



JC Group Holdings Limited
(Incorporated in the Cayman Islands with limited liability)
STOCK CODE: 8326



ANNUAL REPORT 2015



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This report, for which the directors (the “Directors”) of JC Group Holdings Limited (the “Company”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the “GEM Listing Rules”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this 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.

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Key Milestones

Jul 2014 – Grand Opening of Pearl Delights in New Town Plaza, Shatin

Grand Opening of Pearl Delights in Shatin on 2 July 2014. Miss Karena Ng (吳千語小姐), champion horse trainer Mr. Dennis Yip (葉楚航先生) and Champion Jockey Mr. Zac Purton as our guests of honor for the opening ceremony.



Jul 2014 – Overseas Cultural Exchange to Tokyo and Hokkaido

Chef and GM of Inakaya and Kaika, together with Chairman Mr. Wu and CEO Ms. Wong visited Tokyo and Hokkaido. An enriching trip to bring the traditional local cuisine essence to Hong Kong.

Sep 2014 – PHO Hoi An opened in San Po Kong

Our second Vietnamese cuisine restaurant was opened in Mikiki, San Po Kong in September 2014. Further strengthen our casual dining development in Hong Kong.



Oct 2014 – Recommended by “The MICHELIN Guide Hong Kong and Macau 2015”

Inakaya was recommended in “The MICHELIN Guide Hong Kong and Macau 2015” with two fork & spoon designations representing comfortable restaurant. Our achievement is greatly affirmed.

Key Milestones

Nov 2014 – Mekikinoginji-Okinawa opened in Tsim Sha Tsui

Our third Japanese cuisine restaurant under the franchise name “Mekikinoginji-Okinawa” was rebranded from the Chinese cuisine restaurant which was opened in The ONE, Tsim Sha Tsui, bringing more Okinawa signature dishes to Hong Kong.



Mar 2015 – Award of “Hong Kong Tatler Best Restaurants – Hong Kong and Macau Edition in 2015”

Harlan’s, Kaika and Inakaya have been awarded by Asia Tatler the title of “Best restaurants” for four consecutive years.



May 2015 – Grand Opening of Royal Grill Ginji in MOKO, Mongkok

We were honoured to have Miss Kate Tsui (徐子珊小姐) & Miss Venus Chow (周嘉儀小姐) be our guests of honor for the opening ceremony. Royal Grill Ginji is the brand established under the franchise name of Mekikinoginji-Okinawa which is our forth restaurants for the brand.

Corporate Information

Board of Directors

Executive Directors

Mr. Wu Kai Char (*Chairman*)
Ms. Wong Wai Ling (*Chief Executive Officer*)
Ms. Chen Chen (*appointed on 30 January 2015*)
Mr. Lui Hung Yen (*resigned on 1 January 2015*)

Non-Executive Directors

Mr. Pan Chik (*resigned on 7 July 2014*)
Mr. Chan Kwok Chung (*appointed on 21 August 2014 and resigned on 30 January 2015*)

Independent Non-Executive Directors

Ms. Au Man Yi (*appointed on 16 February 2015*)
Mr. Chan Wai Hung Clarence
Mr. Pao Ping Wing (*appointed on 1 January 2015*)
Mr. Law Yiu Sing (*resigned on 1 January 2015*)
Ms. Yue Chung Sze Joyce (*resigned on 21 August 2014*)
Ms. Kwong Ka Ki (*appointed on 21 August 2014 and resigned on 16 February 2015*)

Company Secretary

Mr. Wong Ka Shing (*appointed on 16 February 2015*)
Mr. Chow Chun To (*resigned on 30 September 2014*)
Mr. Kwok Chun Chung (*appointed on 30 September 2014 and resigned on 16 February 2015*)

Authorised Representatives

Ms. Wong Wai Ling
Mr. Wu Kai Char (*appointed on 30 September 2014*)
Mr. Chow Chun To (*resigned on 30 September 2014*)

Audit Committee

Ms. Au Man Yi (*Chairman*) (*appointed on 16 February 2015*)
Mr. Chan Wai Hung Clarence
Mr. Pao Ping Wing (*appointed on 1 January 2015*)
Ms. Yue Chung Sze Joyce (*resigned on 21 August 2014*)
Ms. Kwong Ka Ki (*appointed on 21 August 2014 and resigned on 16 February 2015*)

Remuneration Committee

Mr. Pao Ping Wing (*Chairman*)
(*appointed on 1 January 2015*)
Mr. Chan Wai Hung Clarence
Ms. Au Man Yi (*appointed on 16 February 2015*)
Mr. Law Yiu Sing (*resigned on 1 January 2015*)
Ms. Wong Wai Ling (*resigned on 1 January 2015*)
Ms. Kwong Ka Ki (*appointed on 1 January 2015 and resigned on 16 February 2015*)

Nomination Committee

Mr. Chan Wai Hung Clarence (*Chairman*)
Ms. Wong Wai Ling
Mr. Pao Ping Wing (*appointed on 1 January 2015*)
Mr. Law Yiu Sing (*resigned on 1 January 2015*)

Compliance Committee

Ms. Wong Wai Ling (*Chairman*)
Mr. Chan Wai Hung Clarence
Ms. Li Yuen Shan (*appointed on 30 September 2014*)
Mr. Chow Chun To (*resigned on 30 September 2014*)

Registered Office

Clifton House
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KY1-1108
Cayman Islands

Head Office and Principal Place of Business in Hong Kong

14th Floor, TAL Building
45-53 Austin Road
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Kowloon
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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
A18/F, Asia Orient Tower
Town Place
33 Lockhart Road
Wanchai
Hong Kong

Principal Banker

The Hongkong and Shanghai Banking Corporation Limited
China Construction Bank (Asia) Corporation Limited

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



Chairman's Statement





Chairman's Statement

TO OUR SHAREHOLDERS

On behalf of the board of directors (the "Board"), I am pleased to present the annual report of JC Group Holdings Limited (the "Company", together with its subsidiaries the "Group") for the year ended 31 March 2015.

Since the listing of the shares of the Company (the "Listing") on the Growth Enterprise Market ("GEM") of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 21 November 2013, we continued to fully leverage the proceeds from the Listing for development in the food and beverage business and strengthen our operation in human resource and internal control function.

Throughout the year, food and beverage business faced a lot of challenges including high inflation pressure, shortage of labour and volatile political atmosphere. The modest economic growth also adversely affected the consumer sentiment. Nonetheless, we still demonstrated a success in our diversifying business strategy over the past year. We explored and developed our business into different styles and market and broadened our customer stream. In view of the potential in middle class market and high demand for casual dining, we strive to expand our market shares in this segment.

To achieve the above objective, we carried out rebranding of one of our outlets in Tsim Sha Tsui to our Japanese franchise name "Mekikinoginji – Okinawa" as well as opened one new outlet under the brand name "PHO Hoi An" during the year. "Mekikinoginji – Okinawa", a modified Japanese izakaya franchise originating from the Okinawa Prefecture of Japan, especially stands out from the rest of the izakaya brands in Hong Kong and has received accolades among the media and diners with its unique Japanese prefecture's signature dishes and contemporary interior design. Apart from rebranding, we opened one more outlet in Moko Mongkok in May 2015 under the brand name "Royal Grill Ginji", which is established under the brand name of "Mekikinoginji – Okinawa". It is a new concept izakaya restaurant that serves teppanyaki delights together with signature izakaya dishes. Supported with the encouraging performance in the other two existing outlets of "Mekikinoginji – Okinawa", we believe that the development of this brand will bring us to a new victory.

In the meantime, our fine-dining restaurants, namely "Inakaya", "Harlan's" and "Kaika" also performed satisfactorily in this challenging environment. These brand names have a well-established reputation in Hong Kong. However, we will not become complacent. Inakaya, Kaika and Harlan's have been awarded, for four consecutive years, the title of "Best Restaurants" by Asia Tatler, one of the most reputable dining guides in Asia. Further, "Inakaya" was recommended in "The MICHELIN Guide Hong Kong and Macau 2015" with two fork & spoon designations representing "comfortable restaurant". During the year, a new Executive Chef from Japan joined Inakaya which further brought to us innovative Japanese cuisine essence together with traditional style.

Further, our Chinese restaurant "Pearl Delights" and Italian restaurant and bar "Hooray" also generated positive response among customers. Our fine quality regional Chinese cuisines and Cantonese classic dishes have been favoured by our valued customers. The fine food, fantastic ambience and attentive service provided by Hooray is the key of success. Hooray features the biggest alfresco dining area in Hong Kong with a terrace with spectacular view that attracted many international brands and couples to hold corporate events and wedding banquets respectively.

Human resources are valuable assets to the Group. Throughout the year, shortage of labour among food and beverage business is still challenging. We believe that retaining the right people and attracting talented individuals is the key to success. We will continuously incentivise our staff and provide them the opportunity to grow with us with attractive compensation packages, benefits, and comprehensive training. We will also recruit talented people through different approach to meet the development needs of the Group.



Chairman's Statement (continued)

It has always been our tradition to offer our staff the opportunity of going on overseas cultural exchanges, which I believe will be enormously beneficial to our Group. Throughout the year, the Group had arranged the chefs from Inakaya and Kaika to go to Tokyo and Hokkaido for cultural exchanges. The trip included site visit to local restaurants which allowed the chef to further explore the traditional Japanese cuisine.

We will continue to strengthen overseas training for our staff in the coming years since new ideas are highly treasurable to the Group. Moreover, it has been my belief that everyone working for the Group should be rewarded with valuable experiences that will help them grow not only as a staff, but also as a person.

We strive to provide the best dining experience for our customers by serving our customers with the finest ingredients and providing an enjoyable environment and attentive service and we do this with over 10 years of experience in the food and beverage industry in Hong Kong and a good understanding in this market. We believe this commitment is the only way to build and establish a loyal customer base, which would add value for us as well as our shareholders in return.

Looking ahead, we will take a more proactive approach to improve the operating efficiency and reduce cost. We will also strengthen the supply chains by looking for high standard suppliers with attractive costs. Adhering to our business diversification strategy, the Group will further develop the casual dining brand that cater for the middle class market. Apart from maintaining our competitive edge in Hong Kong, the Group also seizes any new opportunity in Mainland China and aspires to expand our food and beverage business in nearby first-tier cities, like Guangzhou, in order to further expand our income stream.

Finally, I would like to take this opportunity to express my gratitude to our shareholders, customers and business partners for their interest in and continuous support of the Group. Thank you to the directors, our incredible management team and employees for their commitment and contribution in the previous year. We will continue to do great work to achieve our goals and better result in future.

Hong Kong, 23 June 2015



Wu Kai Char
Chairman





Management
Discussion
&
Analysis





Management Discussion and Analysis

BUSINESS REVIEW

The Group is a food and beverage group in Hong Kong operating 10 full-service restaurants, 2 cake shops and 1 café as at 31 March 2015, namely “Inakaya”, “Harlan’s”, “Kaika”, “Mekikinoginji-Okinawa” in Tuen Mun, Causeway Bay and Tsim Sha Tsui, “Hooray”, “Pearl Delights”, “PHO Hoi An” in Tsim Sha Tsui and San Po Kong, “Harlan’s Cake Shop”, “Carousel” and “a la Folie”, of which some are operated by way of franchising agreement.

During the year ended 31 March 2015, the Group endeavored to work out the philosophy – “unique dining concepts” through 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. Both newly-joined and existing chefs are committed to preparing innovative dishes and executing stringent food quality control.

Despite the smooth operation of existing fine-dining restaurants, the Group has confidence on the potential of middle class market and develops the middle class market through rebranding and expansion of outlets. In August 2014, in order to establish new stream of customers and introduce specialty flavor from Hoi An, the Group rebranded the Vietnamese cuisines restaurant “PHO24” in Tsim Sha Tsui into “PHO Hoi An”. In view of the success in casual dining of Vietnamese cuisines, the Group opened one more new outlet in San Po Kong in September 2014.

Likewise, in view of the high popularity of Japanese food among young customers in middle class market and the high demand in prime area, development of our Japanese brand “Mekikinoginji-Okinawa” was one of our key strategies. In view of the successful launch of Japanese restaurants in Causeway Bay and Tuen Mun, the Group rebranded its Chinese cuisine restaurant in Tsim Sha Tsui into “Mekikinoginji-Okinawa” in November 2014.

Mekikinoginji-Okinawa (new outlet in Mongkok in May 2015)

The Group operates a restaurant under the franchise name of “Mekikinoginji-Okinawa”, a famous izakaya chain well known for its creative dishes and contemporary interior design in Okinawa Prefecture of Japan. In December 2014, the restaurant was granted the award of A Grade restaurant by Taste of Hong Kong Awards which affirm our achievement.



Due to the successful launch of restaurants under the franchise name of “Mekikinoginji-Okinawa” in V city, Tuen Mun, and World Trade Centre, Causeway Bay, which serve contemporary Japanese cuisine and are frequently patronized by young customers, the Group further strengthens this franchise name by opening the third restaurant in The ONE, Tsim Sha Tsui, which was changed from the Group’s previous Chinese cuisine restaurant with further expansion. The restaurant commenced its operation in November 2014.

In view of the high demand in middle class market and the potential demand in prime area in Mongkok for Japanese cuisine, the Group opened the fourth restaurant in MOKO, Mongkok under this franchise name in May 2015.



Management Discussion and Analysis (continued)

Inakaya

Being one of the few robatayaki Japanese restaurants that is located on the upper floors of one of the tallest buildings in the world, Inakaya has successfully maintained and strengthened its upscale and fine-dining image in Hong Kong. There has been very encouraging growth in the revenue of Inakaya for the year ended 31 March 2015. During the year, an executive chef from Japan joined Inakaya which brought in the new Japanese cuisine essence together with traditional style to the restaurant and further established the unique connection between Japan and Hong Kong. Inakaya was included in the world-famous “The MICHELIN GUIDE” (Hong Kong and Macau 2015) with two Fork & Spoon designations representing “comfortable restaurant”, and was granted an award from “Hong Kong Tatler Best Restaurants – Hong Kong & Macau Edition 2015”.



Harlan’s

With an inviting ambience and plush interior design, in 2015, 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 diners 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. The chef team of Hooray was granted the “Silver Award” in Asian Culinary Contest 2014 – Western cuisine – seafood in November 2014. 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.





Management Discussion and Analysis (continued)

Pearl Delights

Being a Chinese cuisine restaurant, “Pearl Delights” brings 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. 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

The Vietnamese eatery continues to maintain its image as major casual dining restaurant of the Group and was successfully rebranded from “PHO24” in August 2014. Through providing efficient service and an array of Vietnamese cuisines inspired from Hoi An, the world heritage town in Vietnam, the new brand is expected to strengthen the clientele base and establish a new stream of customers for the Group.



In view of the success in casual dining, the Group further expanded its business in this segment by launching another Vietnamese cuisine restaurant under the brand name of “PHO Hoi An” in a young and refreshing shopping mall in San Po Kong in September 2014.

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.



a la Folie

The Group established a café under the brand name of “a la Folie” in MOKO, Mongkok in December 2013. This café targets middle to higher income consumers by serving light refreshments and offering quality pastries.

Carousel

Carousel Fine Cake & Pastries, being a dainty cake shop brimming with sweet delights, is well accepted as an exclusive cake shop that excels in tailor-made cakes. The shop provides a series of delicate pastry at reasonable prices such as cakes, macarons, cookies, and is usually frequented by regular customers.



Management Discussion and Analysis (continued)

FINANCIAL REVIEW

Revenue

For the financial year ended 31 March 2015, the Group recorded revenue of approximately HK\$254,689,000, representing an increase of approximately 7% compared with approximately HK\$238,751,000 of the corresponding year in 2014. The growth in revenue was mainly attributable to the adoption of diversification strategy. With the steady growth in revenue of most of the existing restaurants contributed by serving of high quality and innovative dishes, the Group also realised the potential of middle class market by further expanding its business in this segment. The total number of outlets increased to 13 as at 31 March 2015 (2014: 12). Meanwhile, the Group also did some rebranding in conformity with the diversification strategy, the success of which was reflected in an increase in revenue for the year ended 31 March 2015.

Cost of inventories sold

The cost of inventories sold for the year ended 31 March 2015 amounted to approximately HK\$71,595,000 (2014: approximately HK\$68,018,000). Despite rising inflation in the market, the Group was able to maintain the overall cost margin at a level below 30% of revenue for both of the years ended 31 March 2014 and 2015, which is a key performance indicator of the overall efficiency and profitability of the restaurant operations.

Staff costs

The staff costs increased by approximately 9% to approximately HK\$75,607,000 for the year ended 31 March 2015 (2014: approximately HK\$69,671,000). The increase was in line with the increase in total revenue and was mainly attributable to the increase in the number of outlets of the Group as well as the increase in salaries to attract experienced staffs in view of the shortage of labour and high staff turnover rate in the food and beverage industry. Meanwhile, the Directors' fee incurred after the listing of the shares of the Company on the GEM of the Stock Exchange since November 2013 was also another factor for the increase. The management teams will adopt a more stringent cost control to maintain the staff cost at a reasonably low level.

