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

Fulum Group Holdings Limited
富臨集團控股有限公司
(Incorporated in the Cayman Islands with limited liability)

(Stock code: 1443)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 MARCH 2016

HIGHLIGHTS

- Revenue was approximately HK$2,773.3 million (2015: approximately HK$2,528.7 million), representing an increase of approximately 9.7%
- Gross profit margin[1] was at approximately 71.1% (2015: approximately 71.0%), representing an increase of approximately 0.1 percentage point
- Earnings before interest, tax, depreciation and amortisation was approximately HK$210.1 million (2015: approximately HK$280.4 million), representing a decrease of approximately 25.1%
- Profit for the year attributable to owners of the Company was approximately HK$101.4 million (2015: approximately HK$160.3 million), representing a decrease of approximately 36.7%
- Basic earnings per share[2] was approximately HK7.80 cents (2015: approximately HK14.59 cents), representing a decrease of approximately 46.5%
- The guest count was approximately 27.6 million (2015: approximately 25.5 million), representing an increase of approximately 8.2%
- The gearing ratio of the Group was down to approximately 3.6% (2015: approximately 5.7%)
- The Board recommends a final dividend of HK3.12 cents per ordinary share for the year ended 31 March 2016 (2015: HK5.00 cents per ordinary share)

1 *Gross profit equals revenue minus cost of inventories sold. Gross profit margin is calculated by dividing gross profit by revenue and multiplying the resulting value by 100%.*

2 *The calculation of the basic earnings per share amounts is based on profit for the year attributable to ordinary equity holders of the Company of approximately HK$101,404,000 (2015: approximately HK$160,292,000) and the weighted average number of ordinary shares of 1,300,000,000 (2015: 1,098,767,123) in issue during the year.*

ANNUAL RESULTS

The board (the "**Board**") of directors (the "**Directors**") of Fulum Group Holdings Limited (the "**Company**", together with its subsidiaries collectively, the "**Group**"), hereby announces the consolidated results of the Group for the year ended 31 March 2016, together with comparative figures for the year ended 31 March 2015 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 March 2016

	Notes	**2016** ***HK$'000***	2015 *HK$'000*
REVENUE	*6*	**2,773,289**	2,528,689
Other income and gain	*6*	**21,442**	17,033
Cost of inventories sold		**(801,116)**	(734,398)
Staff costs		**(903,855)**	(772,644)
Property rentals and related expenses		**(475,468)**	(372,274)
Depreciation		**(85,281)**	(78,540)
Fuel and utility expenses		**(183,030)**	(170,314)
Other expenses		**(221,171)**	(215,646)
Finance costs	*7*	**(796)**	(936)
PROFIT BEFORE TAX	*8*	**124,014**	200,970
Income tax expense	*9*	**(22,610)**	(40,678)
PROFIT FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE COMPANY		**101,404**	160,292
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY			
— Basic	*11*	**HK7.80 cents**	HK14.59 cents
— Diluted	*11*	**HK7.75 cents**	HK14.40 cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 March 2016

	2016	2015
	HK$'000	*HK$'000*
PROFIT FOR THE YEAR	**101,404**	160,292
OTHER COMPREHENSIVE LOSS		
Other comprehensive loss to be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	**(1,392)**	(12)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE COMPANY	**100,012**	160,280

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2016

	Notes	2016 HK$'000	2015 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment	*12*	**278,369**	223,844
Goodwill		**58,707**	58,707
Deposits		**88,344**	86,504
Intangible assets/deposits paid in relation to intangible assets		**13,000**	13,000
Deposits for purchases of items of property, plant and equipment		**–**	5,281
Deferred tax assets		**27,856**	17,770
Total non-current assets		**466,276**	405,106
CURRENT ASSETS			
Inventories	*13*	**67,543**	72,298
Trade receivables	*14*	**7,678**	8,604
Prepayments, deposits and other receivables		**65,461**	49,656
Tax recoverable		**14,080**	5,754
Pledged time deposit		**2,365**	2,356
Cash and cash equivalents		**660,260**	704,871
Total current assets		**817,387**	843,539
CURRENT LIABILITIES			
Trade payables	*15*	**87,805**	78,286
Other payables, accruals and deferred income		**126,992**	133,977
Interest-bearing bank borrowings		**33,748**	50,777
Finance lease payables		**402**	326
Due to related parties		**884**	935
Provision		**6,305**	5,886
Tax payable		**10,692**	21,401
Total current liabilities		**266,828**	291,588
NET CURRENT ASSETS		**550,559**	551,951
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,016,835**	957,057

