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Dining Concepts

Dining Concepts Holdings Limited

飲食概念控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 8056)

**ANNOUNCEMENT OF INTERIM RESULTS FOR THE
SIX MONTHS ENDED 30 SEPTEMBER 2016**

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

GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the main board and no assurance is given that there will be a liquid market in the securities traded on GEM.

*This announcement, for which the directors (the “**Directors**”) of Dining Concepts Holdings Limited (the “**Company**”) and together with its subsidiaries, the “**Group**”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the GEM of the Stock Exchange (the “**GEM Listing Rules**”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.*

FINANCIAL HIGHLIGHTS

- The Group's revenue for the six months ended 30 September 2016 was approximately HK\$219.1 million, representing a decrease of approximately 3.9% when compared with that of the corresponding period in 2015.
- Loss and total comprehensive expense attributable to owners of the Company for the six months ended 30 September 2016 was approximately HK\$33.1 million, while it was profit and total comprehensive income of approximately HK\$3.1 million for the six months ended 30 September 2015.
- The Board does not recommend payment of any dividend for the six months ended 30 September 2016.

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2016 (UNAUDITED)

The board of Directors (the **"Board"**) is pleased to announce the unaudited condensed consolidated results of the Group for the six months ended 30 September 2016, together with the unaudited comparative figures for the corresponding period in 2015 as set out below. Unless otherwise specified, terms used herein shall have the same meanings as those defined in the Company's prospectus dated 27 July 2016 (the **"Prospectus"**).

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 September 2016

	Notes	For the three months ended		For the six months ended	
		30 September		30 September	
		2016	2015	2016	2015
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Revenue	5	106,418	108,932	219,072	228,054
Cost of inventories consumed		(27,054)	(27,883)	(54,934)	(58,662)
Staff costs		(46,469)	(28,548)	(79,762)	(61,412)
Depreciation and amortisation		(6,501)	(7,561)	(12,209)	(16,261)
Rental and related expenses		(25,263)	(21,786)	(48,616)	(42,334)
Utilities and consumables		(4,935)	(4,849)	(9,397)	(10,103)
Listing expenses		(11,642)	(1,892)	(12,314)	(3,507)
Franchise and licensing fees		(2,731)	(3,116)	(5,767)	(6,578)
Other expenses		(13,269)	(10,407)	(24,149)	(21,740)
Other gains and losses		(2,634)	—	(2,696)	(208)
(Loss) profit before taxation		(34,080)	2,890	(30,772)	7,249
Taxation	6	(814)	(2,186)	(2,342)	(4,133)
(Loss) profit and total comprehensive (expense) income for the periods attributable to owners of the Company	7	(34,894)	704	(33,114)	3,116
(Loss) earnings per share (HK\$)					
– basic	9	(0.046)	0.001	(0.047)	0.005

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2016

	Notes	30 September 2016 HK\$'000 (Unaudited)	31 March 2016 HK\$'000 (Audited)
Non-current assets			
Property, plant and equipment	10	80,516	41,125
Intangible assets	10	10,826	13,509
Rental and utilities deposits		29,726	30,359
Deposit for property, plant and equipment		9,168	17,230
Restricted bank deposits	12	2,218	2,143
		<u>132,454</u>	<u>104,366</u>
Current assets			
Inventories		7,694	5,780
Trade and other receivables	11	10,400	13,664
Amounts due from related companies		652	621
Amounts due from a director		—	10,864
Amounts due from Controlling Shareholders		—	7,528
Tax recoverable		1,452	2,554
Bank Balances and cash		51,944	25,722
		<u>72,142</u>	<u>66,733</u>
Current liabilities			
Trade and other payables	13	59,723	50,296
Amounts due to related companies		2,500	2,455
Tax liabilities		1,646	151
		<u>63,869</u>	<u>52,902</u>
NET CURRENT ASSETS		<u>8,273</u>	<u>13,831</u>
NET ASSETS		<u>140,727</u>	<u>118,197</u>
Capital and reserves			
Share capital	14	63,037	9
Reserves		77,690	118,188
Total equity attributable to owners of the Company		<u>140,727</u>	<u>118,197</u>

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the six months ended 30 September 2016

	Attributable to owners of the Company					
	Share capital HK\$'000	Share premium HK\$'000	Other reserve HK\$'000	Share option reserve HK\$'000	Retained profits HK\$'000	Total HK\$'000
(Unaudited)						
At 1 April 2015	9	30,000	36,966	—	33,102	100,077
Profit and total comprehensive income recognised for the period	—	—	—	—	3,116	3,116
At 30 September 2015	<u>9</u>	<u>30,000</u>	<u>36,966</u>	<u>—</u>	<u>36,218</u>	<u>103,193</u>
(Unaudited)						
At 1 April 2016	9	30,000	36,966	—	51,222	118,197
Loss and total comprehensive expense recognised for the period	—	—	—	—	(33,114)	(33,114)
Dividend paid	—	—	(7,344)	—	—	(7,344)
Issue of new shares by placing	10,969	52,476	—	—	—	63,445
Issue of shares by exercise of options	797	3,816	—	—	—	4,613
Recognition of equity-settled share-based payment	—	—	—	5,494	—	5,494
Capitalisation issue of shares	51,262	(51,262)	—	—	—	—
Expenses incurred in connection with issue of new shares	—	(8,212)	—	—	—	(8,212)
Deemed distribution to a Controlling Shareholder	—	—	(2,352)	—	—	(2,352)
At 30 September 2016	<u>63,037</u>	<u>26,818</u>	<u>27,270</u>	<u>5,494</u>	<u>18,108</u>	<u>140,727</u>

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2016

		For the six months ended 30 September	
	Note	2016 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited)
NET CASH FROM OPERATING ACTIVITIES		<u>1,572</u>	<u>14,915</u>
INVESTING ACTIVITIES			
Purchase of and deposits paid for property, plant and equipment		(44,014)	(13,214)
Purchase of intangible assets		(242)	(4,112)
Proceeds for disposals of property, plant and equipment		425	—
Advances to related companies		(1,098)	(3,767)
Repayments from related companies		1,058	6,732
Advances to a director		—	(6,089)
Repayments from a director		10,864	3,639
Advances to Controlling Shareholders		—	(38,854)
Repayments from Controlling Shareholders		7,528	34,360
Placements of restricted bank deposits		<u>(75)</u>	<u>(177)</u>
NET CASH USED IN INVESTING ACTIVITIES		<u>(25,554)</u>	<u>(21,482)</u>
FINANCING ACTIVITIES			
Dividends paid	8	(7,344)	—
Proceeds from issue of shares by placing		63,445	—
Proceeds from issue of shares by exercise of share option		4,613	—
Transaction costs attributable to issuance of shares and paid for the Controlling Shareholder		(10,564)	—
Advances from related companies		4,759	2,866
Repayments to related companies		(4,705)	(1,263)
Repayments to Controlling Shareholders		—	(25,369)
NET CASH FROM (USED IN) FINANCING ACTIVITIES		<u>50,204</u>	<u>(23,766)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		<u>26,222</u>	<u>(30,333)</u>
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD		<u>25,722</u>	<u>57,407</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD, represented by bank balances and cash		<u><u>51,944</u></u>	<u><u>27,074</u></u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2016

1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 22 May 2014 and its registered office is located at Clifton House, 75 Fort Street, Grand Cayman, KY1-1108, Cayman Islands and its principal place of business is located at Suite 1701-3, 17/F, Chinachem Hollywood Centre 1, 3, 5, 7, 9, 11 and 13 Hollywood Road, Central, Hong Kong. The shares of the Company were listed on the GEM of the Stock Exchange since 5 August 2016.