Depreciation and amortisation

Depreciation and amortisation increased significantly by approximately 22% to approximately HK\$17,489,000 for the year ended 31 March 2015 (2014: approximately HK\$14,292,000). The increase was mainly attributable to the decoration cost and expenses for purchase of property, plant and equipment incurred in relation to newly-opened outlets. Meanwhile, the fact that some outlets which were opened or rebranded during last year had the full-year depreciation charge in current year also lead to the increase in depreciation and amortisation for the year ended 31 March 2015.

Property rentals and related expenses

The property rentals and related expenses for the year ended 31 March 2015 amounted to approximately HK\$53,183,000 (2014: approximately HK\$48,325,000), representing an increase of approximately 10% as compared to the corresponding period in 2014. Such increase was mainly attributable to the rental expenses of newly-opened outlets and the rise in the rent of some existing outlets upon the renewal of tenancy agreements.



Management Discussion and Analysis (continued)

Other operating expenses

Other operating expenses increased slightly by approximately 2% to approximately HK\$29,627,000 for the year ended 31 March 2015 from approximately HK\$28,922,000 for the corresponding period in 2014. The increase was mainly derived from the write-off of property, plant and equipment amounting to approximately HK\$1,740,000 which was one-off in nature. As the Group rebranded the Chinese cuisine restaurant in Tsim Sha Tsui into Japanese cuisine with further expansion, the entire decoration was changed and some of the property, plant and equipment were abandoned by the Group. Meanwhile, the increase in the number of outlets also caused the increase in other operating expenses.

Net profit/(loss) for the year

The Group recorded profit attributable to owners of the Company of approximately HK\$539,000 for the year ended 31 March 2015 (2014: net loss of approximately HK\$5,976,000). The profit for the year was the proof of high quality of food and satisfactory services of the Group as well as the successful marketing strategy of rebranding and expansion in middle class market, while the profit is partially offset by i) the write-off of the property, plant and equipment due to rebranding of the Chinese cuisine restaurant in Tsim Sha Tsui to Japanese cuisine restaurant; ii) the start-up costs and lower operational efficiency in some of the newly-opened outlets; and iii) the significant depreciation charges of the newly-opened outlets. The write-off of the property, plant and equipment is one-off in nature and the start-up costs and inefficiency of newly-opened outlets are expected to be incurred only in the preliminary stage and be short-term in nature. Likewise, the one-off listing expenses of approximately HK\$6,701,000 for the year ended 31 March 2014 which caused the net loss for the year ended 31 March 2014 was not incurred in the current year.

FUTURE PROSPECTS

The Group faced challenging operating environment of the restaurant business in the year ended 31 March 2015 including keen competition, inflation pressure, shortage of labour and political disputes. Despite that, the management strived to overcome the challenges through the diversification strategy by expanding in casual dining as well as strengthening the development in existing fine-dining restaurants. In order to increase market shares in casual dining, the Group opened its second Vietnamese cuisine restaurant under the brand name of “PHO Hoi An” and its third Japanese cuisine restaurant under the franchise name of “Mekikinoginji-Okinawa” in September and November 2014 respectively.

Looking ahead, the Group anticipates the coming year is still challenging with the high operating cost. To cope with this, the Group will make effective cost control as first priority in its strategies. We will enhance the operating efficiency of each outlets especially for those newly set up and keep monitoring the trend of rent and rental condition in the market.

The Group will also continue to adhere to its philosophy – “unique dining concepts”, by developing innovative and tasty dishes, creating a pleasant atmosphere and providing attentive services. With the great opportunities brought from the listing of the shares of the Company on the GEM of the Stock Exchange, the Group has confidence to well utilize the resources in expanding our brand in middle-grade market which have been burgeoning in Hong Kong in the recent year. The Japanese cuisine brand “Mekikinoginji-Okinawa” in this segment will still be our focus of development in the coming year. We have set up the forth restaurant under the name “Royal Grill Ginji” in MOKO, Mongkok in May 2015, which is established under the franchise name of “Mekikinoginji-Okinawa”.



Management Discussion and Analysis (continued)

Meanwhile, we are currently looking for potential business opportunities in Mainland China which the Group believes will be another important market to drive our growth in the future. Looking ahead, we will launch our successful fine-dining restaurant “Inakaya” in Guangzhou in a newly constructed shopping mall located in prime area with hotels and commercial buildings nearby. The role and image of the Group can be further enhanced in the dining market in both Hong Kong and PRC.

The Board is optimistic that the Group’s persistence in the quality of its food and service will enable the Group to grow continuously in the foreseeable future. The Group will continue to make its best efforts in achieving satisfactory returns for the shareholders of the Company.

Liquidity, Financial and Capital Resources

Capital structure

As at 31 March 2015, the share capital and equity attributable to owners of the Company amounted to HK\$4,000,000 and approximately HK\$80,410,000 respectively (2014: HK\$4,000,000 and approximately HK\$79,871,000 respectively).

Cash Position

As at 31 March 2015, the cash and cash equivalents of the Group amounted to approximately HK\$49,852,000 (2014: approximately HK\$45,844,000), representing an increase of approximately 9% as compared to that as at 31 March 2014.

Bank borrowings and charges on the Group’s assets

The Group did not have any bank borrowings nor charges on the assets of the Group as at 31 March 2014 and 2015.

Gearing ratio

As at 31 March 2015, the gearing ratio of the Group was approximately 3% (2014: approximately 1%). The gearing ratio is calculated based on the total debt at the end of the year divided by the total debt plus total equity at the end of the respective year. Total debt represents all liabilities excluding trade payables, other payables and accruals, tax payable and provision for reinstatement costs.

Exchange Rate Exposure

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



Management Discussion and Analysis (continued)

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 year ended 31 March 2015. Save for the business plan as disclosed in the prospectus of the Company dated 14 November 2013, there is no plan for material investments or capital assets as at 31 March 2015.

Contingent Liabilities

As at 31 March 2015, the Group had no material contingent liabilities (2014: nil).

Capital Commitment

As at 31 March 2015, the Group had capital commitments of approximately HK\$1,006,000 (2014: nil).

Employees and Emolument Policies

The Group had 285 employees (including Directors) as at 31 March 2015 (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 Company’s prospectus dated 14 November 2013 (the “Prospectus”) with actual business progress for the year ended 31 March 2015.

Business plan as set out in the Prospectus

Progress up to 31 March 2015

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 the franchise name of “Mekikinoginji – Okinawa” by 31 March 2015

Pearl Delights in Tsim Sha Tsui has been rebranded to “Mekikinoginji – Okinawa” and had commenced business in November 2014.

Management Discussion and Analysis (continued)

Business plan as set out in the Prospectus

Progress up to 31 March 2015

Enhancement of existing restaurant facilities

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

Pearl Delights has been rebranded and had commenced business in December 2013.

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

Harlan's and Kaika has been refurbished from end of March 2015 and finished in early of April 2015. The Group is in the progress to enhance the existing facilities of Inakaya.

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 food and dining environment

The Group has arranged regular advertising campaigns.

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 31 March 2015 has been applied as follows:

	Use of proceeds as shown from the date of listing to 31 March 2015 HK\$'000	Actual use of proceeds from the date of listing to 31 March 2015 HK\$'000
Diversification of product offerings	11,025	3,725
Enhancement of existing restaurant facilities	4,410	2,448
Strengthening of staff training	1,655	1,221
Enhancement of marketing and promotions	1,655	1,655
Additional general working capital	2,205	2,205
	20,950	11,254

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

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



Biographies of Directors and Senior Management

EXECUTIVE DIRECTORS

Mr. Wu Kai Char (胡啟初), aged 59 **Chairman and Executive Director**

Mr. Wu is one of the founders of the Group and was appointed as an executive Director and the chairman of the Board on 2 November 2013. Mr. Wu is responsible for the strategic development and management of the Group's business and operations.

Mr. Wu has over 20 years of experience in the hotel and restaurant supplies industry in Hong Kong and China. Mr. Wu is a director of Well-In Holdings Limited and Well-In Hotel Supplies Company Limited, a manufacturer and international supplier in food industry that produces fine quality silver and tableware equipment for international hotel chains and restaurant groups. Mr. Wu was the director of Yan Oi Tong (仁愛堂) for the period 1994-1998, a chairman of the Lions Club International Foundation (獅子會) for the period of 1992-1993 and also nominated as the "Top Ten Chinese Entrepreneur" (十大優秀華人企業家) in 2010 by The World Chinese Entrepreneur Association (世界華人企業家協會).

Ms. Wong Wai Ling (黃慧玲), aged 53 **Executive Director and Chief Executive Officer and Compliance Officer**

Ms. Wong was appointed as a Director on 21 June 2013. She was re-designated as an executive Director and appointed as the chief executive officer of the Company on 2 November 2013. She joined the Group on 2 March 2006 and is one of the founders of the Group. Ms. Wong is primarily responsible for the Group's overall corporate strategies, financial management and business development. Ms. Wong has over 9 years of experience in the food and beverage industry since the commencement of business of the Group. Further, Ms. Wong is a certified public accountant with over 20 years of experience in accounting, auditing and taxation.

Ms. Wong received a bachelor of arts degree from the University of Hong Kong in 1983 and a diploma in accounting and finance from the London School of Economics and Political Science, University of London in 1985. Ms. Wong was qualified as an associate of the Association of Chartered Certified Accountants in 1990 and registered as a certified public accountant of the Hong Kong Institute of Certified Public Accountants in 1991. Ms. Wong is now a fellow member of the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants.

Ms. Wong is an independent non-executive director of China Ruifeng Renewable Energy Holdings Limited (stock code: 527), Overseas Chinese Town (Asia) Holdings Limited (stock code: 3366), AVIC International Holdings Limited (stock code: 161) and Yongsheng Advanced Materials Company Limited (stock code: 3608), all of which are companies whose shares are listed on the Main Board of the Stock Exchange. Ms. Wong also acts as the chairperson of the audit committee of each of these listed companies. Ms. Wong is an independent non-executive director of Glory Flame Holdings Limited (stock code: 8059) of which the issued shares were listed on GEM. Ms. Wong is a non-executive director of Hin Sang Group International Holding Company Limited (stock code: 6893), the issued shares of which are listed on the Main Board of the Stock Exchange.



Biographies of Directors and Senior Management (continued)

Ms. Chen Chen (陳晨), aged 29
Executive Director

Ms. Chen Chen was appointed as an executive Director on 30 January 2015. Ms. Chen is responsible for the strategic development and business development of the Group.

Ms. Chen obtained a master's degree in Science of Marketing from the City University of Hong Kong in 2011. Since September 2012, Ms. Chen has been a research assistant in the department of marketing of the City University of Hong Kong.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Ms. Au Man Yi (歐敏誼), aged 31
Independent non-executive Director

Ms. Au was appointed as an independent non-executive Director on 16 February 2015. Ms. Au obtained a bachelor's degree in accountancy and a master's degree in corporate governance from The Hong Kong Polytechnic University.

She is a member of the Hong Kong Institute of Certified Public Accountants, an associate member of The Hong Kong Institute of Chartered Secretaries and also an associate member of The Institute of Chartered Secretaries And Administrators.

Ms. Au has over 9 years of experience in auditing, financial reporting and financial management. Since September 2013, Ms. Au has been the chief financial officer of Long Success International (Holdings) Ltd (stock code: 8017), the shares of which are listed on GEM.

Mr. Chan Wai Hung Clarence (陳偉雄), aged 55
Independent non-executive Director

Mr. Chan was appointed as an independent non-executive Director on 2 November 2013. Mr. Chan obtained a certificate in advanced food and beverage service from the Haking Wong Technical Institute in 1984. He obtained a certificate in hotel, catering and institutional operations in 1986 and obtained the higher certificate in hotel, catering and institutional management in 1989 both from the Hong Kong Polytechnic University.

Mr. Chan has over 30 years of experience in the food and beverage industry. From June 1989 to April 1995, Mr. Chan worked in the Grand Hyatt Hong Kong, and his last position was manager at Grand Cafe. From April 1995 to February 2001, Mr. Chan worked in The Royal Garden and his last position was the food & beverage manager and was in charge of the food and beverage department and supervised all the outlet managers. Mr. Chan is currently the club manager of the China Club – Hong Kong.

Mr. Pao Ping Wing (浦炳榮), aged 67
Independent non-executive Director

Mr. Pao was appointed as an independent non-executive Director on 1 January 2015. Mr. Pao obtained a master's degree in Science of Human Settlements Planning and Development from the Asian Institute of Technology in Thailand, Bangkok.



Biographies of Directors and Senior Management (continued)

Mr. Pao is an independent non-executive director of Oriental Press Group Limited (stock code: 18), UDL Holdings Limited (stock code: 620), Maoye International Holdings Limited (stock code: 848), Capital Environment Holdings Limited (formerly known as New Environmental Energy Holdings Limited) (stock code: 3989), Zhuzhou CSR Times Electric Co., Limited (stock code: 3898), Soundwill Holdings Limited (stock code: 878) and HL Technology Group Limited (stock code: 1087), all of whose shares were listed on Main Board of the Stock Exchange. Mr. Pao is also an independent non-executive director of Sing Lee Software (Group) Limited (stock code: 8076), of which the issued shares were listed on GEM.

Mr. Pao was appointed as a Justice of Peace in June 1987. Mr. Pao had been a member of the Town Planning Board, the Advisory Council on the Environment, the Hong Kong Housing Authority and the Land Development Corporation of the government of Hong Kong.

SENIOR MANAGEMENT

Mr. Wong Ka Shing (黃嘉盛), aged 36 **Company Secretary**

Mr. Wong obtained a Bachelor of Arts (Hons) degree in Accounting and Finance from the Leeds Metropolitan University. Mr. Wong is a member of the Association of Chartered Certified Accountants and a member of the Hong Kong Institute of Certified Public Accountants. Mr. Wong has over 12 years of experience in auditing, taxation and financial management from accounting firms and listed company.

Ms. Li Yuen Shan (李婉珊), aged 34 **Financial Controller**

Ms. Li joined the Group in June 2014 and was appointed as the financial controller of the Group on 1 September 2014. She graduated from The City University of Hong Kong with a bachelor's degree in accountancy in 2003. She is a member of the Association of Chartered Certified Accountants. Ms. Li has over 10 years of experience in auditing, financial management and compliance from accounting firms and listed company. Currently she is responsible for the accounting, financial and administrative functions, as well as monitoring of the internal control of the Group.

Ms. Wu Wing Yee (胡詠儀), aged 31 **Marketing Director**

Ms. Wu was appointed as the marketing director of the Group on 2 November 2013. She joined the Group in April 2012 and is responsible for leading the marketing team to handle advertising and promotional campaigns and promote the brand awareness and image of the restaurants in line with the marketing strategy of the Group. Ms. Wu graduated from Simon Fraser University with a bachelor of arts degree in 2006. Ms. Wu is the daughter of Mr. Wu Kai Char.

Ms. Au On Yee (歐安怡), aged 32 **Senior Public Relations Manager**

Ms. Au joined the Group in September 2010 and was promoted to senior public relations manager of the Group on 1 May 2015. Ms. Au is responsible for media communication to enhance the Group's image in the market as well as raising the brand awareness through promotion campaigns and media events. Ms. Au graduated from City University of Hong Kong with a Bachelor of Arts degree.



Directors' Report

The Directors are pleased to present to the Shareholders this annual report and the audited consolidated financial statements for the year ended 31 March 2015 (the "Year").

PRINCIPAL ACTIVITIES

The principal business activity of the Company is investment holding. The principal activities and other particulars of the Company's subsidiaries are set out in note 16 to the consolidated financial statements in this annual report.

There were no significant changes in the nature of the Group's activities during the Year.

RESULTS

The results of the Group for the Year are set out in the consolidated statement of profit or loss and other comprehensive income on page 44 of this annual report.

FINAL DIVIDEND

The Board does not recommend the payment of a final dividend for the Year (2014: nil).

ANNUAL GENERAL MEETING AND CLOSURE OF THE REGISTER OF MEMBERS

The forthcoming annual general meeting ("AGM") of the Company will be held on 31 July 2015 (Friday) at Harlan's, 19th Floor, The ONE, 100 Nathan Road, Tsim Sha Tsui, Kowloon, Hong Kong.

For determining entitlement to attend the forthcoming AGM, the register of members of the Company will be closed from 30 July 2015 (Thursday) to 31 July 2015 (Friday), both days inclusive, during which period no transfer of shares will be registered. The record date will be 31 July 2015 (Friday). In order to qualify for attending the forthcoming AGM all transfers of shares accompanied by the relevant share certificates and transfer forms must be lodged with the Company's branch share registrar in Hong Kong, Union Registrars Limited at A18/F., Asia Orient Tower, Town Place, 33 Lockhart Road, Wanchai, Hong Kong before 4:30 p.m. on 29 July 2015 (Wednesday).

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Group during the Year are set out in note 14 to the consolidated financial statements in this annual report.

FINANCIAL SUMMARY

A summary of the published results and assets, liabilities and non-controlling interests of the Group for the last four financial years, as extracted from the audited consolidated financial statements in this annual report and the prospectus of the Company dated 14 November 2013 (the "Prospectus"), is set out on page 100. This summary does not form part of the audited consolidated financial statements in this annual report.

SHARE CAPITAL

Details of the Company's paid up capital for the Year are set out in note 27 to the consolidated financial statements in this annual report.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's articles of association or the laws of Cayman Islands which would oblige the Company to offer new shares on a pro rata basis to existing Shareholders.