	Notes	**2016**	2015
		HK$'000	*HK$'000*
NON-CURRENT LIABILITIES			
Accruals and deferred income		**29,509**	19,764
Finance lease payables		**641**	679
Provision		**25,214**	21,603
Deferred tax liabilities		**2,052**	1,283
Total non-current liabilities		**57,416**	43,329
Net assets		**959,419**	913,728
EQUITY			
Equity attributable to owners of the Company			
Issued capital		**1,300**	1,300
Reserves		**958,119**	912,428
Total equity		**959,419**	913,728

NOTES

1. CORPORATE AND GROUP INFORMATION

Fulum Group Holdings Limited is an exempted company with limited liability incorporated in the Cayman Islands on 24 February 2014. The address of the registered office of the Company is Cricket Square, Hutchins Drive, PO 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 and the People's Republic of China ("PRC" or "Mainland China"). 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.

2. BASIS OF PREPARATION

The financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention. The financial statements are presented in Hong Kong dollars ("HK$") and all values are rounded to the nearest thousand except when otherwise indicated.

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following revised standards for the first time for the current year's financial statements.

Amendments to HKAS 19 *Defined Benefit Plans: Employee Contributions*
Annual Improvements to HKFRSs 2010–2012 Cycle
Annual Improvements to HKFRSs 2011–2013 Cycle

The adoption of the above revised standards has had no significant financial effect on the financial statements.

In addition, the Group has adopted the amendments to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") issued by the Stock Exchange relating to the disclosure of financial information with reference to the Hong Kong Companies Ordinance (Cap. 622) during the current financial year. The main impact to the financial statements is on the presentation and disclosure of certain information in the financial statements.

4. ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

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

HKFRS 9	*Financial Instruments*[2]
Amendments to HKFRS 10 and HKAS 28 (2011)	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[5]
Amendments to HKFRS 10, HKFRS 12 and HKAS 28 (2011)	*Investment Entities: Applying the Consolidation Exception*[1]
Amendments to HKFRS 11	*Accounting for Acquisitions of Interests in Joint Operations*[1]
HKFRS 14	*Regulatory Deferral Accounts*[4]
HKFRS 15	*Revenue from Contracts with Customers*[2]
HKFRS 16	*Leases*[3]
Amendments to HKAS 1	*Disclosure Initiative*[1]
Amendments to HKAS 16 and HKAS 38	*Clarification of Acceptable Methods of Depreciation and Amortisation*[1]
Amendments to HKAS 16 and HKAS 41	*Agriculture: Bearer Plants*[1]
Amendments to HKAS 27 (2011)	*Equity Method in Separate Financial Statements*[1]
Annual Improvements 2012–2014 Cycle	Amendments to a number of HKFRSs[1]

1 Effective for annual periods beginning on or after 1 January 2016
2 Effective for annual periods beginning on or after 1 January 2018
3 Effective for annual periods beginning on or after 1 January 2019
4 Effective for an entity that first adopts HKFRSs for its annual financial statements beginning on or after 1 January 2016 and therefore is not applicable to the Group
5 No mandatory effective date yet determined but is available for early adoption

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

5. OPERATING SEGMENT INFORMATION

The Group is principally engaged in restaurant operations in Hong Kong and Mainland China. 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 operating segment financial information is available. Accordingly, no operating segment information is presented.

Information about geographical areas

The following tables present revenue from external customers for the years ended 31 March 2016 and 2015, and certain non-current asset information as at 31 March 2016 and 2015, by geographical areas.

(a) Revenue from external customers

	2016	2015
	HK$'000	*HK$'000*
Hong Kong	**2,670,772**	2,520,844
Mainland China	**102,517**	7,845
	2,773,289	2,528,689

The revenue information above is based on the locations of the customers.