The Company is an investment holding company. The subsidiaries of the Company is principally engaged in operation of restaurants and provision of catering management and design services.

2. BASIS OF PREPARATION AND PRESENTATION

The unaudited condensed consolidated financial statements for the six months ended 30 September 2016 have been prepared in accordance with the applicable disclosure requirements of Chapter 18 of the GEM Listing Rules of the Stock Exchange and with Hong Kong Accounting Standard (“**HKAS**”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”).

The unaudited condensed consolidated financial statements for the six months ended 30 September 2016 are presented in Hong Kong dollars (“**HK\$**”), which is the functional currency of the Company and its subsidiaries.

3. APPLICATION OF HONG KONG FINANCIAL REPORTING STANDARD

In the current interim period, the Group has applied, for the first time, new amendments to Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the HKICPA that are mandatorily effective for the accounting period beginning on or after 1 April 2016.

The adoption of the new amendments to HKFRSs in the current interim period has had no significant effect on the amounts reported in these condensed consolidated financial statements and/or disclosures set out in these condensed consolidated financial statements.

The Group has not applied new and revised standards, amendments or interpretations that have been issued but are not yet effective. The Group is currently assessing the impact of the adoption of such new and revised standards, amendments or interpretations to the Group but is yet to be in a position to state whether they would have any material financial impact on the Group’s results of operations and financial position.

4. PRINCIPAL ACCOUNTING POLICIES

The accounting policies and methods of computation used in the preparation of the unaudited condensed consolidated financial statements for the six months ended 30 September 2016 are consistent with those adopted in the preparation of accountants' report included in the Prospectus.

The unaudited condensed consolidated financial statements for the six months ended 30 September 2016 have been prepared on the historical cost basis.

The condensed consolidated financial statements have not been audited by the Company's auditors, but have been reviewed by the audit committee of the Company.

5. REVENUE AND SEGMENT INFORMATION

The Group's revenue represents the amount received and receivable for the operation of restaurants, net of discount.

Information about the segments of the Group reported to board of directors of the Company, the chief operating decision maker ("CODM"), being regularly reviewed in order to allocate resources to segments and to assess their performance is prepared under HKFRSs, based on style of restaurants, including Italian style, Western style and Asia style. In addition, the CODM also reviews performance of catering management and design services for resources allocation.

Segment revenue and results

For the six months ended 30 September 2016 (unaudited)

	Italian style	Western style	Asian style	Catering management and design services	Elimination	Consolidated total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
REVENUE						
External sales	48,564	124,355	46,153	—	—	219,072
Inter-segment sales	—	—	—	13,357	(13,357)	—
Total	<u>48,564</u>	<u>124,355</u>	<u>46,153</u>	<u>13,357</u>	<u>(13,357)</u>	<u>219,072</u>
RESULT						
Segment (loss) profit	<u>(753)</u>	<u>1,107</u>	<u>3,126</u>	<u>260</u>	<u>—</u>	3,740
Unallocated staff cost						(19,746)
Unallocated depreciation and amortisation						(173)
Unallocated rental and related expenses						(1,014)
Unallocated utilities and consumables						(243)
Listing expenses						(12,314)
Unallocated other expenses						<u>(1,022)</u>
Loss before taxation						<u>(30,772)</u>

For the six months ended 30 September 2015 (unaudited)

	Italian style	Western style	Asian style	Catering management and design services	Elimination	Consolidated total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
REVENUE						
External sales	70,433	120,990	36,631	—	—	228,054
Inter-segment sales	—	810	—	10,236	(11,046)	—
Total	<u>70,433</u>	<u>121,800</u>	<u>36,631</u>	<u>10,236</u>	<u>(11,046)</u>	<u>228,054</u>
RESULT						
Segment profit	<u>4,297</u>	<u>10,819</u>	<u>6,061</u>	<u>195</u>	<u>—</u>	21,372
Unallocated staff cost						(8,412)
Unallocated depreciation and amortisation						(135)
Unallocated rental and related expenses						(970)
Unallocated utilities and consumables						(259)
Listing expenses						(3,507)
Unallocated other expenses						(840)
Profit before taxation						<u>7,249</u>

Segment assets and liabilities

As at 30 September 2016 (unaudited)

	Italian style HK\$'000	Western style HK\$'000	Asian style HK\$'000	Catering management and design services HK\$'000	Elimination HK\$'000	Consolidated total HK\$'000
Segment assets	69,417	190,979	53,424	147,242	(256,466)	204,596
Elimination of inter-segment receivables	<u>(40,133)</u>	<u>(85,148)</u>	<u>(19,894)</u>	<u>(111,291)</u>	<u>256,466</u>	<u>—</u>
	<u>29,284</u>	<u>105,831</u>	<u>33,530</u>	<u>35,951</u>	<u>—</u>	<u>204,596</u>
Segment liabilities	(61,584)	(159,919)	(37,186)	(54,042)	256,466	(56,265)
Elimination of inter-segment payables	<u>37,734</u>	<u>140,170</u>	<u>27,374</u>	<u>51,188</u>	<u>(256,466)</u>	<u>—</u>
	<u>(23,850)</u>	<u>(19,749)</u>	<u>(9,812)</u>	<u>(2,854)</u>	<u>—</u>	<u>(56,265)</u>
Other payables						<u>(7,604)</u>
						<u>(63,869)</u>

As at 31 March 2016 (audited)

	Italian style	Western style	Asian style	Catering management and design services	Elimination	Consolidated total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment assets	65,602	153,447	40,291	95,858	(188,784)	166,414
Elimination of inter-segment receivables	(36,169)	(66,963)	(13,373)	(72,279)	188,784	—
	<u>29,433</u>	<u>86,484</u>	<u>26,918</u>	<u>23,579</u>	<u>—</u>	
Deferral for listing expenses						<u>4,685</u>
						<u>171,099</u>
Segment liabilities	(54,227)	(116,499)	(24,709)	(43,788)	188,784	(50,439)
Elimination of inter-segment payables	41,216	88,079	17,759	41,730	(188,784)	—
	<u>(13,011)</u>	<u>(28,420)</u>	<u>(6,950)</u>	<u>(2,058)</u>	<u>—</u>	
Other payables						<u>(2,463)</u>
						<u>(52,902)</u>

The accounting policies of the operating segments are the same as the Group's accounting policies described in note 4. Segment profit (loss) represents the profit (loss) from each segment without allocation of the common management expenses incurred. This is the measure reported to the CODM for the purpose of resource allocation and performance assessment. For the purposes of monitoring segment performances and allocating resources between segments, all assets and liabilities, other than deferral for listing expenses and payable for listing expenses, are allocated to operating segments.

