



Fulum Group Holdings Limited 富臨集團控股有限公司

(Incorporated in the Cayman Islands with limited liability)
(於開曼群島註冊成立之有限公司)

Stock Code 股份代號: 1443

富臨



2014 Interim Report 中期報告



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CORPORATE INFORMATION

BOARD OF DIRECTORS EXECUTIVE DIRECTORS

Mr. YEUNG Wai (*Chairman*)
Mr. YEUNG Yun Chuen
Mr. YEUNG Yun Kei
Mr. LEUNG Siu Sun

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. FAN Chun Wah Andrew
Mr. LOCK Kwok On Anthony
Mr. WU Kam On Keith

COMPANY SECRETARY

Mr. LEUNG Ka Lok HKICPA, FCCA

AUTHORISED REPRESENTATIVES

Mr. YEUNG Wai
Mr. LEUNG Ka Lok HKICPA, FCCA

AUDIT COMMITTEE

Mr. WU Kam On Keith (*Chairman*)
Mr. FAN Chun Wah Andrew
Mr. LOCK Kwok On Anthony

REMUNERATION COMMITTEE

Mr. LOCK Kwok On Anthony (*Chairman*)
Mr. FAN Chun Wah Andrew
Mr. YEUNG Wai

NOMINATION COMMITTEE

Mr. FAN Chun Wah Andrew (*Chairman*)
Mr. LOCK Kwok On Anthony
Mr. YEUNG Wai

REGISTERED OFFICE

Cricket Square, Hutchins Drive
PO Box 2681
Grand Cayman, KY1-1111
Cayman Islands

CORPORATE HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

15/F., Luk Hop Industrial Building
8 Luk Hop Street, San Po Kong
Kowloon, Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Codan Trust Company (Cayman) Limited
Cricket Square, Hutchins Drive
PO Box 2681
Grand Cayman, KY1-1111
Cayman Islands

HONG KONG SHARE REGISTRAR

Tricor Investors Services Limited
Level 22, Hopewell Centre
183 Queen's Road East
Hong Kong

PRINCIPAL BANKERS

Hang Seng Bank Limited
Standard Chartered Bank (Hong Kong) Limited
The Bank of East Asia, Limited
Bank of China (Hong Kong) Limited

AUDITORS

Ernst & Young
Certified Public Accountants

LEGAL ADVISERS AS TO HONG KONG LAWS

Chiu & Partners

COMPLIANCE ADVISER

Fortune Financial Capital Limited

STOCK CODE

The Stock Exchange of Hong Kong Limited
01443

WEBSITE

www.fulum.com.hk

FINANCIAL HIGHLIGHTS

Six months ended 30 September	2014 HK\$'000 (Unaudited)	2013 HK\$'000 (Unaudited)	% Change
Revenue	1,159,097	1,034,128	12.1
<i>Restaurant operations</i>			
"Fulum (富臨)" main brand	880,298	845,201	4.2
"Sportful Garden (陶源)" main brand	167,183	149,807	11.6
"Fulum Concept (富臨概念)" main line	70,962	7,086	901.4
<i>Sale of food and other operating items</i>	40,654	32,034	26.9
EBITDA (Note 1)	88,073	92,651	(4.9)
Profit for the period (Note 2)	40,093	46,536	(13.8)
Profit attributable to owners of the Company	40,093	43,179	(7.1)
Number of restaurants (As at 30 September)			
"Fulum (富臨)" main brand	36	35	
"Sportful Garden (陶源)" main brand	10	10	
"Fulum Concept (富臨概念)" main line	9	1	

Note 1: EBITDA denotes earnings before interest, tax, depreciation and amortisation.

Note 2: The decrease in profit for the period was mainly due to an increase in a one-off listing expenses in an amount of approximately HK\$8.8 million incurred during the six months ended 30 September 2014, compared to the same period in 2013.

CHAIRMAN'S STATEMENT

To all Shareholders:

On behalf of the board (the "Board") of directors (the "Directors"), I am pleased to announce the unaudited consolidated interim results of Fulum Group Holdings Limited (the "Company") and its subsidiaries (collectively, the "Group") for the six months ended 30 September 2014. I am also very delighted to witness the successful listing (the "Listing") of the shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited on 13 November 2014, marking an important milestone in the development of the Group. The Listing also represents the wider recognition of our leading position in the catering market in Hong Kong as well as our business and financial strengths.

With an operating history of 20 years in Hong Kong and guided by our corporate motto of providing quality food and sincere service to customers, Fulum Group has become a renowned and preferred brand in the Chinese catering market in Hong Kong, providing value-for-money and high quality food and services to a broad spectrum of customers. Over the past few years, Fulum Group has grown together with the Hong Kong people to successfully advance through numerous challenges. Due to the combined efforts of our management and staff, the Group has become a leading catering group with multiple brands, operating 56 restaurants in Hong Kong. Our determination to strive for excellence and perseverance is the self-same spirit embraced by the people of Hong Kong. While the current political unrest and economic uncertainty in Hong Kong has posed certain short-term challenges to the industry, our Board, senior management and staff are confident in our capability to execute the development plans set out in the prospectus of the Company dated 4 November 2014. We aim to continue to expand our business presence by building on our solid foundation spurred by the spirit of self-strengthening and continuous improvement.

The Listing in Hong Kong is truly a major milestone in the Group's development history and also presents new opportunities for the future development of the Group. We will optimally utilise the proceeds raised from the Listing to accelerate our development. The Group plans to open more restaurants in Hong Kong by implementing a multi-brand strategy to enlarge our market share. We also intend to progressively expand into the China catering market offering huge potential through introducing a series of "Fulum" brands to the general public in China with the aim to expand our restaurant network in Hong Kong and China. In addition, the Group is further enhancing its corporate governance as we strive to become a top catering chain group in Greater China and develop all aspects of our operations by continuously leveraging our competitive advantages in a bid to generate greater values for our shareholders.

Lastly, on behalf of the Board and the management I wish to extend my sincere appreciation to all our staff for their tireless dedication during the period under review, and to also express my thanks to all shareholders, investors, customers, suppliers and business partners for their ongoing support to the Group.

Yeung Wai

Chairman, Executive Director and Chief Executive Officer

Hong Kong, 25 November 2014

MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY OVERVIEW

With the economic opening and reform implemented over the last three decades by the government in the People's Republic of China (the "PRC"), both Hong Kong and the PRC have benefited from the economic growth. The PRC economy has enjoyed strong and steady growth since 2008 while various business segments and the financial sector in Hong Kong have also collaterally benefited. The consumption and dining habits of the new generation have changed, influenced by the social advance in Hong Kong and further urbanisation in the PRC. For instance, consumers in Hong Kong work long hours in a fast-paced environment and therefore have less desire to spend time in preparing meals at home. As a result, dining out has become a preferred option for many. In the PRC, increasing commercial activities and the evolving business environment have contributed significantly to the growth of its catering industry. The rise in the middle-class there has also driven the demand of dining together with families, and holding banquets for weddings and birthdays and other memorable events.

HONG KONG MARKET — LATEST DEVELOPMENTS

According to the Frost & Sullivan Report ("the F&S Report") mentioned in the prospectus of the Company dated 4 November 2014 (the "Prospectus"), the total revenue of the catering market in Hong Kong during 2013 was HK\$97 billion, representing a compound annual growth rate (the "CAGR") of 4.1% between 2008 and 2013. Based on recent statistics published by the Hong Kong Census & Statistics Department, restaurant receipts in the third quarter of 2014 rose by 4.8% over the same quarter last year which indicates a steady growth in the catering business in Hong Kong. As stated in the F&S Report, it is anticipated that the total revenue of the catering market in Hong Kong will grow at a CAGR of 4.3% from 2014 to 2017 to HK\$116.3 billion in 2017.