(b) *Non-current assets*

	2016	2015
	HK$'000	*HK$'000*
Hong Kong	**300,729**	282,670
Mainland China	**49,347**	18,162
	350,076	300,832

The non-current assets information above is based on the locations of the assets and excludes financial assets and deferred tax assets.

Information about major customers

Since no revenue derived from sales to a single customer of the Group has individually accounted for over 10% of the Group's total revenue during the year, no information about major customers in accordance with HKFRS 8 *Operating Segments* is presented.

6. REVENUE, OTHER INCOME AND GAIN

Revenue 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:

	2016	2015
	HK$'000	*HK$'000*
Revenue		
Restaurant operations	**2,710,432**	2,463,028
Sale of food and other operating items	**62,857**	65,661
	2,773,289	2,528,689
Other income and gain		
Bank interest income	**6,857**	2,654
Licensing income	**2,201**	2,111
Sponsorship income	**7,957**	5,101
Ticketing income	**–**	3,242
Gain on disposal of items of property, plant and equipment, net	**–**	113
Others	**4,427**	3,812
	21,442	17,033

7. FINANCE COSTS

	2016	2015
	HK$'000	*HK$'000*
Interest on bank overdrafts and bank loan	**730**	323
Interest on finance leases	**66**	57
Interest on loans from a related party	**–**	556
	796	936

8. PROFIT BEFORE TAX

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

	2016	2015
	HK$'000	*HK$'000*
Lease payments under operating leases:		
Minimum lease payments	**403,250**	316,595
Contingent rents	**614**	1,217
	403,864	317,812
Employee benefit expenses (including directors' remuneration)		
Salaries, bonuses and other allowances	**858,760**	736,624
Equity-settled share option expense	**10,679**	5,301
Retirement benefit scheme contributions (defined contribution schemes)	**34,416**	30,719
	903,855	772,644
Listing expenses	**–**	19,867
Gain on disposal of items of property, plant and equipment, net	**–**	(113)
Write-off of items of property, plant and equipment	**41**	2,778
Foreign exchange differences, net	**7,735**	2,051

9. INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% (2015: 16.5%) on the estimated assessable profits arising in Hong Kong during the year.

The subsidiaries of the Company established in Mainland China are subject to the PRC corporate income tax at a standard rate of 25% (2015: 25%) during the year. No provision for corporate income tax had been made for the Company's subsidiaries in Mainland China as no assessable profits was generated in Mainland China during the year ended 31 March 2015.

	2016	2015
	HK$'000	*HK$'000*
Current — Hong Kong		
Charge for the year	**29,896**	43,495
Underprovision in prior years	**575**	135
Current — Mainland China		
Charge for the year	**1,467**	–
Deferred	**(9,328)**	(2,952)
Total tax charge for the year	**22,610**	40,678

10. DIVIDEND

	2016	2015
	HK$'000	*HK$'000*
Proposed final dividend		
— HK3.12 cents (2015: HK5.00 cents) per ordinary share	**40,560**	65,000

The proposed final dividend for the year is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

The proposed final dividend of HK$65,000,000 for the year ended 31 March 2015 was approved by the Company's shareholders on 14 August 2015.

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

The calculation of the basic earnings per share amounts is based on profit for the year attributable to ordinary equity holders of the Company of approximately HK$101,404,000 (2015: approximately HK$160,292,000) and the weighted average number of ordinary shares of 1,300,000,000 (2015: 1,098,767,123) in issue during the year.

The calculation of the diluted earnings per share amounts is based on the profit for the year attributable to ordinary equity holders of the Company of approximately HK$101,404,000 (2015: approximately HK$160,292,000), and the weighted average number of ordinary shares of 1,300,000,000 (2015: 1,098,767,123), as used in the basic earnings per share calculation, and the weighted average number of ordinary shares of 8,784,150 (2015: 14,426,419) assumed to have been issued at no consideration on the deemed exercise of all share options into ordinary shares.

