Dining Concepts

2016/ 17 ANNUAL REPORT

Dining Concepts Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 8056

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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.

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*This report, for which the directors (the "**Directors**") of Dining Concepts Holdings Limited (the "**Company**" and together with its subsidiaries, the "**Group**") collectively and individually accept full responsibility, includes particulars given in compliane with the Rules Governing the Listing of Securities on the GEM of the Stock Exchange (the "**GEM Listing Rules**") for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief the information contained in this report 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 report misleading.*

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors:

Mr. Sandeep Sekhri
(Chairman and Chief Executive Officer)
Mr. Sandip Gupta

Non-executive Directors:

Mr. Jugdish Johnny Uttamchandani
Ms. Shalu Anil Dayaram

Independent non-executive Directors:

Mr. Chan Ming Sun, Jonathan
Mr. Zen Chung Hei, Hayley
Mr. Amit Agarwal

COMPLIANCE OFFICER

Mr. Sandip Gupta

AUTHORISED REPRESENTATIVES

Mr. Sandeep Sekhri
Mr. Sandip Gupta

COMPANY SECRETARY

Mr. Kam Tik Lun (appointed on 28 February 2017)
Mr. Chan Fung Man (resigned on 28 February 2017)

AUDIT COMMITTEE

Mr. Zen Chung Hei, Hayley *(Chairman)*
Mr. Chan Ming Sun, Jonathan
Mr. Amit Agarwal

REMUNERATION COMMITTEE

Mr. Amit Agarwal *(Chairman)*
Mr. Zen Chung Hei, Hayley
Mr. Sandip Gupta

NOMINATION COMMITTEE

Mr. Sandeep Sekhri *(Chairman)*
Mr. Amit Agarwal
Mr. Zen Chung Hei, Hayley

REGISTERED OFFICE

Clifton House
75 Fort Street
Grand Cayman, KY1-1108
Cayman Islands

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

Suites 1701-2 and 1704, 17th Floor
Chinachem Hollywood Centre
1,3,5,7,9,11 and 13 Hollywood Road
Central, Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Estera Trust (Cayman) Limited
Clifton House
75 Fort Street
Grand Cayman KY1-1108
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Boardroom Share Registrars (HK) Limited
31/F, 148 Electric Road
North Point
Hong Kong

LEGAL ADVISER TO THE COMPANY

Sidley Austin

PRINCIPAL BANKERS

The Hong Kong and Shanghai Banking Corporation Limited

AUDITORS

Deloitte Touche Tohmatsu
Certified Public Accountants

COMPLIANCE ADVISER

Quam Capital Limited

COMPANY'S WEBSITE

http://www.diningconcepts.com

GEM STOCK CODE

8056

CHAIRMAN'S STATEMENT

Chairman's Statement To Our Shareholders

On behalf of the board of Directors (the "**Board**"), I am pleased to present the annual results of the Group for the year ended 31 March 2017. Unless otherwise specified, terms used herein shall have the same meaning as those defined in the Company's prospectus dated 27 July 2016 (the "**Prospectus**").

During the year, the Company successfully listed its shares to the GEM of the Stock Exchange by way of Placing in August 2016. The net proceeds of approximately HK$26.9 million have been received from the placing of new shares. The Group's financial strength was strongly enhanced which enabled it to further expand its food and beverage business.

Financial Results

For the year ended 31 March 2017, the total Group revenue was approximately HK$491.5 million (2016: HK$462.9 million). Loss for the year to the owners of the Company was approximately HK$29.6 million (2016: Profit of approximately HK$18.1 million). The significant decrease in profit was mainly attributable to the non-recurring listing expenses and director's bonus, one-off gain on disposal of a subsidiary in 2016, share option expenses relating to the Pre-IPO share options, sluggish economic growth, start-up operating costs for new restaurants opened during the year and additional cost incurred for closure and renovation of restaurants during the year.

Business Review and Prospects

During the year ended 31 March 2017, the Group maintained its focus in serving a variety of cuisines at varying prices under different brands to a diversified customer base in Hong Kong. At present, the Group is operating twenty-five restaurants, with 23 full-service restaurants and two bakery restaurants.