MAINLAND MARKET — LATEST DEVELOPMENTS

The PRC government enacted regulations in late 2012 to impose austerity measures aiming to combat corruption. These regulations feature prohibition on extravagant expenditures such as expensive meals and excessive business traveling by public officials. These measures are expected to exert a negative impact to the medium-range to high-end catering segment, rather than on the catering market as a whole. As stated in the F&S Report, by taking into account the negative effects, the size of the catering market in the PRC will still grow at a CAGR of 10.5% from 2014 to 2017. In addition, according to the Catering Market Analysis Report during the first half of 2014 issued by the China Cuisine Association, national catering revenue between January and June 2014 increased by 10.1% to RMB1,289.9 billion. This reveals the strong demand in the domestic market of the PRC and the ongoing expansion of the catering industry.

Given the continuous market opportunities in the catering industry associated with different challenges, the Group is confident in adopting its multi-brand strategy to extend its restaurant networks in the PRC in order to gain more market recognition, as well as to enjoy from the economies of scale. Nevertheless, we will closely monitor the ever-changing market variations in order to mitigate any potential operational risks.

BUSINESS AND OPERATION REVIEW

To meet our strategic objective of becoming a leading multi-brand restaurant group with a diverse customer base, we have opened two restaurants under the "Fulum (富臨)" main brand and two restaurants under the "Fulum Concept (富臨概念)" line of business during the six months ended 30 September 2014. Two restaurants, Beijing Barbecue Cuisine and MeokBang Korean BBQ & Bar, were established under the "Fulum Concept (富臨概念)" line of business in June 2014, which mainly serve Beijing and Korean cuisines, respectively. During the six months ended 30 September 2014, we have closed one restaurant under the "Fulum (富臨)" main brand after the expiration of the lease agreement as we were unable to secure renewal of the lease agreement.

MANAGEMENT DISCUSSION AND ANALYSIS

We have continued to promote our brand image through a “King of Lobsters (龍蝦大王)” campaign which offers lobster dishes at a discount during April and May 2014. The packaged festival food sale of mooncakes was promoted by celebrity Mr. Steven Ma (馬浚偉) over different media channels. We intend to continue to employ marketing campaigns for featured products or signature dishes, with an aim to further increase our customer traffic.

As at 30 September 2014, the Group owned 55 restaurants in Hong Kong, of which 36, 10 and 9 restaurants are under the “Fulum (富臨)” main brand, the “Sportful Garden (陶源)” main brand and the “Fulum Concept (富臨概念)” line of business, respectively.

During the period between 1 October 2014 and the date of this report, we have subsequently established one restaurant under the “Fulum (富臨)” main brand. As at the date of this report, the Group possesses a total of 56 restaurants in Hong Kong.

FINANCIAL RESULTS

REVENUE

Revenue increased by approximately 12.1%, or approximately HK\$125.0 million, from approximately HK\$1,034.1 million for the six months ended 30 September 2013 to approximately HK\$1,159.1 million for the six months ended 30 September 2014.

Revenue from restaurant operations increased by approximately 11.6%, or approximately HK\$116.3 million, from approximately HK\$1,002.1 million for the six months ended 30 September 2013 to approximately HK\$1,118.4 million for the six months ended 30 September 2014. The increase was mainly due to the opening of new restaurants and an increase in revenue from existing restaurants.

Revenue from sales of food and other operating items increased by approximately 26.9%, or approximately HK\$8.6 million from approximately HK\$32.0 million for the six months ended 30 September 2013 to approximately HK\$40.7 million for the six months ended 30 September 2014. The increase was mainly due to the successful festival food campaign.

OTHER INCOME AND GAIN

Other income and gain increased by approximately 111.1%, or approximately HK\$4.2 million from approximately HK\$3.8 million for the six months ended 30 September 2013 to approximately HK\$8.0 million for the six months ended 30 September 2014. The increase was mainly due to a one-off sale of entrance tickets for an outdoor carnival activity which amounted to approximately HK\$3.2 million.

COST OF INVENTORIES SOLD

The cost of inventories sold of the Group increased by approximately 16.1%, or approximately HK\$50.6 million from approximately HK\$315.1 million for the six months ended 30 September 2013 to approximately HK\$365.7 million for the six months ended 30 September 2014. The cost of inventories sold increased at a rate higher than the increase in revenue (approximately 12.1%) for the six months ended 30 September 2014 principally because we launched certain promotional campaigns offering lobster dishes at a discount price during April and May 2014 in order to increase customer traffic.

GROSS PROFIT

Gross profit (Gross profit equals revenue minus cost of inventories sold) increased by approximately 10.3%, or approximately HK\$74.4 million from approximately HK\$719.0 million for the six months ended 30 September 2013 to approximately HK\$793.4 million for the six months ended 30 September 2014. The increase was mainly due to contribution from new restaurants and increase in gross profits from existing restaurants.

MANAGEMENT DISCUSSION AND ANALYSIS

GROSS PROFIT MARGIN

The gross profit margins (Gross profit margin is calculated dividing gross profit by revenue and multiplying the resulting value by 100%) of the Group for each of the six months ended 30 September 2014 and 2013 remained stable at approximately 68.5% and 69.5%, respectively.

STAFF COSTS

The staff costs for each of the six months ended 30 September 2014 and 2013 were approximately HK\$359.1 million and HK\$326.6 million, respectively, representing approximately 31.0% and 31.6% of the respective periods' revenues. The increase in overall staff costs was mainly due to the increase in the Group's headcounts.

PROPERTY RENTALS AND RELATED EXPENSES

The property rentals and related expenses increased by approximately 19.3%, or approximately HK\$27.7 million, from approximately HK\$143.8 million for the six months ended 30 September 2013 to approximately HK\$171.5 million for the six months ended 30 September 2014. The increase was mainly due to the increase in the number of restaurants during the period under review.

OTHER EXPENSES

Other expenses increased by approximately 19.1%, or approximately HK\$15.6 million, from approximately HK\$82.0 million for the six months ended 30 September 2013 to approximately HK\$97.7 million for six months ended 30 September 2014. The increase was mainly due to an increase of approximately HK\$8.8 million in listing expenses during the six months ended 30 September 2014.

FINANCE COSTS

The finance costs amounted to approximately HK\$674,000 for the six months ended 30 September 2014 and approximately HK\$360,000 for the six months ended 30 September 2013. Finance costs for the period under review were higher than the corresponding period last year primarily as a result of interest expenses incurred on an additional tax loan received by a related company on behalf of the Group from a banking institution. The aforesaid tax loan had been fully settled upon the shares of the Company (the "Shares") being listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 13 November 2014 (the "Listing Date").

INCOME TAX EXPENSE

The effective tax rate decreased from approximately 24.0% for the six months ended 30 September 2013 to approximately 23.3% for the six months ended 30 September 2014, primarily as a combined result of an increase in Listing expenses which were not tax deductible and the recognition of deferred tax assets during the period under review.

PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY

As a result of the factors discussed above, the profit attributable to owners of the Company decreased by approximately 7.1%, or approximately HK\$3.1 million, from approximately HK\$43.2 million for the six months ended 30 September 2013 to approximately HK\$40.1 million for the six months ended 30 September 2014. The decrease was mainly due to an increase of approximately HK\$8.8 million in Listing expenses during the period under review. The total Listing expenses incurred during the six months ended 30 September 2014 amounted to approximately HK\$12.0 million. As it is a non-recurring expense, the impact on the financial result will not recur in the next financial year.