The calculation of basic and diluted earnings per share are based on:

	2016	2015
	HK$'000	*HK$'000*
Earnings		
Profit attributable to ordinary equity holders of the Company, used in the basic earnings per share calculation	**101,404**	160,292
Shares		
Weighted average number of ordinary shares in issue during the year, used in the basic earnings per share calculation	**1,300,000,000**	1,098,767,123
Effect of dilution — weighted average number of ordinary shares:		
Share options	**8,784,150**	14,426,419
	1,308,784,150	1,113,193,542

12. PROPERTY, PLANT AND EQUIPMENT

During the year, the Group acquired items of property, plant and equipment amounting to approximately HK$140,999,000 (2015: approximately HK$120,723,000).

13. INVENTORIES

	2016	2015
	HK$'000	*HK$'000*
Food and beverages	**64,146**	68,719
Other operating items for restaurant operations	**3,397**	3,579
	67,543	72,298

14. TRADE RECEIVABLES

	2016	2015
	HK$'000	*HK$'000*
Credit card receivables	**3,162**	3,353
Others	**4,516**	5,251
	7,678	8,604

The Group's trading terms with its customers are mainly on cash and credit card settlement while trading terms for sale of food are on credit with credit periods ranging from 30 to 60 days (2015: 45 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 enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

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

	2016	2015
	HK$'000	*HK$'000*
Within 1 month	**4,232**	4,818
1 to 3 months	**611**	1,398
3 to 12 months	**2,478**	1,717
Over 12 months	**357**	671
	7,678	8,604

15. 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:

	2016	2015
	HK$'000	*HK$'000*
Within 1 month	**69,285**	55,250
1 to 3 months	**17,911**	21,901
3 to 12 months	**279**	351
Over 12 months	**330**	784
	87,805	78,286

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

16. CONTINGENT LIABILITIES

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

	2016	2015
	HK$'000	*HK$'000*
Bank guarantees given in lieu of rental and utility deposits	**58,965**	43,434

17. 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 twelve years.

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

	2016	2015
	HK$'000	*HK$'000*
Within one year	**391,425**	336,404
In the second to fifth years, inclusive	**435,607**	497,409
Beyond five years	**43,266**	31,187
	870,298	865,000

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.

18. COMMITMENTS

In addition to the operating lease commitments disclosed in note 17 above, the Group had the following capital commitments at the end of the reporting period:

	2016	2015
	HK$'000	*HK$'000*
Contracted, but not provided for:		
Property, plant and equipment	**–**	28,602

MANAGEMENT DISCUSSION AND ANALYSIS

Industry Overview

Despite the uncertainties in Hong Kong's economy and the domestic retail market becoming more sluggish, according to the "Quarterly Survey of Restaurant Receipts and Purchases" for the fourth quarter of year 2015 released by the Census and Statistics Department of the Hong Kong government, the overall total receipts of the restaurants in Hong Kong in year 2015 amounted to approximately HK$104.4 billion, representing an increase of approximately 3.9% on a year-on-year basis, which reflects a steady growth of the catering market. The Group is still full of confidence towards the long-term prospects of the catering market.

For the Mainland China market, according to the "Annual Report on Catering Industry of China in 2016 (2016年中國餐飲業年度報告)" released by the China Hotel Association, the revenue of the catering industry in the PRC in year 2015 amounted to approximately RMB3,231 billion, representing an increase of approximately 11.7% on a year-on-year basis, which was the first time that the revenue of the catering exceeded RMB3 trillion and became one of the top ten industries in respect of consumption of the State Council. The report anticipated that the revenue of the catering industry for this year will exceed RMB3,500 billion. The report pointed out that the mass catering market recorded a rapid growth despite of the constant shrinking of the high end catering consumption market in the PRC. Among which, the catering industry in Guangdong Province ranked first in the PRC in terms of revenue, which amounted to approximately RMB323.8 billion in year 2015, representing an increase of approximately 10.7% on a year-on-year basis with a huge potential. Currently, the Group has one restaurant located in each of Zhuhai, Guangzhou and Fuzhou, respectively. The Group believes that these 3 restaurants can benefit from the growing momentum of the catering industry in Guangdong Province.