PURCHASE, SALE OR REDEMPTION OF SHARES

There were no purchases, sales or redemptions of the Company's listed securities by the Company or any of its subsidiaries during the Year.

TRANSFER TO RESERVES

Profit attributable to equity shareholders, before dividends, of HK\$539,000 have been transferred to reserves. Other movements in reserves are set out in the consolidated statement of changes in equity on page 48 of this annual report.

MATERIAL ACQUISITIONS, DISPOSALS AND SIGNIFICANT INVESTMENT

During the Year, there was no material acquisition, disposal or investment by the Group.

CONTINUING CONNECTED TRANSACTIONS

A. Master Utensils Supply Agreement

On 2 November 2013, Well-In Hotel Supplies Company Limited ("Well-In") and the Group entered into a master utensils supply agreement (the "Master Utensils Supply Agreement"), pursuant to which Well-In agreed to supply utensils to the Group at a price which shall be determined on an arm's length negotiations based on the prevailing market rates or at rates similar to those offered by Well-In to independent third parties for the supply of similar utensils. The term of the Master Utensils Supply Agreement is from 21 November 2013 to 31 March 2016. The annual caps for amounts payable by the Group to Well-In under the Master Utensils Supply Agreement are HK\$2,200,000, HK\$3,000,000 and HK\$2,900,000 for the three years ending 31 March 2014, 31 March 2015 and 31 March 2016, respectively. Well-In is a company controlled by Mr. Wu who is an executive Director and the chairman of the Board and therefore is a connected person of the Company under the GEM Listing Rules.

During the Year, the sum received by Well-In from the Group under the Master Utensils Supply Agreement amounted to approximately HK\$718,000, which is within the annual cap of HK\$3,000,000 as set out in the Prospectus.



Directors' Report (continued)

B. Master Bakery Products Supply Agreement

On 2 November 2013, JC & Associates Limited ("JC & Associates") and the Group entered into a master bakery products supply agreement (the "Master Bakery Products Supply Agreement"), pursuant to which JC & Associates agreed to supply bakery products to the Group at a price which shall be determined on an arm's length negotiations based on the prevailing market prices or at prices similar to those offered by JC & Associates to independent third parties for the supply of similar bakery products. The term of the Master Bakery Products Supply Agreement is from 21 November 2013 to 31 March 2016. The annual caps for amounts payable by the Group to JC & Associates under the Master Bakery Products Supply Agreement are HK\$4,100,000, HK\$5,300,000 and HK\$5,800,000 for the three years ending 31 March 2014, 31 March 2015 and 31 March 2016, respectively. JC & Associates was a company owned as to 38.5% by each of Ms. Wong Wai Ling ("Ms. Wong") and Mr. Wu Kai Char ("Mr. Wu") during the Year and is therefore a connected person of the Company under the GEM Listing Rules.

During the Year, the sum received by JC & Associates from the Group under the Master Bakery Products Supply Agreement amounted to approximately HK\$3,044,000, which is within the annual cap of HK\$5,300,000 as set out in the Prospectus.

The Stock Exchange granted to the Company a waiver with respect of the above transactions from the announcement requirement of Chapter 20 of the GEM Listing Rules. For details, please refer to the section headed "Continuing Connected Transactions" of the Prospectus.

All independent non-executive Directors have reviewed the above continuing connected transactions and confirm that the transactions have been entered into:

- (1) in the ordinary and usual course of business of the Group;
- (2) on normal commercial terms or on terms no less favourable to the Company than terms available to or from (as appropriate) independent third parties; and
- (3) in accordance with the relevant agreement governing them on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

The Company's auditors have also confirmed in writing to the Board that the continuing connected transactions:

- (1) have received the approval of the Company's board of directors;
- (2) are in accordance with the pricing policies of the Group;
- (3) have been entered into in accordance with the relevant agreements governing the transactions; and
- (4) have not exceeded the relevant annual caps as disclosed in the Prospectus.

Save as disclosed above, the Directors consider that those material related party transactions disclosed in notes 20 and 32 to the consolidated financial statements in this annual report did not fall under the definition of “connected transactions” or “continuing connected transactions” (as the case may be) in Chapter 20 of the GEM Listing Rules which are required to comply with any of the reporting, announcement or independent shareholders’ approval requirements under the GEM Listing Rules.

MAJOR CUSTOMERS AND SUPPLIERS

Sales to the Group’s five largest customers accounted for less than 30% of the total sales for the Year and sales to the largest customer included therein amounted to less than 5% of the total sales for the Year. Purchases from the Group’s five largest suppliers accounted for approximately 26% of the total purchases for the Year and purchase from the Group’s largest supplier included therein amounted to approximately 11% of the total purchases for the Year.

None of the Directors or any of their associates or any Shareholders (which, to the best knowledge of the directors, own more than 5% of the Company’s issued share capital) had any interest in the Group’s five largest customers and suppliers.

DIRECTORS

The Directors who held office during the year ended 31 March 2015 and as at the date of this report were:

Executive Directors:

Mr. Wu Kai Char (*Chairman*)
Ms. Wong Wai Ling (*Chief Executive Officer*)
Ms. Chen Chen (*appointed on 30 January 2015*)
Mr. Lui Hung Yen (*resigned on 1 January 2015*)

Non-Executive Directors:

Mr. Pan Chik (*resigned on 7 July 2014*)
Mr. Chan Kwok Chung (*appointed on 21 August 2014 and resigned on 30 January 2015*)

Independent Non-Executive Directors:

Mr. Chan Wai Hung Clarence
Mr. Pao Ping Wing (*appointed on 1 January 2015*)
Ms. Au Man Yi (*appointed on 16 February 2015*)
Ms. Yue Chung Sze Joyce (*resigned on 21 August 2014*)
Ms. Kwong Ka Ki (*appointed on 21 August 2014 and resigned on 16 February 2015*)
Mr. Law Yiu Sing (*resigned on 1 January 2015*)

Ms. Chen Chen, Mr. Pao Ping Wing, Ms. Au Man Yi and Mr. Chan Wai Hung Clarence will retire at the AGM and, all being eligible, will offer themselves for re-election at the said meeting.



Directors' Report (continued)

DIRECTORS' SERVICE CONTRACTS

Each of Mr. Wu Kai Char and Ms. Wong Wai Ling, all being executive Directors, has entered into a service contract with the Company for a term of three years commencing from 21 November 2013 and may be terminated by either party by giving not less than three months' prior written notice.

Ms. Chen Chen, being an executive Director, has entered into a service contract with the Company for a term of 3 years commencing from 30 January 2015 and may be terminated by either party by giving not less than two months' prior written notice.

Mr. Chan Wai Hung Clarence, being an independent non-executive Director, has entered into a service contract with the Company for a term of two years commencing from 21 November 2013 and may be terminated by either party by giving at least one month's written notice.

Mr. Pao Ping Wing, being an independent non-executive Director, has entered into a service contract with the Company for a term of two years commencing from 1 January 2015 and may be terminated by either party by giving at least one month's written notice.

Ms. Au Man Yi, being an independent non-executive Director, has entered into a service contract with the Company for a term of two years commencing from 16 February 2015 and may be terminated by either party by giving at least one month's written notice.

No Director proposed for re-election at the AGM has a service contract with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

BIOGRAPHIES OF DIRECTORS AND OTHER SENIOR MANAGEMENT

The biographical details of Directors and other senior management are disclosed in the section headed "Biographies of Directors and Senior Management" on pages 17 to 19 of this annual report.

DIRECTORS', CHIEF EXECUTIVE'S AND FIVE HIGHEST PAID INDIVIDUALS' REMUNERATION

Details of the Directors, emoluments and the five individuals with the highest emoluments are set out in notes 8 and 9 to the consolidated financial statements in this annual report.

INTERESTS OF DIRECTORS IN CONTRACTS

Save as disclosed in this annual report, no contracts of significance to which the Company or any of its subsidiaries was a party and in which a Director had a material interest, whether directly or indirectly, subsisted at the end of the Year or at any time during the Year.

No contract of significance has been entered into during the Year between the Company or any of its subsidiaries and the controlling Shareholders or any of its subsidiaries.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the Year.

DIRECTORS' INTEREST IN COMPETING BUSINESS

During the Year, none of the Directors or any of their respective associates has any interest in a business which competes or likely to compete, either directly or indirectly, with the business of the Group.

All the independent non-executive Directors are delegated with the authority to review the non-competition undertakings (the "Non-competition Undertakings") dated 2 November 2013 given by, among others, Ms. Wong Wai Ling ("Ms. Wong"), Mr. Wu Kai Char ("Mr. Wu"), Mr. Zhang Fuzhu ("Mr. Zhang") and Victory Stand International Limited ("Victory Stand"). The independent non-executive Directors were not aware of any non-compliance of the Non-competition Undertakings given by Ms. Wong, Mr. Wu, Mr. Zhang and Victory Stand during the year ended 31 March 2015 and up to the date of this annual report.

RETIREMENT BENEFITS PLANS

Particulars of retirement benefits plans of the Group as at 31 March 2015 are set out in note 31 to the consolidated financial statements.

The Group has participated in the mandatory provident fund prescribed by the Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the Laws of Hong Kong). The Group has not participated in any other pension schemes.

DISTRIBUTABLE RESERVES

As at 31 March 2015, the Company's reserves available for distribution represent the share premium, and retained profit and the aggregate amount of reserves available for distribution to equity shareholders of the Company amounted to approximately HK\$21,146,000.

Detail of movements in the reserves of the Company and the Group during the Year are set out in note 29 to the consolidated financial statements and in the consolidated statement of changes in equity respectively.

Directors' Report (continued)

INTERESTS 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 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.

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 March 2015 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 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 of associated corporation

Name of Director	Name of associated corporation	Capacity/Nature	Number of ordinary shares interested	Approximate percentage of interests
Mr. Wu Kai Char	Victory Stand International Limited ("Victory Stand")	Beneficial owner	3,189	31.89%
Ms. Wong Wai Ling	Victory Stand	Beneficial owner	1,741	17.41%

Save as disclosed above and so far as is known to the Directors, as at 31 March 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 March 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	Capacity/Nature	Number of Shares held/ interested	Approximate percentage of interests
Victory Stand	Beneficial owner	121,000,000	30.25%
Mr. Zhang Fuzhu ("Mr. Zhang")	Interest in a controlled corporation <i>(Note 1)</i>	121,000,000	30.25%

Note:

- These 121,000,000 Shares are held by Victory Stand, the entire issued share capital of which is legally and beneficially owned as to 41.99%, 31.89%, 17.41% and 8.71% 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 and Mr. Wu are the executive directors. Each of Mr. Wu and Ms. Wong is a director of Victory Stand.

Save as disclosed above, as at 31 March 2015, 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.

DIRECTORS' RIGHT TO ACQUIRE SHARES OR DEBENTURES

During the Year, none of the Company, its holding company, subsidiaries or fellow subsidiaries a party to any arrangement to enable the Directors or the chief executive of the Company or their associates to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.



Directors' Report (continued)

SHARE OPTION SCHEME

The Company adopted a share option scheme (the "Share Option Scheme") on 2 November 2013. The following is a summary of the principal terms and conditions of the Share Option Scheme.

1. Purpose of the Share Option Scheme

The purpose of the Share Option Scheme is to attract and retain the best available personnel, to provide additional incentive to employees (full-time and part-time), directors, consultants, advisers, distributors, contractors, suppliers, agents, customers, business partners or service providers of the Group and to promote the success of the business of the Group.

2. Participants

The Board may, at its absolute discretion and on such terms as it may think fit, grant any employee (full-time or part-time), director, consultant or adviser of the Group, or any substantial shareholder of the Group, or any distributor, contractor, supplier, agent, customer, business partner or service provider of the Group.

3. Total number of Shares available for issue under the Share Option Scheme

The maximum number of Shares in respect of which options may be granted under the Share Option Scheme shall not in aggregate exceed 10% of all the Shares in issue as at the Date of Listing (i.e. a total of 40,000,000 Shares representing 10% of the issued share capital of the Company as at the date of this report).

4. Maximum entitlement of each participant

The total number of Shares issued and to be issued upon exercise of options granted to each participant (including both exercised and outstanding options) under the Share Option Scheme or any other share option schemes of the Company, in any 12-month period up to the date of grant shall not exceed 1% of the Shares in issue.

5. Term of subscription of Shares upon exercise of Share Options

An option may be exercised in accordance with the terms of the Share Option Scheme at any time during a period as the Board may determine which shall not exceed ten years from the date of grant subject to the provisions of early termination thereof.

6. Minimum period for which an option must be held before it can be exercised

The Board may in its absolute discretion set a minimum period for which an option must be held and performance targets must be achieved before an option can be exercised.

7. Time of acceptance and the amount payable on acceptance of the option

An offer for the grant of options must be accepted within seven days inclusive of the day on which such offer was made. The amount payable by the grantee of an option to the Company on acceptance of the offer for the grant of an option is HK\$1.

8. Basis of determining the subscription price

The subscription price of a Share in respect of any particular option granted under the Share Option Scheme shall be a price solely determined by the Board and notified to a participant and shall be at least the higher of: (i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date of grant of the option, which must be a business day; (ii) the average of the closing prices of the Shares as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the date of grant of the option; and (iii) the nominal value of a Share on the date of grant of the option.

9. Life of the Share Option Scheme

The Share Option Scheme will remain in force for a period of ten years commencing on the Adoption Date and shall expire at the close of business on the business day immediately preceding the tenth anniversary thereof unless terminated earlier by the Shareholders in general meeting.

Since the adoption of the Share Option Scheme 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 Year.



Directors' Report (continued)

EMPLOYEES AND REMUNERATION POLICY

As at 31 March 2015, the Group employed approximately 285 full-time staff members. The Directors and senior management receive compensation in the form of fees, salaries, allowances, benefits in kind and/or discretionary bonuses relating to our performance. When reviewing and determining the specific remuneration packages for the executive Directors and senior management, the Company takes into consideration factors such as among other things, market level of salaries paid by comparable companies, the respective responsibilities of the Directors and the performance of the Group.

The Group's remuneration to employees includes salaries and discretionary performance bonus. Duty meals are also provided to employees. The Group has adopted the profit sharing schemes under which certain employees are benefited from it. The Group provides insurance coverage in respect of medical care and work injury to its employees. Rental allowance are also given to certain employees.

CORPORATE GOVERNANCE

Information on the corporate governance practices adopted by the Company is set out in the Corporate Governance Report on pages 32 to 41 of this annual report.

CHARITABLE DONATIONS

During the Year, the Group did not make any charitable donation.

CONFIRMATION OF INDEPENDENCE

The Company has received annual confirmation of independence from each of the independent non-executive Directors pursuant to Rule 5.09 of the GEM Listing Rules and considers that all the independent non-executive Directors are independent of the Company.

PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, the Company has maintained sufficient public float during the Year and up to the date of this annual report as required under the GEM Listing Rules.



Directors' Report (continued)

AUDITORS

HLB Hodgson Impey Cheng Limited has acted as auditors of the Company for the years ended 31 March 2015 and 2014. The Company has not changed its external auditors during the Year and up to the date of this report.

HLB Hodgson Impey Cheng Limited will retire and being eligible, offer themselves for reappointment at the AGM. A resolution for the re-appointment of HLB Hodgson Impey Cheng Limited as auditors of the Company is to be proposed at the AGM.

EVENTS AFTER THE REPORTING PERIOD

The Directors are not aware of any significant event requiring disclosure that has taken place subsequent to 31 March 2015 and up to the date of this annual report.

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

Hong Kong, 23 June 2015



Corporate Governance Report

CORPORATE GOVERNANCE PRACTICES

The Group's corporate governance practices are based on the principles and the code provisions in the Corporate Governance Code (the "Code") as set out in Appendix 15 to the GEM Listing Rules.

During the year ended 31 March 2015, the Company has complied with all the applicable code provisions of the Code contained in Appendix 15 to the GEM Listing Rules, except for the deviation from the code provision A.1.8 of the Code as described below.

Under the 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.

The key corporate governance practices of the Group are summarised as follows:

APPOINTMENT, RE-ELECTION AND RETIREMENT OF THE DIRECTORS

In accordance with article 108 of the articles of association (the "Articles") of the Company, at each annual general meeting ("AGM") one-third of the Directors for the time being (or, if their number is not a multiple of three (3), the number nearest to but not less than one-third) shall retire from office by rotation provided that every Director shall be subject to retirement at an AGM at least once every three years.

In accordance with article 112 of the Articles, any director appointed by the Board either to fill a casual vacancy shall hold office only until the first general meeting of the Company after his appointment and be subject to re-election at such meeting and any Director appointed by the Board as an addition to the existing Board shall hold office only until the next following AGM of the Company and shall then be eligible for re-election.

Pursuant to 112 of the Articles, Ms. Chen Chen, Mr. Pao Ping Wing and Ms. Au Man Yi and pursuant to articles 108 of the Articles, Mr. Chan Wai Hung Clarence, will retire from office as Directors at the forthcoming AGM, and being eligible, offer themselves for re-election.

Each of Mr. Wu Kai Char and Ms. Wong Wai Ling, all being executive Directors has entered into a service contract with the Company for a term of three years commencing from 21 November 2013 and may be terminated by either party by giving not less than three months' prior written notice.



