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 ANNUAL RESULTS FOR THE YEAR ENDED 31 MARCH 2018

CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "STOCK EXCHANGE")

GEM has been positioned as a market designed to accommodate small and mid-size companies to which a higher investment risk may be attached than other companies listed on the Main Board of 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.

Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange 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 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 2018 was approximately HK$550.4 million, representing an increase of approximately 12.0% as compared to the year ended 31 March 2017.
- Loss and total comprehensive expense attributable to owners of the Company for the year ended 31 March 2018 was approximately HK$2.3 million, representing a decrease in loss of approximately 92.4% as compared to the year ended 31 March 2017.
- The Board did not recommend payment of final dividend for the year ended 31 March 2018.

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 2018 which has been reviewed by the audit committee of the Company, in content together with the audited comparative figures for the year ended 31 March 2017 as set out below.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2018

	notes	**2018**	2017
		HK$'000	HK$'000
Revenue	3	**550,448**	491,539
Cost of inventories consumed		**(130,938)**	(121,686)
Staff costs		**(170,045)**	(157,657)
Depreciation and amortisation		**(42,336)**	(30,572)
Rental and related expenses		**(103,776)**	(100,518)
Utilities and consumables		**(20,927)**	(19,607)
Listing expenses		**—**	(11,883)
Franchise and licensing fees		**(12,024)**	(11,759)
Other expenses		**(64,638)**	(58,544)
Other gains and losses		**(239)**	(3,230)
Finance costs		**(451)**	—
Profit (loss) before taxation		**5,074**	(23,917)
Taxation	4	**(7,340)**	(5,717)
Loss and total comprehensive expense for the year attributable to owners of the Company	5	**(2,266)**	(29,634)
Loss per share – basic (HK$)	7	**(0.003)**	(0.039)
Loss per share – diluted (HK$)	7	**(0.003)**	(0.039)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2018

	notes	2018	2017
		HK$'000	HK$'000
Non-current assets			
Property, plant and equipment		**107,118**	107,456
Intangible assets		**8,773**	10,062
Rental and utilities deposits		**34,344**	30,325
Deposit paid for acquisition of a subsidiary		**2,000**	—
Deposit for property, plant and equipment		**1,305**	2,836
Restricted bank deposits		**2,863**	2,358
		156,403	153,037
Current assets			
Inventories		**8,760**	7,332
Trade and other receivables	8	**14,063**	11,860
Tax recoverable		**895**	2,717
Bank balances and cash		**48,819**	51,291
		72,537	73,200
Current liabilities			
Trade and other payables	9	**63,359**	61,880
Amount due to a related company		**603**	1,403
Tax liabilities		**4,105**	1,371
		68,067	64,654
Net current assets		**4,470**	8,546
Total assets less current liabilities		**160,873**	161,583
Capital and reserves			
Share capital	10	**63,037**	63,037
Reserves		**82,836**	83,546
Equity attributable to owners of the Company		**145,873**	146,583
Non-current liability			
Loans from Controlling Shareholders	11	**15,000**	15,000
		160,873	161,583

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2018

	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 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
Loss and total comprehensive expense for the year	**—**	**—**	**—**	**—**	**(2,266)**	**(2,266)**
Recognition of equity-settled share-based payment	**—**	**—**	**—**	**1,556**	**—**	**1,556**
At 31 March 2018	**63,037**	**28,785**	**27,313**	**7,416**	**19,322**	**145,873**

notes:

note a: In connection with placing of shares of the Company, transaction costs of HK$2,309,000 was attributable to placing of old shares previously held by one of the Controlling Shareholders (as defined in note 1). 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 2016, other reserve mainly including of HK$33,642,000 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 Company's prospectus dated 27 July 2016 (the "**Prospectus**").

