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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 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 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 2017 was approximately HK\$257.9 million, representing an increase of approximately 17.7% when compared with that of the corresponding period in 2016.
- Loss and total comprehensive expense attributable to owners of the Company for the six months ended 30 September 2017 was approximately HK\$7.5 million, representing a decrease in loss and total comprehensive expense of approximately 77.4% when compared with that of the corresponding period in 2016.
- The Board did not recommend payment of any dividend for the six months ended 30 September 2017.

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2017 (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 2017, together with the unaudited comparative figures for the corresponding period in 2016 as set out below.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 September 2017

	Notes	For the three months ended		For the six months ended	
		30 September		30 September	
		2017	2016	2017	2016
		HK\$'000 (Unaudited)	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)
Revenue	5	125,490	106,418	257,904	219,072
Cost of inventories consumed		(30,311)	(27,054)	(62,769)	(54,934)
Staff costs		(41,272)	(46,469)	(83,031)	(79,762)
Depreciation and amortisation		(10,326)	(6,501)	(20,399)	(12,209)
Rental and related expenses		(25,346)	(25,263)	(49,981)	(48,616)
Utilities and consumables		(5,021)	(4,935)	(10,178)	(9,397)
Listing expenses		—	(11,642)	—	(12,314)
Franchise and licensing fees		(2,677)	(2,731)	(5,549)	(5,767)
Other expenses		(14,850)	(13,269)	(30,310)	(24,149)
Other gains and losses		(129)	(2,634)	(147)	(2,696)
Finance costs	6	(114)	—	(227)	—
Loss before taxation		(4,556)	(34,080)	(4,687)	(30,772)
Taxation	7	(1,174)	(814)	(2,809)	(2,342)
Loss and total comprehensive expense for the periods attributable to owners of the Company	8	<u>(5,730)</u>	<u>(34,894)</u>	<u>(7,496)</u>	<u>(33,114)</u>
Loss per share (HK\$)	10				
– basic		(0.007)	(0.046)	(0.009)	(0.047)
– diluted		<u>(0.007)</u>	<u>N/A</u>	<u>(0.009)</u>	<u>N/A</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2017

	Notes	30 September 2017 HK\$'000 (Unaudited)	31 March 2017 HK\$'000 (Audited)
Non-current assets			
Property, plant and equipment	11	104,001	107,456
Intangible assets	11	9,508	10,062
Rental and utilities deposits		33,192	30,325
Deposit for property, plant and equipment		5,351	2,836
Restricted bank deposits	13	2,863	2,358
		<u>154,915</u>	<u>153,037</u>
Current assets			
Inventories		8,515	7,332
Trade and other receivables	12	11,856	11,860
Tax recoverable		2,368	2,717
Bank balances and cash		41,219	51,291
		<u>63,958</u>	<u>73,200</u>
Current liabilities			
Trade and other payables	14	60,077	61,880
Amounts due to related companies		657	1,403
Tax liabilities		2,495	1,371
		<u>63,229</u>	<u>64,654</u>
NET CURRENT ASSETS		<u>729</u>	<u>8,546</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>155,644</u>	<u>161,583</u>
Capital and reserves			
Share capital	15	63,037	63,037
Reserves		77,607	83,546
Equity attributable to owners of the Company		<u>140,644</u>	<u>146,583</u>
Non-current liabilities			
Loans from Controlling Shareholders	16	15,000	15,000
		<u>155,644</u>	<u>161,583</u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2017

	Attributable to owners of the Company					
	Share	Share	Other	Share	Retained	Total
	capital	premium	reserve	option	profits	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
(Unaudited)						
At 1 April 2016	9	30,000	36,966	—	51,222	118,197
Loss and total comprehensive expense for the period	—	—	—	—	(33,114)	(33,114)
Dividend paid	—	—	(7,344)	—	—	(7,344)
Placing of shares	10,969	52,476	—	—	—	63,445
Recognition of equity-settled share-based payment	—	—	—	5,494	—	5,494
Issue of shares upon exercise of share options	797	3,816	—	—	—	4,613
Issue of shares by capitalisation of share premium account	51,262	(51,262)	—	—	—	—
Transaction costs attributable to issue of new shares	—	(8,212)	—	—	—	(8,212)
Deemed distribution to one of the Controlling Shareholders	—	—	(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>
(Unaudited)						
At 1 April 2017	63,037	28,785	27,313	5,860	21,588	146,583
Loss and total comprehensive expense for the period	—	—	—	—	(7,496)	(7,496)
Recognition of equity-settled share-based payment	—	—	—	1,557	—	1,557
At 30 September 2017	<u>63,037</u>	<u>28,785</u>	<u>27,313</u>	<u>7,417</u>	<u>14,092</u>	<u>140,644</u>