Business Review

During the year, the Group continued to adopt an aggressive expansion strategy. Aligned with the expansion strategy set out in the prospectus of the Company dated 4 November 2014, the Group had established more restaurants in Hong Kong and Mainland China. During the year, the Group had opened a total of 15 restaurants in Hong Kong, among which, 4 restaurants were under the "Fulum (富臨)" main brand, 1 restaurant was under the "Sportful Garden (陶源)" main brand and 10 restaurants were under the "Fulum Concept (富臨概念)" main line. As of 31 March 2016, the Group operated a total of 74 restaurants in Hong Kong, among which, 42 restaurants were under the "Fulum" (富臨) main brand, 11 restaurants were under the "Sportful Garden (陶源)" main brand and 21 restaurants were under the "Fulum Concept (富臨概念)" main line. During the year, one of the restaurants under the "Sportful Garden (陶源)" main brand was closed upon the expiration of the lease agreement as we were unable to secure a renewal of lease.

Apart from the cornerstone of the Group, namely the "Fulum (富臨)" main brand and the "Fulum Concept (富臨概念)" main line, the Group is committed to keep abreast of the local dining trends and provide more diversified dining experience by launching different restaurants under the "Fulum Concept (富臨概念)" main line, including "MeokBang Korean BBQ & Bar (炑八韓烤)" and "Mount Hallasan BBQ (漢拏山烤肉)" which mainly serve Korean cuisine, and "Royal One Pleasant Palace" (皇室①號囍臨門) which specialises in hosting wedding banquets. Among which, the growth of "MeokBang Korean BBQ & Bar (�八韓烤)" was especially aggressive as 6 restaurants were opened during the year. The Group signed a memorandum of understanding with the representatives of the Korean government in December 2015 to import Korean beef into Hong Kong. It was the first ever export of Korean beef since 2000. The Group became the first batch of restaurants to sign the relevant agreement with the Korean government, and "MeokBang Korean BBQ & Bar (炑八韓烤)" became the first restaurant to serve Korean beef cuisine outside Korea to provide the public with high level of enjoyment.

For the Mainland China market, the Group opened 2 new "Fulum Palace (富臨皇宮)" restaurants in Zhuhai and Fuzhou, respectively during the year. Together with the "Fulum Palace (富臨皇宮)" restaurant opened in Guangzhou last year, the Group currently has a total of 3 restaurants in Mainland China. All of them which are located in the residential areas with dense population mainly provide mass catering services so as to meet the neighbourhoods' strong demand for Chinese cuisine and wedding venues within the regions.

The following table sets forth the number of restaurant by business for the financial years indicated:

	2016	2015
Number of restaurants (As at 31 March)		
"Fulum (富臨)" main brand	**45**	41
"Sportful Garden (陶源)" main brand	**11**	11
"Fulum Concept (富臨概念)" main line	**21**	12
Total	**77**	64

Furthermore, the Group has introduced a customer loyalty membership card programme in June 2015 as pilot testing in the restaurants of "Sportful Garden (陶源)" main brand in Hong Kong for the Group's loyal customers to accumulate credit points and provide value-added benefits and gifts in order to encourage their frequent visits. Currently, there are approximately 19,700 members under such membership programme. The Group will provide various membership benefits and discounts in order to increase the number of long-term customers so as to strengthen the business development of the Group.

Financial results

During the year under review, the Group's revenue increased by approximately 9.7% to approximately HK$2,773.3 million (2015: approximately HK$2,528.7 million) from last year, mainly due to the increase in number of restaurants. The Group opened 17 new restaurants (2015: 13 restaurants) during the year ended 31 March 2016. During the year, the Group continued its proactive development of the restaurants under the "Fulum Concept (富臨概念)" main line, pursuant to which over one-half of the new restaurants established in Hong Kong are under the "Fulum Concept (富臨概念)" main line, including "MeokBang Korean BBQ & Bar (炑八韓烤)" specialising in Korean barbecue, "Mount Hallasan BBQ (漢拏山烤肉)" specialising in Korea Jeju cuisine and "Winter Yutango Restaurant (正冬魚塘公)" specialising in grilled fish, and these new restaurants are extremely helpful in responding to the limited availability of prime restaurant spaces and attracting more young customers. For the main brand, "Royal One (皇室①號)" under the "Fulum (富臨)" main brand, which specialises in wedding banquets, was launched and the flagship restaurant under the "Sportful Garden (陶源)" main brand was opened at iSquare, a prime location in Tsim Sha Tsui. It is expected that the opening of the restaurants can strengthen the core business of the Group.