Corporate Governance Report (continued)

Ms. Chen Chen, being an executive Director, has entered into a service contract with the Company for a term of three years commencing on 30 January 2015 and may be terminated by either party by giving not less than two months' prior written notice.

Mr. Chan Wai Hung Clarence, being an independent non-executive Director, has entered into a service contract with the Company for a term of two years commencing from 21 November 2013 and may be terminated by either party by giving at least one month's written notice.

Mr. Pao Ping Wing, being an independent non-executive Director, has entered into a service contract with the Company for a term of two years commencing from 1 January 2015 and may be terminated by either party by giving at least one month's written notice.

Ms. Au Man Yi, being an independent non-executive Director, has entered into a service contract with the Company for a term of two years commencing from 16 February 2015 and may be terminated by either party by giving at least one month's written notice.

No Director proposed for re-election at the AGM has a service contract with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

MODEL CODE FOR DIRECTORS' SECURITIES TRANSACTIONS

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 during the year ended 31 March 2015.

BOARD OF DIRECTORS

The Directors who held office during the year ended 31 March 2015 and as at the date of this report are as follows:

Executive Directors:

Mr. Wu Kai Char (*Chairman*)

Ms. Wong Wai Ling (*Chief Executive Officer*)

Ms. Chen Chen (*appointed on 30 January 2015*)

Mr. Lui Hung Yen (*resigned on 1 January 2015*)

Non-Executive Directors:

Mr. Pan Chik (*resigned on 7 July 2014*)

Mr. Chan Kwok Chung (*appointed on 21 August 2014 and resigned on 30 January 2015*)



Corporate Governance Report (continued)

Independent Non-Executive Directors:

Mr. Chan Wai Hung Clarence

Mr. Pao Ping Wing (*appointed on 1 January 2015*)

Ms. Au Man Yi (*appointed on 16 February 2015*)

Ms. Yue Chung Sze Joyce (*resigned on 21 August 2014*)

Ms. Kwong Ka Ki (*appointed on 21 August 2014 and resigned on 16 February 2015*)

Mr. Law Yiu Sing (*resigned on 1 January 2015*)

The brief biographic details of the Directors are set out in the section headed “Biographies of Directors and Senior Management” on pages 17 to 19 of this annual report.

The Company has complied with the requirements under Rule 5.05(1) and (2), and 5.05A of the GEM Listing Rules during the year ended 31 March 2015. All independent non-executive Directors also meet the guidelines for assessment of their independence as set out in Rule 5.09 of the GEM Listing Rules.

There are no relationship (including financial, business, family or other material/relevant relationship(s)) among members of the Board.

FUNCTIONS OF THE BOARD

The Board supervises the management of the business and affairs of the Company. The Board’s primary duty is to ensure the viability of the Company and to ensure that it is managed in the best interests of the Shareholders as a whole while taking into account the interests of other stakeholders. The management is delegated with the authority and responsibility by the Board for the management and administration of the Group. The Group has adopted internal guidelines in setting forth matters that require the Board’s approval. Apart from its statutory responsibilities, the Board approves the Group’s strategic plan, key operational initiatives, major investments and funding decisions. It also reviews the Group’s financial performance, identifies principal risks of the Group’s business and ensures implementation of appropriate systems to manage these risks. Daily business operations and administrative functions of the Group are delegated to the management.

The Board is also delegated with the corporate governance functions under code provision D.3.1 of the Code. The Board has reviewed and discussed the corporate governance policy of the Group and is satisfied with the effectiveness of the corporate governance policy.

BOARD MEETINGS AND PROCEDURES

Board members were provided with complete, adequate and timely information to allow them to fulfill their duties properly. In compliance with code provision A.1.3 of the Code, at least 14 days’ notice has been given for a regular Board meeting to give all Directors an opportunity to attend. Notice, agenda and board papers of regular Board meetings are sent to all Directors within reasonable time and at least 3 days prior to the meetings. Directors are free to contribute and share their views at meetings and major decisions will only be taken after deliberation at Board meetings. Directors who are considered having conflict of interests or material interests in the proposed transactions or issues to be discussed will not be counted in the quorum of meeting and will abstain from voting on the relevant resolutions. Full minutes are prepared after the meetings and the draft minutes are sent to all Directors for their comments before the final version of which are endorsed in the subsequent Board meeting.

Corporate Governance Report (continued)

Details of the attendance of the Board meetings, audit committee (the “Audit Committee”) meetings, remuneration committee (the “Remuneration Committee”) meetings, nomination committee (the “Nomination Committee”) meetings, compliance committee (the “Compliance Committee”) meetings and general meetings of the Company held during the year ended 31 March 2015 are summarized as follows:

	Board meeting	Audit Committee meeting	Remuneration Committee meeting	Nomination Committee meeting	Compliance Committee meeting	General meeting
Executive Directors						
Mr. Wu Kai Char	9/9	N/A	N/A	N/A	N/A	1/1
Ms. Wong Wai Ling	9/9	N/A	2/2	2/2	1/1	1/1
Ms. Chen Chen <i>(Note 1)</i>	1/1	N/A	N/A	N/A	N/A	-/-
Mr. Lui Hung Yen <i>(Note 2)</i>	7/8	N/A	N/A	N/A	N/A	1/1
Non-Executive Directors						
Mr. Pan Chik <i>(Note 3)</i>	3/3	N/A	N/A	N/A	N/A	-/-
Mr. Chan Kwok Chung <i>(Note 4)</i>	1/2	N/A	N/A	N/A	N/A	-/-
Independent Non-executive Directors						
Mr. Chan Wai Hung Clarence	8/9	5/5	2/2	2/2	1/1	0/1
Mr. Pao Ping Wing <i>(Note 5)</i>	1/1	2/2	-/-	-/-	-/-	-/-
Ms. Au Man Yi <i>(Note 6)</i>	-/-	1/1	-/-	-/-	-/-	-/-
Ms. Yue Chung Sze Joyce <i>(Note 7)</i>	6/6	2/2	N/A	N/A	N/A	1/1
Ms. Kwong Ka Ki <i>(Note 8)</i>	3/3	2/2	-/-	N/A	N/A	-/-
Mr. Law Yiu Sing <i>(Note 9)</i>	7/8	3/3	2/2	2/2	N/A	1/1

Notes:

- Ms. Chen Chen was appointed as an executive Director on 30 January 2015.
- Mr. Lui Hung Yen resigned as an executive Director on 1 January 2015.
- Mr. Pan Chik resigned as a non-executive Director on 7 July 2014.
- Mr. Chan Kwok Chung was appointed as a non-executive Director on 21 August 2014 and resigned on 30 January 2015.
- Mr. Pao Ping Wing was appointed as an independent non-executive Director on 1 January 2015.
- Ms. Au Man Yi was appointed as an independent non-executive Director on 16 February 2015.
- Ms. Yue Chung Sze Joyce resigned as an independent non-executive Director on 21 August 2014.
- Ms. Kwong Ka Ki was appointed as an independent non-executive Director on 21 August 2014 and resigned on 16 February 2015.
- Mr. Law Yiu Sing resigned as an independent non-executive Director on 1 January 2015.



Corporate Governance Report (continued)

BOARD COMMITTEES

The Board has established specific committees, namely the Audit Committee, the Remuneration Committee, the Nomination Committee and the Compliance Committee, with written terms of reference which are available for viewing on the website of the Company to assist them in the efficient implementation of their functions. Specific responsibilities have been delegated to the above committees.

AUDIT COMMITTEE

The Company established the Audit Committee on 2 November 2013 with written terms of reference which are in compliance with the code provisions of the Code. The primary duties of the Audit Committee are mainly to review the material investment, capital operation and material financial system of the Company; to review the accounting policy, financial position and financial reporting procedures of the Company; to communicate with external audit firms; to assess the performance of internal financial and audit personnel; and to assess the internal control of the Company. The Audit Committee currently has three members comprising Ms. Au Man Yi (Chairman), Mr. Chan Wai Hung Clarence and Mr. Pao Ping Wing, all being independent non-executive Directors.

During the year ended 31 March 2015, the Audit Committee had reviewed the final results of the Group for the year ended 31 March 2014, the first quarterly results of the Group for the three months ended 30 June 2014, the interim results of the Group for the six months ended 30 September 2014 and the third quarterly results of the Group for the nine months ended 31 December 2014. The Audit Committee had reviewed the Group's internal controls for the year ended 31 March 2015. The Group's final results for the year ended 31 March 2015 had been reviewed by the Audit Committee before submission to the Board for approval. The Audit Committee had also reviewed this annual report, and confirmed that this annual report complies with the GEM Listing Rules.

The Audit Committee held 5 meetings during the year ended 31 March 2015. Details of the attendance of the Audit Committee meetings are set out above.

REMUNERATION COMMITTEE

The Company established the Remuneration Committee on 2 November 2013 with written terms of reference which are in compliance with the code provisions of the Code. The primary duties of the Remuneration Committee include mainly: (i) reviewing the terms of the remuneration package of each Director and member of senior management, and making recommendations to the Board regarding any adjustment thereof; and (ii) reviewing and evaluating the performance of individual executive Directors for determining the amount of bonus (if any) payable to them. No Director shall participate in any discussion about his or her own remuneration. The Remuneration Committee currently consists of three members, namely, Mr. Pao Ping Wing (Chairman), Mr. Chan Wai Hung Clarence and Ms. Au Man Yi, all being independent non-executive Directors. The remuneration of the Directors was determined with reference to, among other things, market level of salaries paid by comparable companies, the respective responsibilities of the Directors and the performance of the Group. The Remuneration Committee makes recommendations to the Board on remuneration packages of individual executive Directors and the members of senior management.

The Remuneration Committee held 2 meetings during the year ended 31 March 2015. Details of the attendance of the Remuneration Committee meetings are set out above.



Corporate Governance Report (continued)

At the meetings, the Remuneration Committee had reviewed the remuneration policies of the Directors and the senior executives and reviewed the remuneration packages and performance of the Directors during the year ended 31 March 2015.

NOMINATION COMMITTEE

The Company established the Nomination Committee on 2 November 2013 with written terms of reference which are in compliance with code provisions of the Code. The primary duties of the Nomination Committee include the review of the structure, size and composition (including the skills, knowledge and experience) of the Board on a regular basis and to make recommendations to the Board regarding any proposed change, identify individuals suitably qualified to become Board members and select or make recommendations to the Board on the selection of individuals nominated for directorships, assess the independence of independent non-executive Directors. The Nomination Committee consists of three members, namely, Mr. Chan Wai Hung Clarence (Chairman), Mr. Pao Ping Wing, both of which are independent non-executive Directors, and Ms. Wong Wai Ling, an executive Director. The majority of the members of the Nomination Committee are independent non-executive Directors.

The Nomination Committee held 2 meetings during the year ended 31 March 2015. Details of the attendance of the Nomination Committee meetings are set out above.

At the meetings, the Nomination Committee had reviewed the structure, size and composition of the Board, assessed the independence of the independent non-executive Directors, reviewed the qualifications of the Directors, the progress on the implementation of the board diversity policy and other related matters of the Company.

DIVERSITY OF THE BOARD

The Group has adopted policy in relation to the diversity of the members of the Board and the summary of the policy is as follows:

- (1) selection of Board members will be based on a range of diversity perspectives, which would include but not limited to gender, age, cultural and educational background, professional experience, skills, knowledge and length of service; and
- (2) the Nomination Committee will monitor the implementation of the diversity policy from time to time to ensure the effectiveness of the diversity policy.

COMPLIANCE COMMITTEE

The Company established the Compliance Committee on 2 November 2013 with written terms of reference. The primary duties of the Compliance Committee are to establish, execute, monitor and maintain the compliance system of the Group and to conduct education and training programmes on compliance matters.



Corporate Governance Report (continued)

The Compliance Committee comprises three members, namely Ms. Wong Wai Ling (Chairman), an executive Director, Mr. Chan Wai Hung Clarence, an independent non-executive Director, and Ms. Li Yuen Shan, the financial controller of the Group.

The Compliance Committee held 1 meeting during the year ended 31 March 2015. Details of the attendance of the Compliance Committee meeting are set out above.

At the meeting, the Compliance Committee had reviewed and discussed the compliance system of the Group and reviewed the compliance manuals of the Group.

INDEPENDENT NON-EXECUTIVE DIRECTORS

All independent non-executive Directors have been appointed for a fixed term. Every Director is subject to re-election on retirement by rotation in accordance with the articles of association of the Company. The Company has received from each of the independent non-executive Directors an annual confirmation of independence pursuant to Rule 5.09 of the GEM Listing Rules and still considers the independent non-executive Directors to be independent as at the date of this annual report.

PROFESSIONAL DEVELOPMENT OF THE DIRECTORS

In compliance with code provision A.6.5 of the Code, all Directors had participated in continuous professional development to develop and refresh their knowledge and skills to ensure that their contribution to the Board remains informed and relevant. The Directors had provided the relevant record to the Company.

The Company is committed to arranging and funding suitable training to all Directors for their continuous professional development. Each Director is briefed and updated from time to time to ensure that he is fully aware of his responsibilities under the GEM Listing Rules and applicable legal and regulatory requirements and the governance policies of the Group. All the Directors also understand the importance of continuous professional development and are committed to participating any suitable training to develop and refresh their knowledge and skills.

COMPANY SECRETARY

Mr. Chow Chun To resigned as the company secretary of the Company on 30 September 2014. On the same day, Mr. Kwok Chun Chung (“Mr. Kwok”) was appointed as the company secretary of the Company. On 16 February 2015, Mr. Kwok resigned as and Mr. Wong Ka Shing, a member of the Association of Chartered Certified Accountants and a member of the Hong Kong Institute of Certified Public Accountants, was appointed as the company secretary of the Company.

All Directors have access to the advice and services of the company secretary. The company secretary reports to the Chairman on board governance matters, and are responsible for ensuring that board procedures are followed, and for facilitating communications among Directors as well as with Shareholders and management.

The company secretary’s biographies are set out in the section headed “Biographies of Directors and Senior Management” of this annual report.



Corporate Governance Report (continued)

SENIOR MANAGEMENT'S REMUNERATION

The senior management's remuneration payment of the Group during the year ended 31 March 2015 falls within the following band:

	Number of individuals
HK\$500,000 or below	6

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Directors are responsible for the preparation of the consolidated financial statements of the Group for each financial period to give a true and fair view of the state of affairs of the Group and of the results and cash flows for that period in accordance with accounting principles generally accepted in Hong Kong. The statement by the auditors of the Company about their responsibilities for the financial statements is set out in the independent auditors' report contained in this annual report. The Directors adopt the going concern approach in preparing the consolidated financial statements and are not aware of any material uncertainties relating to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern.

EXTERNAL AUDITORS' REMUNERATION

The Company engaged HLB Hodgson Impey Cheng Limited as its external auditors for the year ended 31 March 2015. There was no disagreement between the Board and the Audit Committee on the selection, appointment, resignation or dismissal of the external auditors. During the year ended 31 March 2015, the fee payable to HLB Hodgson Impey Cheng Limited in respect of its statutory audit services provided to the Company was HK\$650,000. No non-audit service has been provided by the auditors to the Group.

INTERNAL CONTROLS

The Board is responsible for ensuring the effectiveness of the Group's internal control systems. The internal control systems are designed to meet the Group's particular needs and the risks to which they are exposed.

Procedures have been set up for safeguarding assets against unauthorized use or disposition, controlling over capital expenditure, maintaining proper accounting records and ensuring the reliability of financial information used for business and publication. Qualified management of the Group maintains and monitors the internal control systems on an ongoing basis. The Board has conducted a review of the effectiveness of the internal control system of the Group and is satisfied that the Group has fully complied with the Code in respect of internal controls during the year ended 31 March 2015.



Corporate Governance Report (continued)

THE SHAREHOLDERS' RIGHTS TO CONVENE AN EXTRAORDINARY GENERAL MEETING

Pursuant to article 64 of the articles of association of the Company, extraordinary general meetings shall be convened on the requisition of one or more Shareholders holding, at the date of deposit of the requisition, not less than one-tenth of the paid up capital of the Company having the right of voting at general meetings. Such requisition shall be made in writing to the Board or the company secretary of the Company for the purpose of requiring an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition. Such meeting shall be held within 2 months after the deposit of such requisition. If within 21 days of such deposit, the Board fails to proceed to convene such meeting, the requisitionist(s) himself (themselves) may do so in the same manner.

COMMUNICATIONS WITH SHAREHOLDERS AND INVESTORS

In order to keep Shareholders well informed of the business activities and direction of the Group, information about the Group has been provided to the Shareholders through financial reports and announcements. The Company has established its own corporate website (www.jcgroup.hk) as a channel to facilitate effective communication with its Shareholders and the public. The Company will continue to enhance communications and relationships with its shareholders and investors. A shareholders communication policy was adopted on 2 November 2013 to comply with code provision E.1.4 of the Code.

Shareholders, investors and interested parties can make enquiries directly to the Company through the following e-mail: contact@jcgroup.hk.

PROCEDURES FOR DIRECTING SHAREHOLDERS' ENQUIRIES TO THE BOARD

Shareholders may at any time send their enquiries and concerns to the Board in writing. Contact details are as follows:

JC Group Holdings Limited

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

Tel: (852) 3618-6749

Fax: (852) 2735-9009

E-mail: contact@jcgroup.hk

Shareholders' enquiries and concerns will be forwarded to the Board and/or relevant committees of the Board, where appropriate, to answer the Shareholders' questions.