Inter-segment sales are charged at cost plus approach.

Geographical information

As all of the Group's operations and non-current assets are located in Hong Kong, no additional geographical segment information is presented.

6. TAXATION

	For the three months ended 30 September		For the six months ended 30 September	
	2016	2015	2016	2015
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Hong Kong Profits Tax	814	2,186	2,342	4,133

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for the relevant periods.

7. (LOSS) PROFIT AND TOTAL COMPREHENSIVE (EXPENSE) INCOME FOR THE PERIOD

	For the three months ended 30 September		For the six months ended 30 September	
	2016	2015	2016	2015
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
(Loss) profit and total comprehensive (expense) income for the period has been arrived at after charging:				
Depreciation of property, plant and equipment	6,109	7,122	11,365	15,208
Amortisation of intangible assets	392	439	844	1,053
Loss on disposals of property, plant and equipment	553	—	615	21
Loss on disposals of intangible assets	2,081	—	2,081	187

8. DIVIDENDS

Pursuant to the written resolution of the shareholders of the Company passed on 14 July 2016, the Company declared dividends of approximately HK\$7.3 million to the then shareholders of the Company and the amount was settled on 18 July 2016 with internal resources.

Save as disclosed above, the Board did not recommend the payment of dividend for the six months ended 30 September 2016 (six months ended 30 September 2015: nil).

9. (LOSS) EARNINGS PER SHARE

The basic (loss) earnings per share is calculated based on the (loss) profit attributable to the owners of the Company and the weighted average number of ordinary shares for the relevant periods on the assumption that the Group's reorganisation and capitalisation issue of the shares of the Company had been effective on 1 April 2015.

	For the three months ended 30 September		For the six months ended 30 September	
	2016	2015	2016	2015
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
(LOSS) EARNINGS				
(Loss) profit for the period				
attributable to owners of the				
Company for the purpose of				
basic (loss) earnings per share	<u>(34,894)</u>	<u>704</u>	<u>(33,114)</u>	<u>3,116</u>
	Number of shares (in '000)		Number of shares (in '000)	
	For the three months ended		For the six months ended	
	30 September		30 September	
	2016	2015	2016	2015
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
SHARES				
Weighted average number of				
ordinary shares for the purpose				
of basic (loss) earnings				
per share	<u>750,879</u>	<u>659,010</u>	<u>705,195</u>	<u>659,010</u>

No diluted loss per share for the six months ended 30 September 2016 is presented in respect of the share options granted on 15 July 2016 under the Pre-IPO Share Option Scheme, as the share options would result in a reduction in loss per share for the six months ended 30 September 2016. The Group had no potentially dilutive ordinary shares in issue during the six months ended 30 September 2015.

10. MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

During the current interim period, the Group acquired property, plant and equipment and intangible assets of approximately HK\$51,796,000 and HK\$242,000, respectively (six months ended 30 September 2015: HK\$12,346,000 and HK\$700,000, respectively). In addition, the Group has disposed of property, plant and equipment and intangible assets with carrying amount of approximately HK\$1,040,000 and HK\$2,081,000, respectively (six months ended 30 September 2015: HK\$21,000 and HK\$187,000, respectively).

11. TRADE AND OTHER RECEIVABLES

Trade receivables mainly represent receivables from financial institutions in relation to the payment settled by credit cards by customers of which the settlement period is normally within three days from transaction date. Generally, there is no credit period granted to customers, except for certain well established corporate customers in which credit period of 20 days is granted by the Group. The aged analysis of the Group's trade receivables, based on invoice date, at the end of respective reporting periods are as follows:

	30 September 2016 HK\$'000 (Unaudited)	31 March 2016 HK\$'000 (Audited)
0 - 20 days	2,805	1,871
21 to 90 days	71	212
Over 90 days	47	91
	<u>2,923</u>	<u>2,174</u>
	30 September 2016 HK\$'000 (Unaudited)	31 March 2016 HK\$'000 (Audited)
Other receivables and deposits:		
Prepayments for insurances and consumables	2,447	1,432
Deferral for listing expenses	—	4,685
Deferred consideration on disposal of a subsidiary	—	746
Prepayments for rental	1,837	2,035
Advance to employees	1,189	1,267
Others	2,004	1,325
	<u>7,477</u>	<u>11,490</u>

12. RESTRICTED BANK DEPOSITS

Restricted bank deposits represented fixed rate deposits placed in banks pursuant to the Group's obligations under certain operating leases. The restricted bank deposits carry interest ranging from 1.25% to 1.5% per annum as at 30 September 2016 (as at 31 March 2016: 1.5% per annum). The deposits will be released upon termination of lease agreements which is expected to be beyond one year from the end of respective reporting periods. Accordingly, the amounts are included in the non-current assets.

13. TRADE AND OTHER PAYABLES

	30 September 2016 HK\$'000 (Unaudited)	31 March 2016 HK\$'000 (Audited)
Trade payables	19,480	17,981
Salary payables	9,801	8,748
Payable for property, plant and equipment	5,095	5,375
Rental payables	7,894	6,568
Franchise and licensing fees payables	1,055	1,708
Deposits from customers	1,439	768
Audit fee accrual	566	787
Payable for repair and maintenance	1,320	1,662
Payable for utility and consumables	3,729	2,230
Payable for cleaning suppliers	1,474	1,525
Payable for listing expenses	7,604	2,463
Other tax payables	266	481
	<u>59,723</u>	<u>50,296</u>

The credit period on purchases of goods is about 60 days. The Group has financial risk management policies in place to ensure that all payables are within the credit timeframe.

