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 ANNUAL RESULTS FOR THE YEAR ENDED 31 MARCH 2017

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 compliane 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 year ended 31 March 2017 was approximately HK$491.5 million, representing an increase of approximately 6.2% as compared to the year ended 31 March 2016.
- Loss and total comprehensive expense attributable to owners of the Company for the year ended 31 March 2017 was approximately HK$29.6 million, while it was profit and total comprehensive income of approximately HK$18.1 million for the year ended 31 March 2016.
- The Board did not recommend payment of final dividend for the year ended 31 March 2017.

ANNUAL RESULTS

The board of Directors (the "**Board**") is pleased to announce the audited consolidated results of the Group for the year ended 31 March 2017, together with the audited comparative figures for the year ended 31 March 2016 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**").

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2017

	Notes	**2017**	2016
		HK$'000	HK$'000
Revenue	3	**491,539**	462,921
Cost of inventories consumed		**(121,686)**	(118,092)
Staff costs		**(157,657)**	(125,749)
Depreciation and amortisation		**(30,572)**	(28,902)
Rental and related expenses		**(100,518)**	(90,364)
Utilities and consumables		**(19,607)**	(20,303)
Listing expenses		**(11,883)**	(5,610)
Franchise and licensing fees		**(11,759)**	(13,292)
Other expenses		**(58,544)**	(44,287)
Other gains and losses		**(3,230)**	9,391
(Loss) profit before taxation		**(23,917)**	25,713
Taxation	4	**(5,717)**	(7,593)
(Loss) **profit and total comprehensive (expense) income for the year attributable to owners of the Company**	5	**(29,634)**	18,120
(Loss) **earnings per share – basic (HK$)**	7	**(0.04)**	0.03
(Loss) **earnings per share – diluted (HK$)**	7	**(0.04)**	N/A

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2017

	Notes	2017	2016
		HK$'000	HK$'000
Non-current assets			
Property, plant and equipment		**107,456**	41,125
Intangible assets		**10,062**	13,509
Rental and utilities deposits		**30,325**	30,359
Deposit for property, plant and equipment		**2,836**	17,230
Restricted bank deposits		**2,358**	2,143
		153,037	104,366
Current assets			
Inventories		**7,332**	5,780
Trade and other receivables	8	**11,860**	13,664
Amounts due from related companies		**—**	621
Amount due from a director		**—**	10,864
Amount due from a Controlling Shareholder		**—**	7,528
Tax recoverable		**2,717**	2,554
Bank balances and cash		**51,291**	25,722
		73,200	66,733
Current liabilities			
Trade and other payables	9	**61,880**	50,296
Amounts due to related companies		**1,403**	2,455
Tax liabilities		**1,371**	151
		64,654	52,902
Net current assets		**8,546**	13,831
Total assets less current liabilities		**161,583**	118,197
Capital and reserves			
Share capital	10	**63,037**	9
Reserves		**83,546**	118,188
Equity attributable to owners of the Company		**146,583**	118,197
Non-current liability			
Loans from Controlling Shareholders	11	**15,000**	—
		161,583	118,197

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the year ended 31 March 2017

	Attributable to owners of the Company					
	Share capital HK$'000	Share premium HK$'000	Other reserve HK$'000 (Note b)	Share option reserve HK$'000	Retained profits HK$'000	Total HK$'000
At 1 April 2015	9	30,000	36,966	—	33,102	100,077
Profit and total comprehensive income for the year	—	—	—	—	18,120	18,120
At 31 March 2016	9	30,000	36,966	—	51,222	118,197
Loss and total comprehensive expense for the year	**—**	**—**	**—**	**—**	**(29,634)**	**(29,634)**
Dividend paid (note 6)	**—**	**—**	**(7,344)**	**—**	**—**	**(7,344)**
Placing of shares (note 10)	**10,969**	**52,476**	**—**	**—**	**—**	**63,445**
Recognition of equity-settled share-based payment	**—**	**—**	**—**	**7,725**	**—**	**7,725**
Issue of shares upon exercise of share options (note 10)	**797**	**5,681**	**—**	**(1,865)**	**—**	**4,613**
Issue of shares by capitalisation of share premium account (note 10)	**51,262**	**(51,262)**	**—**	**—**	**—**	**—**
Transaction costs attributable to issue of new shares	**—**	**(8,110)**	**—**	**—**	**—**	**(8,110)**
Deemed distribution to one of the controlling shareholders (Note a)	**—**	**—**	**(2,309)**	**—**	**—**	**(2,309)**
At 31 March 2017	**63,037**	**28,785**	**27,313**	**5,860**	**21,588**	**146,583**

Note a: In connection with placing of shares of the Company, transaction cost of HK$2,309,000 was attributable to placing of old shares previously held by one of the controlling shareholders. The Company bore the transaction cost attributable to that controlling shareholder and the expense incurred was deemed as distribution to that controlling shareholder.