Corporate Governance Report (continued)

PROCEDURES FOR PUTTING FORWARD PROPOSALS AT GENERAL MEETINGS BY SHAREHOLDERS

Pursuant to article 113 of the articles of association of the Company, no person (other than a retiring Director) shall be eligible for election to the office of Director at any general meeting unless a notice in writing of the intention to propose that person for election as a Director and notice in writing by that person of his willingness to be elected shall have been lodged at the head office or at the registration office no earlier than the day after the dispatch of the notice of the general meeting appointed for such election and end no later than 7 days prior to the date of such general meeting and the minimum length of the period during which such notices to the Company may be given will be at least 7 days. The procedures for Shareholders to propose a person for election as a Director is posted on the website of the Company.

SIGNIFICANT CHANGES IN CONSTITUTIONAL DOCUMENTS

There had been no significant changes in the constitutional documents of the Company during the year ended 31 March 2015.

Independent Auditors' Report



國衛會計師事務所有限公司
Hodgson Impey Cheng Limited

31/F, Gloucester Tower
The Landmark
11 Pedder Street
Central
Hong Kong

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF JC GROUP HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

We have audited the consolidated financial statements of JC Group Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 44 to 99, which comprise the consolidated and company statements of financial position as at 31 March 2015, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. This report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



Independent Auditors' Report (continued)

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 March 2015 and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

HLB Hodgson Impey Cheng Limited

Certified Public Accountants

Chan Ching Pang

Practising Certificate Number: P05746

Hong Kong, 23 June 2015

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 March 2015

	Notes	2015 HK\$'000	2014 HK\$'000
REVENUE	5	254,689	238,751
Other income and gains	6	904	872
Cost of inventories sold		(71,595)	(68,018)
Staff costs		(75,607)	(69,671)
Depreciation and amortisation		(17,489)	(14,292)
Property rentals and related expenses		(53,183)	(48,325)
Fuel and utility expenses		(5,558)	(5,113)
Other operating expenses		(29,627)	(28,922)
Listing expenses		–	(6,701)
PROFIT/(LOSS) BEFORE TAX	7	2,534	(1,419)
Income tax expense	10	(1,833)	(1,839)
PROFIT/(LOSS) FOR THE YEAR		701	(3,258)
Other comprehensive income, net of tax		–	–
TOTAL COMPREHENSIVE INCOME/(EXPENSE) FOR THE YEAR		701	(3,258)
Attributable to:			
Owners of the Company		539	(5,976)
Non-controlling interests		162	2,718
		701	(3,258)
EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY			
Basic and diluted (HK cents)	13	0.13	(1.68)

Details of the dividends for the year are disclosed in note 12 to the consolidated financial statements.

Consolidated Statement of Financial Position

As at 31 March 2015

	Notes	2015 HK\$'000	2014 HK\$'000
NON-CURRENT ASSETS			
Property, plant and equipment	14	26,535	34,660
Intangible assets	15	826	1,120
Deposits paid for acquiring property, plant and equipment	19	580	–
Non-current rental deposits	19	17,865	13,252
Total non-current assets		45,806	49,032
CURRENT ASSETS			
Inventories	17	2,635	2,747
Trade receivables	18	1,291	1,159
Prepayments, deposits and other receivables	19	6,746	7,268
Due from related parties	20	1,943	1,350
Due from ultimate holding company	24	8	–
Due from non-controlling shareholders	25	125	172
Tax recoverable		1,112	1,000
Cash and cash equivalents	21	49,852	45,844
Total current assets		63,712	59,540
CURRENT LIABILITIES			
Trade payables	22	6,561	5,688
Other payables and accruals	23	8,511	9,890
Due to related parties	20	575	84
Due to non-controlling shareholders	25	1,912	873
Provision for reinstatement costs	30	2,409	235
Tax payable		996	1,980
Total current liabilities		20,964	18,750
NET CURRENT ASSETS		42,748	40,790
TOTAL ASSETS LESS CURRENT LIABILITIES		88,554	89,822

Consolidated Statement of Financial Position (continued)

As at 31 March 2015

	Notes	2015 HK\$'000	2014 HK\$'000
NON-CURRENT LIABILITY			
Provision for reinstatement costs	30	3,539	4,658
Total non-current liability		3,539	4,658
Net assets		85,015	85,164
EQUITY			
Equity attributable to owners of the Company			
Issued capital	27	4,000	4,000
Reserves	29(a)	76,410	75,871
		80,410	79,871
Non-controlling interests		4,605	5,293
Total equity		85,015	85,164

Approved and authorised for issue by the board of Directors on 23 June 2015.

Wu Kai Char
Director

Wong Wai Ling
Director

Statement of Financial Position

As at 31 March 2015

	Notes	2015 HK\$'000	2014 HK\$'000
NON-CURRENT ASSET			
Investments in subsidiaries	16	59,591	59,591
CURRENT ASSETS			
Due from subsidiaries	16	18,460	25,146
Cash and cash equivalents	21	16,095	-
Total current assets		34,555	25,146
CURRENT LIABILITIES			
Accruals	23	99	-
Due to subsidiaries	16	9,300	-
Due to ultimate holding company	24	10	-
Total current liabilities		9,409	-
NET CURRENT ASSETS		25,146	25,146
Net assets		84,737	84,737
EQUITY			
Issued capital	27	4,000	4,000
Reserves	29(b)	80,737	80,737
Total equity		84,737	84,737

Approved and authorised for issue by the board of Directors on 23 June 2015.

Wu Kai Char
Director

Wong Wai Ling
Director

Consolidated Statement of Changes in Equity

For the year ended 31 March 2015

	Attributable to owners of the Company						
	Issued capital HK\$'000 (Note 27)	Share premium HK\$'000	Other reserves HK\$'000 (Note 29)	Retained	Total HK\$'000	Non- controlling interests HK\$'000	Total equity HK\$'000
				profits/			
				(Accumulated losses) HK\$'000			
At 1 April 2013	11,568	-	-	4,029	15,597	9,003	24,600
Loss for the year	-	-	-	(5,976)	(5,976)	2,718	(3,258)
Total comprehensive expense for the year	-	-	-	(5,976)	(5,976)	2,718	(3,258)
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 (Note 33)	-	-	24,986	-	24,986	1,476	26,462
Corporate reorganisation	(19,093)	(7,499)	26,581	-	(11)	-	(11)
Issuance of new shares (Note 27)	700	34,300	-	-	35,000	-	35,000
Capitalisation issue of shares (Note 27)	3,300	(3,300)	-	-	-	-	-
Share issue expenses	-	(3,153)	-	-	(3,153)	-	(3,153)
2014 Interim dividend (Note 12)	-	-	-	(1,485)	(1,485)	(515)	(2,000)
At 31 March 2014 and 1 April 2014	4,000	27,847	51,567	(3,543)	79,871	5,293	85,164
Profit for the year	-	-	-	539	539	162	701
Total comprehensive income for the year	-	-	-	539	539	162	701
Dividends declared to non-controlling shareholders of subsidiaries (Note 12)	-	-	-	-	-	(850)	(850)
At 31 March 2015	4,000	27,847	51,567	(3,004)	80,410	4,605	85,015

Consolidated Statement of Cash Flows

For the year ended 31 March 2015

	2015 HK\$'000	2014 HK\$'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/(Loss) before tax	2,534	(1,419)
Adjustments for:		
Amortisation of intangible assets	403	348
Depreciation	17,086	13,944
Write-off of items of property, plant and equipment	1,740	121
Bad debts written off	–	70
Write-off of other receivables	16	–
Reversal of provision for reinstatement costs	(427)	–
Reversal of provision for estimated fine on water pollution	–	(588)
	21,352	12,476
Decrease in inventories	112	1,843
(Increase)/Decrease in trade receivables	(132)	2,500
Increase in prepayments, deposits and other receivables	(4,107)	(1,207)
Increase in amount due from ultimate holding company	(8)	–
(Increase)/Decrease in amounts due from related parties	(593)	6,457
Decrease in amounts due from non-controlling shareholders	6	439
Increase/(Decrease) in trade payables	873	(187)
(Decrease)/Increase in other payables and accruals	(1,379)	1,975
Increase/(Decrease) in amounts due to related parties	491	(7,417)
Decrease in amounts due to non-controlling shareholders	–	(235)
Decrease in provision of reinstatement costs	(36)	(2,819)
Cash generated from operations	16,579	13,825
Hong Kong profits tax paid	(2,929)	(3,771)
Net cash flows from operating activities	13,650	10,054

Consolidated Statement of Cash Flows (continued)

For the year ended 31 March 2015

	Note	2015 HK\$'000	2014 HK\$'000
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of items of property, plant and equipment		(9,183)	(16,438)
Proceeds from disposal of items of property, plant and equipment		–	22
Deposits paid for acquiring property, plant and equipment		(580)	–
Acquisition of interest of subsidiaries		–	(11)
Additions to intangible assets		(109)	(506)
Net cash flows used in investing activities		(9,872)	(16,933)
CASH FLOWS FROM FINANCING ACTIVITIES			
Capital contributions from the shareholders		–	7,524
Increase in amount due to non-controlling shareholder		1,000	–
Dividends paid to the Controlling Shareholders		–	(1,485)
Dividends paid to non-controlling shareholders		(770)	(515)
Proceeds from issue of shares		–	35,000
Payment of transaction costs attributable to issue of new shares		–	(3,153)
Net cash flows from financing activities		230	37,371
NET INCREASE IN CASH AND CASH EQUIVALENTS			
Cash and cash equivalents at beginning of year		45,844	15,352
CASH AND CASH EQUIVALENTS AT END OF YEAR			
		49,852	45,844
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances	21	49,852	45,844



Notes to the Financial Statements

For the year ended 31 March 2015

1. GENERAL INFORMATION AND BASIS OF PRESENTATION

JC Group Holdings Limited (the “Company”) was incorporated in the Cayman Islands on 21 June 2013 as an exempted company with limited liability under the Companies Law of the Cayman Islands. The shares of the Company have been listed on the Growth Enterprise Market (the “GEM”) of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) with effect from 21 November 2013. Its parent and ultimate holding company is Victory Stand International Limited (“Victory Stand”), a company incorporated in the British Virgin Islands (the “BVI”).

The address of the Company’s registered office is Clifton House, 75 Fort Street, PO Box 1350, Grand Cayman KY1-1108, Cayman Islands. The address of the Company’s principal place of business in Hong Kong is 14th Floor, TAL Building, 45-53 Austin Road, Tsim Sha Tsui, Kowloon, Hong Kong. The Company is an investment holding company. The Company and its subsidiaries (collectively referred to as the “Group”) are principally engaged in the operation and management of restaurants and cake shops in Hong Kong.

Prior to the corporate reorganisation undertaken in preparation for the listing of the Company’s shares on the GEM of the Stock Exchange (the “Corporate Reorganisation”), the group entities were under the control of Mr. Zhang Fuzhu, Mr. Wu Kai Char, Ms. Wong Wai Ling and Mr. Lui Hung Yen (the “Controlling Shareholder(s)”). They collectively and beneficially held more than 50% equity interests in each of the companies now comprising the Group prior to the Corporate Reorganisation. Through the Corporate Reorganisation, the Company became the holding company of the companies now comprising the Group on 31 October 2013. Accordingly, for the purpose of the preparation of the consolidated financial statements of the Group, the Company has been considered as the holding company of the companies now comprising the Group throughout the years presented. The Group comprising the Company and its subsidiaries resulting from the Corporate Reorganisation is regarded as a continuing entity. The Group was under the control of the Controlling Shareholders prior to and after the Corporate Reorganisation.

The consolidated financial statements have been prepared as if the Company had been the holding company of the Group throughout the years presented in accordance with Accounting Guideline 5 “Merger Accounting for Common Control Combinations” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). The consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year ended 31 March 2014 which include the results, changes in equity and cash flows of the companies now comprising the Group have been prepared as if the current group structure had been in existence throughout the years presented, or since their respective dates of incorporation, where this is a shorter period.

The consolidated financial statements are presented in Hong Kong dollars (“HK\$”), which is the same as the functional currency of the Company. The choice of presentation currency is to better reflect the currency that mainly determines the economic effects of transactions, events and conditions of the Group.



Notes to the Financial Statements (continued)

For the year ended 31 March 2015

2. APPLICATION OF REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

The Group has adopted the following revised HKFRSs and new interpretation for the first time for the current year’s financial statements.

HKFRS 10, HKFRS 12 and HKAS 27 (2011) (Amendments)	Investment Entities
HKAS 32 (Amendments)	Offsetting Financial Assets and Financial Liabilities
HKAS 36 (Amendments)	Recoverable Amount Disclosures for Non-Financial Assets
HKAS 39 (Amendments)	Novation of Derivatives and Continuation of Hedge Accounting
HK(IFRIC)-Int 21	Levies

Other than explained below regarding the impact of amendments to HKAS 32, the adoption of the above revised HKFRSs and new interpretation has had no significant financial effect on these financial statements.

The HKAS 32 Amendments clarify the meaning of “currently has a legally enforceable right to set off” for offsetting financial assets and financial liabilities. The amendments also clarify the application of the offsetting criteria in HKAS 32 to settlement systems (such as central clearing house systems) which apply gross settlement mechanisms that are not simultaneous. The amendments have had no impact on the Group as the Group does not have any offsetting arrangement.

Notes to the Financial Statements (continued)

For the year ended 31 March 2015

2.1 NEW AND REVISED HKFRSs AND NEW DISCLOSURE REQUIREMENTS UNDER THE HONG KONG COMPANIES ORDINANCE NOT YET ADOPTED

The Group has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in the consolidated financial statements.

HKFRS 9	Financial Instruments ⁴
HKFRS 10 and HKAS 28 (2011) (Amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ²
HKFRS 10, HKFRS 12 and HKAS 28 (2011) (Amendments)	Investment Entities: Applying the Consolidation Exception ²
HKFRS 11 (Amendments)	Accounting for Acquisitions of Interests in Joint Operations ²
HKFRS 14	Regulatory Deferral Accounts ²
HKFRS 15	Revenue from Contracts with Customers ³
HKAS 1 (Amendments)	Disclosure Initiative ²
HKAS 16 and HKAS 38 (Amendments)	Clarification of Acceptable Methods of Depreciation and Amortisation ²
HKAS 16 and HKAS 41 (Amendments)	Agriculture: Bearer Plants ²
HKAS 19 (2011) (Amendments)	Defined Benefit Plans: Employee Contributions ¹
HKAS 27 (2011) (Amendments)	Equity Method in Separate Financial Statements ²
Annual Improvements Project	Annual Improvements 2010-2012 Cycle ¹
Annual Improvements Project	Annual Improvements 2011-2013 Cycle ¹
Annual Improvements Project	Annual Improvements 2012-2014 Cycle ²

¹ Effective for annual periods beginning on or after 1 July 2014, with earlier application permitted.

² Effective for annual periods beginning on or after 1 January 2016, with earlier application permitted.

³ Effective for annual periods beginning on or after 1 January 2017, with earlier application permitted.

⁴ Effective for annual periods beginning on or after 1 January 2018, with earlier application permitted.

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

In addition, the Hong Kong Companies Ordinance (Cap. 622) will affect the presentation and disclosure of certain information in the consolidated financial statements for the year ending 31 March 2016. The Group is in the process of making an assessment of the impact of these changes.



Notes to the Financial Statements (continued)

For the year ended 31 March 2015

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with HKFRSs (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards “HKASs” and Interpretations) issued by the HKICPA and accounting principles generally accepted in Hong Kong. These consolidated financial statements also comply with the disclosure requirements of the Hong Kong Companies Ordinance relating to the preparation of financial statements, which for this financial year and the comparative period continue to be those of the predecessor Hong Kong Companies Ordinance (Cap. 32), in accordance with transitional and saving arrangements for Part 9 of the new Hong Kong Companies Ordinance (Cap. 622), “Accounts and Audit”, which are set out in sections 76 to 87 of Schedule 11 to that Ordinance. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the GEM of the Stock Exchange (the “GEM Listing Rules”).

The consolidated financial statements have been prepared under the historical cost convention.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries for the year ended 31 March 2015. The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. As explained in note 1 above, the acquisition of subsidiaries under common control has been accounted for using the merger method of accounting.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described in the accounting policy for subsidiaries below. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group’s share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.



Notes to the Financial Statements (continued)

For the year ended 31 March 2015

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Merger accounting for common control combinations

The consolidated financial statements incorporate the financial statement items of the combining entities or businesses in which the common control combination occurs as if they had been combined from the date when the combining entities or businesses first came under the control of the controlling party.

The net assets of the combining entities or businesses are consolidated using the existing book values from the controlling parties' perspective. No amount is recognised in respect of goodwill or excess of acquirer's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost at the time of common control combination, to the extent of the continuation of the controlling party's interest. The consolidated statement of profit or loss and other comprehensive income include the results of each of the combining entities or businesses from the earliest date presented or since the date when the combining entities or businesses first came under the common control, where this is a shorter period, regardless of the date of the common control combination.

Subsidiaries

A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- (a) the contractual arrangement with the other vote holders of the investee;
- (b) rights arising from other contractual arrangements; and
- (c) the Group's voting rights and potential voting rights.