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2018

	2018	2017
	HK$'000	HK$'000
OPERATING ACTIVITIES		
Profit (loss) before taxation	**5,074**	(23,917)
Adjustments for:		
Finance costs	**451**	—
Depreciation of property, plant and equipment	**40,875**	28,989
Amortisation of intangible assets	**1,461**	1,583
Loss on disposals of property, plant and equipment	**239**	1,038
Write-offs of intangible assets	**—**	2,192
Equity-settled share-based payment	**1,556**	7,725
Operating cash flows before movements in working capital	**49,656**	17,610
(Increase) decrease in rental and utilities deposits	**(4,019)**	34
Increase in inventories	**(1,428)**	(1,552)
(Increase) decrease in trade and other receivables	**(2,203)**	1,058
Increase in trade and other payables	**1,479**	10,457
(Decrease) increase in amount due to a related company	**(800)**	1,403
Cash generated from operations	**42,685**	29,010
Income tax paid	**(2,784)**	(4,660)
NET CASH FROM OPERATING ACTIVITIES	**39,901**	24,350
INVESTING ACTIVITIES		
Purchase of and deposits paid for property, plant and equipment	**(39,394)**	(81,305)
Deposit paid for acquisition of a subsidiary	**(2,000)**	—
Placements of restricted bank deposits	**(1,653)**	(1,220)
Purchase of intangible assets	**(172)**	(328)
Withdrawal of restricted bank deposits	**1,148**	1,005
Proceeds from disposals of property, plant and equipment	**149**	468
Repayments from a director	**—**	10,864
Repayments from a Controlling Shareholder	**—**	7,528
Repayments from related companies	**—**	841
Disposal of a subsidiary, net of cash disposed of	**—**	746
Advances to related companies	**—**	(220)
NET CASH USED IN INVESTING ACTIVITIES	**(41,922)**	(61,621)

	note	2018 HK$'000	2017 HK$'000
FINANCING ACTIVITIES			
Interest paid		**(451)**	—
Proceeds from placing of shares		**—**	63,445
Loans from Controlling Shareholders	11	**—**	15,000
Proceeds from issue of shares by exercise of share options		**—**	4,613
Repayments to related companies		**—**	(2,455)
Dividend paid		**—**	(7,344)
Transaction costs attributable to issuance of shares and paid for a Controlling Shareholder		**—**	(10,419)
NET CASH (USED IN) FROM FINANCING ACTIVITIES		**(451)**	62,840
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS		**(2,472)**	25,569
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		**51,291**	25,722
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR, REPRESENTED BY BANK BALANCES AND CASH		**48,819**	51,291

1. GENERAL

The Company was incorporated in the Cayman Islands as an exempted company with limited liability and its shares are listed on GEM of the Stock Exchange. 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 are principally engaged in operation of restaurants.

The consolidated financial statements are presented in Hong Kong dollar ("**HK$**"), which is the functional currency of the Company and its subsidiaries.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

Amendments to HKFRSs that are mandatorily effective for the current year

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

Amendments to HKAS 7	Disclosure Initiative
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses
Amendments to HKFRS 12	As part of the Annual Improvements to HKFRSs 2014 - 2016 Cycle

Except as described below, 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.

Amendments to HKAS 7 Disclosure Initiative

The Group has applied to these amendments for the first time in the current year. The amendments require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both cash and non-cash changes. In addition, the amendments also require disclosures on changes in financial assets if cash flows from those financial assets were, or future cash flows will be, included in cash flows from financing activities.

Specifically, the amendments require the following activities to be disclosed: (i) changes from financing cash flows; (ii) changes arising from obtaining or losing control of subsidiaries or other businesses; (iii) the effect of changes in foreign exchange rates; (iv) changes in fair values; and (v) other changes.

A reconciliation between the opening and closing balances of these items is provided in the Group's consolidated financial statements. Consistent with the transition provisions of the amendments, the Group has not disclosed comparative information for the prior year. Apart from the additional disclosure in the Group's consolidated financial statements, the application of these amendments has had no impact on the Group's consolidated financial statements.