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2017

		For the six months ended 30 September	
	Note	2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)
NET CASH FROM OPERATING ACTIVITIES		<u>9,711</u>	<u>1,572</u>
INVESTING ACTIVITIES			
Purchase of and deposits paid for property, plant and equipment		(18,971)	(44,014)
Placements of restricted bank deposits		(647)	(75)
Purchase of intangible assets		(172)	(242)
Withdrawal of restricted bank deposits		142	—
Proceeds from disposals of property, plant and equipment		92	425
Repayments from a director		—	10,864
Repayments from Controlling Shareholders		—	7,528
Repayments from related companies		—	1,058
Advances to related companies		—	(1,098)
NET CASH USED IN INVESTING ACTIVITIES		<u>(19,556)</u>	<u>(25,554)</u>
FINANCING ACTIVITIES			
Interest paid		(227)	—
Proceeds from placing of shares		—	63,445
Advances from related companies		—	4,759
Proceeds from issue of shares by exercise of share option		—	4,613
Transaction costs attributable to issuance of shares and paid for a Controlling Shareholder		—	(10,564)
Dividends paid	9	—	(7,344)
Repayments to related companies		—	(4,705)
NET CASH (USED IN) FROM FINANCING ACTIVITIES		<u>(227)</u>	<u>50,204</u>
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS		(10,072)	26,222
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD		<u>51,291</u>	<u>25,722</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD, represented by bank balances and cash		<u><u>41,219</u></u>	<u><u>51,944</u></u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2017

1. GENERAL INFORMATION

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 (the “**Listing**”) on the GEM of the Stock Exchange since 5 August 2016 (the “**Listing Date**”). Its ultimate controlling shareholders are Total Commitment Holdings Limited, Ideal Winner Investments Limited, Minrish Limited, Indo Gold Limited and Mr. Jugdish Johnny 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 are principally engaged in operation of restaurants.

2. BASIS OF PREPARATION AND PRESENTATION

These unaudited condensed consolidated financial statements for the six months ended 30 September 2017 have been prepared in accordance with the applicable disclosure requirements of Chapter 18 of the Rules Governing the Listing of Securities on the GEM 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**”).

These unaudited condensed consolidated financial statements for the six months ended 30 September 2017 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 STANDARDS

In the current interim period, the Group has applied, for the first time, new and revised Hong Kong Financial Reporting Standards (“**HKFRSs**”) (which include all HKFRSs, HKASs, Interpretations and Amendments) issued by the HKICPA that are mandatorily effective for the accounting period beginning on or after 1 April 2017.

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 2017 are consistent with those adopted in the preparation of audited consolidated financial statements included in the Company's 2016/17 annual report, except for the adoption of the new and revised HKFRSs issued by the HKICPA that are adopted for the first time for the current period's condensed consolidated financial statements.

The unaudited condensed consolidated financial statements for the six months ended 30 September 2017 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, 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.

The following is an analysis of the Group's revenue, results, assets and liabilities by operating and reportable segments:

Segment revenue and results

For the six months ended 30 September 2017 (unaudited)

	Italian style	Western style	Asian style	Catering management and design services	Elimination	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
REVENUE						
External sales	59,444	151,589	46,871	—	—	257,904
Inter-segment sales	—	—	—	17,677	(17,677)	—
Total	<u>59,444</u>	<u>151,589</u>	<u>46,871</u>	<u>17,677</u>	<u>(17,677)</u>	<u>257,904</u>
RESULT						
Segment profit	<u>5,243</u>	<u>9,807</u>	<u>660</u>	<u>354</u>	<u>—</u>	16,064
Unallocated staff cost						(16,513)
Unallocated depreciation and amortisation						(175)
Unallocated rental and related expenses						(1,061)
Unallocated utilities and consumables						(228)
Unallocated other expenses						(2,547)
Finance costs						<u>(227)</u>
Loss before taxation						<u>(4,687)</u>