The results of subsidiaries are included in the Company's statement of profit or loss to the extent of dividends received and receivable. The Company's investments in subsidiaries that are not classified as held for sale in accordance with HKFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are stated at cost less any impairment losses.



Notes to the Financial Statements (continued)

For the year ended 31 March 2015

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Related parties

A party is considered to be related to the Group if:

- (a) the party is a person or a close member of that person's family and that person
 - (i) has control or joint control over the Group;
 - (ii) has significant influence over the Group; or
 - (iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

- (b) the party is an entity where any of the following conditions applies:
 - (i) the entity and the Group are members of the same group;
 - (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
 - (iii) the entity and the Group are joint ventures of the same third party;
 - (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
 - (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;
 - (vi) the entity is controlled or jointly controlled by a person identified in (a); and
 - (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).



Notes to the Financial Statements (continued)

For the year ended 31 March 2015

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property, plant and equipment and depreciation

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the statement of profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Leasehold improvements	Over the shorter of the lease terms and 6 years
Furniture and fixtures	2 years to 5 years
Catering and other equipment	2 years to 5 years
Motor vehicles	2 years

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately.

Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in the statement of profit or loss in the year the asset is derecognised is the difference between the net sale proceeds and the carrying amount of the relevant asset.



Notes to the Financial Statements (continued)

For the year ended 31 March 2015

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Intangible assets (other than goodwill)

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value at the date of acquisition. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period.

Franchise cost

Acquired franchises are stated at cost less any impairment losses and are amortised on the straight-line basis over their unexpired periods of the franchise agreements.

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories and financial assets), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs to sell, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to the statement of profit or loss in the year in which it arises.

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to the statement of profit or loss in the year in which it arises.



Notes to the Financial Statements (continued)

For the year ended 31 March 2015

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Leases

Leases that transfer substantially all the rewards and risks of ownership of assets to the Group, other than legal title, are accounted for as finance leases. At the inception of a finance lease, the cost of the leased asset is capitalised at the present value of the minimum lease payments and recorded together with the obligation, excluding the interest element, to reflect the purchase and financing. Assets held under capitalised finance leases, including prepaid land lease payments under finance leases, are included in property, plant and equipment, and depreciated over the shorter of the lease terms and the estimated useful lives of the assets. The finance costs of such leases are charged to the statement of profit or loss so as to provide a constant periodic rate of charge over the lease terms.

Assets acquired through hire purchase contracts of a financing nature are accounted for as finance leases, but are depreciated over their estimated useful lives.

Leases where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases. Where the Group is the lessee, rentals payable under operating leases net of any incentives received from the lessor are charged to the statement of profit or loss on the straight-line basis over the lease terms.

When the lease payments cannot be allocated reliably between the land and buildings elements, the entire lease payments are included in the cost of the land and buildings as a finance lease in property, plant and equipment.

Other financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as financial assets at fair value through profit or loss, loans and receivables and available-for-sale financial investments, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. When financial assets are recognised initially, they are measured at fair value plus transaction costs that are attributable to the acquisition of the financial assets, except in the case of financial assets recorded at fair value through profit or loss.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

The Group's financial assets include cash and bank balances, trade receivables, other receivables and deposits, and amounts due from ultimate holding company, related parties and non-controlling shareholders.

Notes to the Financial Statements (continued)

For the year ended 31 March 2015

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Other financial assets (continued)

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such assets are subsequently measured at amortised cost using the effective interest rate method less any allowance for impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and includes fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in other income and gains in the statement of profit or loss. The loss arising from impairment is recognised in the statement of profit or loss in finance costs for loans and in other operating expenses for receivables.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset, or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.



Notes to the Financial Statements (continued)

For the year ended 31 March 2015

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of financial assets

The Group assesses at the end of each reporting period whether there is any objective evidence that a financial asset or a group of financial assets is impaired. An impairment exists if one or more events that occurred after the initial recognition of the asset have an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that a debtor or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Group first assesses whether impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

The amount of loss identified is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition).

The carrying amount of the asset is reduced through the use of an allowance account and the loss is recognised in the statement of profit or loss. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Loans and receivables together with any associated allowance are written off when there is no realistic prospect of future recovery.

If, in a subsequent period, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery is credited to the statement of profit or loss.



Notes to the Financial Statements (continued)

For the year ended 31 March 2015

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of intangible assets (other than goodwill)

The Group assesses whether there are any indicators of impairment for all intangible assets at the end of each reporting period. Indefinite life intangible assets are tested for impairment annually and at other times when such an indicator exists. Other intangible assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The calculation of the fair value less costs to sell is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as loans and borrowings.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, accruals, and amounts due to ultimate holding company, related parties and non-controlling shareholders.

Subsequent measurement

Loans and borrowings

After initial recognition, interest-bearing bank and other borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in the statement of profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in the statement of profit or loss.



Notes to the Financial Statements (continued)

For the year ended 31 March 2015

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in the statement of profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the first-in, first-out basis. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

For the purpose of the statement of financial position, cash and cash equivalents comprise cash on hand and at bank which are not restricted as to use.

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.



Notes to the Financial Statements (continued)

For the year ended 31 March 2015

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income tax (continued)

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, the carryforward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.



Notes to the Financial Statements (continued)

For the year ended 31 March 2015

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition

Revenue is recognised when it is probable that the economic benefits will flow to the Group and when the revenue can be measured reliably, on the following bases:

- (a) from restaurant operations, when catering services have been provided to the customers. Payments that are related to services not yet rendered are deferred and recognised as deferred income in liability. Upon expiry of prepaid amounts on unused coupons or cash vouchers, the corresponding deferred income is fully recognised as forfeited income; and
- (b) interest income, on an accrual basis using the effective interest rate method by applying the rate that exactly discounts the estimated future cash receipts through the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

Other employee benefits

Retirement benefit schemes

The Group operates a defined contribution Mandatory Provident Fund retirement benefit scheme (the “MPF Scheme”) under the Mandatory Provident Fund Schemes Ordinance for all of its Hong Kong employees. Contributions are made based on a percentage of the employees’ basic salaries and are charged to the statement of profit or loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group’s employer contributions vest fully with the employees when contributed into the MPF Scheme.

Borrowing costs

Borrowing costs directly attributable to the acquisition, that is, assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs capitalised. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Dividends

Interim dividends proposed by the directors are classified as a separate allocation of retained profits within the equity section of the statement of financial position, until they have been approved by the shareholders in a general meeting. When these dividends have been approved by the shareholders and declared, they are recognised as a liability.

Notes to the Financial Statements (continued)

For the year ended 31 March 2015

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Foreign currencies

The consolidated financial statements are presented in HK\$, which is the Company's functional and presentation currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rates of exchange ruling at the end of each reporting period. All differences arising on settlement or translation of monetary items are recognised in the statement of profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the dates when the fair value was measured. The gain or loss arising on retranslation of a non-monetary item is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation differences on item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

The foreign currencies are currencies other than the Hong Kong dollars. As at the end of each of the reporting period, the assets and liabilities of foreign operation are translated into the presentation currency of the Company at the exchange rates ruling at the end of the reporting period and their statements of profit or loss are translated into Hong Kong dollars at the weighted average exchange rates for the year. The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in the statement of profit or loss.

For the purpose of the consolidated statement of cash flows, the cash flows of overseas subsidiaries are translated into Hong Kong dollars at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of overseas subsidiaries which arise throughout the year are translated into HK\$ at the weighted average exchange rates for the year.

Provisions

Provisions are recognised when: the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation.



Notes to the Financial Statements (continued)

For the year ended 31 March 2015

4. SIGNIFICANT ACCOUNTING ESTIMATES

The preparation of the consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Useful lives and residual values of items of property, plant and equipment

In determining the useful lives and residual values of items of property, plant and equipment, the Group has to consider various factors, such as technical or commercial obsolescence arising from changes or improvements in the production and provision of services, or from a change in the market demand for the product or service output of the asset, expected usage of the asset, expected physical wear and tear, care and maintenance of the asset, and legal or similar limits on the use of the asset. The estimation of the useful life of the asset is based on the experience of the Group with similar assets that are used in a similar way. Additional depreciation is made if the estimated useful lives and/or residual values of items of property, plant and equipment are different from previous estimation. Useful lives and residual values are reviewed at the end of each reporting period based on changes in circumstances.

Provision for reinstatement costs

Provision for reinstatement costs is estimated and reassessed at the end of each reporting period with reference to the latest available quotation from independent contractors. Estimation based on current market information may vary over time and could differ from the actual reinstatement cost upon closures or relocation of existing premises occupied by the Group.

Notes to the Financial Statements (continued)

For the year ended 31 March 2015

5. SEGMENT INFORMATION AND REVENUE

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

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

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

Details of interest income, depreciation and amortisation in relation to the operating segment are disclosed in notes 6 and 7, respectively.

The Company is domiciled in the Cayman Islands with the Group's major operations located in Hong Kong. Substantially all of the Group's revenues from external customers during the years ended 31 March 2015 and 2014 were derived from Hong Kong, the place of domicile of the Group's operating subsidiaries. All the non-current assets of the Group are located in Hong Kong.

As no revenue derived from sales to a single customer of the Group has individually accounted for 10% of the Group's total revenue during the year (2014: Nil), no information about major customers is presented.

Revenue, which is also the Group's turnover, represents amounts received and receivable from the operation of restaurants, net of sales discounts. An analysis of revenue is as follows:

	2015 HK\$'000	2014 HK\$'000
<i>Revenue</i>		
Restaurant operations	254,689	238,751

Notes to the Financial Statements (continued)

For the year ended 31 March 2015

6. OTHER INCOME AND GAINS

	2015 HK\$'000	2014 HK\$'000
Bank interest income	95	60
Forfeited income	33	341
Sponsorship income	197	359
Reversal of provision for reinstatement costs	427	–
Others	152	112
	904	872

7. PROFIT/(LOSS) BEFORE TAX

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

	2015 HK\$'000	2014 HK\$'000
Cost of inventories sold	71,595	68,018
Amortisation of intangible assets	403	348
Auditors' remuneration	650	829
Depreciation	17,086	13,944
Lease payments under operating lease in respect of land and buildings:		
Minimum lease payments	49,338	44,355
Contingent rents	2,182	2,525
	51,520	46,880

Notes to the Financial Statements (continued)

For the year ended 31 March 2015

7. PROFIT/(LOSS) BEFORE TAX (continued)

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

	2015 HK\$'000	2014 HK\$'000
Employee benefits expenses (excluding directors' and chief executive's remuneration (note 8)):		
Salaries, wages and other benefits	69,437	65,456
Retirement benefit scheme contributions	2,864	2,077
	72,301	67,533
Write-off of items of property, plant and equipment	1,740	121
Write-off of other receivables	16	-
Bad debts written off	-	70
Reversal of provision for reinstatement costs	(427)	-
Reversal of provision for estimated fine on water pollution	-	(588)
Listing expenses	-	6,701
Foreign exchange differences, net	4	8

8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION

Directors' and chief executive's remuneration for the year is as follows:

	2015 HK\$'000	2014 HK\$'000
Fees	3,306	1,190
Other emoluments:		
Salaries, allowances and benefits in kind	-	498
Discretionary bonuses	-	450
Retirement benefit scheme contributions	-	-
	3,306	2,138

Notes to the Financial Statements (continued)

For the year ended 31 March 2015

8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION (continued)

(a) Independent non-executive directors

The fees paid to independent non-executive directors during the year were as follows:

	Fees HK\$'000	Salaries, allowances and benefits in kind HK\$'000	Discretionary bonuses HK\$'000	Retirement benefit scheme contributions HK\$'000	Total HK\$'000
Year ended 31 March 2015					
Mr. Chan Wai Hung Clarence	100	-	-	-	100
Ms. Au Man Yi (Appointed on 16 February 2015)	12	-	-	-	12
Mr. Pao Ping Wing (Appointed on 1 January 2015)	25	-	-	-	25
Ms. Kwong Ka Ki (Appointed on 21 August 2014 and resigned on 16 February 2015)	49	-	-	-	49
Mr. Law Yiu Sing (Resigned on 1 January 2015)	75	-	-	-	75
Ms. Yue Chung Sze Joyce (Resigned on 21 August 2014)	39	-	-	-	39
	300	-	-	-	300
Year ended 31 March 2014					
Mr. Law Yiu Sing	36	-	-	-	36
Ms. Yue Chung Sze Joyce	36	-	-	-	36
Mr. Chan Wai Hung Clarence	36	-	-	-	36
	108	-	-	-	108

There were no other emoluments payable to the independent non-executive directors during the year (2014: Nil).

Notes to the Financial Statements (continued)

For the year ended 31 March 2015

8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION (continued)

(b) Non-executive directors

	Fees HK\$'000	Salaries, allowances and benefits in kind HK\$'000	Discretionary bonuses HK\$'000	Retirement benefit scheme contributions HK\$'000	Total HK\$'000
Year ended 31 March 2015					
Mr. Chan Kwok Chung (Appointed on 21 August 2014 and resigned on 30 January 2015)	53	-	-	-	53
Mr. Pan Chik (Resigned on 7 July 2014)	-	-	-	-	-
	53	-	-	-	53
Year ended 31 March 2014					
Mr. Pan Chik	-	-	-	-	-
	-	-	-	-	-

There were no other emoluments payable to the non-executive directors during the year (2014: Nil).

Notes to the Financial Statements (continued)

For the year ended 31 March 2015

8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION (continued)

(c) Executive directors and the chief executive

	Fees HK\$'000	Salaries, allowances and benefits in kind HK\$'000	Discretionary bonuses HK\$'000	Retirement benefit scheme contributions HK\$'000	Total HK\$'000
Year ended 31 March 2015					
Mr. Wu Kai Char	1,200	-	-	-	1,200
Ms. Wong Wai Ling (Chief Executive Officer)	1,200	-	-	-	1,200
Ms. Chen Chen (Appointed on 30 January 2015)	103	-	-	-	103
Mr. Lui Hung Yen (Resigned on 1 January 2015)	450	-	-	-	450
	2,953	-	-	-	2,953
Year ended 31 March 2014					
Mr. Wu Kai Char	433	383	270	-	1,086
Ms. Wong Wai Ling (Chief Executive Officer)	433	-	180	-	613
Mr. Lui Hung Yen	216	115	-	-	331
	1,082	498	450	-	2,030

There was no arrangement under which a director or the chief executive waived or agreed to waive any remuneration during the year (2014: Nil).

During the years ended 31 March 2015 and 2014, no remuneration was paid by the Group to the directors or the chief executive as an inducement to join or upon joining the Group or as compensation for loss of office.

Notes to the Financial Statements (continued)

For the year ended 31 March 2015

9. FIVE HIGHEST PAID INDIVIDUALS

Two (2014: Two) of the five highest paid individuals were directors of the Company for the year ended 31 March 2015.

Details of the remuneration of the remaining non-director and non-chief executive, highest paid individuals for each of the year are analysed as follows:

	2015 HK\$'000	2014 HK\$'000
Salaries, allowances and benefits in kind	1,583	1,978
Discretionary bonuses	244	523
Retirement benefit scheme contributions	52	41
	1,879	2,542

The number of the non-director and non-chief executive, highest paid individuals whose remuneration fell within the following bands is as follows:

	Number of individuals	
	2015	2014
Nil to HK\$1,000,000	3	2
HK\$1,000,001 to HK\$1,500,000	–	1
	3	3

During the year, no remuneration was paid by the Group to any of the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office.

Notes to the Financial Statements (continued)

For the year ended 31 March 2015

10. INCOME TAX EXPENSE

Hong Kong profits tax has been provided on the estimated assessable profits arising in Hong Kong at a rate of 16.5% (2014: 16.5%) during the year.

	2015 HK\$'000	2014 HK\$'000
Current tax – charge for the year	2,475	1,839
– over-provision in prior years	(642)	–
Total tax charge for the year	1,833	1,839

The income tax on the Group's profit/(loss) before tax differs from the theoretical amount that would arise using the Hong Kong profits tax rate as follows:

	2015 HK\$'000	2014 HK\$'000
Profit/(Loss) before tax	2,534	(1,419)
Tax at the statutory tax rate	418	(234)
Tax effect of expenses not deductible for tax purpose	550	1,218
Tax effect of temporary differences not recognised	1,721	(519)
Under-provision in current years	–	(46)
Over-provision in prior years	(642)	–
Tax concession granted by local authority	(90)	–
Tax effect of tax losses not recognised	251	1,420
Utilisation of tax losses previously not recognised	(375)	–
Income tax expense for the year	1,833	1,839

11. PROFIT/(LOSS) ATTRIBUTABLE TO OWNERS OF THE COMPANY

The consolidated profit/(loss) attributable to owners of the Company for the year ended 31 March 2015 includes a nil profit (2014: loss of approximately HK\$6,701,000) which has been dealt with in the financial statements of the Company (note 29 (b)).

Notes to the Financial Statements (continued)

For the year ended 31 March 2015

12. DIVIDENDS

	2015 HK\$'000	2014 HK\$'000
Interim dividend	–	2,000

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

During the year ended 31 March 2015, the Company's certain subsidiaries declared interim dividends of HK\$850,000 to their respective non-controlling shareholders.