New and revised HKFRSs in issue but not yet effective

The Group has not early applied the following new and revised 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]
HKFRS 17	Insurance Contracts[4]
HK(IFRIC) - Int 22	Foreign Currency Transactions and Advance Consideration[1]
HK(IFRIC) - Int 23	Uncertainty over Income Tax Treatments[2]
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 9	Prepayment Features with Negative Compensation[2]
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 19	Plan Amendment, Curtailment or Settlement[2]
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures[2]
Amendments to HKAS 28	As part of the Annual Improvements to HKFRSs 2014 - 2016 Cycle[1]
Amendments to HKAS 40	Transfers of Investment Property[1]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015 - 2017 Cycle[2]

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, 2021.

HKFRS 15 Revenue from Contracts with Customers

HKFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. HKFRS 15 will supersede the current revenue recognition guidance including HKAS 18 Revenue, HKAS 11 Construction Contracts and the related interpretations when it becomes effective.

The core principle of HKFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under HKFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in HKFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by HKFRS 15.

In 2016, the HKICPA issued Clarifications to HKFRS 15 in relation to the identification of performance obligations, principal versus agent considerations, as well as licensing application guidance.

The Directors anticipate that the application of HKFRS 15 in the future may result in more disclosures, however, the Directors do not anticipate that the application of HKFRS 15 will have a material impact on the timing and amounts of revenue recognised in the respective reporting periods.

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. Upon application of 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 by the Group.

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 2018, the Group has non-cancellable operating lease commitments of HK$207,388,000 (2017: HK$260,786,000) as disclosed in note 13. A preliminary assessment indicates that these arrangements will meet the definition of a lease. Upon application of HKFRS 16, 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.

Other than the above, the Directors anticipate that the application of the other new and revised HKFRSs will have no material impact on the Group's consolidated financial statements.

3. 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 the 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:

Year ended 31 March 2018

	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	**129,290**	**325,404**	**95,754**	**—**	**—**	**550,448**
Inter-segment sales	**—**	**—**	**—**	**36,093**	**(36,093)**	**—**
Total	**129,290**	**325,404**	**95,754**	**36,093**	**(36,093)**	**550,448**
RESULT						
Segment profit	**14,886**	**28,745**	**4,060**	**722**	**(722)**	**47,691**
Unallocated staff costs						**(32,445)**
Unallocated depreciation and amortisation						**(344)**
Unallocated rental and related expenses						**(2,123)**
Unallocated utilities and consumables						**(478)**
Unallocated other expenses						**(6,776)**
Finance costs						**(451)**
Profit before taxation						**5,074**

At 31 March 2018

	Italian style HK$'000	Western style HK$'000	Asian style HK$'000	Catering management and design services HK$'000	Elimination HK$'000	Consolidated total HK$'000
Segment assets	**155,671**	**283,561**	**74,475**	**47,333**	**(332,100)**	**228,940**
Elimination of inter-segment receivables	**(105,069)**	**(165,528)**	**(39,083)**	**(22,420)**	**332,100**	**—**
	50,602	**118,033**	**35,392**	**24,913**	**—**	**228,940**
Segment liabilities	**(92,771)**	**(214,363)**	**(58,378)**	**(31,925)**	**332,100**	**(65,337)**
Elimination of inter-segment payables	**78,437**	**178,130**	**49,113**	**26,420**	**(332,100)**	**—**
	(14,334)	**(36,233)**	**(9,265)**	**(5,505)**	**—**	**(65,337)**
Other payables						**(2,730)**
Loans from Controlling Shareholders						**(15,000)**
						(83,067)

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)

At 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
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	—
	43,876	116,310	37,593	28,458	—	226,237
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)	—
	(28,373)	(19,468)	(9,831)	(4,252)	—	(61,924)
Other payables						(2,730)
Loans from Controlling Shareholders						(15,000)
						(79,654)

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. 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**	
	2018 HK$'000	2017 HK$'000	**2018 HK$'000**	2017 HK$'000
Italian style	**8,010**	5,692	**14,019**	22,909
Western style	**26,173**	19,339	**19,402**	52,520
Asian style	**7,809**	5,148	**7,586**	20,575
Catering management and design services	**—**	1	**—**	1,150
	41,992	30,180	**41,007**	97,154

The unallocated depreciation and amortisation amounted to approximately HK$344,000 (2017: HK$392,000) for the year ended 31 March 2018.