Note b: As at 1 April 2015 and 31 March 2016, other reserve mainly represented waiver of loans from its related companies controlled by the controlling shareholders, waiver of loan from one of the controlling shareholders, the fair value of financial guarantee granted to one of the controlling shareholders and amounts arising on the Group reorganisation underwent prior to the listing of the Company's shares on the Stock Exchange in 2016. Details were set out in the Prospectus.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2017

	Note	**2017**	2016
		HK$'000	HK$'000
OPERATING ACTIVITIES			
(Loss) profit before taxation		**(23,917)**	25,713
Adjustments for:			
Depreciation of property, plant and equipment		**28,989**	26,949
Amortisation of intangible assets		**1,583**	1,953
Loss on disposals of property, plant and equipment and intangible assets		**1,038**	1,127
Gain on disposal of a subsidiary		**—**	(10,518)
Write-offs of intangible assets		**2,192**	—
Equity-settled share option expense		**7,725**	—
Operating cash flows before movements in working capital		**17,610**	45,224
Decrease (increase) in rental and utilities deposits		**34**	(7,081)
(Increase) decrease in inventories		**(1,552)**	707
Decrease (increase) in trade and other receivables		**1,058**	(3,609)
Increase (decrease) in trade and other payables		**10,457**	(5,197)
Increase in amounts due to related companies		**1,403**	—
Cash generated from operations		**29,010**	30,044
Income tax paid		**(4,660)**	(9,006)
NET CASH FROM OPERATING ACTIVITIES		**24,350**	21,038
INVESTING ACTIVITIES			
Purchase of and deposits paid for property, plant and equipment		**(81,305)**	(38,054)
Purchase of intangible assets		**(328)**	(4,285)
Proceeds for disposals of property, plant and equipment		**468**	2,008
Disposal of a subsidiary, net of cash disposed		**746**	17,308
Advances to related companies		**(220)**	(5,258)
Repayments from related companies		**841**	9,163
Advances to a director		**—**	(6,865)
Repayments from a director		**10,864**	3,639
Advances to a Controlling Shareholder		**—**	(38,858)
Repayments from a Controlling Shareholder		**7,528**	34,360
Placements of restricted bank deposits		**(1,220)**	(177)
Withdrawal of restricted bank deposits		**1,005**	—
NET CASH USED IN INVESTING ACTIVITIES		**(61,621)**	(27,019)

	Note	2017	2016
		HK$'000	HK$'000
FINANCING ACTIVITIES			
Proceeds from placing of shares		**63,445**	—
Loans from Controlling Shareholders		**15,000**	—
Proceeds from issue of shares by exercise of share options		**4,613**	—
Advances from related companies		**—**	5,189
Repayments to related companies		**(2,455)**	(5,524)
Repayments to a Controlling Shareholder		**—**	(25,369)
Dividend paid	6	**(7,344)**	—
Transaction costs attributable to issuance of shares and paid for a controlling shareholder		**(10,419)**	—
NET CASH FROM (USED IN) FINANCING ACTIVITIES		**62,840**	(25,704)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		**25,569**	(31,685)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		**25,722**	57,407
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR, REPRESENTED BY BANK BALANCES AND CASH		**51,291**	25,722

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2017

1. GENERAL

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 22 May 2014 and its shares have been listed on the Growth Enterprise Market (the "**GEM**") of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on 5 August 2016. Its ultimate controlling shareholders are Total Commitment Holdings Limited ("**Total Commitment**"), Ideal Winner Investments Limited ("**Ideal Winner**"), Minrish Limited ("**Minrish**"), Indo Gold Limited ("**Indo Gold**") and Mr. Jugdish Johnny Uttamchandani ("**Mr. Uttamchandani**") (hereinafter as the "**Controlling Shareholders**"). 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 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.

The consolidated financial statements are presented in Hong Kong dollars ("**HK$**"), which is the functional currency of the Company and its subsidiaries (collectively referred to as the "**Group**").