MANAGEMENT DISCUSSION AND ANALYSIS

PROSPECTS AND OUTLOOK

Fully aware of the opportunities and challenges in the catering industries in Hong Kong and the PRC, the management will proactively seek the best options to attract customer flow through different marketing promotion strategies for the existing restaurants aimed at improving the same store sales growth. We will also execute our strategy to open new restaurants under the "Fulum Concept (富臨概念)" line of business to build up the customer base and bolster the recognition of our newly created sub-brands to drive more customer visits. Establishment of new restaurants under the "Fulum (富臨)" main brand and "Sportful Garden (陶源)" main brand will strengthen the network and enhance the economies of scales by leveraging on the utilisation of central kitchen and logistics centre.

As far as operations are concerned, we are embarking on the enhancement of the enterprise resource planning process and continuously performing in-depth analysis of procurement procedures to further increase the efficiency in managing the supply chain. Furthermore, we are analysing customers' data obtained from the point of sales system to better understand the customers' preferences in order to create new dishes as well as to arrange a "best dishes" menu to retain and attract more customers. We will also closely monitor and evaluate potential business opportunities in Hong Kong and the PRC.

Cost control remains important, and towards this end we will continuously implement new measures to control and monitor the spending on capital expenditures, utility expenses and other expenses in order to reasonably the minimised the costs.

Lastly, we will continue to devote adequate resources to build up a professional management team in the PRC to take advantage of the pace of development in the Southern and Eastern part of the PRC. In addition, we will also expand the "Fulum (富臨)" main brand nationally.

LIQUIDITY AND FINANCIAL RESOURCES

Historically, we funded our liquidity and capital requirements primarily through capital contributions from shareholders and cash inflows from operating activities. As at 30 September 2014, we had approximately HK\$238.2 million in cash and bank balances available. As at 30 September 2014, the current ratio of the Group was approximately 1.0 (31 March 2014: approximately 1.5).

As at 30 September 2014, the Group's total borrowings amounted to HK\$13,355,000 (31 March 2014: HK\$31,867,000), mainly consisting of finance leases in the amount of HK\$833,000 (31 March 2014: HK\$974,000) and tax loans in the amount of HK\$12,521,000 (31 March 2014: HK\$30,893,000). These finance lease liabilities are denominated in Hong Kong dollars and the effective interest rates ranged from approximately 5.6% to approximately 9.8% while tax loans were denominated in Hong Kong dollars with effective interest rate of 5.3% per annum and were repayable within one year. The outstanding tax loans were fully settled upon the Listing. There are no material covenants relating to these outstanding indebtedness.

As at 30 September 2014, the gearing ratio (defined as total of finance lease, tax loans reflected in an amount due to a related party and bank overdraft divided by total equity attributable to the owners of the Company) of the Group decreased to approximately 4.1% (31 March 2014: approximately 6.6%).

MATERIAL ACQUISITION OR DISPOSAL OF SUBSIDIARIES

During the period under review, there was no material acquisition or disposal of subsidiaries undertaken by the Group.

MANAGEMENT DISCUSSION AND ANALYSIS

CAPITAL EXPENDITURE AND COMMITMENT

The capital expenditure during the period under review was primarily related to expenditures on additions and renovation of property, plant and equipment for our central kitchen and logistics center and new restaurants and maintenance of existing restaurants.

The capital commitments were related to leasehold improvements and equipment for our restaurants and our intangible assets.

CONTINGENT LIABILITIES

As at 30 September 2014, we had contingent liabilities not provided for in the condensed consolidated financial statements in the amount of (i) approximately HK\$34.4 million in relation to bank guarantees given in lieu of rental and utility deposits; and (ii) approximately HK\$243.7 million in relation to guarantees given to banks in connection with facilities granted to related companies. All guarantees provided by us to banks in connection with facilities granted to related companies had been fully released upon the Listing.

HUMAN RESOURCES

As at 30 September 2014, the Group had more than 4,000 employees in Hong Kong. We believe that in hiring, motivating and retaining qualified employees are crucial to our success as a restaurant operator. During the period under review, we have conducted a series of standardised training and advancement programs for all our staff, from serving staff, cashiers, floor managers, chefs, restaurant managers to district managers. These training programs intend to ensure that all new staff are equipped with the skills required for their positions. Our internal advancement programs can provide our staff with clear advancement guidelines and promote employee satisfaction. The Group offers competitive remuneration packages to its employees, including basic salary, allowances, insurance and commission/bonuses.

INDEBTEDNESS AND CHARGES ON GROUP ASSETS

As at 30 September 2014, the Group's certain assets with carrying amount in aggregate of approximately HK\$2.4 million (31 March 2014: HK\$2.3 million) were pledged to secure its bank borrowings and/or utilities guarantees.

FOREIGN EXCHANGE EXPOSURE

The Group's assets, liabilities and transactions are mainly denominated in Hong Kong dollars, the directors of the Company are of the view that the Group's operating cash flow and liquidity are not subject to significant foreign exchange rate risks and therefore no hedging arrangements were made. However, the Group will review and monitor the relevant foreign exchange exposure from time to time based on its business development requirements and may enter into foreign exchange hedging arrangements when appropriate.

SIGNIFICANT INVESTMENTS HELD AND PERFORMANCE

During the period under review, there was no significant investment held by the Group.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Six months ended 30 September 2014

The Board of Directors (the "Directors") of Fulum Group Holdings Limited (the "Company"), together with its subsidiaries (collectively the "Group"), hereby announces the unaudited condensed consolidated interim results of the Group for the six months ended 30 September 2014 together with comparative figures for the corresponding period in 2013. The interim condensed consolidated financial statements for the six months ended 30 September 2014 have not been audited, but have been reviewed by the audit committee of the Company (the "Audit Committee").

	Notes	Six months ended 30 September	
		2014 HK\$'000 (Unaudited)	2013 HK\$'000 (Unaudited)
REVENUE	4	1,159,097	1,034,128
Other income and gain	4	8,016	3,797
Cost of inventories sold		(365,676)	(315,096)
Staff costs		(359,110)	(326,624)
Property rentals and related expenses		(171,497)	(143,790)
Depreciation		(35,096)	(31,076)
Fuel and utility expenses		(85,076)	(77,715)
Other expenses		(97,681)	(82,049)
Finance costs	5	(674)	(360)
PROFIT BEFORE TAX	6	52,303	61,215
Income tax expense	7	(12,210)	(14,679)
PROFIT FOR THE PERIOD AND TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		40,093	46,536
Attributable to:			
Owners of the Company		40,093	43,179
Non-controlling interests		—	3,357
		40,093	46,536
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY			
— Basic and diluted	9	HK4.11 cents	HK4.43 cents

Details of the dividends payable and proposed for the period are disclosed in note 8 to the condensed consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 September 2014

		30 September 2014	31 March 2014
	<i>Notes</i>	HK\$'000	HK\$'000
		(Unaudited)	(Audited)
NON-CURRENT ASSETS			
Property, plant and equipment	10	195,458	184,327
Goodwill	11	58,707	58,707
Deposits		57,879	37,059
Deposits paid in relation to intangible assets		6,500	–
Deposits for purchases of items of property, plant and equipment		1,019	–
Deferred tax assets		19,157	14,826
Total non-current assets		338,720	294,919
CURRENT ASSETS			
Inventories	12	85,746	97,725
Trade receivables	13	27,979	8,347
Prepayments, deposits and other receivables		59,004	40,216
Due from shareholders		–	3,729
Due from related parties		–	269,175
Tax recoverable		3,398	3,459
Pledged time deposit		2,354	2,349
Cash and cash equivalents		238,196	253,946
Total current assets		416,677	678,946
CURRENT LIABILITIES			
Trade payables	14	92,125	64,869
Other payables, accruals and deferred income		119,335	107,939
Bank overdrafts, unsecured		1	–
Finance lease payables		289	287
Due to a shareholder		–	400
Due to related parties		12,521	245,467
Provision		7,112	1,525
Tax payable		27,026	31,888
Dividend payable		138,604	–
Total current liabilities		397,013	452,375
NET CURRENT ASSETS		19,664	226,571
TOTAL ASSETS LESS CURRENT LIABILITIES		358,384	521,490