During the year and up to the date of this report, the Group has closed down three restaurants and changed two restaurants' concepts. Besides, the Group has opened six new restaurants, including certain "casual style" restaurants and bars such as Le Pain Quotidien, Ophelia and Iron Fairies & J.Boroski that have brought different dining experiences to the customers with good reputation. The restructuring of restaurants portfolio could provide freshness to our customers and increase our diversification to broaden our customer bases.

The Group sees the challenges to its business going forward. In Hong Kong, consumers' expectation to boutique dining is rising and diners become more budget-cautious to spending. The Group will constantly re-think, innovate and improve its values in terms of freshness, authenticity, presentation, attitude, friendliness, warmth, décor and design, in order to deliver the best dining experience to all diners at the Group's restaurants.

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.

Sandeep Sekhri

Chairman

Hong Kong, 21 June 2017

MANAGEMENT DISCUSSION AND ANALYSIS

During the year ended 31 March 2017 and up to the date of this report, 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 year ended 31 March 2017, the Group maintained its focus in serving a variety of cuisines at varying prices under different brands to a diversified customer base in Hong Kong. The Group has kept its strength in striving to uphold its core value, "Value for Money", through providing the customers with a boutique dining experience of quality dishes, attentive service and a relaxing environment.

Financial Review

Revenue

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

The Group served mainly three categories of cuisines during the year. The table below sets forth a breakdown of the Group's revenue generated by operation of restaurants by type of cuisine and as a percentage of total revenue generated by operation of restaurants for the years indicated:

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

<u>Western style restaurants</u>

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

Italian style restaurants

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

Asian style restaurants

The revenue generated from operation of Asian style restaurants increased by approximately HK$21.9 million, or approximately 30.3%, from approximately HK$72.3 million for the year ended 31 March 2016 to approximately HK$94.2 million for the year ended 31 March 2017. The increase in revenue was primarily attributable to the commencement of operation of Ophelia in May 2016.

Cost of inventories consumed

The cost of inventories consumed mainly represents the costs of food ingredients and beverages for the operation of the Group's restaurants. The major food ingredients purchased by the Group include, but are not limited to, vegetable, meat, seafood and frozen food. Cost of inventories consumed is one of the major components of the Group's operating expenses which amounted to approximately HK$118.1 million and HK$121.7 million for each of years ended 31 March 2016 and 2017, respectively, representing approximately 25.5% and 24.8% of the Group's total revenue generated from operation of restaurants for the corresponding year.

Staff costs

Staff costs represented one of the major components of the Group's operating expenses, which primarily consisted of Directors' emoluments, salaries, retirement benefit scheme contributions and other benefits. The staff costs increased by approximately HK$32.0 million from approximately HK$125.7 million for the year ended 31 March 2016 to approximately HK$157.7 million for the year ended 31 March 2017. The significant increase in staff costs was mainly due to (i) share option expense attributable to employees of approximately HK$3.8 million (2016: Nil) recognised during the period in respect of options granted under the Pre-IPO Share Option Scheme; (ii) the one-off bonus of HK$6 million (2016: Nil) paid to a Director of the Company after Listing; (iii) the increase in number of staff due to expansion of business; and (iv) increase in remuneration paid to Directors after Listing.

Rental and related expenses

The Group's rental and related expenses increased by approximately HK$10.1 million from approximately HK$90.4 million for the year ended 31 March 2016 to approximately HK$100.5 million for the year ended 31 March 2017. The increase was mainly due to amortisation of pre-renovation rental as part of the start-up operating costs for new restaurants, and also increases in rent for some of the existing restaurants upon the renewal of tenancy agreements.

Other expenses

Other expenses mainly include advertising, cleaning and laundry expenses, credit card commission, packing and printing materials and repair and maintenance. During the years ended 31 March 2016 and 2017, the Group recognised other expenses of approximately HK$44.3 million and HK$58.5 million, respectively, representing approximately 9.6% and 11.9% of the Group's total revenue for the corresponding year.

Other gains and losses

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

Loss attributable to owners of our Company

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

Liquidity and Financial Resources

As at 31 March 2017, total assets of the Group amounted to approximately HK$226.2 million (31 March 2016: HK$171.1 million). The Group's working capital was approximately HK$8.5 million (31 March 2016: HK$13.8 million), represented by total current assets of approximately HK$73.2 million (31 March 2016: HK$66.7 million) against total current liabilities of approximately HK$64.7 million (31 March 2016: HK$52.9 million). The current ratio, being the proportion of total current assets against total current liabilities, was 1.13 (31 March 2016: 1.26). Total equity was approximately HK$146.6 million (31 March 2016: HK$118.2 million).