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.

Information about major customers

No revenue from individual customer contributed over 10% of total revenue of the Group for both years.

4. TAXATION

	2018	2017
	HK$'000	HK$'000
Hong Kong Profits Tax	**7,847**	6,052
Over provision in respect of prior years	**(27)**	(55)
One-off tax reduction of profits tax by the Hong Kong Inland Revenue Department ("**IRD**")	**(480)**	(280)
	7,340	5,717

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

Taxation for the year can be reconciled to the profit (loss) before taxation per the consolidated statement of profit or loss and other comprehensive income as follows:

	2018	2017
	HK$'000	HK$'000
Profit (loss) before taxation	**5,074**	(23,917)
Tax at the statutory tax rate	**837**	(3,946)
Tax effect of expenses not deductible for tax purpose	**851**	4,493
Tax effect of income not taxable for tax purpose	**(6)**	(49)
Tax effect of deductible temporary differences not recognised	**3,819**	1,222
Utilisation of deductible temporary differences previously not recognised	**(929)**	(3,168)
Tax effect of tax losses not recognised	**4,276**	7,954
Utilisation of tax losses previously not recognised	**(938)**	(292)
Over provision in respect of prior years	**(27)**	(55)
One-off tax reduction by the IRD	**(480)**	(280)
Others	**(63)**	(162)
Taxation for the year	**7,340**	5,717

At 31 March 2018, the Group has unrecognised tax losses of approximately HK$99,980,000 (2017: HK$79,750,000), which may be carried forward indefinitely, available for offset against future profits. In the opinion of the Directors, no deferred tax asset was recognised due to the unpredictability of future profit streams.

At 31 March 2018, the Group has unrecognised deductible temporary differences of approximately HK$66,121,000 (2017: HK$48,606,000) arising from property, plant and equipment and intangible assets. No deferred tax assets has been recognised in relation to such deductible temporary difference as it is not probable that taxable profit will be available against which the deductible temporary differences can be utilised.

5. LOSS AND TOTAL COMPREHENSIVE EXPENSE FOR THE YEAR

	2018	2017
	HK$'000	HK$'000
Loss and total comprehensive expense for the year has been arrived at after charging:		
Directors' emoluments	**7,596**	11,734
Other staff costs		
– salaries and other benefits	**155,594**	138,118
– retirement benefit scheme contributions	**6,138**	5,247
– Equity-settled share-based payment expenses	**717**	2,558
Total staff costs	**170,045**	157,657
Depreciation of property, plant and equipment	**40,875**	28,989
Amortisation of intangible assets	**1,461**	1,583

6. DIVIDEND

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 2018 and 2017, nor has any dividend been proposed since the end of the reporting period.

7. 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 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 2016.

	2018	2017
Loss for the year attributable to owners of the Company for the purpose of basic and diluted loss per share (HK$'000)	**(2,266)**	(29,634)
Weighted average number of ordinary shares for the purpose of calculating basic and diluted loss per share (in thousands)	**810,250**	757,579

For both years, 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

	2018 HK$'000	2017 HK$'000
Trade recievables	**6,855**	3,897
Other receivables and deposits	**7,208**	7,963
	14,063	11,860

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:

	2018 HK$'000	2017 HK$'000
0 - 20 days	**6,552**	3,618
21 to 90 days	**237**	251
Over 90 days	**66**	28
	6,855	3,897

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$303,000 (2017: HK$279,000) 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:

	2018	2017
	HK$'000	HK$'000
21 to 90 days	**237**	251
Over 90 days	**66**	28
	303	279