The following is an aged analysis of trade payables presented based on the invoiced date at the end of respective reporting periods:

	30 September 2016 HK\$'000 (Unaudited)	31 March 2016 HK\$'000 (Audited)
0 - 60 days	19,418	17,981
Over 60 days	62	—
	<u>19,480</u>	<u>17,981</u>

14. SHARE CAPITAL

Ordinary shares of US\$0.01 each

	Notes	Number of shares	Amount US\$	HK\$'000
AUTHORISED:				
At 1 April 2015, 30 September 2015 and 1 April 2016		5,000,000	50,000	389
Increase in authorised share capital	a	<u>9,995,000,000</u>	<u>99,950,000</u>	<u>777,611</u>
At 30 September 2016		<u>10,000,000,000</u>	<u>100,000,000</u>	<u>778,000</u>
ISSUED AND FULLY PAID:				
At 1 April 2015, 30 September 2015 and 1 April 2016		109,835	1,099	9
Issue of shares by capitalisation of share premium account	a	658,900,165	6,589,001	51,262
Issue of shares upon placing	b	140,990,000	1,409,900	10,969
Issue of shares upon exercise of Pre-IPO share options	c	<u>10,250,000</u>	<u>102,500</u>	<u>797</u>
		<u>810,250,000</u>	<u>8,102,500</u>	<u>63,037</u>

- a) Pursuant to written resolutions of the shareholders of the Company passed on 14 July 2016, (i) the authorised share capital of the Company was increased from US\$50,000 to US\$100,000,000 by the creation of an additional new 9,995,000,000 shares, such new shares ranking pari passu in all respects with the existing shares; (ii) conditional upon the crediting of the share premium account of the Company as a result of the issue of shares pursuant to the placing set out in the section headed “Share Capital” in the Prospectus, the directors of the Company had authorised to allot and issue a total of 658,900,165 shares, by way of capitalisation of the sum of approximately US\$6,589,000 standing to the credit of the share premium account of the Company, credited as fully paid at par to the shareholders as appearing on the register of members of the Company, details are set out in Appendix IV to the Prospectus.
- b) On 5 August 2016, the shares of the Company were listed on the GEM with nominal value of US\$0.01 each for the placing at the placing price of HK\$0.45 each.
- c) On 5 August 2016 and 1 September 2016, the Company allotted and issued 4,000,000 and 6,250,000 shares of a nominal value of US\$0.01 each at the exercise price of HK\$0.45 each under the Pre-IPO Share Option Scheme. Details of the Pre-IPO Share Option Scheme are set out in note 15 to the condensed consolidated financial statements.

15. SHARE-BASED PAYMENT

The Company operates two share option schemes providing incentives or rewards to eligible persons of the Group for their contribution to the Group, including a Pre-IPO Share Option Scheme and a Post-IPO Share Option Scheme. Details of these two share option schemes are summarised below:

a) Pre-IPO Share Option Scheme

The Pre-IPO Share Option Scheme was conditionally approved by written resolutions by the shareholders of the Company on 14 July 2016 for providing incentives or rewards to the Group’s director, employees and consultants for their contribution to the Group.

The principal terms of the Pre-IPO Share Option Scheme are substantially the same as the terms of the Post-IPO Share Option Scheme set out in note 15(b) below.

The Pre-IPO Share Option Scheme shall take effect subject to and is conditional on the Listing Committee of the Stock Exchange granting the approval for the Listing of and permission to deal in the shares of the Company which may be issued pursuant to the exercise of the share options granted under the Pre-IPO Share Option Scheme.

The Pre-IPO Share Option Scheme shall be valid and effective for a period commencing on 14 July 2016 and ending on the date immediately preceding the Listing Date, after which period no further share options will be granted but the provisions of the Pre-IPO Share Option Scheme shall remain in full force and effect in all other respect and share options which are granted during the life of the Pre-IPO Share Option Scheme may continue to be exercisable in accordance with the terms of issue.

The subscription price for the shares of the Company under the Pre-IPO Share Option Scheme was HK\$0.45, which was equivalent to the placing price for the Listing.

As at 30 September 2016, share options to subscribe for an aggregate of 40,750,000 (31 March 2016: nil) shares of the Company were granted to the grantees under the Pre-IPO Share Option Scheme. Details of which are summarised below:

	Date of grant	Exercise price per share	Exercisable period	Number or share options			
				Outstanding as at 1 April 2016	Grant during the period	Exercised during the period	Outstanding as at 30 September 2016
Director	15 July 2016	HK\$0.45	5 August 2016	—	4,000,000	—	4,000,000
Sandip Gupta			to 14 July 2019				
	15 July 2016	HK\$0.45	5 August 2017	—	4,000,000	—	4,000,000
			to 14 July 2019				
Other employees and financial advisers	15 July 2016	HK\$0.45	5 August 2016	—	21,000,000	(10,250,000)	10,750,000
			to 14 July 2019				
	15 July 2016	HK\$0.45	5 August 2017	—	22,000,000	—	22,000,000
			to 14 July 2019				
Total				<u>—</u>	<u>51,000,000</u>	<u>(10,250,000)</u>	<u>40,750,000</u>

The fair value of the share options granted under the Pre-IPO Share Option Scheme on 14 July 2016 was approximately HK\$9,281,000. During the six month ended 30 September 2016, the Group recognised share-based payment compensation of approximately HK\$5,494,000 (30 September 2015: nil) in profit or loss with the corresponding amount being recognised in share option reserve in equity.

The fair value of the share options granted was estimated as at the date of grant, i.e. 15 July 2016, using Binomial model taking into account the terms and conditions which the share options were granted. The following principal assumptions were used in the valuation:

Risk free rate	0.57%
Expected option period	3 years
Expected volatility	47.932%
Dividend yield	0%
Number of options	51,000,000

As at 30 September 2016, the Group had 40,750,000 (31 March 2016: nil) share options outstanding under the Pre-IPO Share Option Scheme. The exercise in full of the outstanding share options would, on the basis of 800,000,000 Company's shares in issue on the Listing Date, result in the issue of 40,750,000 (31 March 2016: nil) additional shares of the Company.

b) Post-IPO Share Option Scheme

The Post-IPO Share Option Scheme was approved by the shareholders of the Company on 14 July 2016 for attracting and retaining the best available personnel of our Group, and providing incentives or rewards to eligible persons of the Group for their contribution to the success of the Group's business. The Post-IPO Share Option Scheme was conditional on the Listing Committee of the Stock Exchange granting approval for the Listing of and permission to deal in the shares of the Company which may be issued pursuant to the exercise of share options grant under the Post-IPO Share Option Scheme.

The Post-IPO Share Option Scheme will be valid and effective for a period as the Board may determine which shall not exceed ten years from the date of grant.

The aggregate number of shares of the Company which may be issued upon exercise of all outstanding share options granted and yet to be exercised under the Post-IPO Share Option Scheme and any other share option schemes of the Company must not exceed 30% of the shares of the Company in issue from time to time. No options may be granted under the Post-IPO Share Option Scheme or any other share option schemes of the Company if this will result in the limit being exceeded.