On 30 March 2017, the Company has entered into loan agreements with Dining Concepts (International), 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.

Save as the abovementioned loans from Controlling Shareholders, the Group did not have other borrowings for the years ended 31 March 2016 and 2017.

Outlook

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

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

Comparison of Business Plan with Actual Business Progress

The following is a comparison of the Group's business plan as set out in the Prospectus with actual business progress for the period from the Listing Date to 31 March 2017.

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

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

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

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

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

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 note 26b to the consolidated financial statements in this annual report.

Foreign Exchange Risk Exposure

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

Pledge of Assets

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

Contingent Liabilities

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

Capital Commitments

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

Dividend

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

Employees and Remuneration Policies

As at 31 March 2017, the total number of employees of the Group was 664 (31 March 2016: 548). Total staff costs (including Directors' emoluments) was approximately HK$157,657,000 for the year ended 31 March 2017 (31 March 2016: HK$125,749,000).

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

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

Material Acquisitions and Disposals of Subsidiaries, Associates and Joint Ventures

The Group did not have any material acquisitions and disposals of subsidiaries, associates and joint ventures during the year ended 31 March 2017.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Executive Directors

Mr. Sandeep Sekhri (石成達), aged 51, is the executive Director, chief executive officer and chairman of the Board. He is the founder of the Group and the director of all the subsidiaries of the Company. He has overseen the growth and diversification of the Group since its inception and is primarily responsible for overseeing and planning the business strategies and the overall management of the Group. Mr. Sekhri has over 23 years of experience in hospitality and full-service restaurant industries in Hong Kong and India. Mr. Sekhri received a bachelor's degree in commerce from University of Delhi in April 1988 and a diploma in hotel management catering and nutrition from Board of Technical Education Delhi in April 1987.

Mr. Sandip Gupta, aged 46, is the executive Director, director of operations and compliance officer. He is also the director of Bombay Dreams (HK) and Dining Concepts. He is primarily responsible for overseeing and monitoring the operations of our restaurants. Mr. Gupta joined the Group in 2002 as a general manager. He was then promoted to become the director of operations since 2005, with responsibility to, among others, develop operating budget, supervise the training and recruitment of employees, oversee the compliance of internal control policies and cost control and implement the overall growth strategy. Prior to joining the Group, Mr. Gupta has over 11 years of experience in the hospitality industry. Mr. Gupta received a bachelor's degree in commerce from University of Calcutta in April 1992 and a diploma in hotel and catering management from IAM, Institute of Advanced Management, India in August 1994.

Non-executive Directors

Mr. Jugdish Johnny Uttamchandani, aged 49, is the non-executive Director. Prior to the appointment as the non-executive Director, Mr. Uttamchandani has worked in the family business of trading garments, Napco Limited, as sales manager, where he was responsible for operation decision making, since 1990. Mr. Uttamchandani received a bachelor's degree in economics majoring finance from the Wharton School of Business, the University of Pennsylvania in February 1990.

Ms. Shalu Anil Dayaram (also known as Shalu Anil Hathiramani), aged 42, is the non-executive Director. Ms. Dayaram joined the Group in September 2003 as the director of Excel Team Trading. Currently, she is the director of 19 of the Group's operating subsidiaries and is primarily responsible for monitoring the executive activities and advising our corporate and business strategies of our business. In aggregate, she has over 13 years of executive experience in restaurant industry. Ms. Dayaram received a bachelor's degree in arts from the De La Salle University, Philippines in December 1996.

Independent Non-executive Directors

Mr. Chan Ming Sun Jonathan, aged 44, is the independent non-executive Director.

Mr. Chan is currently an investment manager of Sprint Asset Management Limited and has over 20 years of experience in auditing, accounting, investment and financing management. Mr. Chan graduated from the University of New South Wales, Australia in June 1995 with a Bachelor of Commerce degree in Accounting and Computer Information Systems. He has been a member and a fellow of the Hong Kong Institute of Certified Public Accountants since January 1999 and September 2014 respectively and Certified Practising Accountants, Australia since February 1995 and a fellow of The Hong Kong Institute of Directors since June 2013.