2. APPLICATION OF HONG KONG FINANCIAL REPORTING STANDARDS

The Group has applied the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**") for the first time in the current year:

Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations
Amendments to HKAS 1	Disclosure Initiative
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception
Amendments to HKFRSs	Annual Improvements to HKFRSs 2012-2014 Cycle

The application of the amendments to HKFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

The Group has not early applied the following new and amendments to HKFRSs that have been issued but are not yet effective:

HKFRS 9	Financial Instruments[1]
HKFRS 15	Revenue from Contracts with Customers and the related Amendments[1]
HKFRS 16	Leases[2]
HK(IFRIC) - Int 22	Foreign Currency transactions and Advance Consideration[1]
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions[1]
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts[1]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to HKAS 7	Disclosure Initiative[4]
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses[4]
Amendments to HKAS 40	Transfers of Investment Property[1]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2014 - 2016 Cycle[5]

1 Effective for annual periods beginning on or after 1 January 2018
2 Effective for annual periods beginning on or after 1 January 2019
3 Effective for annual periods beginning on or after a date to be determined
4 Effective for annual periods beginning on or after 1 January 2017
5 Effective for annual periods beginning on or after 1 January 2017 or 1 January 2018, as appropriate

HKFRS 16 Leases

HKFRS 16 introduces a comprehensive model for the identification of lease arrangements and accounting treatments for both lessors and lessees. HKFRS 16 will supersede HKAS 17 Leases and the related interpretations when it becomes effective.

HKFRS 16 distinguishes lease and service contracts on the basis of whether an identified asset is controlled by a customer. Distinctions of operating leases and finance leases are removed for lessee accounting, and is replaced by a model where a right-of-use asset and a corresponding liability have to be recognised for all leases by lessees, except for short-term leases and leases of low value assets.

The right-of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions) less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at that date. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications, amongst others. For the classification of cash flows, the Group currently presents operating lease payments as operating cash flows. Under HKFRS 16, lease payments in relation to lease liability will be allocated into a principal and an interest portion which will be presented as financing cash flows.

In contrast to lessee accounting, HKFRS 16 substantially carries forward the lessor accounting requirements in HKAS 17, and continues to require a lessor to classify a lease either as an operating lease or a finance lease.

Furthermore, extensive disclosures are required by HKFRS 16.

As at 31 March 2017, the Group has non-cancellable operating lease commitments of HK$260,786,000 as disclosed in note 13. A preliminary assessment indicates that these arrangements will meet the definition of a lease under HKFRS 16, and hence the Group will recognise a right-of-use asset and a corresponding liability in respect of all these leases unless they qualify for low value or short-term leases upon the application of HKFRS 16. In addition, the application of new requirements may result changes in measurement, presentation and disclosure as indicated above. However, it is not practicable to provide a reasonable estimate of the financial effect until the directors complete a detailed review.

The directors of the Company anticipate that the application of the other new and amendments to HKFRSs upon their respective effective date will have no material impact on the consolidated financial statements of the Group.

3. REVENUE AND SEGMENT INFORMATION

The Group's revenue represents the amount received and receivable for the operation of restaurants and provision of catering management and design services, net of discount, as follows:

	2017	2016
	HK$'000	HK$'000
Operation of restaurants	**491,539**	462,881
Catering management and design services	**—**	40
	491,539	462,921

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

Year ended 31 March 2017

	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
REVENUE						
External sales	**106,993**	**290,326**	**94,220**	**—**	**—**	**491,539**
Inter-segment sales	**—**	**—**	**—**	**30,328**	**(30,328)**	**—**
Total	**106,993**	**290,326**	**94,220**	**30,328**	**(30,328)**	**491,539**
RESULT						
Segment profit	**6,652**	**13,286**	**7,251**	**607**	**—**	**27,796**
Unallocated staff costs						**(28,408)**
Unallocated depreciation and amortisation						**(392)**
Unallocated rental and related expenses						**(2,102)**
Unallocated utilities and consumables						**(506)**
Listing expenses						**(11,883)**
Unallocated other expenses						**(8,422)**
Loss before taxation						**(23,917)**

Year ended 31 March 2016

	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
REVENUE						
External sales	139,898	250,706	72,277	40	—	462,921
Inter-segment sales	—	1,418	—	20,846	(22,264)	—
Total	139,898	252,124	72,277	20,886	(22,264)	462,921
RESULT						
Segment profit	7,861	24,474	9,607	417	—	42,359
Unallocated staff costs						(17,670)
Unallocated depreciation and amortisation						(280)
Unallocated rental and related expenses						(1,956)
Unallocated utilities and consumables						(462)
Listing expenses						(5,610)
Gain on disposal of a subsidiary						10,518
Unallocated other expenses						(1,186)
Profit before taxation						25,713

Segment profit represents the profit earned by 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.