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

30 September 2014

		30 September 2014 HK\$'000 (Unaudited)	31 March 2014 HK\$'000 (Audited)
NON-CURRENT LIABILITIES			
Finance lease payables		544	687
Accruals and deferred income		14,169	14,775
Provision		17,677	21,016
Deferred tax liabilities		2,180	1,291
Total non-current liabilities		34,570	37,769
Net assets		323,814	483,721
EQUITY			
Equity attributable to owners of the Company			
Issued capital	15	15	15
Reserves		323,799	483,706
Total equity		323,814	483,721

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Six months ended 30 September 2014

	Attributable to owners of the Company						Total	Non-controlling interests	Total equity
	Issued capital	Share premium account	Other reserve	Merger reserve	Retained profits	Proposed final dividend			
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000			
As at 1 April 2013 (Audited)	–	–	8	2,054	213,465	–	215,527	16,859	232,386
Profit for the period and total comprehensive income for the period	–	–	–	–	43,179	–	43,179	3,357	46,536
As at 30 September 2013 (Unaudited)	–	–	8	2,054	256,644	–	258,706	20,216	278,922
At 1 April 2014 (Audited)	15	76,999*	(5,372)*	31,073*	181,006*	200,000*	483,721	–	483,721
Profit for the period and total comprehensive income for the period	–	–	–	–	40,093	–	40,093	–	40,093
Final 2014 dividend	–	–	–	–	–	(200,000)	(200,000)	–	(200,000)
At 30 September 2014 (Unaudited)	15	76,999*	(5,372)*	31,073*	221,099*	–*	323,814	–	323,814

* These reserve accounts comprise the consolidated reserves of HK\$323,799,000 (31 March 2014: HK\$483,706,000) in the condensed consolidated statement of financial position.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

Six months ended 30 September 2014

	Notes	Six months ended 30 September	
		2014 HK\$'000 (Unaudited)	2013 HK\$'000 (Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		52,303	61,215
Adjustments for:			
Depreciation		35,096	31,076
Interest income	4	(9)	(7)
Finance costs	5	674	360
Loss on disposal of items of property, plant and equipment	6	–	568
Write-off of items of property, plant and equipment	6	166	–
		88,230	93,212
Decrease/(increase) in inventories		11,979	(8,687)
Increase in trade receivables		(19,632)	(2,974)
Decrease/(increase) in prepayments, deposits and other receivables		(39,608)	1,097
Increase/(decrease) in trade payables		27,256	(18,493)
Increase/(decrease) in other payables, accruals and deferred income		10,790	(38,502)
Decrease in provision		(319)	–
		78,696	25,653
Cash generated from operations		78,696	25,653
Interest received		9	7
Interest element of finance lease rental payments		(29)	(22)
Hong Kong profits tax paid		(20,453)	(1,072)
		58,223	24,566
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of items of property, plant and equipment		(43,826)	(50,144)
Proceeds from disposal of items of property, plant and equipment		–	600
Deposit in relation to intangible assets		(6,500)	–
Deposits paid for purchase of items of property, plant and equipment		(1,019)	(8,771)
Increase in amounts due from shareholders		(2,515)	–
Increase in a pledged time deposit		(5)	(5)
		(53,865)	(58,320)
Net cash flows used in investing activities		(53,865)	(58,320)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

Six months ended 30 September 2014

	Notes	Six months ended 30 September	
		2014 HK\$'000 (Unaudited)	2013 HK\$'000 (Unaudited)
CASH FLOWS FROM FINANCING ACTIVITIES			
Capital element of finance lease rental payments		(141)	(96)
Repayment to related parties		(247,532)	(122,293)
Advance from related parties		228,209	43,727
Increase in amount due to a shareholder		–	2,360
Interest paid		(645)	(338)
Net cash flows used in financing activities		(20,109)	(76,640)
NET DECREASE IN CASH AND CASH EQUIVALENTS			
Cash and cash equivalents at beginning of period		253,946	234,417
CASH AND CASH EQUIVALENTS AT END OF PERIOD		238,195	124,023
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and cash equivalents as stated in the condensed consolidated statement of financial position		238,196	124,023
Bank overdrafts, unsecured		(1)	–
Cash and cash equivalents as stated in the condensed consolidated statement of cash flows		238,195	124,023

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Six months ended 30 September 2014

1. CORPORATE INFORMATION

The Company is an exempted company with limited liability incorporated in the Cayman Islands on 24 February 2014. The registered office address of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The principal place of business of the Company is located at 15th Floor, Luk Hop Industrial Building, 8 Luk Hop Street, San Po Kong, Kowloon, Hong Kong.

The Company is an investment holding company and the Company's subsidiaries were principally engaged in restaurant operations in Hong Kong. The shares of the Company (the "Shares") were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 13 November 2014 (the "Listing").

2. BASIS OF PRESENTATION AND PREPARATION

The unaudited interim condensed consolidated financial statements for the six months period ended 30 September 2014 have been prepared in accordance Hong Kong Accounting Standard 34 *Interim Financial Reporting* issued by the Hong Kong Institute of Certified Public Accountants and accounting principles generally accepted in Hong Kong.

The unaudited interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's financial information for the years ended 31 March 2012, 2013 and 2014 and the three months ended 30 June 2014 included in the accountants' report (the "Accountants' Report") set out in Appendix I to the prospectus of the Company dated 4 November 2014 (the "Prospectus").

The accounting policies and basis of preparation adopted in the preparation of the interim condensed consolidated financial statements are consistent with those of the Group as set out in the Accountants' Report.

3. OPERATING SEGMENT INFORMATION

The Group is principally engaged in restaurant operations in Hong Kong. Information reported to the Group's management for the purpose of resources allocation and performance assessment, focuses on the operating results of the Group as a whole as the Group's resources are integrated and no discrete financial information is available. Accordingly, no segment analysis is presented.

All of the Group's revenue from external customers and non-current assets were generated from and located in Hong Kong during the period under review.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Six months ended 30 September 2014

4. REVENUE, OTHER INCOME AND GAIN

Revenue, which is also the Group's turnover, represents the gross revenue from restaurant operations and net invoiced value of goods and other operating items sold, after allowances for returns and trade discounts. An analysis of revenue, other income and gain is as follows:

	Six months ended 30 September	
	2014	2013
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Revenue		
Restaurant operations	1,118,443	1,002,094
Sale of food and other operating items	40,654	32,034
	1,159,097	1,034,128
Other income and gain		
Bank interest income	9	7
Licensing income	886	745
Sponsorship income	2,291	2,397
Ticketing income	3,240	–
Others	1,590	648
	8,016	3,797

5. FINANCE COSTS

	Six months ended 30 September	
	2014	2013
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Interest on bank overdrafts wholly repayable on demand	27	23
Interest on finance leases	29	22
Interest on loans from a related company	618	315
	674	360

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Six months ended 30 September 2014

6. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging:

	Six months ended 30 September	
	2014 HK\$'000 (Unaudited)	2013 HK\$'000 (Unaudited)
Lease payments under operating leases in respect of land and buildings:		
Minimum lease payments	144,792	117,574
Contingent rents	92	191
	144,884	117,765
Employee benefit expenses (including directors' remuneration):		
Salaries, bonuses and other allowances	344,439	313,085
Retirement benefit scheme contributions (defined contribution scheme)	14,671	13,539
	359,110	326,624
Listing expenses	11,981	3,185
Loss on disposal of items of property, plant and equipment	–	568
Write-off of items of property, plant and equipment	166	–

7. INCOME TAX EXPENSE

Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands, the Group is not subject to any income tax in the Cayman Islands and the British Virgin Islands.