Mr. Chan is currently an independent non-executive director of (i) Hao Tian Development Group Limited (Stock code: 474) since March 2012; (ii) Shenyang Public Utility Holdings Company Limited (Stock code: 747) re-appointed since February 2015; (iii) China Dredging Environment Protection Holdings Limited (Stock code: 871) since November 2012; (iv) Far East Holdings International Limited (Stock code: 36) since November 2014; (v) Fujian Nuoqi Co., Ltd. (Stock code: 1353) since April 2017; and (vi) Up Energy Development Group Limtied (Stock code: 307) since April 2017, the securities of the above companies are listed on the Main Board of the Stock Exchange. He is also an independent non-executive director of Changhong Jiahua Holding Limited (Stock code: 8016) since February 2007, which is are listed on the GEM of the Stock Exchange.

Mr. Chan resigned as independent non-executive director of Beautiful China Holdings Company Limited (Stock code: 706), Focus Media Network Limited (Stock code: 8112) and L&A International Holdings Limited (Stock code: 8195) on 28 February 2014, 27 November 2015 and 3 March 2017 respectively.

Mr. Zen Chung Hei, Hayley, aged 42, is the independent non-executive Director.

Mr. Zen has experience of more than 21 years in financial and accounting. Mr. Zen had been a staff accountant, semi-senior auditor and later on a senior auditor of Deloitte Touche Tohmatsu from January 1996 to April 1999. He then became a chief executive officer of Herb King Life Science Limited from October 1999 to April 2006, a company principally engaged in research and development, production and distribution of bio-technology products, where he had a responsibility to oversee operation and development. Mr. Zen had been a chief financial officer in Road King Property Limited from July 2006 to March 2011 and promoted to deputy chief operating officer, in charge of businesses in central and southern China, since April 2011. During his office in Road King Property Limited, he was primarily responsible for the supervision of the operation of property development business in central China. Mr. Zen obtained a bachelor's degree in commerce and a bachelor's degree in science from the University of Auckland, New Zealand in May 1996 and April 1996, respectively, master's degree in executive business administration from the Peking University, the PRC, in July 2007 and subsequently a postgraduate diploma in enterprise risk management from the University of Hong Kong in November 2010. Mr. Zen was admitted as a chartered accountant of the Institute of Chartered Accountants of New Zealand in January 1999 and an associate member of the Hong Kong Society of Accountants in September 2003. He is currently pursuing his further study in Doctor of Philosophy in Finance in Xiamen University, the PRC.

Mr. Amit Agarwal, aged 44, is the independent non-executive Director.

Mr. Agarwal has extensive experience in banking and finance. Mr. Agarwal had been working as a managing director at Barclays Capital Asia Limited located in Hong Kong, from July 2006 to September 2014. He was responsible for structuring investment products and providing solutions to clients across Asia Pacific. Previously, Mr. Agarwal had worked as a director at Citigroup in Hong Kong from April 2005 to July 2006 where his primary responsibilities were trading and structuring at MTN Department of Citigroup Global Markets Asia Limited. Mr. Agarwal obtained a bachelor's degree in mechanical engineering from the University of Delhi, India in May 1994 and his post-graduate diploma in management from the Indian Institute of Management, Ahmedabad, India in March 1997.

Senior Management

Mr. Kamal Sachar, aged 49, has been the director of finance of the Company since 6 October 2014. Mr. Sachar joined the Group in October 2002 and has been a financial controller of Dining Concepts since then. Mr. Sachar has extensive experience in accounting, finance, information technology, operations and management in restaurants and companies. Prior to joining the Group, Mr. Sachar had been the manager of audit and taxation of Pankaj Sachar & Associates from March 1991 to August 1993 and the assistant accounting manager of Harilela Strategic Group from September 1997 to October 2002. During his office in Pankaj Sachar & Associates and Harilela Strategic Group, he was primarily responsible for accounting and payrolls. Mr. Sachar obtained a bachelor's degree in commerce from University of Delhi, India in May 1990.

Ms. Ana Maria Lopez Donoso, aged 36, has been the director of design of the Company since March 2012. Ms. Lopez has extensive experience in the interior design of restaurants and other shops. Prior to joining the Group, Ms. Lopez had been an interior architect of Zanghellini & Holt Architects from May 2008 to March 2012. She has participated in many interior design projects, including the Apple Shop of Festival Walk in Kowloon and the Asian restaurant of Galaxy Group in Macau. Ms. Lopez obtained a bachelor's degree in architecture and a master's degree in urban development from Catholic University of Chile in June 2008.