	2018	2017
	HK$'000	HK$'000
Other receivables and deposits:		
Prepayments for insurances and consumables	**2,606**	2,688
Prepayments for rental	**2,750**	3,086
Advance to employees	**1,443**	985
Others	**409**	1,204
	7,208	7,963

9. TRADE AND OTHER PAYABLES

	2018	2017
	HK$'000	HK$'000
Trade payables	**23,612**	21,207
Salary payables	**12,193**	11,517
Payable for property, plant and equipment	**3,805**	6,502
Rental payables	**8,849**	8,836
Franchise and licensing fees payables	**1,267**	1,120
Deposits from customers	**1,608**	1,049
Audit fee accrual	**2,182**	1,422
Payable for repair and maintenance	**1,636**	2,100
Payable for utility and consumables	**3,468**	3,682
Payable for cleaning suppliers	**1,686**	1,599
Payable for listing expenses	**2,730**	2,730
Other tax payables	**323**	116
	63,359	61,880

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:

	2018	2017
	HK$'000	HK$'000
0 - 60 days	**23,612**	21,207

10. 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	9,995,000,000	99,950,000	777,611
At 31 March 2017 and 2018		10,000,000,000	100,000,000	778,000
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
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 and 2018		810,250,000	8,102,500	63,037

notes:

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 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 entered into loan agreements with Dining Concepts (International) Limited, Indo Gold, Minrish and Mr. 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.

The related finance costs of HK$451,000 were recognised during the year (2017: Nil).

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 (the "**Pre-IPO Share Option Scheme**"). 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 two years:

	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	Grant during the year	Exercised during the year	Outstanding as at 31 March 2018
				Number of share options						
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	—	—	14,750,000
Tranche 2	15 July 2016 to 4 August 2017	5 August 2017 to 14 July 2019	HK$0.45	—	26,000,000	—	26,000,000	—	—	26,000,000
Total				—	51,000,000	(10,250,000)	40,750,000	—	—	40,750,000
Exercisable at the end of the year				N/A			14,750,000			40,750,000
Weighted average exercise price (HK$)				N/A	0.45	0.45	0.45	N/A	N/A	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$1,556,000 (2017: 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:

	2018	2017
	HK$'000	HK$'000
Within one year	**94,606**	91,407
In the second to the fifth year inclusive	**112,782**	169,379
	207,388	260,786

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$1,751,000 (2017: HK$4,478,000), and the amount of basic rent recognised as expenses was approximately HK$102,025,000 (2017: HK$96,040,000).

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

	2018	2017
	HK$'000	HK$'000
Within one year	**150**	180
In the second to the fifth year inclusive	**—**	150
	150	330

14. CAPITAL COMMITMENTS

	2018	2017
	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	**3,384**	1,383

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

Name of related parties	**Nature of transactions**	**2018**	2017
		HK$'000	HK$'000
Cuisine Courier (HK) Ltd.	Purchases of courier materials	**—**	82
	Courier services fee paid	**—**	340
Global Hotelware Limited	Purchases of property, plant and equipment	**6,172**	7,901
Total Commitment Holdings Limited ("Total Commitment (HK)")	Rental paid	**180**	180
Waiters on Wheels Ltd.	Courier services fee paid	**—**	9

MANAGEMENT DISCUSSION AND ANALYSIS

During the year ended 31 March 2018 and up to the date of this announcement, the Group has 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 year ended 31 March 2018, 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 2018, the Group's revenue was generated from the operation of restaurants in Hong Kong. As at 31 March 2018, the Group was operating 28 (2017: 24) restaurants, of which 4 (2017: 5) restaurants were newly established and no restaurant (2017: 3) was closed or disposed for the year ended 31 March 2018.