The total number of shares of the Company which may be issued upon the exercise of all share options to be granted under the Post-IPO Share Option Scheme and other share option schemes must not, in aggregate, exceed 10% of the shares of the Company in issue as at the Listing Date (the "**Scheme Mandate Limit**") provided that options lapsed in accordance with the terms of the Share Option Scheme or other share option schemes will not be counted for the purpose of calculating the Scheme Mandate Limit. As at 30 September 2016, the total number of shares of the Company in respect of which share options may be granted under the Post-IPO Share Option Scheme shall not exceed 80,000,000 ordinary shares, being 10% of the total number of ordinary shares of the Company in issue as at the Listing Date.

Eligible persons under the Share Option Scheme include employees (full-time or part-time) and other members of the Group, including any executive, non-executive and independent non-executive directors, advisors and consultants of the Group, or any substantial shareholder of the Company, or any distributor, contractor, supplier, agent, customer, business partner or service provider of the Company.

A nominal consideration of HK\$1 is payable by the grantee on acceptance of the grant of an option. The option may be exercised in whole or in part by the grantee giving notice in writing to the Company in such form as the Board may from time to time determine stating that the option is thereby exercised and the number of shares in respect of which it is exercised. Each such notice must be accompanied by a remittance for the full amount of the aggregate subscription price of the shares in respect of which the notice is given together with the reasonable administration fee specified by the Company from time to time. Within 28 days after receipt of the notice and the remittance, the Company shall allot and issue the relevant shares, credited as fully paid, and a share certificate for the relevant shares so allotted to the grantee.

The subscription price for the shares subject to the options will be a price determined by the Board and shall be at least the highest of (i) the closing price of the shares as stated on the Stock Exchange's daily quotations sheet on the date of grant of the options, which must be a trading date; (ii) the average closing price of the shares as stated in the Stock Exchange's daily quotations sheets for the five trading days immediately preceding the date of grant of the options; and (iii) the nominal value of a share on the date of grant of the options.

As at 30 September 2016 and the date of this announcement, no share options has been granted under the Post-IPO Share Option Scheme.

16. OPERATING LEASE COMMITMENTS

The Group had commitments for future minimum lease payments in respect of rented premises under non-cancellable operating leases which fall due as follows:

	30 September 2016 HK\$'000 (Unaudited)	31 March 2016 HK\$'000 (Audited)
Within one year	78,799	80,943
In the second to the fifth year inclusive	117,163	127,082
	<u>195,962</u>	<u>208,025</u>

Leases are negotiated with monthly rental for a range of two to five years.

The above lease commitments represent basic rents only and do not include contingent rents payable in respect of certain restaurants leased by the Group. In general, these contingent rents are calculated based on the relevant restaurants' turnover pursuant to the terms and conditions as set out in the respective rental agreements. It is not possible to estimate in advance the amount of such contingent rent payable. The amounts of contingent rental recognised as expenses for the six months ended 30 September 2016 were approximately HK\$2,022,000 (for the year ended 31 March 2016: HK\$3,632,000).

17. CAPITAL COMMITMENTS

	30 September 2016 HK\$'000 (Unaudited)	31 March 2016 HK\$'000 (Audited)
Capital expenditure in respect of the acquisition of property, plant and equipment and intangible assets contracted for but not provided in the condensed consolidated financial statements	<u>7,186</u>	<u>4,710</u>

18. RELATED PARTY TRANSACTIONS

All the related companies were under the common control of certain directors of the Company and the Controlling Shareholders with beneficial interests in both the Company and these entities. In addition to those disclosed in the condensed consolidated financial statements, the Group entered into the following significant transactions with related companies during the period:

Name of related parties	Nature of transactions	For the six months ended 30 September	
		2016 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited)
Cuisine Courier	Purchase of courier materials	72	99
	Courier services fee paid	313	552
Global Hotelware	Purchases of property, plant and equipment	3,062	2,495
Total Commitment (HK)	Rental paid	90	90
Waiters On Wheels	Purchase of courier materials	—	24
	Courier services fee paid	<u>9</u>	<u>21</u>

MANAGEMENT DISCUSSION AND ANALYSIS

During the six months ended 30 September 2016 and up to the date of this announcement, the Group had been principally engaged in operating a variety of cuisines, mainly Asian, Western and Italian, targeting different customer segments with mid to high spending power.

Business Review

During the six months ended 30 September 2016, the Group maintained its focus in serving a variety of cuisines at varying prices under different brands to a diversified customer base in Hong Kong. The Group has kept its strength in striving to uphold its core value, “Value for Money”, through providing the customers with a boutique dining experience of quality dishes, attentive service and a relaxing environment.

Financial Review

Revenue

During the relevant periods, the Group’s revenue was generated from the operation of restaurants in Hong Kong. As at 30 September 2016, the Group were operating 24 restaurants (2015: 25), of which four restaurants (2015: one) were newly established and two restaurants (2015: nil) were closed for the six months ended 30 September 2016.

The Group served mainly three categories of cuisines during the relevant periods. The table below sets forth a breakdown of the Group’s revenue generated by operation of restaurants by type of cuisine and as a percentage of total revenue generated by operation of restaurants during the relevant periods:

	For the three months ended 30 September				For the six months ended 30 September			
	2016		2015		2016		2015	
	Revenue	% of total	Revenue	% of total	Revenue	% of total	Revenue	% of total
	(HK\$'000)	(%)	(HK\$'000)	(%)	(HK\$'000)	(%)	(HK\$'000)	(%)
	(Unaudited)		(Unaudited)		(Unaudited)		(Unaudited)	
Western style	63,642	59.8	58,112	53.4	124,355	56.8	120,990	53.1
Italian style	18,684	17.6	33,373	30.6	48,564	22.1	70,433	30.9
Asian style	24,092	22.6	17,447	16.0	46,153	21.1	36,631	16.0
Total	<u>106,418</u>	<u>100.0</u>	<u>108,932</u>	<u>100.0</u>	<u>219,072</u>	<u>100.0</u>	<u>228,054</u>	<u>100.0</u>

Western style restaurants

The revenue generated from operation of Western style restaurants increased by approximately HK\$3.4 million, or approximately 2.8%, from approximately HK\$121.0 million for the six months ended 30 September 2015 to approximately HK\$124.4 million for the six months ended 30 September 2016. Such increase was mainly due to a combined result of (i) the commencement of operation of Le Pain Quotidien (Lee Tung Avenue), Alto Bar & Grill, Le Pain Quotidien (Pacific Place) and one restaurant and bar in February 2016, July 2016, August 2016 and September 2016, respectively, which generated total revenue of approximately HK\$21.6 million for the six months ended 30 September 2016; (ii) the full-year of operation of London House since its commencement of business in September 2015, the effect of which was partially offset by (i) closure of The Bellbrook, California Vintage and Taco Loco in May 2015, March 2016 and August 2016, respectively, and disposal of Golden Rock that operated Gaucho in January 2016, which led to the decrease in revenue by approximately HK\$20.0 million; (ii) the closure of business of Toro in June 2016 and re-opening Tango (Elements) at the same premise in July 2016; and (iii) decline in revenue generated from other restaurants due to the economic slowdown.