Mr. Garry Grenville Bissett, aged 74, has been the director of marketing of the Company since 1 January 2015. Mr. Bissett joined the Group in January 2015 and has been a director of marketing on a full-time basis since then. Mr. Bissett has experience of more than 42 years in hospitality, marketing and public relations. Prior to joining the Group, Mr. Bissett had been a marketing manager in Choice Hotels International (formerly known as Flag Hotels and Flag Choice Hotels Australia) from 1989 to 1992, and promoted to general manager of marketing from 1992 to 1998. During his office of marketing manager and general manager of marketing in Choice Hotels International, he was primarily responsible for marketing, promotional activities and company collateral and domestic and international sales respectively. In February 2001, Mr. Bissett commenced his own sales, marketing and public relations company, Think Asia HK Ltd, serving a wide range of clients, including the Group since January 2002. Mr. Bissett completed his senior high school education at Hobart Matriculation College (formerly known as Hobart High School) in Australia in 1958.

Company Secretary

Mr. Kam Tik Lun, aged 41, has been appointed as the company secretary of the Company with effect from 28 February 2017. Mr. Kam holds a Bachelor of Commerce from Concordia University, Canada, a Postgraduate Diploma and a Master of Laws in International Corporate and Financial Law from The University of Wolverhampton, the United Kingdom. He is a fellow of The Hong Kong Institute of Certified Public Accountants and The Association of Chartered Certified Accountants in the United Kingdom. Mr. Kam has over 11 years of experience in the financial market. He has vast experience in providing company secretarial, financial analysis and corporate advisory services.

Mr. Kam is currently an independent non-executive director of Easy Repay Finance & Investment Limited (stock code: 8079), HMV Digital China Group Limited (stock code: 8078) and Chinese Food and Beverage Group Limited (stock code: 8272), the shares of all these companies are listed on the GEM of the Stock Exchange.

CORPORATE GOVERNANCE REPORT

The Board of the Company is committed to achieving high standards of corporate governance by emphasizing transparency, independence, accountability, responsibility and fairness. The Board strives to ensure that effective self-regulatory practices exist to protect the interests of the shareholders of the Company and to enhance long-term shareholders' value.

Corporate Governance Practices

The Company has complied with the Corporate Governance Code (the "**CG Code**") as set out in Appendix 15 to the GEM Listing Rules throughout the year. The Company has applied the principles of, and complied with, the applicable code provisions of the CG Code during the year ended 31 March 2017, except for certain deviations as specified with considered reasons for such deviations as explained below. The Board of the Company will keep reviewing and updating such practices from time to time to ensure compliance with legal and commercial standards.

Corporate Governance Structure

The Board is primarily responsible for formulating strategies, monitoring performance and managing risks of the Group. At the same time, it also has the duty to enhance the effectiveness of the corporate governance practices of the Group. Under the Board, there are three board committees, namely the audit committee, remuneration committee and nomination committee. All these committees perform their distinct roles in accordance with their respective terms of reference (available on the Company's website) and assist the Board in supervising certain functions of the senior management.

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 2017.

Board of Directors

At present, the Board of the Company comprises seven Directors as follows:

Executive Directors:

Mr. Sandeep Sekhri *(Chief Executive Officer and Executive Director)*

Mr. Sandip Gupta

Non-Executive Directors:

Mr. Jugdish Johnny Uttamchandani

Ms. Shalu Anil Dayaram

Independent Non-Executive Directors:

Mr. Chan Ming Sun Jonathan

Mr. Zen Chung Hei, Hayley

Mr. Amit Agarwal

Biographical details of the Directors are set out in the section of "Biographical Details of Directors and Senior Management" on pages 10 to 12.

The Board has the responsibility for leadership and control of the Company. They are collectively responsible for promoting the success of the Group by directing and supervising the Group's affairs. The Board is accountable to the shareholders for the strategic development of the Group with the goal of maximizing long-term shareholder value, while balancing broader stakeholder interests.