The Group served mainly three categories of cuisines during the year ended 31 March 2018. 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 year ended 31 March 2018:

	For the year ended 31 March			
	2018		2017	
	Revenue (HK$'000)	% of total revenue (%)	Revenue (HK$'000)	% of total revenue (%)
Western style	**325,404**	**59.1**	290,326	59.1
Italian style	**129,290**	**23.5**	106,993	21.8
Asian style	**95,754**	**17.4**	94,220	19.1
Total	**550,448**	**100.0**	491,539	100.0

Western style restaurants

The revenue generated from operation of Western style restaurants increased by approximately HK$35.1 million, or approximately 12.1%, from approximately HK$290.3 million for the year ended 31 March 2017 to approximately HK$325.4 million for the year ended 31 March 2018. 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 the year ended 31 March 2017 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$22.3 million, or approximately 20.8%, from approximately HK$107.0 million for the year ended 31 March 2017 to approximately HK$129.3 million for the year ended 31 March 2018. Such increase was mainly resulted from (i) the increase in revenue generated from Spiga after rebranding from Lupa in November 2016; (ii) the temporary suspension of business by 22 days for renovation in Al Molo during the year ended 31 March 2017; and (iii) commencement of operation of Dear Lilly in February 2018, 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$1.5 million, or approximately 1.6%, from approximately HK$94.2 million for the year ended 31 March 2017 to approximately HK$95.8 million for the year ended 31 March 2018. The 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 the Group's restaurants. The major food ingredients purchased by the Group includes, but is not limited to, vegetable, meat, seafood and frozen food. The cost of inventories consumed is one of the major components of the Group's operating expenses which amounted to approximately HK$130.9 million and HK$121.7 million for each of year ended 31 March 2018 and 2017, respectively, representing approximately 23.8% 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, equity-settled share-based payments and other benefits. The staff costs increased by approximately HK$12.3 million from approximately HK$157.7 million for the year ended 31 March 2017 to approximately HK$170.0 million for the year ended 31 March 2018. The increase in staff costs was mainly due to the increase in staff salaries from approximately HK$143.4 million for the year ended 31 March 2017 to approximately HK$161.7 million for the year ended 31 March 2018 as a result of the increase in number of staff and the respective salary level due to the expansion of business, the effect of which was partially offset by (i) the decrease in remuneration paid to Directors after the Listing from approximately HK$11.7 million for the year ended 31 March 2017 to approximately HK$7.6 million for the year ended 31 March 2018 as a one-off discretionary bonus of HK$6.0 million was paid during the year ended 31 March 2017; and (ii) the decline in equity-settled share-based payments attributable to employees of from approximately HK$2.6 million for the year ended 31 March 2017 to approximately HK$0.7 million for the year ended 31 March 2018 recognised during the year in respect of options granted under the Pre-IPO Share Option Scheme.

Rental and related expenses

Our rental and related expenses increased by approximately HK$3.3 million from approximately HK$100.5 million for the year ended 31 March 2017 to approximately HK$103.8 million for the year ended 31 March 2018. 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, music performance show and repair and maintenance. During the years ended 31 March 2017 and 2018, the Group recognised other expenses of approximately HK$58.5 million and HK$64.6 million, respectively, representing approximately 11.9% and 11.7% of the Group's total revenue for the corresponding year. 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$1.4 million; (ii) the increase in legal and professional fees of approximately HK$1.1 million recognised during the year due to the additional legal fees after the Listing; (iii) the increase in repair and maintenance and cleaning expenses of approximately HK$4.6 million during the year due to the expansion of the operation and increase in number of restaurants; and (iv) the increase in credit card commission expense of approximately HK$1.2 million due to the increase in revenue, the effect of which was partially offset by the decrease in equity-settled share-based payment to consultants of approximately HK$3.4 million.