Inter-segment sales are charged at cost plus approach.

Information about major customers

There was no revenue from individual customer contributing over 10% of total revenue of the Group for both years.

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.

4. TAXATION

	2017	2016
	HK$'000	HK$'000
Hong Kong Profits Tax	**6,052**	8,032
Over provision in respect of prior years	**(55)**	(207)
One-off tax reduction of profits tax by the Hong Kong Inland Revenue Department	**(280)**	(232)
	5,717	7,593

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

5. (LOSS) PROFIT AND TOTAL COMPREHENSIVE (EXPENSE) INCOME FOR THE YEAR

	2017	2016
	HK$'000	HK$'000
(Loss) profit and total comprehensive (expense) income for the year has been arrived at after charging:		
Directors' emoluments	**11,734**	2,562
Other staff costs		
– salaries and other benefits	**138,118**	118,910
– retirement benefit scheme contributions	**5,247**	4,277
– Equity-settled share-based payment expenses	**2,558**	—
Total staff costs	**157,657**	125,749
Depreciation of property, plant and equipment	**28,989**	26,949
Amortisation of intangible assets	**1,583**	1,953

6. DIVIDENDS

Pursuant to the written resolution of the shareholders of the Company passed on 14 July 2016, the Company declared special dividends of approximately HK$7,344,000, equivalent to HK$66.9 per share, to the shareholder of the Company shown on the register of members of the Company on the same date. The dividend was paid on 18 July 2016.

Save as disclosed above, no other dividend was paid or proposed for ordinary shareholders of the Company during 2016 and 2017, nor has any dividend been proposed since the end of the reporting period.

7. (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 years on the assumption that the Group's capitalisation issue of the shares of the Company as explained in the sections headed "History, Development and Reorganisation" and "Share Capital" in the Prospectus had been effective on 1 April 2015.

	2017	2016
(Loss) profit for the year attributable to owners of the Company for the purpose of basic and diluted (loss) earnings per share (HK$'000)	**(29,634)**	18,120
Weighted average number of ordinary shares for the purpose of calculating basic and diluted (loss) earnings per share (in thousands)	**757,579**	659,010

The Group had no dilutive potential ordinary shares in issue for the year ended 31 March 2016.

For the year ended 31 March 2017, the diluted loss per share did not take into account the assumed exercise of the Company's outstanding share option since their exercise would result in a decrease in loss per share.

8. TRADE AND OTHER RECEIVABLES

	2017 HK$'000	2016 HK$'000
Trade receivables	**3,897**	2,174
Other receivables and deposits	**7,963**	11,490
	11,860	13,664

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 3 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 the reporting periods are as follows:

	2017 HK$'000	2016 HK$'000
0 - 20 days	**3,618**	1,871
21 to 90 days	**251**	212
Over 90 days	**28**	91
	3,897	2,174

Before accepting any new corporate customers, the management of the Group will base on the credit quality of the potential customers to define credit limits. Credit limits to customers are reviewed annually.

All of the trade receivables that are neither past due nor impaired are mainly from the reputable financial institutions. Included in the Group's trade receivable balance are debtors with aggregate carrying amount of approximately HK$279,000 (2016: HK$303,000) which are past due for which the Group has not provided for impairment loss. The Group does not hold any collateral over these balances.

Ageing of trade receivables which are past due but not impaired:

	2017	2016
	HK$'000	HK$'000
21 to 90 days	**251**	212
Over 90 days	**28**	91
	279	303

	2017	2016
	HK$'000	HK$'000
Other receivables and deposits:		
Prepayments for insurances and consumables	**2,688**	1,432
Deferral for listing expenses	**—**	4,685
Deferred consideration on disposal of a subsidiary	**—**	746
Prepayments for rental	**3,086**	2,035
Advance to employees	**985**	1,267
Others	**1,204**	1,325
	7,963	11,490

9. TRADE AND OTHER PAYABLES

	2017	2016
	HK$'000	HK$'000
Trade payables	**21,207**	17,981
Salary payables	**11,517**	8,748
Payable for property, plant and equipment	**6,502**	5,375
Rental payables	**8,836**	6,568
Franchise and licensing fees payables	**1,120**	1,708
Deposits from customers	**1,049**	768
Audit fee accrual	**1,422**	787
Payable for repair and maintenance	**2,100**	1,662
Payable for utility and consumables	**3,682**	2,230
Payable for cleaning suppliers	**1,599**	1,525
Payable for listing expenses	**2,730**	2,463
Other tax payables	**116**	481
	61,880	50,296