The attendance record of each Director at Board meetings, audit committee meetings, remuneration committee meeting, nomination committee meeting and general meeting during the year ended 31 March 2017 is set out in the following table:

Name Of Directors	Board Meetings (attendance/ total no. of meeting held)	Audit Committee Meetings (attendance/ total no. of meeting held)	Remuneration Committee Meeting (attendance/ total no. of meeting held)	Nomination Committee Meeting (attendance/ total no. of meeting held)	General Meeting (attendance/ total no. of meeting held)
Executive Directors					
Mr. Sandeep Sekhri	3/3	N/A	N/A	N/A	N/A
Mr. Sandip Gupta	3/3	N/A	N/A	N/A	N/A
Non-Executive Directors					
Mr. Jugdish Johnny Uttamchandani	2/3	1/3	N/A	N/A	N/A
Ms. Shalu Anil Dayaram	3/3	N/A	N/A	N/A	N/A
Independent Non-Executive Directors					
Mr. Chan Ming Sun Jonathan	3/3	3/3	N/A	N/A	N/A
Mr. Zen Chung Hei, Hayley	3/3	3/3	N/A	N/A	N/A
Mr. Amit Agarwal	3/3	3/3	N/A	N/A	N/A

All Directors are provided with details of agenda items for decisions making with reasonable notice. Directors have access to the advice and services of the company secretary who is responsible for ensuring that the Board procedures are complied with and advising the Board on compliance matters. Directors are also provided with access to independent professional advice, where necessary, in carrying out their obligations as Directors of the Company, at the expense of the Company. Directors who are considered to have conflict of interests or material interests in the proposed transactions or issues to be discussed would not be counted in the quorum of meeting and would abstain from voting on the relevant resolution.

All Directors assume the responsibilities owed to the shareholders of the Company for the well-being and success of the Company. They are aware of their duties to act in good faith and in the best interests of the Company.

The Board is responsible for maintaining proper accounting records so as to enable the Directors to monitor the Company's overall financial position. The Board updates shareholders on the operations and financial position of the Group through quarterly, half yearly and annual results announcements as well as the publication of timely announcements of other matters as prescribed by the relevant rules and regulations.

The Company has three independent non-executive Directors, at least one of whom has appropriate financial management expertise, in compliance with the GEM Listing Rules. Each of the independent non-executive Directors has made an annual confirmation of his independence pursuant to Rule 5.09 of the GEM Listing Rules. The Company is of the view that all independent non-executive Directors meet the independence guidelines set out in Rule 5.09 of the GEM Listing Rules and are independent in accordance with the terms of the guidelines.

According to the Company's articles of association, any Director appointed by the Board to fill a casual vacancy shall hold office only until the first general meeting of the Company after his appointment and be subject to re-election at such meeting. Any Director appointed by the Board as an addition to the existing Board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election.

Chairman and Chief Executive Officer

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

During the year ended 31 March 2017, the Company has not separated the roles of chairman and chief executive officer of the Company. Mr. Sandeep Sekhri was the chairman and also the chief executive officer of the Company responsible for overseeing the operations of the Group during such period. Due to the nature and the extent of the Group's operations and Mr. Sandeep Sekhri's in-depth knowledge and experience in the industry and his familiarity with the operations of the Group, the Board believes that vesting the roles of both Chairman and chief executive officer in the same individual provides the Group with strong and consistent leadership enabling the Group to operate efficiently. The Board believes that the balance of power and authority is adequately ensured by the operations of the Board which comprises experienced and high-calibre individuals, with three of them being Indpendent non-executive Directors. Nevertheless, the Company will continue to look for suitable candidates and will make necessary arrangement pursuant to the requirement under A.2.1 of CG Code as and when necessary.

Appointment, Re-Election and Removal

Under Code Provision A.4.1, all the non-executive Directors should be appointed for a specific term, subject to re-election. Each of the non-executive and independent non-executive Directors has entered into a service contract with the Company for three years but subject to termination in certain circumstances as stipulated in the relevant service contracts. At each annual general meeting, one third of the Directors for the time being or, if their number is not a multiple of three, then the number nearest to but not less than one third, shall retire from office by rotation provided that every Director shall be subject to retirement at an annual general meeting at least once every three years. Any Director appointed to fill a casual vacancy shall hold office until the first general meeting of members after his appointment and be eligible for re-election at such meeting and any Director appointed as an addition to the existing board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election.

Corporate Governance Function

The Board is responsible for performing corporate governance duties and has adopted written terms of reference on its corporate governance functions.