During the year ended 31 March 2014, the interim dividends of HK\$2,000,000 paid by the respective subsidiaries to their then equity holders prior to the Corporate Reorganisation. The rate of dividend and the number of shares ranking for dividends have not been presented as such information is not meaningful having regard to the purpose of these consolidated financial statements.

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

	2015 HK\$'000	2014 HK\$'000
Earnings/(Loss)		
Profit/(Loss) for the year attributable to owners of the Company for the purposes of basic and diluted earnings/(loss) per share	539	(5,976)

	2015 '000	2014 '000
Number of shares		
Weighted average number of ordinary shares for the purposes of basic and diluted earnings/(loss) per share	400,000	355,123

For the year ended 31 March 2015, the calculation of the basic earnings per share attributable to owners of the Company was based on (i) the profit attributable to owners of the Company and (ii) the weighted average number of ordinary shares.

For the year ended 31 March 2014, the calculation of the basic loss per share attributable to owners of the Company was based on (i) the loss attributable to owners of the Company and (ii) the weighted average number of ordinary shares (adjusted retrospectively for 1,000 shares in issue and 329,999,000 shares issued under the capitalisation issue), and the effects of 70,000,000 shares issued under placing as described in note 27.

The diluted earnings/(loss) per share is equal to the basic earnings/(loss) per share as there were no dilutive potential ordinary shares in issue during the years ended 31 March 2015 and 2014.

Notes to the Financial Statements (continued)

For the year ended 31 March 2015

14. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements HK\$'000	Furniture and fixtures HK\$'000	Catering and other equipment HK\$'000	Motor vehicles HK\$'000	Total HK\$'000
31 March 2015					
At 31 March 2014 and 1 April 2014:					
Cost	50,713	8,565	18,716	170	78,164
Accumulated depreciation	(29,066)	(3,694)	(10,666)	(78)	(43,504)
Net carrying amount	21,647	4,871	8,050	92	34,660
At 1 April 2014, net of accumulated depreciation	21,647	4,871	8,050	92	34,660
Additions	7,285	1,242	2,174	-	10,701
Write-off	(1,270)	(52)	(418)	-	(1,740)
Depreciation provided during the year	(11,150)	(1,716)	(4,135)	(85)	(17,086)
At 31 March 2015, net of accumulated depreciation	16,512	4,345	5,671	7	26,535
At 31 March 2015:					
Cost	56,114	9,627	20,471	170	86,382
Accumulated depreciation	(39,602)	(5,282)	(14,800)	(163)	(59,847)
Net carrying amount	16,512	4,345	5,671	7	26,535
31 March 2014					
At 1 April 2013:					
Cost	56,475	7,199	22,034	-	85,708
Accumulated depreciation	(36,657)	(4,146)	(13,596)	-	(54,399)
Net carrying amount	19,818	3,053	8,438	-	31,309
At 1 April 2013, net of accumulated depreciation	19,818	3,053	8,438	-	31,309
Additions	10,893	3,258	3,117	170	17,438
Write-off	-	(78)	(65)	-	(143)
Depreciation provided during the year	(9,064)	(1,362)	(3,440)	(78)	(13,944)
At 31 March 2014, net of accumulated depreciation	21,647	4,871	8,050	92	34,660
At 31 March 2014:					
Cost	50,713	8,565	18,716	170	78,164
Accumulated depreciation	(29,066)	(3,694)	(10,666)	(78)	(43,504)
Net carrying amount	21,647	4,871	8,050	92	34,660

Notes to the Financial Statements (continued)

For the year ended 31 March 2015

15. INTANGIBLE ASSETS

	Franchise cost HK\$'000
31 March 2015	
At 31 March 2014 and 1 April 2014:	
Cost	2,232
Accumulated amortisation	(1,112)
Net carrying amount	1,120
At 1 April 2014, net of accumulated amortisation	
Additions	109
Amortisation provided during the year	(403)
At 31 March 2015, net of accumulated amortisation	826
At 31 March 2015:	
Cost	2,341
Accumulated amortisation	(1,515)
Net carrying amount	826
31 March 2014	
At 1 April 2013:	
Cost	1,726
Accumulated amortisation	(764)
Net carrying amount	962
At 1 April 2013, net of accumulated amortisation	
Additions	506
Amortisation provided during the year	(348)
At 31 March 2014, net of accumulated amortisation	1,120
At 31 March 2014:	
Cost	2,232
Accumulated amortisation	(1,112)
Net carrying amount	1,120

Notes to the Financial Statements (continued)

For the year ended 31 March 2015

16. INVESTMENTS IN SUBSIDIARIES

	2015 HK\$'000	2014 HK\$'000
Unlisted shares, at cost	59,591	59,591

The amounts due from/(to) subsidiaries included in the Company's current assets and current liabilities of approximately HK\$18,460,000 (2014: approximately HK\$25,146,000) and HK\$9,300,000 (2014: Nil) as at 31 March 2015 and 2014 respectively are unsecured, interest-free and repayable on demand.

Particulars of the subsidiaries are as follows:

Company name	Place of incorporation/ operations	Issued ordinary share capital	Percentage of equity attributable to the Company	Principal activities
Glory Kind Development Limited	BVI	US\$1,000	100% (direct)	Investment holding
Team Glory International Limited	BVI	US\$8	100% (indirect)	Investment holding
Top Aim Enterprises Ltd	BVI	US\$10	100% (indirect)	Investment holding
Still Profit Limited	BVI	US\$8	100% (indirect)	Investment holding
Progress Vantage Holdings Limited	BVI	US\$1,004	100% (indirect)	Investment holding
Grand Century Inc Limited	Hong Kong	HK\$10,000	100% (indirect)	Restaurant operation
H-View F & B Group Limited	Hong Kong	HK\$10,000	100% (indirect)	Management service

Notes to the Financial Statements (continued)

For the year ended 31 March 2015

16. INVESTMENTS IN SUBSIDIARIES (continued)

Particulars of the subsidiaries are as follows: (continued)

Company name	Place of incorporation/ operations	Issued ordinary share capital	Percentage of equity attributable to the Company	Principal activities
Harlan's Holding Limited	Hong Kong	HK\$20,000,000	95% (indirect)	Restaurant operation
Inakaya (HK) Limited	Hong Kong	HK\$10,000	100% (indirect)	Restaurant operation
J & H Company Limited	Hong Kong	HK\$10,000	82% (indirect)	Management service
JC Group (HK) Limited	Hong Kong	HK\$10,000	100% (indirect)	Restaurant operation
PHO24 (NTP) Limited	Hong Kong	HK\$10,000	60% (indirect)	Inactive
PHO24 (TST) Limited	Hong Kong	HK\$10,000	65% (indirect)	Restaurant operation
Turbo Trade Limited	Hong Kong	HK\$10,000	100% (indirect)	Restaurant operation
Ginji (TST) Limited	Hong Kong	HK\$10,000	100% (indirect)	Restaurant operation
Ginji (MK) Limited	Hong Kong	HK\$1	100% (indirect)	Restaurant operation
PHO Hoi An Limited	Hong Kong	HK\$10,000	65% (indirect)	Restaurant operation

Notes to the Financial Statements (continued)

For the year ended 31 March 2015

16. INVESTMENTS IN SUBSIDIARIES (continued)

Particulars of the subsidiaries are as follows: (continued)

Company name	Place of incorporation/ operations	Issued ordinary share capital	Percentage of equity attributable to the Company	Principal activities
PHO Hoi An (Mikiki) Limited	Hong Kong	HK\$10,000	80% (indirect)	Restaurant operation
JC Group Management Limited	Hong Kong	HK\$2	100% (indirect)	Management service
JC Group Holding Limited	Hong Kong	HK\$10,000	100% (indirect)	Management service
Inakaya (China) Limited	Hong Kong	HK\$1	100% (indirect)	Restaurant operation
Holy Charm Limited	Hong Kong	HK\$1	100% (direct)	Management service
Cheerful Time Holdings Limited	BVI	US\$1	100% (indirect)	Investment holding

In accordance with the Group's accounting policy, the Company's non-wholly owned subsidiaries' non-controlling interest ("NCI") are not material to the Group as at 31 March 2015. The following table lists the information relating to J & H Company Limited ("J&H"), a subsidiary of the Group which has material NCI as at 31 March 2014.

	2014
Percentage of equity interest held by NCI of J&H	18.00%
	2014
	HK\$'000
Profit for the year allocated to NCI of J&H	1,570
Dividend paid to NCI of J&H	90
Carrying amount of NCI of J&H at the end of the reporting period	2,256

Notes to the Financial Statements (continued)

For the year ended 31 March 2015

16. INVESTMENTS IN SUBSIDIARIES (continued)

The following table illustrates the summarised financial information of J&H for the year ended 31 March 2014. The amounts disclosed are before any inter-company eliminations:

	2014 HK\$'000
J&H	
Revenue	15,051
Profit for the year	8,722
Total comprehensive income for the year	8,722
Current assets	12,582
Non-current assets	–
Current liabilities	50
Non-current liabilities	–
Net cash flows used in operating activities	(1,649)
Net cash flows from investing activities	22
Net cash flows used in financing activities	(500)
Net decrease in cash and cash equivalents	(2,127)

17. INVENTORIES

	2015 HK\$'000	2014 HK\$'000
Food and beverage, and other operating items for restaurant operations	2,635	2,747

Notes to the Financial Statements (continued)

For the year ended 31 March 2015

18. TRADE RECEIVABLES

	2015 HK\$'000	2014 HK\$'000
Trade receivables	1,291	1,159

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 receivables are non-interest-bearing.

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

	2015 HK\$'000	2014 HK\$'000
Within 1 month	1,150	1,015
Over 1 month but less than 3 months	87	65
Over 3 months	54	79
	1,291	1,159

The trade receivables included in the above aging analysis are considered not impaired. As at 31 March 2015 and 2014, no trade receivables were past due or impaired. No provision for impairment of trade receivables was made as at 31 March 2015 and 2014.

19. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2015 HK\$'000	2014 HK\$'000
Prepayments	2,739	2,009
Rental deposits	19,703	16,579
Utility and other deposits	2,476	1,645
Other receivables	273	287
	25,191	20,520
Current portion included in prepayments, deposits and other receivables	(6,746)	(7,268)
Non-current portion included in rental and other deposits	18,445	13,252

Notes to the Financial Statements (continued)

For the year ended 31 March 2015

20. BALANCES WITH RELATED PARTIES

An analysis of the amounts due from related parties is as follows:

	31 March 2015 HK\$'000	Maximum amount outstanding during the year HK\$'000	1 April 2014 HK\$'000
Amounts due from related parties			
Mr. Wu Kai Char (“Mr. Wu”) (note ii)	538	574	352
Mr. Zhang Fuzhu (“Mr. Zhang”) (note i)	965	1,041	223
Mr. Lui Hung Yen (“Mr. Lui”)	–	37	8
Ms. Wong Wai Ling (“Ms. Wong”) (note ii)	97	167	60
Supreme Glory (HK) Limited (note ix)	248	575	–
JC & Associates Limited (note ix)	20	21	18
Rich Base Limited (note iii)	75	75	31
JC Group Holding Limited	–	6	6
Well-in Silver Article Company Limited (note xi)	–	652	652
	1,943		1,350

Notes to the Financial Statements (continued)

For the year ended 31 March 2015

20. BALANCES WITH RELATED PARTIES (continued)

An analysis of the amounts due from related parties is as follows: (continued)

	31 March 2014 HK\$'000	Maximum amount outstanding during the year HK\$'000	1 April 2013 HK\$'000
Amounts due from related parties			
Mr. Wu (note ii)	352	1,031	496
Mr. Zhang (note i)	223	657	483
Mr. Lui (note ii)	8	77	23
Ms. Wong (note ii)	60	168	81
Bumper World Limited (note xi)	–	5,188	5,188
Holy Best Limited (note vi)	–	15	15
Oriental Island Limited (note iv)	–	45	45
Good View International Investment Limited (note vii)	–	319	119
FLC Holdings Limited (note viii)	–	125	25
JC & Associates Limited (note ix)	18	21	2
Rich Base Limited (note iii)	31	31	31
Great Lead Inc Limited (note x)	–	12	8
JC Group Holding Limited (note v)	6	18	10
Way Full Limited (note x)	–	12	8
Well-in Silver Article Company Limited (note xi)	652	1,375	1,273
	1,350		7,807

An analysis of the amounts due to related parties is as follows:

	2015 HK\$'000	2014 HK\$'000
Amounts due to related parties		
Mr. Wu (note ii)	500	–
FLC Holdings Limited (note viii)	50	50
Good View International Investment Limited (note vii)	25	25
R & C Corporate Services Limited (note xii)	–	9
	575	84

Notes to the Financial Statements (continued)

For the year ended 31 March 2015

20. BALANCES WITH RELATED PARTIES (continued)

Notes:

- (i) Substantial shareholder of the Company
- (ii) Executive director of the Company
- (iii) Controlled by Mr. Wu and indirectly controlled by Mr. Zhang
- (iv) Controlled by Mr. Wu
- (v) Indirectly controlled by Mr. Wu, Mr. Lui and Ms. Wong
- (vi) Controlled by Mr. Lui and his spouse
- (vii) Controlled by Mr. Zhang
- (viii) Controlled by Ms. Wong
- (ix) Controlled by Mr. Wu and Ms. Wong
- (x) Indirectly controlled by Mr. Wu
- (xi) Controlled by Mr. Wu and Mr. Zhang
- (xii) Controlled by the sister of Ms. Wong

Balances with related parties are unsecured, interest-free and repayable on demand.

None of the amounts due from related parties is either past due or impaired. The financial assets included in the above balances related to receivables for which there was no recent history of default.

21. CASH AND CASH EQUIVALENTS

	The Group		The Company	
	2015 HK\$'000	2014 HK\$'000	2015 HK\$'000	2014 HK\$'000
Cash and bank balances	49,852	45,844	16,095	–
Cash and cash equivalents denominated in:				
HK\$	49,729	45,679	16,095	–
United States dollars (“US\$”)	110	150	–	–
Japanese Yen (“JPY”)	13	15	–	–
	49,852	45,844	16,095	–

Cash at banks earn interest at floating rates based on daily bank deposit rates. The bank balances are deposited with creditworthy banks with no recent history of default.

Notes to the Financial Statements (continued)

For the year ended 31 March 2015

22. TRADE PAYABLES

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

	2015 HK\$'000	2014 HK\$'000
Within 1 month	6,553	5,649
Over 1 month but less than 2 months	5	26
Over 2 months	3	13
	6,561	5,688

The trade payables are non-interest-bearing and generally have payment terms of 30-45 days.

Included in the Group's trade payables as at 31 March 2015 is a balance of approximately HK\$385,000 (2014: approximately HK\$283,000) payable to JC & Associates Limited.

Included in the Group's trade payables as at 31 March 2015 is a balance of approximately HK\$26,000 (2014: approximately HK\$16,000) payable to Well-In Hotel Supplies Company Limited.

These relevant trade payables are repayable on similar credit terms to those offered by the major suppliers of the Group.

23. OTHER PAYABLES AND ACCRUALS

	The Group		The Company	
	2015 HK\$'000	2014 HK\$'000	2015 HK\$'000	2014 HK\$'000
Deferred income	28	87	–	–
Other payables	225	1,468	–	–
Accruals	7,576	7,379	99	–
Customer deposits	682	956	–	–
	8,511	9,890	99	–

Other payables are non-interest-bearing.

Notes to the Financial Statements (continued)

For the year ended 31 March 2015

24. BALANCE WITH ULTIMATE HOLDING COMPANY

Group	31 March 2015	Maximum amount outstanding during the year	1 April 2014
	HK\$'000	HK\$'000	HK\$'000
Due from ultimate holding company	8	8	–

Amounts due from/(to) ultimate holding company are unsecured, interest-free and repayable on demand.

25. BALANCES WITH NON-CONTROLLING SHAREHOLDERS

	2015	2014
	HK\$'000	HK\$'000
Due from non-controlling shareholders of subsidiaries	125	172
Due to non-controlling shareholders of subsidiaries	1,912	873

At 31 March 2015 and 2014, amounts due from non-controlling shareholders of subsidiaries are unsecured, interest-free and repayable on demand.

At 31 March 2015, amounts due to non-controlling shareholders of subsidiaries are unsecured, interest-free and repayable on demand.

At 31 March 2014, amounts due to non-controlling shareholders of subsidiaries are unsecured, interest-free and repayable on demand after 2 July 2014 in accordance with the long-term loan agreements entered into between the Group and the non-controlling shareholders of the subsidiaries on 3 July 2013, pursuant to which all amounts due to non-controlling shareholders are due after one year from the date of the long-term agreements.

The amounts due from non-controlling shareholders of subsidiaries are neither past due nor impaired.

26. DEFERRED TAX

Certain subsidiaries of the Group have tax losses arising in Hong Kong in total of approximately HK\$3,102,000 and HK\$8,830,000 as at 31 March 2015 and 2014, respectively, that are available indefinitely for offsetting against their future taxable profits of those companies in which the losses arose. Deferred tax assets have not been recognised in respect of these losses as it is not considered probable that taxable profits will be available against which the tax losses can be utilised.

There are no income tax consequences attaching to the payment of dividends by the Company to its shareholders.

Notes to the Financial Statements (continued)

For the year ended 31 March 2015

27. ISSUED CAPITAL

There was no authorised and issued capital as at 31 March 2013 since the Company had not yet been incorporated.