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 invoice date at the end of the reporting period:

	2017 HK$'000	2016 HK$'000
0 - 60 days	**21,207**	17,981

10. SHARE CAPITAL

Ordinary shares of US$0.01 each

	Notes	Number of shares	Amount US$	Amount HK$'000
AUTHORISED:				
At 1 April 2015 and 2016		5,000,000	50,000	389
Increase in authorised share capital	a	9,995,000,000	99,950,000	777,611
At 31 March 2017		10,000,000,000	100,000,000	778,000
ISSUED AND FULLY PAID:				
At 1 April 2015, 31 March 2016 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
Placing of shares	b	140,990,000	1,409,900	10,969
Issue of shares upon exercise of share options	c	10,250,000	102,500	797
At 31 March 2017		810,250,000	8,102,500	63,037

a) Pursuant to written resolutions of the Company's shareholders 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 HK$51,262,000 (equivalent to approximately US$6,589,000) standing to the credit of the share premium account of the Company (the "**Capitalisation Issue**"), 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. The Capitalisation Issue was completed on 5 August 2016.

b) On 5 August 2016, 140,990,000 shares of US$0.01 each of the Company were issued at a price of HK$0.45 by way of placing. On the same date, the shares of the Company were listed on the GEM of the Stock Exchange. The proceeds of approximately HK$10,969,000 (equivalent to approximately US$1,409,000) representing the par value of the share of the Company's share capital. The remaining proceeds of approximately HK$52,476,000 (equivalent to approximately US$6,741,000), before issuing expenses, were credit to share premium account.

c) On 5 August 2016 and 1 September 2016, 4,000,000 and 6,250,000 shares options were exercised and as a result of 10,250,000 new shares were issued. In addition, the fair values of these share options in an aggregate amount of approximately HK$1,865,000 previously recognised in the share option reserve were transferred to the share premium account. Details of the Share Option Scheme are set out in note 12.

11. LOANS FROM CONTROLLING SHAREHOLDERS

On 30 March 2017, the Company has entered into loan agreements with Dining Concepts (International), Indo Gold, Minrish and Mr. Uttamchandani to borrow aggregate amounts of HK$15 million for working capital purpose. The loans are unsecured, carry a fixed interest rate of 3% per annum and have a maturity term of 3 years.

12. SHARE-BASED PAYMENT

The Company operates Pre-IPO Share Option Scheme providing incentives or rewards to eligible persons of the Group for their contribution to the Group. Details of the Pre-IPO Share Option Scheme are summarised below:

Pursuant to a written resolution passed on 14 July 2016 by the shareholders of the Company, the Group adopted the Pre-IPO Share Option Scheme. On 15 July 2016, share options to subscribe for an aggregate of 51,000,000 shares were granted to 6 directors, employees and consultants at a nominal consideration of HK$1 for each grant. The directors confirmed that no further share options under the Pre-IPO Share Option Scheme has been or will be granted.

The exercise price for the Company's shares under the Pre-IPO Share Option Scheme was HK$0.45.

The following table disclosed movement in the Company's share options during the year:

				Number or share options			
	Vesting period	**Exercisable period**	**Exercise price per share**	**Outstanding as at 1 April 2016**	**Grant during the year**	**Exercised during the year**	**Outstanding as at 31 March 2017**
Tranche 1	15 July 2016 to 4 August 2016	5 August 2016 to 14 July 2019	HK$0.45	—	25,000,000	(10,250,000)	14,750,000
Tranche 2	15 July 2016 to 4 August 2017	5 August 2017 to 14 July 2019	HK$0.45	—	26,000,000	—	26,000,000
Total				—	51,000,000	(10,250,000)	40,750,000
Exercisable at the end of the year				N/A			14,750,000
Weighted average exercise price (HK$)				N/A	0.45	0.45	0.45

In respect of the share options exercised during the year ended 31 March 2017, the weighted average share price at the date of exercise was HK$2.04.

The fair value of the share options at the date of grant determined using the binomial option pricing model is approximately HK$9,281,000. The Group recognised a total expense of approximately HK$7,725,000 in relation to the options granted by the Company during the year.