The following table sets forth the breakdown of the Group's revenue and percentage change from restaurant operations by line of business for the financial years indicated:

	2016	2015	**% Change**
	HK$'000	*HK$'000*	
Restaurant operations			
"Fulum (富臨)" main brand	**2,087,494**	1,918,050	**8.8**
"Sportful Garden (陶源)" main brand	**349,860**	372,997	**-6.2**
"Fulum Concept (富臨概念)" main line	**273,078**	171,981	**58.8**
Sale of food and other operating items	**62,857**	65,661	**-4.3**

Furthermore, in order to continue the mass catering market development programme in Mainland China, the Group established 2 Fulum Palace in Zhuhai and Fuzhou, respectively, during the year.

Due to the economic downturn in Mainland China and Hong Kong, the consumer sentiment among citizens and the number of tourists dropped significantly. The growth of the Group's revenue thereby slowed down. Together with high magnitude of costs including rent, labour, food ingredients and utilities, the Group encountered difficult challenges. Fortunately, through the enhancement in increasing the procurement of raw materials by the Group's central kitchen, reducing wastage of food ingredients and "best dishes" menu combination, the Group's gross margin was maintained at approximately 71.1% for the year (2015: approximately 71.0%). However, the exchange loss on deposits denominated in Renminbi which is increased by approximately HK$5.9 million had led to the increase in other expenses for the current year. The profit attributable to owners of the Company decreased by approximately 36.7%, or approximately HK$58.9 million, from approximately HK$160.3 million for the year ended 31 March 2015 to approximately HK$101.4 million for the year ended 31 March 2016. The Group's management has implemented strategies in response to the abovementioned circumstances and believes that the Group's performance in the PRC will gradually improve in the future.

Prospects and outlook

The Group is confident about the long-term prospects of the catering market and will continue to adopt expansion strategy. The Group plans to open 4 new restaurants under the "Fulum (富臨)" main brand, 1 new restaurant under the "Sportful Garden (陶源)" main brand and 7 featured restaurants under the "Fulum Concept (富臨概念)" main line during the year ending 31 March 2017. "MeokBang Korean BBQ & Bar (炑八韓烤)" will be one of the featured restaurants under the main expansion plan of the Group. The decrease in commercial properties' occupancy rate in Hong Kong provides the Group with more alternatives to identify suitable sites and the Group will be able to open new restaurants in favourable locations at lower prices.

For the Mainland China market, the mass catering market continued its rapid development and the Group is rather optimistic towards the long-term development of that market. The Group's future growth strategy in Mainland China will be based in the Guangdong Province and gradually develop each of the major cities in the PRC. The Group plans to open two more Fulum Palace restaurants in China in order to increase the number of restaurants in the PRC prudently during the year ending 31 March 2017. Currently, the Group is proactively considering the locations so as to raise public's awareness of the brand "Fulum" and expand its customer base and market share nationwide.

Apart from the self-owned brands of the Group, the Group is also identifying suitable overseas catering brands and introduces well-known foreign restaurant brands into Hong Kong by way of franchise operation. Meanwhile, the Group is proactively looking for the opportunity of mergers and acquisitions and is identifying suitable targets for mergers and acquisitions with reference to the local catering trends and the preference of the public.

Looking forward, the Group will continue to adhere to the spirit of "The Rationale of Three Excellence — Excellent Environment, Excellent Supply, Excellent Service" in order to provide the public with better dining experience. Together with proactive development, the Group's management will make the Group a diversified catering kingdom.

Financial resources and liquidity

As at 31 March 2016, the Group's total assets increased to approximately HK$1,283.7 million (2015: approximately HK$1,248.6 million) while the total equity increased to approximately HK$959.4 million (2015: approximately HK$913.7 million).

As at 31 March 2016, we had approximately HK$660.3 million in cash and bank balances available. The current ratio of the Group was approximately 3.1 (2015: approximately 2.9).