For the six months ended 30 September 2016 (unaudited)

	Italian style	Western style	Asian style	Catering management and design services	Elimination	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>

Segment assets and liabilities

At 30 September 2017 (unaudited)

	Italian style	Western style	Asian style	Catering management and design services	Elimination	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment assets	123,435	265,733	72,353	43,649	(286,297)	218,873
Elimination of inter-segment receivables	(80,414)	(149,566)	(36,558)	(19,759)	286,297	—
	<u>43,021</u>	<u>116,167</u>	<u>35,795</u>	<u>23,890</u>	<u>—</u>	<u>218,873</u>
Segment liabilities	(78,234)	(199,956)	(55,470)	(13,136)	286,297	(60,499)
Elimination of inter-segment payables	66,072	164,572	46,203	9,450	(286,297)	—
	<u>(12,162)</u>	<u>(35,384)</u>	<u>(9,267)</u>	<u>(3,686)</u>	<u>—</u>	<u>(60,499)</u>
Other payables						(2,730)
Loans from Controlling Shareholders						<u>(15,000)</u>
						<u>(78,229)</u>

At 31 March 2017 (audited)

	Italian style	Western style	Asian style	Catering management and design services	Elimination	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment assets	119,120	251,575	69,322	41,195	(254,975)	226,237
Elimination of inter-segment receivables	(75,244)	(135,265)	(31,729)	(12,737)	254,975	—
	<u>43,876</u>	<u>116,310</u>	<u>37,593</u>	<u>28,458</u>	<u>—</u>	<u>226,237</u>
Segment liabilities	(86,475)	(169,489)	(48,430)	(12,505)	254,975	(61,924)
Elimination of inter-segment payables	58,102	150,021	38,599	8,253	(254,975)	—
	<u>(28,373)</u>	<u>(19,468)</u>	<u>(9,831)</u>	<u>(4,252)</u>	<u>—</u>	<u>(61,924)</u>
Other payables						(2,730)
Loans from Controlling Shareholders						(15,000)
						<u>(79,654)</u>

The accounting policies of the operating segments are the same as the Group's accounting policies described in note 4. Segment profit 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 payable for listing expenses and loans from Controlling Shareholders, are allocated to operating segments.

Inter-segment sales are charged at cost plus approach.

Other information

The followings are included in the measure of segment results and segment assets.

	Depreciation and amortisation		Additions to non-current assets	
	For the six months ended 30 September		For the six months ended 30 September	
	2017	2016	2017	2016
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Italian style	4,008	2,666	2,793	1,172
Western style	12,439	7,215	8,173	31,477
Asian style	3,777	2,155	5,655	18,367
Catering management and design services	—	—	12	1,022
	<u>20,224</u>	<u>12,036</u>	<u>16,633</u>	<u>52,038</u>

The unallocated depreciation and amortisation amounted to approximately HK\$175,000 (2016: HK\$173,000) for the six months ended 30 September 2017.

Non-current assets included property, plant and equipment and intangible assets.

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	
	2017	2016	2017	2016
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Hong Kong Profits Tax	<u>1,174</u>	<u>814</u>	<u>2,809</u>	<u>2,342</u>

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

7. FINANCE COSTS

Amount represents interest expense in respect of loan from Controlling Shareholders amounting to HK\$15,000,000 granted on 30 March 2017. The loans are unsecured, carry a fixed interest rate of 3% per annum and have a maturity term of three years.

8. LOSS AND TOTAL COMPREHENSIVE EXPENSE FOR THE PERIOD

	For the three months ended 30 September		For the six months ended 30 September	
	2017	2016	2017	2016
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Loss and total comprehensive expense for the period has been arrived at after charging:				
Depreciation of property, plant and equipment	9,963	6,109	19,673	11,365
Amortisation of intangible assets	363	392	726	844
Loss on disposals of property, plant and equipment	129	553	147	615
Loss on disposals of intangible assets	<u>—</u>	<u>2,081</u>	<u>—</u>	<u>2,081</u>

9. DIVIDENDS

The Board did not recommend the payment of dividend for the six months ended 30 September 2017.