Finance costs

Finance costs represents interest expense in respect of loans 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 the Company

Loss attributable to owners of the Company for the year ended 31 March 2018 was approximately HK$2.3 million, while the loss attributable to owners of the Company for the year ended 31 March 2017 was approximately HK29.6 million. The significant decrease in loss attributable to owners of the Company was mainly due to (i) the increase in revenue as a result of opening of restaurants in the second half of year 2016 and the first half of year 2017; (ii) no Listing expenses incurred during the year ended 31 March 2018; and (iii) the decrease in loss on disposals of property, plant and equipment and intangible assets as no restaurant was closed during the year ended 31 March 2018; 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 31 March 2018, total assets of the Group amounted to approximately HK$228.9 million (2017: HK$226.2 million). The Group's working capital was approximately HK$4.5 million (2017: HK$8.5 million), represented by total current assets of approximately HK$72.5 million (2017: HK$73.2 million) against total current liabilities of approximately HK$68.1 million (2017: HK$64.7 million). The current ratio, being the proportion of total current assets against total current liabilities, was 1.07 (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 31 March 2018 was approximately 0.10 (2017: 0.10). Total equity was approximately HK$145.9 million (2017: HK$146.6 million).

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 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.

Save as the abovementioned loans from controlling shareholders of the Company, the Group did not have other borrowings for the years ended 31 March 2017 and 2018.

OUTLOOK

Despite the keen competiton 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 year ended 31 March 2018, 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. The Group is currently operating 28 restaurants, with 25 full-service restaurants and 3 bakery restaurants.

With reference to the rapid expansion of the Group in the second half of financial year 2016, the Group's strategy in the coming year is to optimise its existing restaurant portfolios by upgrading existing restaurants and promoting the newly opened "casual style" restaurants and bars of popularity such as Le Pain Quotidien, Ophelia, Iron Fairies & J.Boroski, Yojimbo, Lilya as well as Dear Lilly that have brought different dining experiences to the customers. The current restaurant portfolios could upkeep freshness to the customers and increase the cuisine diversification to broaden the Group's customer bases. The Group will also develop its own brand to enlarge its share 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 Company's Prospectus with actual business progress for the year ended 31 March 2018.

	Business plan up to 31 March 2018 as set out in the Prospectus	**Actual business progress up to 31 March 2018**
Continue to expand our restaurant network	Identification of suitable locations and setup new restaurants in Hong Kong	4 restaurants were opened for the year ended 31 March 2018.
Further enhance our brand recognition in Hong Kong	Upgrade, by way of renovation, our existing restaurant(s)	The Group had carried out renovation works in existing restaurants during the year ended 31 March 2018.
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 2018 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 2018 HK$'million	Actual use of proceeds from the Listing Date to 31 March 2018 HK$'million
Continue to expand our restaurant network	**19.5**	19.5
Further enhance our brand recognition in Hong Kong	**1.3**	1.3
Enhance overall profitability of our restaurants	**0.3**	0.3
	21.1	21.1

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.

PRINCIPAL RISKS AND UNCERTAINTIES

The Group's financial condition, results of operations, businesses and prospects would be affected by a number of risks and uncertainties including market risk, credit risk and liquidity risk. The risk management policies and practices of the Group are stated in the annual report.

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 31 March 2018, save as restricted bank deposits of approximately HK$2,863,000 (2017: HK$2,358,000) for the Group's obligations under certain operating leases, the Group did not pledge any other assets (2017: Nil).

CONTINGENT LIABILITIES

As at 31 March 2018, the Group did not have any significant contingent liabilities (2017: Nil).

CAPITAL COMMITMENTS

As at 31 March 2018, the Group's outstanding capital commitments was approximately HK$3,384,000 (2017: HK$1,383,000).

DIVIDEND

The Board did not recommend the payment of final dividend for the year ended 31 March 2018.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 March 2018, the total number of employees of the Group was 734 (2017: 665). Total staff costs (including Directors' emoluments) was approximately HK$170,045,000 for the year ended 31 March 2018 (2017: HK$157,657,000).

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.

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL EXPENDITURES

Save as disclosed in the section headed "Material Acquisitions and Disposals of Subsidiaries, Associates and Joint Ventures" below, the Group did not have any plans for material investments during the year.