Company

	Notes	Number of ordinary share of HK\$0.01 each	Nominal value of ordinary shares HK\$'000
Authorised:			
On 21 June 2013 (date of incorporation)	(a)	38,000,000	380
Increase in authorised share capital	(c)	1,962,000,000	19,620
At 31 March 2014, 1 April 2014 and 31 March 2015		2,000,000,000	20,000
Issued and fully paid:			
On 21 June 2013 (date of incorporation)	(a), (b)	1	-
Issue of shares pursuant to Corporate Reorganisation	(b)	999	-
Issue of shares upon capitalisation issue	(d)	329,999,000	3,300
Issue of shares by placing	(e)	70,000,000	700
At 31 March 2014, 1 April 2014 and 31 March 2015		400,000,000	4,000

During the years ended 31 March 2015 and 2014, the movements in the share capital were as follows:

- (a) The Company was incorporated on 21 June 2013 in the Cayman Islands under the Companies Law of the Cayman Islands as an exempted company with limited liability with an initial authorised share capital of HK\$380,000 divided into 38,000,000 ordinary shares with a par value of HK\$0.01 per share. One nil-paid share was allotted and issued to the initial subscriber on 21 June 2013, which was later transferred to Victory Stand on the same date.
- (b) Pursuant to the Corporate Reorganisation and as consideration for the acquisition by the Company of the entire issued share capital of Glory Kind Development Limited from Victory Stand and Dragon Flame Holdings Limited ("Dragon Flame") on 31 October 2013, (a) the one nil-paid share held by Victory Stand was credited as fully paid; and (b) 749 and 250 shares were allotted and issued to Victory Stand and Dragon Flame, respectively, and were credited as fully paid.

Notes to the Financial Statements (continued)

For the year ended 31 March 2015

27. ISSUED CAPITAL (continued)

- (c) Pursuant to the written resolution of the shareholders passed on 2 November 2013, the authorised share capital of the Company was increased from HK\$380,000 to HK\$20,000,000 by the creation of an additional of 1,962,000,000 shares of HK\$0.01 each, each ranking pari passu with the shares then in issue in all respects.
- (d) Pursuant to the written resolutions of the shareholders passed on 2 November 2013, the directors were authorised to capitalise the amount of HK\$3,299,900 standing to the credit of the share premium account of the Company and to appropriate such amount as to capital to pay up in full at par 329,990,000 shares for allotment and issue to the then existing shareholders of the Company, each ranking pari passu in all respects with the then existing issued shares. On 21 November 2013, the Company allotted and issued such shares as aforesaid and gave effect to the capitalisation issue.
- (e) On 21 November 2013, the Company issued 70,000,000 shares pursuant to the Company's listing on the GEM of the Stock Exchange by way of placing at a price of HK\$0.50 per share.

28. SHARE OPTION SCHEMES

The Company's share option scheme (the "Scheme") was adopted pursuant to a resolution passed on 2 November 2013 as to attract and retain the best available personnel and to provide additional incentive to the eligible participants under the Scheme.

Under the Scheme, the directors of the Company may at their absolute discretion and subject to the terms of the Scheme, grant options to any employee (full-time or part-time), director, consultant or adviser of the Group, or any substantial shareholder of the Group, or any distributor, contractor, supplier, agent, customer, business partner or service provider of the Group, to subscribe for shares of the Company. The eligibility of any participants to the grant of any options shall be determined by the directors from time to time on the basis of the directors' opinion as to their contribution to the development and growth of the Group.

Under the Scheme, the maximum number of shares which may be issued upon exercise of all options to be granted under the Scheme and any other share option schemes of the Company must not in aggregate exceed 10% of the shares in issue upon the date of which the shares are listed and permitted to be dealt in the Stock Exchange. The 10% limit may be refreshed at any time by approval of the Company's shareholders provided that the total number of Company's shares which may be issued upon exercise of all options to be granted under the Scheme and any other share options schemes of the Company must not exceed 10% of the Company's shares in issue as at the date of approval of the refreshed limit. Subject to the approval of the Company's shareholders, the aggregate number of the Company's shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Scheme and any other schemes of the Company must not exceed 30% of the Company's shares in issue from time to time. No options may be granted under the Scheme or any other share options schemes of the Company if this will result in the limit being exceeded.

Notes to the Financial Statements (continued)

For the year ended 31 March 2015

28. SHARE OPTION SCHEMES (continued)

The total number of shares issued and to be issued upon exercise of the options granted to each participant (including both exercised and outstanding options) under the Scheme or any other share option schemes of the Company, in any 12-month period up to date of grant must not exceed 1% of the issued share capital of the Company for the time being. Where any further grant of options to a participant under the Scheme would result in the shares issued and to be issued upon exercise of all options granted and to be granted to such participant (including exercised, cancelled and outstanding options) in the 12-month period up to and including the date of such further grant representing in aggregate over 1% of the shares in issue, such further grant must be separately approved by shareholders of the Company in general meeting with such participant and his associates abstaining from voting.

Share options granted to a director, chief executive or substantial shareholder of the Company, or any of their respective associates must be approval by the independent non-executive directors of the Company (excluding independent non-executive director who is the grantee). Where any share options granted to a substantial shareholder or an independent non-executive director of the Company, or any of their respective associates would result in the total number of shares issued and to be issued upon exercise of all options already granted (including options exercised, cancelled and outstanding) under the Scheme and any other share option schemes of the Company to such person in any 12-month period up to and including the date of such grant representing in aggregate over 0.1% of the shares of the Company in issue and having an aggregate value in excess of HK\$5 million must be approved in advance by the Company's shareholders.

The offer of a grant of share options must be accepted in writing within 7 days from the date of the offer. An option may be exercised in accordance with the terms of the Scheme at any time during a period as the directors may determine which shall not exceed ten years from the date of grant subject to the provisions of early termination thereof. A nominal consideration of HK\$1 is payable on acceptance of the grant of an option with a remittance in favour of the Company within such time as may be specified in the offer (which shall not be later than 7 days from the date of the offer).

The subscription price shall be a price solely determined by the directors of the Company and notified to a participant and shall be at least the higher of: (i) the closing price of the Company's shares as stated in the Stock Exchange's daily quotations sheet on the date of grant of the option; (ii) the average closing prices of the Company's shares as stated in the Stock Exchange's daily quotations sheets for the 5 business days immediately preceding the date of grant of the option; and (iii) the nominal value of the Company's share on the date of grant of the option.

The Scheme shall be valid and effective for a period of ten years commencing on 2 November 2013, subject to early termination provisions contained in the Scheme.

No share options were granted since the adoption of the Scheme and there were no share option outstanding as at 31 March 2015 and 2014.

Notes to the Financial Statements (continued)

For the year ended 31 March 2015

29. RESERVES

(a) Group

The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity of these financial statements.

(i) Share premium

Share premium arose from the issue of shares at a price greater than the par value of the shares and can be utilised for future bonus issue.

(ii) Other reserves

The other reserves represent the reserve arising pursuant to the Group's reorganisation. The other reserves represent the difference between the nominal value of the issued capital of its subsidiaries arising from the Corporate Reorganisation.

(b) Company

	Share premium HK\$'000	Other reserve HK\$'000	Accumulated loss HK\$'000	Total HK\$'000
At 1 April 2013	-	-	-	-
Loss and total comprehensive expense for the year	-	-	(6,701)	(6,701)
Corporate Reorganisation	-	59,591	-	59,591
Issuance of new shares (note 27)	34,300	-	-	34,300
Capitalisation issue of shares (note 27)	(3,300)	-	-	(3,300)
Share issue expenses	(3,153)	-	-	(3,153)
At 31 March 2014, 1 April 2014 and 31 March 2015	27,847	59,591	(6,701)	80,737

Other reserve

Other reserve represents the difference between the fair value of the shares of Glory King Development Limited acquired pursuant to the Corporate Reorganisation on 31 October 2013 over the nominal value of the Company's shares issued in exchange therefore.

Notes to the Financial Statements (continued)

For the year ended 31 March 2015

30. PROVISION FOR REINSTATEMENT COSTS

	2015 HK\$'000	2014 HK\$'000
At beginning of year	4,893	6,712
Additional provision	1,518	1,000
Reversal during the year	(427)	–
Settled during the year	(36)	(2,819)
At end of year	5,948	4,893
Analysis into		
Current portion	2,409	235
Non-current portion	3,539	4,658
At end of year	5,948	4,893

Provision for reinstatement costs is recognised at the present value of expenditures expected to be required for the reinstatement of the properties used by the Group for its operations upon expiration of the relevant leases.

31. RETIREMENT BENEFIT SCHEME

The Group operates a Mandatory Provident Fund Scheme (the “MPF Scheme”) for all its qualifying employees in Hong Kong under the Mandatory Provident Fund Schemes Ordinance. The assets of the MPF Scheme are held separately from those of the Group in funds under the control of trustees. Under the rules of the MPF Scheme, the employer and its employees are each required to make contributions to the scheme at specified rate and capped at HK\$1,500 (HK\$1,250 prior to 1 June 2014) per month per person. The only obligation of the Group with respect of the MPF Scheme is to make the required contributions under the MPF Scheme. No forfeited contribution is available to reduce the contributions payable in the future years.

The total contributions payable to the MPF Scheme by the Group amounted to approximately HK\$2,864,000 for the year ended 31 March 2015 (2014: approximately HK\$2,077,000). The amount was recognised in the consolidated statement of profit or loss and other comprehensive income for the year ended 31 March 2015.

Notes to the Financial Statements (continued)

For the year ended 31 March 2015

32. RELATED PARTY TRANSACTIONS

- (a) In addition to the transactions and balances detailed elsewhere in these financial statements, the Group had the following material transactions with related parties during the year:

	2015 HK\$'000	2014 HK\$'000
JC & Associates Limited		
– purchase of food (note (i))	3,044	3,467
– food processing fee (note (ii))	–	356
R & C Corporate Services Limited		
– corporate service fee (note (i))	570	589
Rich Base Limited		
– franchise fees (note (i))	101	468
W. L. Wong & Co		
– corporate service fee (note (ii))	9	80
Well-In Hotel Supplies Company Limited		
– purchase of kitchen utensils (note (i))	718	307
– property rental & related expenses (note (i))	–	910
– administrative expenses (note (i))	676	625

The transactions were conducted at 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 companies are controlled by Mr. Wu and/or Ms. Wong, the executive directors 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 as disclosed in note 8 to the financial statements, is as follows:

	2015 HK\$'000	2014 HK\$'000
Short term employee benefits	4,930	5,548
Post-employment benefits	45	65
	4,975	5,613

Notes to the Financial Statements (continued)

For the year ended 31 March 2015

33. MAJOR NON-CASH TRANSACTIONS

On 22 May 2013, amounts due to related parties by the Group of approximately HK\$26,462,000 were capitalised by allotting and issuing a total of 9,106 shares in Victory Stand to the Controlling Shareholders.

34. 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.

At 31 March 2015, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	2015 HK\$'000	2014 HK\$'000
Within one year	38,685	44,795
In the second to fifth years, inclusive	28,128	47,195
Beyond five years	–	–
	66,813	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.

35. COMMITMENTS

In addition to the operating lease commitments detailed in note 34 above, the Group had the following capital commitments at the end of the reporting period.

	2015 HK\$'000	2014 HK\$'000
Contracted, but not provided for leasehold improvement	1,006	–

Notes to the Financial Statements (continued)

For the year ended 31 March 2015

36. FINANCIAL INSTRUMENTS BY CATEGORY

(a) The Group

	2015 HK\$'000	2014 HK\$'000
Assets as per consolidated statement of financial position		
Loans and receivables:		
– Trade receivables	1,291	1,159
– Financial assets included in prepayment, deposits and other receivables	21,872	18,511
– Due from ultimate holding company	8	–
– Due from related parties	1,943	1,350
– Due from non-controlling shareholders	125	172
– Cash and cash equivalents	49,852	45,844
	75,091	67,036

	2015 HK\$'000	2014 HK\$'000
Liabilities as per consolidated statement of financial position		
At amortised costs:		
– Trade payables	6,561	5,688
– Financial liabilities included in other payables and accruals	7,801	8,847
– Due to related parties	575	84
– Due to non-controlling shareholders	1,912	873
	16,849	15,492

(b) The Company

	2015 HK\$'000	2014 HK\$'000
Assets as per statement of financial position		
Loans and receivables:		
– Due from subsidiaries	18,460	25,146
– Cash and cash equivalents	16,095	–
	34,555	25,146

Notes to the Financial Statements (continued)

For the year ended 31 March 2015

36. FINANCIAL INSTRUMENTS BY CATEGORY (continued)

(b) The Company (continued)

	2015 HK\$'000	2014 HK\$'000
Liabilities as per statement of financial position		
At amortised costs:		
– Accruals	99	–
– Due to subsidiaries	9,300	–
– Due to ultimate holding company	10	–
	9,409	–

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise cash and cash equivalents and advances from related parties and non-controlling shareholders. The Group has various other financial assets and liabilities such as trade receivables, deposits and other receivables, trade payables, other payables and accruals and balances with ultimate holding company, non-controlling shareholders and related parties.

The main risks arising from the Group's financial instruments are credit risk, interest rate risk, foreign currency risk and liquidity risk. The Directors review and agree policies for managing each of these risks and they are summarised below.

Credit risk

The Group trades with a large number of diversified customers and trading terms are mainly on cash, credit card and smart card settlement, hence, there is no significant concentration of credit risk.

Interest rate risk

The Group did not have any interest-bearing liabilities and thus, the Directors believe the Group's exposure to interest rate risk is minimal.

Foreign currency risk

The Group's monetary assets, liabilities and transactions are principally denominated in Hong Kong dollars. The foreign currency risk is considered not material and the Group therefore does not have a foreign currency hedging policy. However, the management monitors the Group's foreign exchange exposure and will consider hedging significant foreign currency exposure when the need arises.

Notes to the Financial Statements (continued)

For the year ended 31 March 2015

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Liquidity risk

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of advances from related parties and non-controlling shareholders, and internally generated funds. The Group regularly reviews its major funding positions to ensure that it has adequate financial resources in meeting its financial obligations.

The maturity profile of the Group's financial liabilities as at the end of the reporting period, based on the contractual undiscounted payments, was as follows:

Group

	2015 HK\$'000	2014 HK\$'000
On demand or less than 1 year		
Trade payables	6,561	5,688
Financial liabilities included in other payables and accruals	7,801	8,847
Due to related parties	575	84
Due to non-controlling shareholders	1,912	873
	16,849	15,492

The Company

	2015 HK\$'000	2014 HK\$'000
On demand or less than 1 year		
Accruals	99	–
Due to subsidiaries	9,300	–
Due to ultimate holding company	10	–
	9,409	–

Fair values measurement

Management has assessed that the fair values of cash and cash equivalents, trade receivables, trade payables, financial assets included in prepayments, deposits and other receivables, amounts due from/(to) ultimate holding company, related parties and non-controlling shareholders and financial liabilities included in other payables and accruals approximate to their carrying amounts due to the short-term maturities of these assets and liabilities.

Notes to the Financial Statements (continued)

For the year ended 31 March 2015

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise the shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to the shareholders, return capital to the shareholders or issue new shares. The Group is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 March 2015 and 31 March 2014.

The Group monitors capital using a gearing ratio, which is expressed as a percentage of total debts over capital. The gearing ratios as at the end of the reporting period were as follows:

	2015 HK\$'000	2014 HK\$'000
Due to related parties	575	84
Due to non-controlling shareholders	1,912	873
Total debts	2,487	957
Total equity	85,015	85,164
Total capital	87,502	86,121
Gearing ratio	3%	1%

38. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 23 June 2015.

Four Years' Financial Summary

The summary of the consolidated results of the Group for each of the two years ended 31 March 2012 and 2013 and of the assets, liabilities as at 31 March 2012 and 2013 have been extracted from the Company's prospectus. The consolidated results of the Group for the years ended 31 March 2014 and 2015 and the consolidated assets and liabilities of the Group as at 31 March 2014 and 2015 are set out in the audited financial statements.

RESULTS

	Year ended 31 March			
	2015 HK\$'000	2014 HK\$'000	2013 HK\$'000	2012 HK\$'000
REVENUE	254,689	238,751	246,072	260,437
PROFIT/(LOSS) BEFORE TAX	2,534	(1,419)	15,507	21,024
Income tax expense	(1,833)	(1,839)	(3,836)	(3,909)
PROFIT/(LOSS) FOR THE YEAR	701	(3,258)	11,671	17,115
Profit/(Loss) attributable to:				
Owners of the Company	539	(5,976)	9,971	13,522
Non-controlling interests	162	2,718	1,700	3,593
	701	(3,258)	11,671	17,115

ASSETS, LIABILITIES AND NON-CONTROLLING INTERESTS

	As at 31 March			
	2015 HK\$'000	2014 HK\$'000	2013 HK\$'000	2012 HK\$'000
TOTAL ASSETS	109,518	108,572	84,670	89,403
TOTAL LIABILITIES	(24,503)	(23,408)	(60,070)	(63,884)
	85,015	85,164	24,600	25,519
EQUITY:				
Equity attributable to				
owners of the Company	80,410	79,871	15,597	16,221
Non-controlling interests	4,605	5,293	9,003	9,298
	85,015	85,164	24,600	25,519