The duties of the Board in respect of the corporate governance functions include:

(i) developing and reviewing the Company's policies and practices on corporate governance;

(ii) reviewing and monitoring the training and continuous professional development of Directors and senior management;

(iii) reviewing and monitoring the Company's policies and practices on compliance with legal and regulatory requirements;

(iv) developing, reviewing and monitoring the code of conduct and compliance manual (if any) applicable to employees and Directors; and

(v) reviewing the Company's compliance with the CG Code and disclosure in the Corporate Governance Report.

From the date of Listing in August 2016 and up to the date of this report, the Board has performed the corporate governance duties in accordance with its terms of reference.

Board Diversity Policy

During the year ended 31 March 2017, the Board adopted a board diversity policy (the "**Policy**") setting out the approach to achieve diversity on the Board. The Company considered diversity of board members can be achieved through consideration of a number of aspects, including but not limited to gender, age, cultural and educational background, professional experience, skills and knowledge. All board appointments will be based on meritocracy, and candidates will be considered against objective criteria, having due regard for the benefits of diversity of the Board. Selection of candidates will be based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, professional experience, skills and knowledge.

The ultimate decision will be made upon the merits and contribution that the selected candidates will bring to the Board.

On recommendation from the Nomination Committee (as defined below), the Board will set measurable objectives to implement the Policy and review such objectives from time to time to ensure their appropriateness and ascertain the progress made towards achieving those objectives. The Nomination Committee will review the Policy, as appropriate, to ensure its continued effectiveness from time to time.

Remuneration Committee

A remuneration committee (the "**Remuneration Committee**") was set up on 14 July 2016 to oversee the remuneration policy and structure for all Directors and senior management.

The primary objectives of the Remuneration Committee include making recommendations to the Board on the remuneration policy and structure of the Directors and the senior management and determining the remuneration packages of all executive Directors and senior management. The Remuneration Committee is also responsible to ensure that no Director or any of his/her associates will participate in deciding his/her own remuneration, which will be determined by reference to the performance of the individual and the Company as well as market practice and conditions.

The Remuneration Committee will hold one meeting during the year. The members will review the remuneration package of Directors and the senior management of the Company.

The Remuneration Committee comprises three members namely:-

Mr. Amit Agarwal *(Chairman)*

Mr. Zen Chung Hei, Hayley

Mr. Sandip Gupta

Majority of the members are independent non-executive Directors.

Pursuant to Code Provision B.1.5 of the CG Code, the annual remuneration of the members of the senior management by band for the year ended 31 March 2017 is set out below:

	2017
Nil to HK$1,000,000	1
HK$1,000,001 To HK$2,000,000	2

Nomination Committee

The Company has established a nomination committee (the "**Nomination Committee**")on 14 July 2016 for making recommendations to the Board on appointment of Directors and succession planning for the Directors.

The principal duties of the Nomination Committee include reviewing the Board composition, making recommendations to the Board on the appointment and succession planning of Directors, assessing the independence of the independent non-executive Directors and viewing the Policy.

In accordance with the Company's articles of association, Mr. Sandeep Sekhri, Mr. Sandip Gupta and Mr. Jugdish Johnny Uttamchandani shall retire and being eligible, offer themselves for re-election at the forthcoming annual general meeting.

The Nomination Committee recommended the re-appointment of the Directors standing for re-election at the forthcoming annual general meeting of the Company.

The Nomination Committee comprises three members namely:–

Mr. Sandeep Sekhri *(Chairman)*

Mr. Zen Chung Hei, Hayley

Mr. Amit Agarwal

Majority of the members are Independent non-executive Directors.

Audit Committee

The Company has established an audit committee (the "**Audit Committee**") on 14 July 2016 with written terms of reference setting out the authorities and duties of the Audit Committee. The Audit Committee performs, amongst others, the following functions:

- Review financial information of the Group
- Review relationship with and terms of appointment of the external auditors
- Review the Company's financial reporting system, internal control system and risk management system.

During the year ended 31 March 2017, the Audit Committee held three meetings. The Audit Committee oversees the internal control system and risk management system of the Group, reports to the Board on any material issues, and makes recommendations to the Board.

Major accomplishments for the year ended 31 March 2017 comprised the following:

(i) reviewed the unaudited interim results for the six months ended 30 September 2016, the unaudited quarterly results for the three months ended 30 June 2016 and the unaudited quarterly results for the nine months ended 31 December 2016;

(ii) considered and approved the term and remuneration for the appointment of *Deloitte Touche Tohmatsu* as external auditors;

(iii) reviewed the continuing connected transactions of the Group; and

(iv) reviewed the terms of reference of the Audit Committee.