Hong Kong profits tax has been provided on the estimated assessable profits arising in Hong Kong at a rate of 16.5% (six months ended 30 September 2013: 16.5%) during the period.

8. DIVIDEND

The proposed final dividend of HK\$200,000,000 for the year ended 31 March 2014 was approved by the Company's shareholders on 8 August 2014.

The Directors do not recommend the payment of any dividends in respect of the period (six months ended 30 September 2013: Nil).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Six months ended 30 September 2014

9. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

The calculation of basic earnings per share for the six months ended 30 September 2014 is based on the unaudited consolidated profit attributable to owners of the Company of HK\$40,093,000 (six months ended 30 September 2013: HK\$43,179,000), and the weighted average number of the Company's ordinary shares of 975,000,000 (six months ended 30 September 2013: 975,000,000) in issue and issuable, comprising 15,000 Shares outstanding on 30 September 2014, addition of 14,985,000 Shares by sub-division of all the issued ordinary shares of HK\$1 each into ordinary shares of HK\$0.001 each on 28 October 2014 and capitalisation issue of 960,000,000 Shares on 28 October 2014 as further detailed in note 15 below, as if the respective Shares were outstanding throughout the periods.

No adjustment has been made to the basic earnings per share presented for the six months ended 30 September 2013 and 2014 as the Group has no potentially diluted ordinary shares in issue during those periods.

10. PROPERTY, PLANT AND EQUIPMENT

During the period, the Group acquired property, plant and equipment of HK\$46,615,000 (six months ended 30 September 2013: HK\$55,862,000).

11. GOODWILL

	30 September 2014 HK\$'000 (Unaudited)	31 March 2014 HK\$'000 (Audited)
Cost and carrying amount at beginning of the period/year	58,707	–
Acquisition of subsidiaries (note 16)	–	58,707
Cost and carrying amount at end of the period/year	58,707	58,707

12. INVENTORIES

	30 September 2014 HK\$'000 (Unaudited)	31 March 2014 HK\$'000 (Audited)
Food and beverages	82,961	94,554
Other operating items for restaurant operations	2,785	3,171
	85,746	97,725

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Six months ended 30 September 2014

13. TRADE RECEIVABLES

	30 September 2014 HK\$'000 (Unaudited)	31 March 2014 HK\$'000 (Audited)
Credit card receivables	2,856	3,454
Due from related parties	–	3,930
Others	25,123	963
	27,979	8,347

The Group's trading terms with its customers are mainly on cash and credit card settlement, except for well established corporate customers and/or related parties for which the credit terms are ranging from 45 to 90 days. The Group seeks to maintain strict control over its outstanding receivables to minimise credit risk. Overdue balances are reviewed regularly by senior management. The Group does not hold any collateral or other credit enhancement over its trade receivable balances. Trade receivables are non-interest-bearing.

An aged analysis of the trade receivables that are not individually nor collectively considered to be impaired is as follows:

	30 September 2014 HK\$'000 (Unaudited)	31 March 2014 HK\$'000 (Audited)
Neither past due nor impaired	27,954	7,933
1 to 3 months past due	14	4
3 to 12 months past due	11	410
	27,979	8,347

Receivables that were neither past due nor impaired relate to a number of customers for whom there was no recent history of default.

Receivables that were past due but not impaired relate to a few customers that have a good track record with the Group. Based on past experience, the Directors are of the opinion that no provision for impairment is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Six months ended 30 September 2014

14. TRADE PAYABLES

	30 September 2014 HK\$'000 (Unaudited)	31 March 2014 HK\$'000 (Audited)
Third party suppliers	92,125	55,767
Due to related companies	–	9,102
	92,125	64,869

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

	30 September 2014 HK\$'000 (Unaudited)	31 March 2014 HK\$'000 (Audited)
Within 1 month	70,156	52,999
1 to 2 months	18,747	11,870
2 to 3 months	3,222	–
	92,125	64,869

The trade payables are non-interest-bearing and generally have payment terms of 45 to 90 days.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Six months ended 30 September 2014

15. ISSUED CAPITAL

The movements in the Company's authorised and issued share capital during the period from 24 February 2014 (date of incorporation) to 30 September 2014, and subsequent to period up to 25 November 2014 are as follows:

	Notes	Number of ordinary shares (Unaudited)	Nominal value of ordinary shares HK\$ (Unaudited)
Authorised:			
100,000 ordinary shares of HK\$1 each on 24 February 2014 (date of incorporation) and as at 30 September 2014		100,000	100,000
Sub-division of all the ordinary shares of HK\$1 each into ordinary shares of HK\$0.001 each on 28 October 2014	(d)	99,900,000	–
Increase of 1,900,000,000 ordinary shares of HK\$0.001 each on 28 October 2014	(e)	1,900,000,000	1,900,000
As at 25 November 2014		2,000,000,000	2,000,000
Issued and fully paid:			
Issuance of 13,500 ordinary shares of HK\$1 each on 24 February 2014 (date of incorporation)	(a) & (b)	13,500	13,500
Issuance of 1,500 ordinary shares of HK\$1 each on 1 March 2014	(c)	1,500	1,500
As at 30 September 2014		15,000	15,000
Sub-division of all the issued ordinary shares of HK\$1.00 each into ordinary shares of HK\$0.001 each on 28 October 2014	(d)	14,985,000	–
Capitalisation issue of 960,000,000 ordinary shares of HK\$0.001 each on 28 October 2014	(f)	960,000,000	960,000
Issuance of 325,000,000 ordinary shares of HK\$0.001 each on 13 November 2014	(g)	325,000,000	325,000
As at 25 November 2014		1,300,000,000	1,300,000

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Six months ended 30 September 2014

15. ISSUED CAPITAL *(Continued)*

Notes:

- (a) Pursuant to an ordinary resolution passed on 24 February 2014, 1 ordinary share of HK\$1 was allotted, issued and credited as fully paid to the Company's initial subscriber, and was subsequently transferred to Mr. Yeung Wai.
- (b) Pursuant to an ordinary resolution passed on 24 February 2014, a total of 13,499 ordinary shares of HK\$1 each were issued at par to Mr. Yeung Wai, Mr. Yeung Yun Chuen, Mr. Yeung Yun Kei and Mr. Leung Siu Sun.
- (c) Pursuant to an ordinary resolution passed on 1 March 2014, a total of 1,500 ordinary shares of HK\$1 each were issued at par for acquisition of certain subsidiaries of the Group, further details of which are set out in note 16 to the condensed consolidated financial statements.
- (d) Pursuant to an ordinary resolution passed on 28 October 2014, each issued and unissued ordinary share of HK\$1 of the Company was sub-divided into 1,000 ordinary shares of HK\$0.001 each.
- (e) Pursuant to an ordinary resolution passed on 28 October 2014, the authorised share capital of the Company was increased from HK\$100,000 to HK\$2,000,000 by the creation of 1,900,000,000 additional ordinary shares of HK\$0.001 each, ranking *pari passu* in all respects with the existing shares of the Company.
- (f) Pursuant to an ordinary resolution passed on 28 October 2014, 960,000,000 ordinary shares of HK\$0.001 each were allotted and issued, credited as fully paid at par, by way of capitalisation from the share premium account to the holders of shares whose names appeared on the register of members of the Company at the close of business on 28 October 2014 in proportion to their respective shareholdings. This allotment and capitalisation issue were conditional on the share premium account being credited as a result of the issue of new shares to the public in connection with the Company's initial public offering as detailed in note (g) below.
- (g) In connection with the Company's initial public offering, 325,000,000 ordinary shares of HK\$0.001 each were issued at a price of HK\$1.55 per Share for a total cash consideration before expenses, of approximately HK\$503,750,000. Dealing in the Shares of the Company on the Stock Exchange commenced on 13 November 2014.