Italian style restaurants

The revenue generated from operation of Italian style restaurants decreased by approximately HK\$21.8 million, or approximately 31.0%, from approximately HK\$70.4 million for the six months ended 30 September 2015 to approximately HK\$48.6 million for the six months ended 30 September 2016. Such decrease was mainly resulted from (i) the decline in revenue generated from Al Molo by approximately HK\$3.2 million, primarily due to the temporary suspension of business by 22 days for renovation; (ii) the closure of Manzo and Prego in March 2016 and August 2016 respectively, as a result of unsatisfactory business performance, which caused the decrease in revenue by approximately HK\$6.2 million; (iii) the closure of business of Lupa in August 2016 for renovation to another Italian style restaurant; and (iv) decline in revenue generated from other restaurants due to the economic slowdown.

Asian style restaurants

The revenue generated from operation of Asian style restaurants increased by approximately HK\$9.6 million, or approximately 26.2%, from approximately HK\$36.6 million for the six months ended 30 September 2015 to approximately HK\$46.2 million for the six months ended 30 September 2016. The increase in revenue was primarily attributable to the commencement of operation of Ophelia in May 2016.

Cost of inventories consumed

The cost of inventories consumed mainly represents the costs of food ingredients and beverages for the operation of the Group's restaurants. The major food ingredients purchased by the Group includes, but not limited to, vegetable, meat, seafood and frozen food. The cost of inventories consumed is one of the major components of the Group's operating expenses which amounted to approximately HK\$58.7 million and HK\$54.9 million for each of the six months ended 30 September 2015 and 2016, respectively, representing approximately 25.7% and 25.1% of the Group's total revenue generated from operation of restaurants for the corresponding period.

Staff costs

The staff costs represented one of the major components of the Group's operating expenses, which primarily consisted of the Directors' emoluments, salaries, retirement benefit scheme contributions and other benefits. The staff costs increased by approximately HK\$18.4 million from approximately HK\$61.4 million for the six months ended 30 September 2015 to approximately HK\$79.8 million for the six months ended 30 September 2016. The significant increase in staff costs was mainly due to (i) share option expense of approximately HK\$5.5 million (2015: nil) recognised during the period in respect of share options granted under the Pre-IPO Share Option Scheme; (ii) the one-off bonus of HK\$6 million (2015: nil) paid to a Director of the Company after Listing; (iii) the increase in number of staff due to expansion of businesses; and (iv) increase in remuneration paid to the Directors after Listing.

Rental and related expenses

The rental and related expenses increased by approximately HK\$6.3 million from approximately HK\$42.3 million for the six months ended 30 September 2015 to approximately HK\$48.6 million for the six months ended 30 September 2016. The increase was mainly due to amortisation of pre-renovation rental as part of the start-up operating costs for new restaurants, and also increases in rent for some of the existing restaurants upon the renewal of tenancy agreements.

Other expenses

Other expenses mainly include advertising, cleaning and laundry expenses, credit card commission, packing and printing materials and repair and maintenance. During the six months ended 30 September 2015 and six months ended 30 September 2016, the Group recognised other expenses of approximately HK\$21.7 million and HK\$24.1 million, respectively, representing approximately 9.5% and 11.0% of the Group's total revenue for the corresponding period.

Other losses

Other losses mainly include non-recurring loss on disposals of property, plant and equipment and intangible assets. During the six months ended 30 September 2015 and six months ended 30 September 2016, the Group recognised other losses of approximately HK\$0.2 million and HK\$2.7 million, respectively. The increase was mainly caused by the increase in number of restaurants closed during the period.

Loss attributable to owners of the Company

Loss attributable to owners of the Company for the six months ended 30 September 2016 was approximately HK\$33.1 million, while it was profit of approximately HK\$3.1 million for the six months ended 30 September 2015. The decrease in profit attributable to owners of the Company was mainly attributable to the factors mentioned in the Prospectus and the 2016/17 first quarterly report dated 12 August 2016, including (i) the start-up operating costs of approximately HK\$4.2 million (2015: HK\$1 million) for new restaurants opened during the period; (ii) the non-recurring listing expenses of approximately HK\$12.3 million (2015: HK\$3.5 million) incurred by the Group during the period in relation to the Listing; (iii) share option expense of approximately HK\$5.5 million (2015: nil) recognised during the period in respect of options granted under the Pre-IPO Share Option Scheme; (iv) the decrease in revenue from existing restaurants as affected by the slowdown of Hong Kong economy; and (v) the one-off bonus of HK\$6 million (2015: nil) paid to a Director of the Company and increase in remuneration paid to Directors after Listing. The loss for the period was also contributed by the additional costs incurred for closure of two restaurants (2015: nil) and rebranding of two restaurants (2015: two), including the loss in revenue and fixed costs incurred during renovation, and loss on disposal of assets, of approximately HK\$5.7 million (six months ended 30 September 2015: HK\$0.7 million).

Liquidity and Financial Resources

As at 30 September 2016, total assets of the Group amounted to approximately HK\$204.6 million (31 March 2016: HK\$171.1 million). The Group's working capital was approximately HK\$8.3 million (31 March 2016: HK\$13.8 million), represented by total current assets of approximately HK\$72.1 million (31 March 2016: HK\$66.7 million) against total current liabilities of approximately HK\$63.9 million (31 March 2016: HK\$52.9 million). The current ratio, being the proportion of total current assets against total current liabilities, was 1.13 (31 March 2016: 1.26). Total equity was approximately HK\$140.7 million (31 March 2016: HK\$118.2 million).

Outlook

Food & beverage in Hong Kong is always an industry with keen competition. To maintain the Group's competitiveness and to cope with the change in the market condition, the management of the Company has reviewed the Group's restaurants portfolio and is optimising the portfolio by upgrading existing restaurants, changing different brands and restaurant concepts in existing premises, and closing down restaurants with continuous unsatisfactory performance. In additions, the Group will continue to explore the opportunities to expand by identifying suitable locations and restaurant concepts. Although these investments may have had an impact on the Group's short-term financial performance, they are instrumental in building our strengths and will pave the way to the Group's long-term sustainable growth in the future.

The Group will continue to control the operating costs. The Company will continue to centralise its purchase negotiations with the suppliers to leverage the extensive restaurant network for reduced costs and negotiate with the lessors for leases of longer terms and favourable conditions so as to reduce the rental costs.