The variables and assumptions used in computing the fair value of the share options are based on the management's best estimate. The value of an option varies with different variables of a number of subjective assumptions. The major inputs into the models at the grant date were as follows:

Exercise price	HK$0.45
Risk free rate	0.57%
Expected option period	3 years
Expected volatility	47.932%
Dividend yield	0%

The risk-free rate has made reference to the yield of Hong Kong sovereign bond as at the grant date. The volatility of the Company's stock was determined by reference to the share price volatilities of companies in similar industry of the Company and assumed to be constant throughout the option life.

13. OPERATING LEASE COMMITMENTS

At the end of the reporting period, the Group had commitments for future minimum lease payments in respect of rented premises under non-cancellable operating leases which fall due as follows:

	2017	2016
	HK$'000	HK$'000
Within one year	**91,407**	80,943
In the second to the fifth year inclusive	**169,379**	127,082
	260,786	208,025

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. During the year, the amount of contingent rental recognised as expenses was approximately HK$4,478,000 (2016: HK$3,632,000), and the amount of basic rent recognised as expenses was approximately HK$96,040,000 (2016: HK$86,732,000).

Included above are the lease commitments for future minimum lease payments to Total Commitment (HK), a related company of the Group which is under the common control of the Controlling Shareholders.

	2017	2016
	HK$'000	HK$'000
Within one year	**180**	120
In the second to the fifth year inclusive	**150**	—
	330	120

14. CAPITAL COMMITMENTS

	2017	2016
	HK$'000	HK$'000
Capital expenditure in respect of the acquisition of property, plant and equipment and intangible assets contracted for but not provided in the consolidated financial statements	**1,383**	4,710

15. 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 consolidated statement of financial position, the Group entered into the following significant transactions with related companies:

Name of related parties	**Nature of transactions**	**2017**	2016
		HK$'000	HK$'000
Cuisine Courier	Purchase of courier materials	**82**	183
	Courier services fee paid	**340**	1,232
Global Hotelware	Purchases of property, plant and equipment	**7,901**	4,799
Total Commitment (HK)	Rental paid	**180**	180
Waiters On Wheels	Purchase of materials	**—**	28
	Courier services fee paid	**9**	32

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

During the year ended 31 March 2017, 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 year ended 31 March 2017, the Group's revenue was generated from the operation of restaurants in Hong Kong. As at 31 March 2017, the Group was operating 24 (2016: 22) restaurants, of which five (2016: two) restaurants were newly established and three (2016: four) restaurants were closed or disposed for the year ended 31 March 2017.

The Group served mainly three categories of cuisines during the year. 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 for the years indicated:

	For the year ended 31 March			
	2017		2016	
	Revenue (HK$'000)	**% of total Revenue (%)**	Revenue (HK$'000)	% of total Revenue (%)
Western style	**290,326**	**59.1**	250,706	54.2
Italian style	**106,993**	**21.8**	139,898	30.2
Asian style	**94,220**	**19.1**	72,277	15.6
Total	**491,539**	**100.0**	462,881	100.0

<u>Western style restaurants</u>

The revenue generated from operation of Western style restaurants increased by approximately HK$39.6 million, or approximately 15.8%, from approximately HK$250.7 million for the year ended 31 March 2016 to approximately HK$290.3 million for the year ended 31 March 2017. Such increase was mainly due to a combined result of (i) the commencement of operation of new restaurants including Alto Bar & Grill, Le Pain Quotidien (Pacific Place), Iron Fairies & J. Boroski and Bizou; (ii) the full-year of operation of London House and Le Pain Quotidien (Lee Tung Avenue) during the year ended 31 March 2017 since their commencement of business were in September 2015 and February 2016, respectively, the effect of which was partially offset by (i) decline in revenue generated from certain restaurants due to the declining economic conditions; (ii) closure of certain restaurants as a result of unsatisfactory business performance; and (iii) the decline in revenue from certain restaurants due to temporary suspension of business for renovation and rebranding.

Italian style restaurants

The revenue generated from operation of Italian style restaurants decreased by approximately HK$32.9 million, or approximately 23.5%, from approximately HK$139.9 million for the year ended 31 March 2016 to approximately HK$107.0 million for the year ended 31 March 2017. Such decrease was mainly resulted from (i) decline in revenue generated from certain restaurants due to the declining economic conditions; (ii) the closure of certain restaurants as a result of unsatisfactory business performance; and (iii) the decline in revenue from certain restaurants due to temporary suspension of business for renovation and rebranding.