16. BUSINESS COMBINATION

On 1 March 2014, the Group acquired the entire issued capital of Central Dynamic International Limited, China Base Development Limited, China Forward Development Limited, China Harvest (Hong Kong) Limited, New Central Industrial Limited and Sun Profit Hong Kong Development Limited (collectively, the "Acquired Companies") from Mr. Yeung Wai, a director of the Company. The Acquired Companies are engaged in restaurant operations in Hong Kong. The purchase consideration for the acquisition was satisfied by allotment and issue of 1,500 new shares of the Company (the "New Shares") to Mr. Yeung Wai. The fair values of the identifiable assets and liabilities of the Acquired Companies as at the date of acquisition was HK\$18,293,000 and the fair value of the New Shares was HK\$77,000,000, resulting a goodwill on acquisition of HK\$58,707,000

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Six months ended 30 September 2014

16. BUSINESS COMBINATION (Continued)

The fair values of the identifiable assets and liabilities of the Acquired Companies as at the date of acquisition were as follows:

	<i>Note</i>	Fair value recognised on acquisition HK\$'000
Property, plant and equipment		6,503
Deferred tax assets		1,169
Inventories		311
Trade receivables		215
Prepayments, deposits and other receivables		4,913
Due from related parties		25,298
Cash and bank balances		8,986
Trade payables		(5,253)
Other payables, accruals and deferred income		(6,673)
Finance lease payables		(421)
Due to related parties		(12,925)
Tax payable		(2,248)
Deferred tax liabilities		(323)
Provision		(1,259)
		<hr/>
Total identifiable net assets at fair values		18,293
Goodwill on acquisition	11	58,707
		<hr/>
Satisfied by the New Shares		77,000

The fair value of the New Shares is measured by reference to the acquisition-date fair value of the equity interests in the Acquired Companies determined based on a valuation performed by Savills Valuation and Professional Services Limited, independent professionally qualified valuers, using the discounted cash flow method.

The fair values of the trade receivables and other receivables as at the date of acquisition amounted to HK\$215,000 and HK\$6,000, respectively. The gross contractual amounts of trade receivables and other receivables were HK\$215,000 and HK\$6,000, respectively.

None of the goodwill recognised is expected to be deductible for income tax purposes.

Since the acquisition, the Acquired Companies contributed HK\$65,314,000 to the Group's turnover and HK\$152,000 to the consolidated profit for the six months ended 30 September 2014.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Six months ended 30 September 2014

17. RELATED PARTY TRANSACTIONS

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

	Six months ended 30 September	
	2014 HK\$'000 (Unaudited)	2013 HK\$'000 (Unaudited)
Sale of food to:		
New Central Industrial Limited***	-	2,895
Glory Honor Wealth Creation Limited*	-	1,982
Faith Sky (Hong Kong) Industrial Limited**	-	1,985
China Famous Enterprises Limited**	-	1,260
Sun Profit Hong Kong Development Limited***	-	1,224
China Speed Development Limited**	-	1,081
China Harvest (Hong Kong) Limited***	-	202
China Base Development Limited***	-	927
Honest Hong Kong Development Limited*	-	1,785
Foo Lum Food Limited*	25	99
Central Dynamic International Limited***	-	468
Yeung Yun Leung^	-	1,328
	25	15,236
Sale of kitchen utensils to:		
New Central Industrial Limited***	-	104
Glory Honor Wealth Creation Limited*	-	66
Faith Sky (Hong Kong) Industrial Limited**	-	89
China Famous Enterprises Limited**	-	13
Sun Profit Hong Kong Development Limited***	-	29
China Speed Development Limited**	-	14
China Harvest (Hong Kong) Limited***	-	3
China Base Development Limited***	-	11
Honest Hong Kong Development Limited*	-	25
Foo Lum Food Limited*	7	19
Central Dynamic International Limited***	-	42
Sunny Boulangerie Et Patisserie*	-	1
	7	416
Purchase of food from:		
Foo Lum Food Limited*	350	537
Central International (HK) Limited*	31,998	49,007
Hop Yick Oil & Sauce Company Limited#	706	243
	33,504	49,787
Disposal of items of property, plant and equipment to:		
Spring Luck Hong Kong Limited^	-	600

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Six months ended 30 September 2014

17. RELATED PARTY TRANSACTIONS (Continued)

	Six months ended 30 September	
	2014 HK\$'000 (Unaudited)	2013 HK\$'000 (Unaudited)
Rental fee paid and payable to:		
Central Big Enterprises Limited ^{^^}	2,533	2,111
Central Steel Limited ^{**}	293	180
China Crown Industrial Limited ^{^^}	5,119	5,154
China Hall Enterprises Limited ^{^^}	7,660	4,960
China Label Industries Limited ^{^^^}	540	–
China Sky Industrial Limited ^{^^^}	115	69
China Spring Development Limited ^{^^}	3,670	2,512
Excel Source Investment Limited ^{^^}	4,102	3,687
Foo Lum Hot Pot Restaurant Limited ^{^^}	2,025	1,800
Sino Billion Development Limited ^{^^}	5,940	3,827
Spring Luck Hong Kong Limited ^{^^}	3,460	3,180
China Body Limited ^{^^}	1,890	–
	37,347	27,480

* As at the end of the reporting period, a director/beneficial shareholder of the Company, Mr. Yeung Wai, was also the director/beneficial shareholder of these related parties. During the six months ended 30 September 2014, Mr. Yeung Wai disposed of the entire equity interest of these companies and these companies became independent third parties thereafter.

** As at the end of the reporting period, Mr. Yeung Wai was also the director/beneficial shareholder of these related companies.

*** As at 30 September 2013, a director/beneficial shareholder of the Company, Mr. Yeung Wai, was also director/beneficial shareholder of these related companies. On 1 March 2014, the Group acquired the entire issued capital of these related companies from Mr. Yeung Wai and these companies became indirect subsidiaries of the Company thereafter.

[^] Mr. Yeung Yun Leung is a sibling of certain directors of the Company.

^{^^} These related parties are controlled by certain directors of the Company.

^{^^^} As at the end of the reporting period, a director/beneficial shareholder of the Company, Mr. Yeung Yun Chuen, and his family member were also the director/beneficial shareholder of these related companies.

[#] As at the end of the reporting period, a senior management of the Company, Mr. Lam Chi Kui, was also the director/beneficial shareholder of this related company.

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.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Six months ended 30 September 2014

17. RELATED PARTY TRANSACTIONS (Continued)

(b) Other transactions with related parties:

- (i) As at the end of the reporting period, Mr. Yeung Wai, a director of the Company, provided personal guarantees of HK\$34,412,000 (six months ended 30 September 2013: HK\$36,541,000), in respect of the Group's bank guarantee given in lieu of rental and utility deposits. Such personal guarantees had been fully released upon the Listing.
- (ii) During the period, certain subsidiaries of the Group provided guarantees in respect of facilities granted to companies controlled by certain directors of the Company. Such guarantees had been fully released upon the Listing.

(c) Compensation of key management personnel of the Group is as follows:

	Six months ended 30 September	
	2014 HK\$'000 (Unaudited)	2013 HK\$'000 (Unaudited)
Short term employee benefits	4,490	3,802
Post-employment benefits	68	45
	4,558	3,847

18. CONTINGENT LIABILITIES

At the end of the reporting period, contingent liabilities not provided for in the condensed consolidated financial statements were as follows:

	30 September 2014 HK\$'000 (Unaudited)	31 March 2014 HK\$'000 (Audited)
Bank guarantees given in lieu of rental and utility deposits	34,395	34,212
Guarantees given to banks in connection with facilities granted to related companies*	243,738	260,797
	278,133	295,009

* These entities are controlled by certain directors of the Company.