The Group sees the challenges to our business going forward. In Hong Kong, consumer sentiment has been softening and become much budget-cautious to spending on dining. The Group believes that the variety of renowned cuisines and the focus on delivering value-for-money dining experience, attentive service and relaxing environment can retain the customers during recession, and the dedication to innovation of new restaurants concepts and expansion can strengthen the competitive advantages and prepare for the economic recovery.

Comparison of Business Plan with Actual Business Progress

The following is a comparison of the Group's business plan as set out in the Prospectus with actual business progress for the six months ended 30 September 2016.

	Business plan up to 30 September 2016 as set out in the Prospectus	Actual business progress up to 30 September 2016
Continue to expand its restaurant network	Identification of suitable locations and setup new restaurants in Hong Kong	Four restaurants were opened for the six months ended 30 September 2016.
Further enhance its brand recognition in Hong Kong	Upgrade, by way of renovation, its existing restaurant(s)	Two restaurants were upgraded and re-commenced operation during the period.
Enhance overall profitability of its restaurants	Marketing activities for promoting brand image	The Group has arranged regular advertising campaigns.

The net proceeds from the Placing were approximately HK\$26.4 million, which was based on the final placing price of HK\$0.45 per share and the actual expenses related to the Listing. The net proceeds received from the Placing will be used in the manner consistent with that mentioned in the section headed "Future Plans and Use of Proceeds" of the Prospectus.

The net proceeds from the Placing from the Listing Date to 30 September 2016 had been applied as follows:

	Planned use of proceeds from the Listing Date to 30 September 2016 HK\$'million (Note)	Actual use of proceeds from the Listing Date to 30 September 2016 HK\$'million
Continue to expand its restaurant network	5.6	4.2
Further enhance its brand recognition in Hong Kong	0.8	0.8
Enhance overall profitability of its restaurants	0.1	0.1
	<u>6.5</u>	<u>5.1</u>

Note: This represents the amount of the planned use of proceeds as stated in the Prospectus being adjusted based on the amount of actual net proceeds in the same manner and proportion as shown in the Prospectus.

The Group did not utilise the adjusted net proceeds reserved for general working capital as at 30 September 2016. The adjusted amount for general working capital, which was based on the amount of actual net proceeds in the same manner and proportion as shown in the Prospectus, was approximately HK\$0.9 million.

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

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

Foreign Exchange Exposure

Since most of the Group's and Company's transactions are mainly denominated in HK\$, the Directors are of the opinion that the Group's and Company's exposure to foreign exchange rate risk is minimal.

Pledge of Assets

As at 30 September 2016, the Group did not have pledged assets (31 March 2016: nil).

Contingent Liabilities

The Group did not have any significant contingent liabilities as at 30 September 2016 (31 March 2016: nil).

Capital Commitments

As at 30 September 2016, the Group's outstanding capital commitments was approximately HK\$7,186,000 (31 March 2016: HK\$4,710,000).

Interim Dividend

The Board does not recommend the payment of any interim dividend for the six months ended 30 September 2016.

Employees and Remuneration Policies

As at 30 September 2016, the total number of employees of the Group was 654 (31 March 2016: 548). Total staff costs (including Directors' emoluments) was approximately HK\$79,762,000 for the six months ended 30 September 2016 (31 March 2016: HK\$125,749,000).

Employees' remuneration is commensurate with their job nature, qualifications and experience. Salaries and wages are normally reviewed annually based on performance appraisals and other relevant factors.

The Group continues to offer competitive remuneration packages and bonus to eligible staff, based on the performance of the Group and the individual employee.

Material Acquisitions and Disposals of Subsidiaries, Associates and Joint Ventures

The Group did not have any material acquisitions and disposals of subsidiaries, associates and joint ventures during the six months ended 30 September 2016.

DISCLOSURE OF ADDITIONAL INFORMATION

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at the date of this announcement, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the “SFO”)) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO) or required to be entered in the register maintained by the Company pursuant to Section 352 of the SFO or which were notified to the Company and the Stock Exchange pursuant to the required standard of dealings by the Directors as referred to in Rule 5.46 of the GEM Listing Rules, were as follows:

Long positions in the shares as at the date of this announcement:

Name of Director	Capacity/ Nature of interest	No. of shares held/interested in	Approximate shareholding percentage of interest (%)
Mr. Sandeep Sekhri (“Mr. Sekhri”) ^{Note 1}	Interest in controlled corporation	260,598,000 shares	32.16%
Mr. Jugdish Johnny Uttamchandani (“Mr. Uttamchandani”) ^{Note 2}	Beneficial owner	34,782,000 shares	4.29%
Ms. Shalu Anil Dayaram (“Ms. Dayaram”) ^{Note 3}	Interest in controlled corporation	82,542,000 shares	10.19%

Notes:

1. These shares are held by Dining Concepts (International) Limited, a company wholly owned by Total Commitment Holdings Limited which is in turn wholly owned by Mr. Sekhri. By virtue of the SFO, Mr. Sekhri is deemed to be interested in the shares held by Dining Concepts (International) Limited. Mr. Sekhri is also a director of Total Commitment Holdings Limited and Dining Concepts (International) Limited.
2. Mr. Uttamchandani is also a director of Indo Gold Limited, one of the Controlling Shareholders. Indo Gold Limited is owned as to 25% by Mr. Uttamchandani.
3. These shares are held by Ideal Winner Investments Limited, a company which is wholly owned by Ms. Dayaram. By virtue of the SFO, Ms. Dayaram is deemed to be interested in the shares held by Ideal Winner Investments Limited. Ms. Dayaram is also a director of Ideal Winner Investments Limited.

Save as disclosed above, none of the Directors and chief executive of the Company has any interest or short position in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO) or required to be entered in the register maintained by the Company pursuant to Section 352 of the SFO or which were notified to the Company and the Stock Exchange pursuant to the required standard of dealings by the Directors as referred to in Rules 5.46 to 5.47 of the GEM Listing Rules.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

As at the date of this announcement, the interests and short positions of substantial shareholders and other persons (not being a Director or chief executive of the Company) in the shares and underlying shares which were notified to the Company and the Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO or required to be entered in the register maintained by the Company pursuant to Section 336 of the SFO were as follows:

Long positions of the shares as at the date of this announcement:

Name	Capacity/ Nature of interest	No. of shares held/interest in	Approximate shareholding percentage of interest (%)
Dining Concepts (International) Limited	Beneficial owner	260,598,000 shares	32.16%
Total Commitment Holdings Limited ^{Note 1}	Interest in controlled corporation	260,598,000 shares	32.16%
Ideal Winner Investments Ltd. ^{Note 2}	Beneficial owner	82,542,000 shares	10.19%
Indo Gold Ltd.	Beneficial owner	97,074,000 shares	11.98%
Prometheus Capital (International) Co. Ltd ^{Note 3}	Beneficial owner	80,880,000 shares	9.98%

Notes:

1. Dining Concepts (International) Limited is wholly owned by Total Commitment Holdings Limited which is in turn wholly-owned by Mr. Sekhri. By virtue of the SFO, Mr. Sekhri and Total Commitment Holdings Limited are deemed to be interested in the shares held by Dining Concepts (International) Limited.
2. Ideal Winner Investments Ltd. is wholly owned by Ms. Dayaram. By virtue of the SFO, Ms. Dayaram is deemed to be interested in the shares held by Ideal Winner Investments Ltd.
3. Prometheus Capital (International) Co. Ltd is wholly owned by Mr. Wang Sicong. By virtue of the SFO, Mr. Wang Sicong is deemed to be interested in the shares held by Prometheus Capital (International) Co. Ltd.