As at 31 March 2016, the Group's total borrowings amounted to approximately HK$34.8 million (2015: approximately HK$51.8 million), which mainly consisted of finance leases in the amount of approximately HK$1.0 million (2015: approximately HK$1.0 million), bank overdrafts of approximately HK$0.4 million (2015: HK$0.8 million) and a tax loan of approximately HK$33.4 million (2015: approximately HK$50.0 million). These finance lease liabilities were denominated in Hong Kong dollars and the effective interest rates ranged from approximately 3.6% to 7.0% while a tax loan was denominated in Hong Kong dollars with effective interest rate of approximately 2.3% per annum and were repayable within one year. There are no material covenants relating to these outstanding indebtedness.

As at 31 March 2016, the gearing ratio (being the total of finance lease, tax loans and interest-bearing borrowings divided by total equity attributable to the owners of the Company) of the Group decreased to approximately 3.6% (2015: approximately 5.7%).

Capital expenditure

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

Contingent liabilities

As at 31 March 2016, we had contingent liabilities not provided for in the consolidated financial statements in the amount of approximately HK$59.0 million in relation to bank guarantees given in lieu of rental and utility deposits (2015: approximately HK$43.4 million).

Foreign currency exposure

The Group's exposure to the risk of changes in foreign exchange rates relates preliminarily to the Group's operating activities (to the extent that revenue or expenses are denominated in a currency that is different from the functional currency of the relevant subsidiaries of the Group). None of the Group's purchase during the reporting year was denominated in currencies other than the functional currency of the relevant subsidiaries.

The Group's assets, liabilities and transactions are mainly denominated in Hong Kong dollars. Certain of the Group's time deposits are denominated in Renminbi ("**RMB**") which is not freely convertible into other currencies. However, under China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorized to conduct foreign exchange business. The Directors 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.

Human resources and remuneration policy

As at 31 March 2016, the Group had approximately 5,200 employees in Hong Kong. We believe that hiring, motivating and retaining qualified employees are crucial to our success as a restaurant operator. During the year under review, the Group conducted a series of standardised training and advancement programs for all the Group's 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. The Group's internal advancement programs can provide its 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.

In addition, the Group also adopted the Pre-IPO Share Option Scheme (as defined below) and Share Option Scheme (as defined below), where eligible employees are entitled to various share options to subscribe for the ordinary shares in the Company for their past and potential contribution to the growth of the Group. As at 31 March 2016, approximately 47,430,000 options (2015: approximately 52,050,000 options) were outstanding under the Pre-IPO Share Option Scheme and no share options have been exercised during the year. Also, as at 31 March 2016, no options have been granted or agreed to be granted pursuant to the Share Option Scheme.

Indebtedness and charges on Group's assets

As at 31 March 2016, certain assets of the Group with carrying amount in aggregate of approximately HK$2.4 million (2015: approximately HK$2.4 million) were pledged to secure its bank borrowings and/or utilities guarantees.

Material acquisition or disposal of subsidiaries

During the reporting year under review, there was no other material acquisition or disposal of subsidiaries or associated companies of the Company.

Dividends

The Board recommends a final dividend of HK3.12 cents per ordinary share for the year ended 31 March 2016 (2015: HK5.00 cents per ordinary share) to shareholders whose names appear on the register of members of the Company on Monday, 29 August 2016. The final dividends are subject to the approval of the shareholders of the Company at the forthcoming annual general meeting and, if approved, are to be payable in cash.

Share Option Schemes

The Company has adopted a pre-IPO share option scheme (the "**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 of 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 is to remain in force for a period of 5 years from the grant date.

Pursuant to a post-IPO share option scheme (the "**Share Option Scheme**") adopted by the Company on 28 October 2014, the Directors may invite eligible participants to take up options at a price determined by the Board but in any event the share price of the option 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 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 Share Option Scheme at any time during the option period which may be determined and conveyed by the Board to the grantee at the time an offer is made. The Share Option Scheme shall be valid and effective for a period of 10 years commencing on the 13 November 2014.

As at the date of this announcement, no option has been granted under the Share Option Scheme.