As at the end of the reporting period, the guarantees given to banks in connection with banking facilities granted to related companies were utilised to the extent of HK\$153,738,000 (31 March 2014: HK\$210,797,000). All guarantees provided by the Group to the banks in connection with banking facilities to related companies had been fully released upon the Listing.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Six months ended 30 September 2014

19. COMMITMENTS

(a) OPERATING LEASE ARRANGEMENTS — AS LESSEE

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 ten years.

As at the end of the reporting period, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	30 September 2014 HK\$'000 (Unaudited)	31 March 2014 HK\$'000 (Audited)
Within one year	279,475	192,728
In the second to fifth years, inclusive	385,914	256,580
Beyond five years	1,517	3,806
	666,906	453,114

In addition, the operating lease rentals for certain restaurants are based on the higher of a fixed rental and a contingent rent based on the sales of these restaurants pursuant to the terms and conditions as set out in the respective rental agreements. As the future sales of these restaurants could not be reliably determined, the relevant contingent rent has not been included above and only the minimum lease commitments have been included in the above table.

(b) CAPITAL COMMITMENTS

In addition to the operating lease commitments above, the Group had the following capital commitments at the end of the reporting period:

	30 September 2014 HK\$'000 (Unaudited)	31 March 2014 HK\$'000 (Audited)
Contracted, but not provided for:		
Property, plant and equipment	2,659	264
Intangible assets	6,500	—
	9,159	264

20. SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

In addition to the subsequent events detailed elsewhere in these condensed consolidated financial statements, the following significant events occurred after the reporting period:

- (a) On 28 October 2014, the Company adopted a pre-IPO share option scheme ("Pre-IPO Share Option Scheme"), pursuant to which the Company conditionally granted share options to certain employees, executives and officers of the Group and directors of the Company to subscribe for an aggregate of 54,000,000 Shares in the Company. Further details of the Pre-IPO Share Option Scheme are also set out in the Company's Prospectus.
- (b) On 28 October 2014, certain directors of the Company, collectively as indemnifiers, have entered into a deed of indemnity in favor of the Group, whereby they jointly and severally covenant and undertake with the Group to indemnify the Group from and against losses, liabilities, damages, costs, claims and expenses incurred by the Group in relation to events or circumstances as specified in "H. Other Information — 14. Indemnities given by our Controlling Shareholders" in "Appendix IV — Statutory and General Information" in the Prospectus and details of which are set out therefrom.

OTHER INFORMATION

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATION

As at 13 November 2014, the Listing Date, the interests and short positions of the Directors or the chief executive of the Company in the shares, underlying shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong (the "SFO")) which had been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which they were deemed to or taken to have under such provisions of the SFO) or as recorded in the register required to be kept by the Company pursuant to section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") as set out in Appendix 10 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"), were as follows:

Name of Director	The Company/ name of associated corporation	Capacity/ nature of interest	Number and class of securities (Note 1)	Approximate percentage of shareholding
Mr. Yeung Wai	The Company	Interest controlled jointly with another person (Note 2)	926,675,000 Shares (L) (Note 3)	71.28%
Mr. Yeung Yun Chuen	The Company	Interest controlled jointly with another person (Note 2)	926,675,000 Shares (L) (Note 3)	71.28%
Mr. Yeung Yun Kei	The Company	Interest controlled jointly with another person (Note 2)	926,675,000 Shares (L) (Note 3)	71.28%
Mr. Leung Siu Sun	The Company	Beneficial owner	70,625,000 Shares (L) (Note 4)	5.43%

Notes:

- The letter "L" denotes the person's long position in the shares and underlying shares of the Company or the relevant associated corporation.
- Mr. Yeung Wai, Mr. Yeung Yun Chuen and Mr. Yeung Yun Kei being our executive Directors, are siblings, associates of each other under the Listing Rules and are deemed to be persons acting in concert under the Codes on Takeovers and Mergers issued by the Securities and Futures Commission of Hong Kong. As such, each of Mr. Yeung Wai, Mr. Yeung Yun Chuen and Mr. Yeung Yun Kei is deemed to be interested in all the Shares in which the others are interested.
- These interests consist of 908,375,000 Shares and 18,300,000 underlying Shares ("Share Option Shares") comprised in the options granted to Mr. Yeung Wai, Mr. Yeung Yun Chuen and Mr. Yeung Yun Kei pursuant to the Pre-IPO Share Option Scheme. (i) In respect of the 908,375,000 Shares, 272,025,000 Shares were held by Mr. Yeung Yun Chuen, 184,275,000 Shares were held by Mr. Yeung Yun Kei, and 452,075,000 Shares were held by China Sage International Limited, a company incorporated in the British Virgin Islands, the entire issued share capital of which is beneficially owned by Mr. Yeung Wai; (ii) in respect of the 18,300,000 Share Option Shares, 8,300,000 Share Option Shares, 6,000,000 Share Option Shares and 4,000,000 Share Options Shares were granted to Mr. Yeung Wai, Mr. Yeung Yun Chuen and Mr. Yeung Yun Kei respectively. As described in Note 2 above, each of Mr. Yeung Wai, Mr. Yeung Yun Chuen and Mr. Yeung Yun Kei is deemed to be interested in these 908,375,000 Shares and 18,300,000 underlying Shares held by them in aggregate.
- These interests consist of 66,625,000 Shares and 4,000,000 Share Option Shares granted to Mr. Leung Siu Sun.

Save as disclosed above, as at the Listing Date, none of the Directors or chief executives had any interest or short position in the shares, underlying shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the SFO) as recorded in the register that was required to be kept pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

OTHER INFORMATION

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 13 November 2014, the Listing Date, so far as the Directors are aware, the following persons (not being a Director or a chief executive of the Company) had an interest or short position in the Shares or underlying Shares as recorded in the register required to be kept by the Company under section 336 of the SFO:

Name of Shareholder	Capacity/ nature of interest	Number and class of securities (Note 1)	Approximate percentage of shareholding in the Company
Ms. Lam Man Ki, Elane	Interest of spouse (Note 2)	926,675,000 Shares (L)	71.28%
Ms. Yung Yuk Ling	Interest of spouse (Note 3)	926,675,000 Shares (L)	71.28%
Ms. Hui Lin Na	Interest of spouse (Note 4)	926,675,000 Shares (L)	71.28%
China Sage International Limited	Beneficial owner (Note 5)	452,075,000 Shares (L)	34.78%
Ms. Leung Siu Kuen	Interest of spouse (Note 6)	70,625,000 Shares (L)	5.43%
Central Huijin Investment Ltd.	Interest of controlled corporations (Note 7)	66,054,000 Shares (L) 48,750,000 Shares (S)	5.08% 3.75% (S)
Bank of China Limited	Interest of controlled corporations (Note 7)	66,054,000 Shares (L) 48,750,000 Shares (S)	5.08% 3.75% (S)
BOC International Holdings Limited	Interest of controlled corporations (Note 7)	66,054,000 Shares (L) 48,750,000 Shares (S)	5.08% 3.75% (S)
BOCI Asia Limited	Beneficial owner (Note 7)	66,054,000 Shares (L) 48,750,000 Shares (S)	5.08% 3.75% (S)

Notes:

- The letter "L" denotes the person or entity's long position in the shares and underlying shares of the Company, and the letter "S" denotes the entity's short position in the shares of the Company.
- Ms. Lam Man Ki Elane was deemed to be interested in all the Shares in which Mr. Yeung Wai, her spouse, was interested by virtue of the SFO.
- Ms. Yung Yuk Ling was deemed to be interested in all the Shares in which Mr. Yeung Yun Chuen, her spouse, was interested by virtue of the SFO.
- Ms. Hui Lin Na was deemed to be interested in all the Shares in which Mr. Yeung Yun Kei, her spouse, was interested by virtue of the SFO.
- These Shares were held by China Sage International Limited. The entire issued shares of China Sage International Limited are owned by Mr. Yeung Wai.
- Ms. Leung Siu Kuen was deemed to be interested in all the Shares in which Mr. Leung Siu Sun, her spouse, was interested by virtue of the SFO.
- Among the long position of 66,054,000 Shares, the long position of 48,750,000 Shares was jointly held by BOCI Asia Limited ("BOCI Asia") and Deutsche Bank AG, Hong Kong Branch ("DBHK"), and the long position of the remaining 17,304,000 Shares was held by BOCI Asia. The short position of 48,750,000 Shares was jointly held by BOCI Asia and DBHK.