10. LOSS PER SHARE

The basic loss per share is calculated based on the loss 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 Capitalisation Issue (as defined in note 15) had been effective 1 April 2016.

	For the three months ended		For the six months ended	
	30 September		30 September	
	2017	2016	2017	2016
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Loss for the period attributable to owners of the Company for the purpose of basic and diluted loss per share (HK\$'000)	<u>(5,730)</u>	<u>(34,894)</u>	<u>(7,496)</u>	<u>(33,114)</u>
Weighted average number of ordinary shares for the purpose of basic and diluted loss earnings per share (in thousands)	<u>810,250</u>	<u>750,879</u>	<u>810,250</u>	<u>705,195</u>

The Group had no dilutive potential ordinary shares in issue for the six months ended 30 September 2016.

For the six months ended 30 September 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.

11. 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\$16,461,000 and HK\$172,000, respectively (six months ended 30 September 2016: HK\$51,796,000 and HK\$242,000, respectively). In addition, the Group has disposed of property, plant and equipment and intangible assets with carrying amount of approximately HK\$239,000 and Nil, respectively (six months ended 30 September 2016: HK\$1,040,000 and HK\$2,081,000, respectively).

12. 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 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 reporting period are as follows:

	30 September 2017 HK\$'000 (Unaudited)	31 March 2017 HK\$'000 (Audited)
0 - 20 days	4,259	3,618
21 to 90 days	170	251
Over 90 days	137	28
	<u>4,566</u>	<u>3,897</u>

	30 September 2017 HK\$'000 (Unaudited)	31 March 2017 HK\$'000 (Audited)
Other receivables and deposits:		
Prepayments for insurances and consumables	2,666	2,688
Prepayments for rental	3,114	3,086
Advance to employees	938	985
Others	572	1,204
	<u>7,290</u>	<u>7,963</u>

13. 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 0.8% to 1.6% (as at 31 March 2017: 0.8% to 1.6%) per annum. The deposits will be released upon termination of lease agreements which is expected to be beyond one year from the end of reporting period. Accordingly, the amounts are included in the non-current assets.

14. TRADE AND OTHER PAYABLES

	30 September 2017 HK\$'000 (Unaudited)	31 March 2017 HK\$'000 (Audited)
Trade payables	20,836	21,207
Salary payables	11,652	11,517
Payable for property, plant and equipment	3,649	6,502
Rental payables	8,795	8,836
Franchise and licensing fees payables	1,613	1,120
Deposits from customers	2,002	1,049
Audit fee accrual	871	1,422
Payable for repair and maintenance	1,892	2,100
Payable for utility and consumables	4,230	3,682
Payable for cleaning suppliers	1,592	1,599
Payable for listing expenses	2,730	2,730
Other tax payables	215	116
	<u>60,077</u>	<u>61,880</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 reporting period:

	30 September 2017 HK\$'000 (Unaudited)	31 March 2017 HK\$'000 (Audited)
0 - 60 days	20,774	21,207
Over 60 days	62	—
	<u>20,836</u>	<u>21,207</u>

15. SHARE CAPITAL

Ordinary shares of US\$0.01 each

	Notes	Number of shares	Amount US\$	HK\$'000
AUTHORISED:				
At 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, 1 April 2017 and 30 September 2017		<u><u>10,000,000,000</u></u>	<u><u>100,000,000</u></u>	<u><u>778,000</u></u>
ISSUED AND FULLY PAID:				
At 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>
At 30 September 2016, 1 April 2017 and 30 September 2017		<u><u>810,250,000</u></u>	<u><u>8,102,500</u></u>	<u><u>63,037</u></u>

- 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 of shares (the "**Placing**") set out in the section headed "Share Capital" in the Company's prospectus dated 27 July 2016 (the "**Prospectus**"), the Directors 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 Pre-IPO Share Option Scheme (as defined in note 17) are set out in note 17 to the condensed consolidated financial statements.

16. LOANS FROM CONTROLLING SHAREHOLDERS

On 30 March 2017, the Company has entered into loan agreements with Dining Concepts (International) Limited, Indo Gold Ltd., Minrish Limited and Mr. Jugdish Johnny Uttamchandani to borrow an 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.