Corporate Governance Code

The Board periodically reviews the Group's corporate governance practices to ensure its continuous compliance with the code provisions of the Corporate Governance Code (the "**CG Code**") as set out in Appendix 14 to the Listing Rules. Throughout the year ended 31 March 2016, 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 officer (the "**Chief Executive Officer**") of the Company should be separate and should not be performed by the same individual. For the year under review, the Company did not have a separate Chairman and Chief Executive Officer, with Mr. Yeung Wai performing these two roles, as Mr. Yeung Wai has in-depth experience and knowledge of the Group and its businesses. The Board is of the view that his appointment for 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.

The Board is committed to maintain 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

The Company has adopted a code of conduct (the "**Code of Conduct**") regarding directors' securities transactions on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 to the Listing Rules. Based on responses of specific enquiries made with the Directors, all of the Directors have confirmed that they have complied with required standards as set out in the Model Code and Code of Conduct throughout the year ended 31 March 2016.

Purchases, sale or redemption of listed securities

For the year ended 31 March 2016, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

Events after the Reporting Period

There are no material subsequent events undertaken by the Group after 31 March 2016 and up to the date of this announcement.

Audit Committee

The Company has established the audit committee (the "**Audit Committee**") on 28 October 2014 which comprises three independent non-executive Directors, namely Mr. Wu Kam On Keith (鄔錦安) (chairman), Mr. Lock Kwok On Anthony (駱國安) and Mr. Fan Chun Wah Andrew (范駿華), all of whom possess extensive experience in financial and general management. The Audit Committee has also adopted a set of revised written terms of reference on 1 February 2016 which clearly set out its duties and obligations for ensuring compliance with the relevant regulatory requirements.

The Audit Committee has reviewed the consolidated financial statements of the Group for the year ended 31 March 2016 with the management of the Company, and discussed with the management of the Company, the auditing, internal control, risk management and financial reporting matters including the review of the annual report of the Group for the year ended 31 March 2016.

Review of final results

The figures in respect of the Group's results for the year ended 31 March 2016 as set out in this preliminary announcement have been agreed by the Group's independent auditors, Messrs. Ernst & Young ("**EY**"), to the amounts set out in the Group's consolidated financial statements for the year. The work performed by EY in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently, no assurance has been expressed by EY on this preliminary announcement.

2016 Annual General Meeting

It is proposed that the 2016 annual general meeting (the "**AGM**") will be held on Friday, 19 August 2016. A notice convening the AGM will be published on the Company's website (www.fulumgroup.com) and the Stock Exchange's website (www.hkexnews.hk) and will be despatched to the shareholders of the Company accordingly.

Closure of register of members

The register of members of the Company will be closed from Wednesday, 17 August 2016 to Friday, 19 August 2016, both days inclusive, during which no transfer of shares of the Company will be registered. In order to determine the identity of members who are entitled to attend and vote at the AGM to be held on 19 August 2016, all share transfer documents accompanied by the relevant share certificates must be lodged with the Company's Share Registrar, Tricor Investors Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong no later than 4:30 p.m. on Tuesday, 16 August 2016 for registration.

Subject to the approval of shareholders at the meeting, the proposed final dividend will be payable on or about Thursday, 8 September 2016 to shareholders whose names appear on the register of members of the Company after the close of business at 4:30 p.m. on Monday, 29 August 2016, and the register of members of the Company will be closed from Thursday, 25 August 2016 to Monday, 29 August 2016, both days inclusive, during which no transfer of shares of the Company will be registered. In order to qualify for the proposed final dividend, all share transfer documents, accompanied by the relevant share certificates must be lodged with the Company's Share Registrar, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on Wednesday, 24 August 2016 for registration.

Publication of annual results announcement and annual report

This results announcement is published on the Company's website (www.fulumgroup.com) and the Stock Exchange's website (www.hkexnews.hk). The annual report will be despatched to the shareholders of the Company and will be made available on the websites of the Company and the Stock Exchange in due course.

By order of the Board of
Fulum Group Holdings Limited
YEUNG WAI
Chairman and Chief Executive Officer

Hong Kong, 30 June 2016

As at the date of this announcement, 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.