The Group will finance the future acquisitions through internally generated funds and other fund raising activities, including but not limited to issue of new debts or equity instruments.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

On 1 February 2018, a conditional sale and purchase agreement was entered into between DC Events Limited, a wholly-owned subsidiary of the Company, as the purchaser, and a group of third parties who are independent of and not connected with the Company and its connected person (as defined under the GEM Listing Rules), as the vendors, for the acquisition of the entire issued share capital of Kowloon Cantons Cricket Company Limited (the "**Target Company**") at a total consideration of approximately HK$2,000,000 (the "**Consideration**").

The Target Company is incorporated in Hong Kong with limited liability and runs a cricket team in Hong Kong. By acquiring the Target Company, the Group can promote its brands and restaurants through the cricket tournaments and promotional events of the cricket club. The Directors believe that the acquisition can help advertising and marketing different brands under the Group to the target customers and expand customer base.

The transaction was subsequently completed on 3 April 2018. Upon completion of the acquisition, the Target Company became a wholly-owned subsidiary of the Company and the financial information of the Target Company is consolidated into the financial information of the Group.

Other than as disclosed above, the Group did not have any material acquisitions and disposals of subsidiaries, associates and joint ventures during the year ended 31 March 2018.

FINANCIAL ASSISTANCE FROM SUBSTANTIAL SHAREHOLDERS

On 30 March 2017, a shareholders' loan agreement was entered into between Dining Concepts (International) Limited, Indo Gold Limited, Minrish Limited and Mr. Jugdish Johnny Uttamchandani as lenders and the Company as borrower (the "**Shareholders' Loan Agreement**"), pursuant to which the lenders have severally agreed to provide a term loan to the Company in the aggregate amount of HK$15,000,000 (the "**Loan**"). Detailed terms of the Loan were disclosed in note 11 of the consolidated financial statements.

As at the date of the Shareholders' Loan Agreement, the lenders held approximately 53.88% of the issued share capital of the Company in aggregate and are the controlling shareholders of the Company and are therefore connected persons of the Company. Accordingly, the Shareholders' Loan Agreement constitutes a connected transaction of the Company under Chapter 20 of the GEM Listing Rules. However, the Board considers that as (i) the Shareholders' Loan Agreement has been entered into after arm's length negotiations between the Company and the lenders and determined on normal commercial terms or better and (ii) the Loan is not secured by any assets of the Group, the Loan is fully exempted from the shareholders' approval, annual review and all disclosure requirements under Rule 20.88 of the GEM Listing Rules.

SUBSEQUENT EVENT

Save as disclosed in the section headed "Material Acquisitions and Disposals of Subsidiaries, Associates and Joint Ventures" above, the Group did not have any other material subsequent event.

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 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 2018 have been reviewed by the Audit Committee.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SECURITIES

Neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the listed securities of the Company during the year.

DIRECTORS' INTERESTS IN CONTRACTS

There is no contract of significance to which the Company or any of its subsidiaries and the Controlling Shareholders of the Company or any of its subsidiaries was a party and in which the Directors had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

DIRECTORS' INTEREST IN COMPETING BUSINESS

During the year and up to the date of this announcement, the Directors are not aware of any business or interest of the Directors, the management of the Company and their respective associates (as defined under the GEM Listing Rules) that compete or may compete with the business of the Group and any other conflict of interest which any such person has or may have with the Group.

DIRECTORS' SECURITIES TRANSACTIONS

The Group adopted Rules 5.48 to 5.67 of the GEM Listing Rules as its own code of conduct regarding Directors' securities transactions on terms no less exacting than the required standard of dealings.

Having made specific enquiries to all the Directors and all the Directors had confirmed they have complied with the required standard of dealings and the code of conduct for directors' securities transactions during the year ended 31 March 2018.

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.

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 2018, 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 2018 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

Save as disclosed in the section headed "Material Acquisitions and Disposals of Subsidiaries, Associates and Joint Ventures" above, the Group did not have any other significant event that might affect the Group's business and financial performance since 31 March 2018.

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, 20 June 2018

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.