Asian style restaurants

The revenue generated from operation of Asian style restaurants increased by approximately HK$21.9 million, or approximately 30.3%, from approximately HK$72.3 million for the year ended 31 March 2016 to approximately HK$94.2 million for the year ended 31 March 2017. 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 include, but are not limited to, vegetable, meat, seafood and frozen food. Cost of inventories consumed is one of the major components of the Group's operating expenses which amounted to approximately HK$118.1 million and HK$121.7 million for each of the years ended 31 March 2016 and 2017, respectively, representing approximately 25.5% and 24.8% of the Group's total revenue generated from operation of restaurants for the corresponding year.

Staff costs

Staff costs represented one of the major components of the Group's operating expenses, which primarily consisted of Directors' emoluments, salaries, retirement benefit scheme contributions and other benefits. The staff costs increased by approximately HK$32.0 million from approximately

HK$125.7 million for the year ended 31 March 2016 to approximately HK$157.7 million for the year ended 31 March 2017. The significant increase in staff costs was mainly due to (i) share option expense attributable to employees of approximately HK$3.8 million (2016: Nil) recognised during the period in respect of options granted under the Pre-IPO Share Option Scheme; (ii) the one-off bonus of HK$6 million (2016: Nil) paid to a Director of the Company after Listing; (iii) the increase in number of staff due to expansion of business; and (iv) increase in remuneration paid to Directors after Listing.

Rental and related expenses

The Group's rental and related expenses increased by approximately HK$10.1 million from approximately HK$90.4 million for the year ended 31 March 2016 to approximately HK$100.5 million for the year ended 31 March 2017. 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 years ended 31 March 2016 and 2017, the Group recognised other expenses of approximately HK$44.3 million and HK$58.5 million, respectively, representing approximately 9.6% and 11.9% of the Group's total revenue for the corresponding year.

Other gains and losses

Other gains and losses mainly include non-recurring gains or losses on disposals of property, plant and equipment and intangible assets, and disposal of a subsidiary for the year ended 31 March 2016. The Group recognised other losses of approximately HK$3.2 million for the year ended 31 March 2017, while a net gain of HK$9.4 million was recognised for the year ended 31 March 2016. The increase in other losses for the year ended 31 March 2017 was mainly caused by a gain on disposal of the equity interests of Golden Rock that operated Gaucho of approximately HK$10.5 million was recognised for the year ended 31 March 2016.

Loss attributable to owners of our Company

Loss attributable to owners of the Company for the year ended 31 March 2017 was approximately HK$29.6 million, while it was profit of approximately HK$18.1 million for the year ended 31 March 2016. The decrease in profit attributable to owners of our Company was mainly caused by (i) the decrease in revenue from restaurants as affected by the slowdown of Hong Kong economy; (ii) the increased start-up operating costs for the five (2016: two) new restaurants during the year; (iii) the additional costs incurred for closure of three (2016: three) loss making restaurants and rebranding of two (2016: two) restaurants; (iv) the non-recurring listing expenses of approximately HK$11.9 million (2016: HK$5.6 million) incurred by the Group during the year in relation to the Listing; (v) share option expense to a director, employees and consultants of approximately HK$7.7 million (2016: Nil) recognised during the period in respect of options granted under the Pre-IPO Share Option Scheme; (vi) the one-off bonus of HK$6 million (2016: Nil) paid to a Director of the Company and increase in remuneration paid to Directors after Listing; and (vii) the one-off disposal gain on disposal of a subsidiary of approximately HK$10.5 million recognised for the year ended 31 March 2016 which was not incurred during the year ended 31 March 2017.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 March 2017, total assets of the Group amounted to approximately HK$226.2 million (31 March 2016: HK$171.1 million). The Group's working capital was approximately HK$8.5 million (31 March 2016: HK$13.8 million), represented by total current assets of approximately HK$73.2 million (31 March 2016: HK$66.7 million) against total current liabilities of approximately HK$64.7 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$146.6 million (31 March 2016: HK$118.2 million).

OUTLOOK

The Group concerns the rising competition in the food and beverage industry and the operation costs such as rental and staff costs. The Group will continue to monitor the operating costs and carry out marketing campaign in order to enhance the competitiveness of the Group's restaurants.

The success of Le Pain Quotidien, Ophelia and Iron Fairies & J.Boroski showed that casual style restaurants and bars which provide leisure or entertainment to customers, and with lower average spending and higher turnover are welcomed by diners. The Group sees the potential and will explore any opportunities to open several restaurants and bars of such style in the coming year.

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 period from the Listing Date to 31 March 2017.