17. 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

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 period:

				Number of share options			
	Vesting period	Exercisable period	Exercise price per share	Outstanding as at 1 April 2016	Grant during the period	Exercised during the period	Outstanding as at 30 September 2016
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				<u>—</u>	<u>51,000,000</u>	<u>(10,250,000)</u>	<u>40,750,000</u>
Exercisable at the end of the period				<u>N/A</u>	<u></u>	<u></u>	<u>14,750,000</u>
Weighted average exercise price (HK\$)				<u>N/A</u>	<u>0.45</u>	<u>0.45</u>	<u>0.45</u>

				Number of share options			
	Vesting period	Exercisable period	Exercise price per share	Outstanding as at 1 April 2017	Grant during the period	Exercised during the period	Outstanding as at 30 September 2017
Tranche 1	15 July 2016 to 4 August 2016	5 August 2016 to 14 July 2019	HK\$0.45	14,750,000	—	—	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				<u>40,750,000</u>	<u>—</u>	<u>—</u>	<u>40,750,000</u>
Exercisable at the end of the period				<u>14,750,000</u>	<u></u>	<u></u>	<u>40,750,000</u>
Weighted average exercise price (HK\$)				<u>0.45</u>	<u>0.45</u>	<u>0.45</u>	<u>0.45</u>

In respect of the share options exercised during the six months ended 30 September 2016, 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\$1,557,000 (2016: HK\$5,494,000) in relation to the options granted by the Company during the period.

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.

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. As at 30 September 2017, 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 81,025,000 ordinary shares, being 10% of the total number of ordinary shares of the Company in issue.

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.

The Post-IPO share Option Scheme will remain in force for a period of ten years commencing on 14 July 2016. For more details, please refer to the section headed "Share Option Schemes - Post-IPO Share Option Scheme" in Appendix IV of the Prospectus.

Up to 30 September 2017 and the date of this announcement, no share options has been granted under the Post-IPO Share Option Scheme.

18. 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:

	30 September 2017 HK\$'000 (Unaudited)	31 March 2017 HK\$'000 (Audited)
Within one year	108,752	91,407
In the second to the fifth year inclusive	141,681	169,379
	<u>250,433</u>	<u>260,786</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 amount of contingent rental recognised as expenses for the six months period ended 30 September 2017 was approximately HK\$591,000 (2016: HK\$2,022,000), and the amount of basic rent recognised as expenses was approximately HK\$49,390,000 (2016: HK\$46,594,000).

Included above are the lease commitments for future minimum lease payments to Total Commitment Holdings Limited ("Total Commitment (HK)"), a related company of the Group which is under the common control of the Controlling Shareholders. At the end of the reporting period, the Group's commitments for future minimum lease payments to Total Commitment (HK) were as follows:

	30 September 2017 HK\$'000 (Unaudited)	31 March 2017 HK\$'000 (Audited)
Within one year	180	180
In the second to the fifth year inclusive	60	150
	<u>240</u>	<u>330</u>

19. CAPITAL COMMITMENTS

	30 September 2017 HK\$'000 (Unaudited)	31 March 2017 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>7,518</u>	<u>1,383</u>

20. RELATED PARTY TRANSACTIONS

All the related companies were under the common control of certain Directors 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:

		For the six months ended 30 September	
		2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)
Name of related parties	Nature of transactions		
Cuisine Courier (HK) Ltd.	Purchase of courier materials	—	72
	Courier services fee paid	—	313
Global Hotelware Ltd	Purchases of property, plant and equipment	3,526	3,062
Total Commitment (HK)	Rental paid	90	90
Waiters On Wheels Ltd.	Courier services fee paid	—	9

MANAGEMENT DISCUSSION AND ANALYSIS

During the six months ended 30 September 2017 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 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 six months ended 30 September 2017, our Group’s revenue was generated from the operation of restaurants in Hong Kong. As at 30 September 2017, the Group was operating 26 (2016: 24) restaurants, of which 2 (2016: 4) restaurants were newly established and no restaurant (2016: 2) was closed for the six months ended 30 September 2017.