BOCI Asia is 100% controlled by BOC International Holdings Limited ("BOCI"), and BOCI is 100% controlled by Bank of China Limited ("BOC"). BOC is controlled as to about 67.68% by Central Huijin Investment Ltd ("Central Huijin"). By virtue of the SFO, each of Central Huijin, BOC and BOCI is deemed to be interested in the Shares in which BOCI Asia is interested.

Save as disclosed above, as at the Listing Date, no person or entity (other than a Director or chief executive of the Company), had registered an interest or short position in the Shares or underlying Shares that was recorded in the register required to be kept by the Company pursuant to section 336 of the SFO.

OTHER INFORMATION

DIVIDENDS

Prior to the Listing, a final dividend in the amount of HK\$200 million for the year ended 31 March 2014 was approved by the Company's shareholders on 8 August 2014 and was fully settled upon the Listing.

The Board has resolved not to recommend the payment of any dividends for the six months ended 30 September 2014.

SHARE OPTION SCHEMES

The Company adopted a Pre-IPO Share Option Scheme which became effective on 28 October 2014. The Company has granted 54,000,000 options to eligible directors, senior management and employees of the Group to subscribe for ordinary shares in the Company subject to terms and conditions stipulated under the Pre-IPO Share Option Scheme. The exercise price shall be 60% of the final offer price to the public and the Pre-IPO Share Option Scheme will remain in force for a period of 5 years from the grant date.

Pursuant to a post-IPO share option scheme (the "Post-IPO Share Option Scheme") adopted by the Company on 28 October 2014, the Directors may invite eligible participants to take up option at a price determined by the Board but in any event shall not be less than whichever is the highest of (i) the nominal value of Shares; (ii) the closing price of Shares as stated in the Stock Exchange's daily quotations sheet on the offer date; and (iii) the average of the closing prices of Shares as stated in the Stock Exchange's daily quotation sheet for the five business days immediately preceding the offer date.

The option may be exercised in accordance with the terms of the Post-IPO Share Option Scheme at any time during the option period which may be determined and notified by the Board to the grantee at the time of making an offer. The Post-IPO Share Option Scheme shall be valid and effective for a period of 10 years commencing on the Listing Date.

As at the date of this report, no option has been granted under the Post-IPO Share Option Scheme.

STATUS UPDATE AS TO THE 34 BUILDING ORDERS DISCLOSED IN THE PROSPECTUS

Reference is made to the 34 unreleased building orders registered against our leased premises in the section headed "Business — Building orders and fire safety directions registered against our leased premises" in the Prospectus. Documents such as completion reports previously submitted to the Building Authority or Buildings Department in relation to those 34 building orders are still under review by the Buildings Authority or Buildings Department. Among those 34 unreleased building orders, we are unable to obtain co-operation from the relevant landlord(s) or incorporated owners to carry out the relevant rectification works regarding 7 building orders as disclosed in the Prospectus.

CORPORATE GOVERNANCE CODE

As the Shares were not yet listed on the Stock Exchange as at 30 September 2014, the code provisions of the Corporate Governance Code (the "CG Code") as set out in the Listing Rules was not applicable to the Company for the reporting period.

The Company has adopted the CG Code as its corporate governance code of practices upon the Listing. For the period from the Listing Date and up to the date of this report, save for the deviation from code provision A.2.1 of the CG Code, the Board considered that the Company has complied with the code provisions set out in the CG Code.

Pursuant to code provision A.2.1 of the CG Code, the roles of the chairman (the "Chairman") and the chief executive (the "Chief Executive Officer") should be separate and should not be performed by the same individual. Mr. Yeung Wai was designated as the Chairman and the Chief Executive Officer since the Listing. Mr. Yeung Wai has been the Chief Executive Officer since 24 February 2014 and has in-depth experience and knowledge of the Group and its businesses. The Board is of the view that his appointment into the dual roles as the Chairman and the Chief Executive Officer is in the best interest of the Group in order to ensure continuity of leadership and efficiency in formulation and execution of corporate strategies, and that there is adequate balance of power and authority in place.

OTHER INFORMATION

The Board is committed in maintaining a high standard of corporate governance practices to safeguard the interests of the shareholders of the Company, and to enhance corporate value and accountability. These objectives can be achieved by an effective Board, segregation of duties with clear responsibility, sound internal controls, appropriate risk assessment procedures and transparency to all the Company's shareholders.

MODEL CODE OF SECURITIES TRANSACTIONS BY DIRECTORS

As the Shares were not yet listed on the Stock Exchange as at 30 September 2014, the Model Code was not applicable to the Company for the reporting period. The Company has adopted a code of conduct (the "Code of Conduct") regarding directors' securities transactions on terms no less exacting than the required standards set out in the Model Code upon the Listing. Based on responses of specific enquiries made with the Directors, all of the Directors have complied with required standards as set out in the Model Code and Code of Conduct since the Listing Date.

PURCHASES, SALE OR REDEMPTION OF LISTED SECURITIES

As the Shares were not yet listed on the Stock Exchange as at 30 September 2014, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the period under review.

SIGNIFICANT EVENTS AFTER REPORTING PERIOD

Save as disclosed in note 20 to notes to the condensed consolidated financial statements, there are no material subsequent events undertaken by the Company or by the Group after 30 September 2014 and up to the date of this report.

AUDIT COMMITTEE

The Company has established the Audit Committee on 28 October 2014 which comprises three independent non-executive Directors, namely Mr. Wu Kam On Keith (being the chairman of the Audit Committee), Mr. Lock Kwok On Anthony and Mr. Fan Chun Wah Andrew, all of whom possess extensive experience in financial and general management. The Audit Committee has also adopted written terms of reference which clearly set out its duties and obligations for ensuring compliance with the relevant regulatory requirements.

The Audit Committee has discussed the accounting principles and practices adopted by the Company with the management of the Company and has reviewed the unaudited interim condensed consolidated financial statements of the Group for the six months ended 30 September 2014.

PUBLICATION OF INTERIM REPORT

The electronic version of this report will be published on the website of the Stock Exchange (www.hkexnews.hk) and the website of the Company (www.fulum.com.hk).

APPRECIATION

The Board would like to thank the management and all staff of the Group for their hard work and dedication, as well as its shareholders, business partners and associates, bankers and auditors for their support to the Group throughout the period.

The Board of
Fulum Group Holdings Limited
YEUNG WAI

Chairman, Executive Director and Chief Executive Officer

Hong Kong, 25 November 2014

As at the date of this report, the Board comprises Mr. Yeung Wai, Mr. Yeung Yun Chuen, Mr. Yeung Yun Kei and Mr. Leung Siu Sun as executive Directors; and Mr. Fan Chun Wah Andrew, Mr. Lock Kwok On Anthony and Mr. Wu Kam On Keith as independent non-executive Directors.



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