	Business plan up to 31 March 2017 as set out in the Prospectus	Actual business progress up to 31 March 2017
Continue to expand our restaurant network	Identification of suitable locations and setup new restaurants in Hong Kong	Five restaurants were opened for the year ended 31 March 2017.
Further enhance our brand recognition in Hong Kong	Upgrade, by way of renovation, our existing restaurant(s)	Three restaurants were upgraded and re-commenced operation during the year.
Enhance overall profitability of our restaurants	Marketing activities for promoting brand image	The Group has arranged regular advertising compaigns.

The net proceeds from the Placing were approximately HK$26.9 million, which was based on the final Placing Price of HK$0.45 per share and the actual expenses related to the Listing. Accordingly, the Group adjusts the use of proceeds in the same manner and proportion as shown in the Prospectus.

The net proceeds from the Placing from the Listing Date to 31 March 2017 had been applied as follows:

	Adjusted use of proceeds in the same manner and proportion as shown in the Prospectus from the Listing Date to 31 March 2017 HK$'million	Actual use of proceeds from the Listing Date to 31 March 2017 HK$'million
Continue to expand our restaurant network	**10.7**	10.7
Further enhance our brand recognition in Hong Kong	**0.8**	0.8
Enhance overall profitability of our restaurants	**0.2**	0.2
	11.7	11.7

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

FOREIGN EXCHANGE RISK 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 31 March 2017, save as restricted bank deposits of approximately HK$2,358,000 (31 March 2016: HK$2,143,000) for the Group's obligations under certain operating leases, the Group did not pledge any other assets (31 March 2016: Nil).

CONTINGENT LIABILITIES

As at 31 March 2017, the Group did not have any significant contingent liabilities (31 March 2016: Nil).

CAPITAL COMMITMENTS

As at 31 March 2017, the Group's outstanding capital commitments was approximately HK$1,383,000 (31 March 2016: HK$4,710,000).

DIVIDEND

The Board did not recommend the payment of final dividend for the year ended 31 March 2017.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 March 2017, the total number of employees of the Group was 664 (31 March 2016: 548). Total staff costs (including Directors' emoluments) was approximately HK$157,657,000 for the year ended 31 March 2017 (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 year ended 31 March 2017.

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 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, risk management 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 audited consolidated financial statements of the Group for the year ended 31 March 2017 have been reviewed by the Audit Committee.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SECURITIES

The Company has not redeemed any of its shares. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's shares during the year ended 31 March 2017.

DIRECTORS' INTERESTS IN CONTRACTS

As at 31 March 2017, 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 31 March 2017, 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. During the year ended 31 March 2017, the Directors confirmed that they have complied with the required standard of dealings and the said guidelines regarding Directors' securities transactions.

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 year ended 31 March 2017, the Company has not separated the roles of chairman and chief executive officer of the Company. Mr. Sekhri is the 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 its establishment in 2002. The Board considers that vesting the roles of chairman and chief executive officer in the same individual 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.

SCOPE OF WORK OF MESSRS. DELOITTE TOUCHE TOHMATSU

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income, and the related notes thereto for the year ended 31 March 2017 as set out in this announcement have been agreed by the Group's auditors, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Messrs. Deloitte Touche Tohmatsu 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 Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Messrs. Deloitte Touche Tohmatsu on this announcement.

EVENTS AFTER THE REPORTING PERIOD

There was no other significant event that might affect the Group's business and financial performance since 31 March 2017.

ANNUAL GENERAL MEETING

The notice of the annual general meeting will be published and dispatched to shareholders of the Company in the manner specified in the GEM Listing Rules in due course.

COMMUNICATION WITH SHAREHOLDERS

The Company believes that maintaining a high level of transparency is a key for enhancing investor relations. The Company is committed to a policy of open and timely disclosure of corporate information to its shareholders and investment public. The Company updates the shareholders on its latest business developments and financial performance through its quarterly, interim and annual reports and communicates with the shareholders through annual general meetings and extraordinary general meetings. In compliance with the requirements of the GEM Listing Rules, the Company issued regular reports, announcements, circulars and notice of general meetings. Always updated with latest information, the corporate website of the Company (http://www.diningconcepts.com) has provided an effective communication platform to the public and the shareholders.

APPRECIATION

The Board would like to extend its sincere thanks to the shareholders, business partners and customers for their utmost support to the Group. The Board would also like to take this opportunity to thank all management members and staff for their hard work and dedication throughout the year.

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

Hong Kong, 21 June 2017

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.