The Group served mainly three categories of cuisines during the six months ended 30 September 2017. 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 six months ended 30 September 2017 and the corresponding period in 2016:

	For the three months ended 30 September				For the six months ended 30 September			
	2017		2016		2017		2016	
	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	74,017	59.0	63,642	59.8	151,589	58.8	124,355	56.8
Italian style	28,670	22.8	18,684	17.6	59,444	23.0	48,564	22.1
Asian style	22,803	18.2	24,092	22.6	46,871	18.2	46,153	21.1
Total	<u>125,490</u>	<u>100.0</u>	<u>106,418</u>	<u>100.0</u>	<u>257,904</u>	<u>100.0</u>	<u>219,072</u>	<u>100.0</u>

Western style restaurants

The revenue generated from operation of Western style restaurants increased by approximately HK\$27.2 million, or approximately 21.9%, from approximately HK\$124.4 million for the six months ended 30 September 2016 to approximately HK\$151.6 million for the six months ended 30 September 2017. Such increase was mainly due to a combined result of the full period operations of Alto Bar & Grill, Le Pain Quotidien (Pacific Place), Iron Fairies & J. Boroski and Bizou, the effect of which was partially offset by (i) the closure of certain restaurants in last financial year as a result of unsatisfactory business performance; and (ii) the decline in revenue generated from certain restaurants due to the declining economic conditions, such as Le Pain Quotidien (Lee Tung Avenue) and Bread Street Kitchen & Bar.

Italian style restaurants

The revenue generated from operation of Italian style restaurants increased by approximately HK\$10.8 million, or approximately 22.4%, from approximately HK\$48.6 million for the six months ended 30 September 2016 to approximately HK\$59.4 million for the six months ended 30 September 2017. Such increase was mainly resulted from (i) the increase in revenue generated from Spiga after rebranding from Lupa in November 2016 and (ii) the temporary suspension of business by 22 days for renovation in AI Molo during the six months ended 30 September 2016, the effect of which was partially offset by the closure of Prego in August 2016 owing to unsatisfactory business performance.

Asian style restaurants

The revenue generated from operation of Asian style restaurants increased by approximately HK\$0.7 million, or approximately 1.6%, from approximately HK\$46.2 million for the six months ended 30 September 2016 to approximately HK\$46.9 million for the six months ended 30 September 2017. The slight increase in revenue was primarily attributable to the commencement of operation of Lilya in April 2017, the effect of which was partially offset by the decline in revenue generated from certain restaurants due to the declining economic conditions.

Cost of inventories consumed

The cost of inventories consumed mainly represents the costs of food ingredients and beverages for the operation of our 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 our Group's operating expenses which amounted to approximately HK\$54.9 million and HK\$62.8 million for each of six months period ended 30 September 2016 and 2017, respectively, representing approximately 25.1% and 24.3% of the Group's total revenue generated from operation of restaurants for the corresponding period.

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, equity-settled share-based payments and other benefits. The staff costs increased by approximately HK\$3.2 million from approximately HK\$79.8 million for the six months ended 30 September 2016 to approximately HK\$83.0 million for the six months ended 30 September 2017. The increase in staff costs was mainly due to (i) the increase in salaries from approximately HK\$72.6 million for the six months ended 30 September 2016 to approximately HK\$78.7 million for the six months ended 30 September 2017 as a result of the increase in number of staff and the respective salary level due to the expansion of business; and (ii) the increase in remuneration paid to Directors after the Listing from approximately HK\$1.7 million for the six months ended 30 September 2016 to approximately HK\$3.4 million for the six months ended 30 September 2017, the effect of which was partially offset by the decline in equity-settled share-based payments attributable to employees of from approximately HK\$5.5 million for the six months ended 30 September 2016 to approximately HK\$1.0 million for the six months ended 30 September 2017 recognised during the period in respect of options granted under the Pre-IPO Share Option Scheme.

Rental and related expenses

The Group's rental and related expenses increased by approximately HK\$1.4 million from approximately HK\$48.6 million for the six months ended 30 September 2016 to approximately HK\$50.0 million for the six months ended 30 September 2017. The increase was mainly due to additional rental expenses for new restaurants upon signing 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 2016 and the six months ended 30 September 2017, the Group recognised other expenses of approximately HK\$24.1 million and HK\$30.3 million, respectively, representing approximately 11.0% and 11.8% of the Group's total revenue for the corresponding period. The increase was mainly due to (i) the increase in operating expenses of events carried out in casual style restaurants and bars of approximately HK\$1.5 million; (ii) equity-settled share-based payments to consultants of approximately HK\$0.6 million (2016: Nil) recognised during the period in respect of options granted under the Pre-IPO Share Option Scheme; (iii) the increase in advertisement expenses of approximately HK\$0.4 million recognised during the period due to the promotion of new and rebranded restaurants; (iv) the increase in legal and professional fees of approximately HK\$0.9 million recognised during the period due to the additional legal fees after the Listing; (v) the increase in repair and maintenance and cleaning expenses of approximately HK\$1.9 million during the period due to the expansion of the operation and increase in number of restaurants; and (vi) the increase in credit card commission expense of approximately HK\$0.7 million due to the increase in revenue.