SHARE OPTIONS

(a) Pre-IPO Share Option Scheme

The Company's Pre-IPO Share Option Scheme was adopted on 14 July 2016 and the principal terms of which were set out in the Prospectus. There were 51,000,000 share options granted to the grantees. Up to 30 September 2016, there were 10,250,000 options under the Pre-IPO Share Option Scheme have been exercised. The remaining 40,750,000 share options under the Pre-IPO Share Option Scheme will lapse on 14 July 2019. Details of which are as follows:

	Date of grant	Exercise price per share	Exercisable period	Number or share options			
				Outstanding as at 1 April 2016	Grant during the period	Exercised during the period	Outstanding as at 30 September 2016
Director	15 July 2016	HK\$0.45	5 August 2016 to 14 July 2019	—	4,000,000	—	4,000,000
	15 July 2016	HK\$0.45	5 August 2017 to 14 July 2019	—	4,000,000	—	4,000,000
Other employees and financial advisers	15 July 2016	HK\$0.45	5 August 2016 to 14 July 2019	—	21,000,000	(10,250,000)	10,750,000
	15 July 2016	HK\$0.45	5 August 2017 to 14 July 2019	—	22,000,000	—	22,000,000
Total				<u>—</u>	<u>51,000,000</u>	<u>(10,250,000)</u>	<u>40,750,000</u>

(b) Post-IPO Share Option Scheme

Pursuant to a written resolution passed by the shareholders of the Company on 14 July 2016, the Company conditionally adopted the share option scheme, the principal terms of which were set out in the Prospectus of the Company. Up to 30 September 2016, no share option has been granted by the Company pursuant to such share option scheme.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SECURITIES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 September 2016.

DIRECTORS' INTERESTS IN CONTRACTS

As at 30 September 2016, no Director had a significant beneficial interest, either directly or indirectly, in any contract of significance to the business of the Group to which the Company or any of its subsidiaries was a party.

DIRECTORS' INTEREST IN COMPETING INTERESTS

As at 30 September 2016, none of the directors or substantial shareholders of the Company or any of their respective associates (as defined in the GEM Listing Rules) has engaged in any business that competes or may compete with the business of the Group, or have any other conflict of interests with the Group.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted written guidelines regarding directors' securities transactions on terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Specific enquiries have been made to all Directors and the Directors confirmed that they have complied with the required stand of dealings and the said guidelines regarding directors' securities transactions during the six months ended 30 September 2016.

COMPLIANCE WITH CODE ON CORPORATE GOVERNANCE PRACTICES

To the best knowledge of the Directors, the Directors consider that up to the date of this announcement, the Company has complied with the applicable code provisions of Corporate Governance Code as set out in Appendix 15 of the GEM Listing Rules, except for certain deviations as specified with considered reasons for such deviations as explained below.

Under Code Provision A.2.1 of the Corporate Governance Code, the roles of the chairman and chief executive officer should be separated and should not be performed by the same individual.

During the six months ended 30 September 2016 under review, the Company has not separated the roles of chairman and chief executive officer of the Company. Mr. Sekhri is our chairman and chief executive officer. With extensive experience in the restaurant industry, Mr. Sekhri is responsible for the overall strategic planning, management and operation of the Group and is instrumental to the growth and business expansion since our establishment in 2002. The Board considers that vesting the roles of chairman and chief executive officer in the same person is beneficial to the management of the Group. The balance of power and authority is ensured by the operation of the senior management and the Board, which comprises experienced and high-calibre individuals. The Board currently comprises two executive Directors (including Mr. Sekhri), two non-executive Directors and three independent non-executive Directors and therefore has a fairly strong independence element in its composition.

INTEREST OF THE COMPLIANCE ADVISER

As confirmed by the Company's compliance adviser, Quam Capital Limited (the "**Compliance Adviser**"), save for the compliance adviser agreement entered into between the Company and the Compliance Adviser dated 22 September 2015, none of the Compliance Adviser or its directors, employees or close associates (as defined under the GEM Listing Rules) had any interest in the Group or in the share capital of any member of the Group which is required to be notified to the Company pursuant to Rule 6A.32 of the GEM Listing Rules.

AUDIT COMMITTEE

Pursuant to Rule 5.28 of the GEM Listing Rules, the Company established an audit committee (the "**Audit Committee**") with written terms of reference aligned with the provision of the code provisions set out in Appendix 15 of the GEM Listing Rules. The primary duties of the Audit Committee are to review and supervise the financial reporting process and internal control procedures of the Group. As at the date of this announcement, the Audit Committee comprises Mr. Zen Chung Hei, Hayley (chairman of the Audit Committee), Mr. Chan Ming Sun Jonathan and Mr. Amit Agarwal, all of whom are independent non-executive Directors.

The interim results have been reviewed by the Audit Committee, which was of the opinion that the preparation of such results complied with the applicable accounting standards, the Stock Exchange and legal requirements and that adequate disclosures have been made. The condensed consolidated financial results for the six months ended 30 September 2016 are unaudited.

PUBLICATION OF INTERIM REPORT

The 2016/17 interim report of the Company containing all the information required by the GEM Listing Rules will be dispatched to the shareholders of the Company and will also be published on the website of the Company at www.diningconcepts.com and the Stock Exchange's website at www.hkexnews.hk.

By order of the Board
Dining Concepts Holdings Limited
Sandeep Sekhri
Chief executive officer and executive Director

Hong Kong, 14 November 2016

As at the date of this announcement, the executive Directors are Mr. Sandeep Sekhri and Mr. Sandip Gupta; the non-executive Directors are Mr. Jugdish Johnny Uttamchandani and Ms. Shalu Anil Dayaram; and the independent non-executive Directors are Mr. Chan Ming Sun Jonathan, Mr. Zen Chung Hei, Hayley and Mr. Amit Agarwal.

This announcement will remain on the Stock Exchange's website at www.hkexnews.hk on the "Latest Listed Company Information" page for at least 7 days from the date of its posting. This announcement will also be published on the Company's website at www.diningconcepts.com.