-1108
Cayman Islands

Head Office and Principal Place of Business in Hong Kong

14th Floor, TAL Building
45-53 Austin Road
Tsim Sha Tsui
Kowloon
Hong Kong

Principal Share Registrar and Transfer Office

Appleby Trust (Cayman) Ltd.
Clifton House
75 Fort Street
P.O. Box 1350
Grand Cayman
KY1-1108
Cayman Islands

Hong Kong Branch Share Registrar and Transfer Office

Union Registrars Limited
18th Floor, Fook Lee Commercial Centre
Town Place
33 Lockhart Road
Wanchai
Hong Kong

Principal Banker

The Hongkong and Shanghai Banking Corporation

Auditors

HLB Hodgson Impey Cheng Limited
Certified Public Accountants

Legal Adviser

As to Hong Kong law:
Loong & Yeung

Compliance Adviser

TC Capital Asia Limited

Stock Code

8326

Company's Website

www.jcgroup.hk