Finance costs

Finance costs represents interest expense in respect of loan from shareholders granted in March 2017. On 30 March 2017, the Company entered into loan agreements with Dining Concepts (International) Limited, Indo Gold Limited, Minrish Limited and Mr. Jugdish Johnny Uttamchandani to borrow an aggregate amount 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 three years.

Loss attributable to owners of our Company

Loss attributable to owners of the Company for the six months ended 30 September 2016 and six months ended 30 September 2017 were approximately HK\$7.5 million and approximately HK\$33.1 million, respectively. The decrease in loss attributable to owners of our Company was mainly due to (i) the increase in revenue as a result of opening of restaurants in the second half of year 2016; (ii) no Listing expenses incurred in the current period; and (iii) the decrease in loss on disposals of property, plant and equipment and intangible assets as no restaurant was closed during the six months ended 30 September 2017; the effect of which was partially offset by (i) increase in cost of inventories consumed as a result of increasing revenue; (ii) the increase in fixed operating costs, such as depreciation and amortisation expenses of the property, plant and equipment and intangible assets newly acquired; and (iii) the increase in variable operating costs, such as staff costs, advertising expenses, repair and maintenance expenses, expenses of events and music performance shows carried out in newly opened causal style restaurants and bars.

Liquidity and Financial Resources

As at 30 September 2017, total assets of the Group amounted to approximately HK\$218.9 million (31 March 2017: HK\$226.2 million). The Group's working capital was approximately HK\$0.7 million (31 March 2017: HK\$8.5 million), represented by total current assets of approximately HK\$64.0 million (31 March 2017: HK\$73.2 million) against total current liabilities of approximately HK\$63.2 million (31 March 2017: HK\$64.7 million). The current ratio, being the proportion of total current assets against total current liabilities, was 1.01 (31 March 2017: 1.13). The gearing ratio (being sum of borrowings divided by the equity attributable to the owners of the Company) of the Group as at 30 September 2017 was approximately 0.11 (31 March 2017: 0.10). Total equity was approximately HK\$140.6 million (31 March 2017: HK\$146.6 million).

Outlook

Despite the keen competition and challenging operating environment in food and beverage industry in Hong Kong, the Group has emerged as one of the well-known restaurant chains in Hong Kong. During the six months ended 30 September 2017, the Group continued to maintain its focus in serving a variety of cuisines at varying prices under different brands to a diversified customer base in Hong Kong. At present, the Group is operating 27 restaurants, with 24 full-service restaurants and 3 bakery restaurants, in which 1 restaurant was newly opened in October 2017.

With reference to the rapid expansion of the Group in the second half of year 2016, the Group's strategy in the second half of year 2017 is to optimise its existing restaurants portfolio by upgrading existing restaurants and promoting the newly opened "casual style" restaurants and bars with good reputation such as Le Pain Quotidien, Ophelia, Iron Fairies & J.Boroski, Yojimbo as well as Lilya that have brought different dining experiences to the customers. The current restaurants portfolio could provide freshness to the customers and increase the cuisine diversification to broaden the Group's customer bases. The Group will also develop its own brand in the market of casual dining restaurants and bars by providing great environment for dining, variety of entertainment such as live band shows, international DJ's performance, broadcast major sporting events and host of costume parties.

On the other hand, the Group will continue to control its operating costs by centralising the purchase bargain with its suppliers to leverage its extensive restaurant network for reduced costs and negotiating with the lessors for leases of longer terms and favourable conditions.

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 2017.

	Business plan up to 30 September 2017 as set out in the Prospectus	Actual business progress up to 30 September 2017
Continue to expand our restaurant network	Identification of suitable locations and setup new restaurants in Hong Kong	One restaurant was opened for the six months ended 30 September 2017.
Further enhance our brand recognition in Hong Kong	Upgrade, by way of renovation, existing restaurant(s)	The Group had carried out renovation works in existing restaurants during the six months ended 30 September 2017.
Enhance overall profitability of our restaurants	Marketing activities for promoting brand image	The Group has arranged regular advertising campaigns.

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 30 September 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 30 September 2017 HK\$'million	Actual use of proceeds from the Listing Date to 30 September 2017 HK\$'million
Continue to expand our restaurant network	15.3	15.3
Further enhance our brand recognition in Hong Kong	1.3	1.3
Enhance overall profitability of our restaurants	0.2	0.2
	<u>16.8</u>	<u>16.8</u>

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

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

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 2017, save as restricted bank deposits of approximately HK\$2,863,000 (31 March 2017: HK\$2,358,000) for the Group's obligations under certain operating leases, the Group did not pledge any other assets (31 March 2017: Nil).

Contingent Liabilities

As at 30 September 2017, the Group did not have any significant contingent liabilities (31 March 2017: Nil).

Capital Commitments

As at 30 September 2017, the Group's outstanding capital commitments was approximately HK\$7,518,000 (31 March 2017: HK\$1,383,000).

Interim Dividend

The Board did not recommend the payment of interim dividend for the six months ended 30 September 2017.

Employees and Remuneration Policies

As at 30 September 2017, the total number of employees of the Group was 665 (31 March 2017: 664). Total staff costs (including Directors' emoluments) was approximately HK\$83,031,000 for the six months ended 30 September 2017 (2016: HK\$79,762,000).

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 2017.

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 Directors	Capacity/ Nature of Interest	No. of shares held/interest in	Approximate percentage of shareholding (%)
Mr. Sandeep Sekhri (“ Mr. Sekhri ”) ^{Note 1}	Interest in controlled corporation	260,598,000	32.16%
Mr. Jugdish Johnny Uttamchandani (“ Mr. Uttamchandani ”) ^{Note 2}	Beneficial owner	34,782,000	4.29%
Ms. Shalu Anil Dayaram (“ Ms. Dayaram ”) ^{Note 3}	Interest in controlled corporation	82,542,000	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 ultimate controlling shareholders of the Company. 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, 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 percentage of shareholding (%)
Dining Concepts (International) Limited ^{Note 1}	Beneficial owner	260,598,000	32.16%
Total Commitment Holdings Limited ^{Note 1}	Interest in controlled corporation	260,598,000	32.16%
Indo Gold Ltd.	Beneficial owner	97,074,000	11.98%
Ideal Winner Investments Ltd. ^{Note 2}	Beneficial owner	82,542,000	10.19%
Prometheus Capital (International) Co. Ltd ^{Note 3}	Beneficial owner	80,880,000	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. Shalu Anil Dayaram. By virtue of the SFO, Ms. Shalu Anil 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

Pursuant to a written resolution passed by the shareholders of the Company on 14 July 2016, the Company adopted the Pre-IPO Share Option Scheme, the principal terms of which were set out in the Prospectus. There were 51,000,000 share options granted to the grantees on 15 July 2016. Up to 30 September 2017, 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 of share options			
				Outstanding as at 1 April 2017	Grant during the period	Exercised during the period	Outstanding as at 30 September 2017
Directors-Sandip Gupta	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	10,750,000	—	—	10,750,000
	15 July 2016	HK\$0.45	5 August 2017 to 14 July 2019	22,000,000	—	—	22,000,000
Total				<u>40,750,000</u>	<u>—</u>	<u>—</u>	<u>40,750,000</u>

(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.

The Post-IPO share Option Scheme will remain in force for a period of ten years commencing on 14th July, 2016. For more details, please refer to the section headed “Share Option Schemes - Post-IPO Share Option Scheme” in Appendix IV of the Prospectus.

Up to 30 September 2017, no share options has been granted under the Post-IPO 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 2017.

DIRECTORS' INTERESTS IN CONTRACTS

As at 30 September 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 30 September 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. 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 2017.

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 2017 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, Oceanwide Capital Limited (previously known as "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 Hey, 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 2017 are unaudited.

PUBLICATION OF INTERIM REPORT

The 2017/18 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, 13 November 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.