The Audit Committee comprises three members namely:–

Mr. Zen Chung Hei, Hayley *(Chairman)*

Mr. Chan Ming Sun Jonathan

Mr. Amit Agarwal

All the members are independent non-executive Directors (including one independent non-executive Director who possesses the appropriate professional qualifications or accounting or related financial management expertise). None of the members of the Audit Committee is a former partner of the Company's existing external auditors.

Internal Controls

The Audit Committee reviews the adequacy of the Company's internal financial controls, operational and compliance controls, and risk management policies and systems established by the management of the Company.

The Board is responsible for the overall internal control framework and is fully aware of the need to put in place a system of risk management and internal controls within the Group to safeguard the interests of the Company's shareholders and the Group's assets, and to manage and mitigate risks. The Board also acknowledges that no cost effective risk management and internal control systems will preclude all errors and irregularities. A system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can provide only reasonable and not absolute assurance against material misstatement or loss.

The Board, through the Audit Committee, conducted an annual review of both design and implementation effectiveness of the risk management and internal control systems of the Group, covering all material controls, including financial, operational and compliance controls, with a view to ensuring that resources, staff qualifications and experience, budget of the Group's accounting, internal audit and financial reporting functions are adequate. In this respect, the Audit Committee communicates any material issues to the Board.

The directors have reviewed the need for an internal audit function and are of the view that in light of the size, nature and complexity of the business of the Group, it would be more cost effective not to appoint external independent professionals to perform internal audit function for the Group.

The Group has established internal control procedures for handling and dissemination of inside information in order to comply with C.2.4 of CG Code as well as Part XIVA of the Securities and Futures Ordinance.

External Auditor And Auditor's Remuneration

The statement of the external auditor of the Company on their reporting responsibilities and opinion on the Group's financial statements for the year ended 31 March 2017 is set out in the section headed "Independent Auditor's Report" in this annual report.

The Audit Committee is responsible for considering the appointment of the external auditor and reviewing any non-audit functions performed by the external auditor, including whether such non-audit functions could lead to any potential material adverse effect on the Company.

The fees paid/payable to Deloitte Touche Tohmatsu for the year ended 31 March 2017 are set out as follows:

	Fee paid/payable HK$'000
Audit services	1,934
Non-audit services (Note)	1,155
Total	3,089

Note: Apart from the provision of annual audit services, Deloitte Touche Tohmatsu, the Group's external auditor, also provided other non-audit services and acted as reporting accountants for the Company's Placing.

Directors' Responsibilities for the Financial Statements

The Directors are responsible for the preparation of the financial statements for each financial year which gives a true and fair view. In preparing the financial statements, appropriate accounting policies and standard are selected and applied consistently.

Company Secretary

The company secretary is responsible for ensuring that Board's procedures are followed and facilitating communications among Directors as well as with shareholders and management.

Mr. Chan Fung Man was appointed as the external service provider of the company secretary of the Company on 5 August 2016 and reported to the Chairman of the Company. He resigned on 28 February 2017.

Following the resignation of Mr. Chan Fung Man, Mr. Kam Tik Lun was appointed as the external service provider of the company secretary of the Company on the even date and reported to the Chairman of the Company.

Mr. Kam Tik Lun declared that he had participated in relevant trainings in 2016, which met the requirements of Rule 5.15 of the GEM Listing Rules.

Investor Relations

The Company believes that maintaining a high level of transparency is a key to enhance investor relations. It is committed to a policy of open and timely disclosure of corporate information to its shareholders and investment public.

The Company updates its shareholders on its latest business developments and financial performance through its annual, interim and quarterly reports. The corporate website of the Company (www.diningconcepts.com) has provided an effective communication platform to the public and the shareholders.

Induction and Continuing Professional Development

Each newly appointed director receives formal, comprehensive and tailored induction on the first occasion of his/her appointment to ensure appropriate understanding of the business and operations of the Company and full awareness of director's responsibilities and obligations under the GEM Listing Rules and relevant statutory requirements.

All Directors are encouraged to participate in continuous professional development to develop and refresh their knowledge and skills. The Company has continuously provided relevant training materials to the Directors. Directors participated in courses relating to roles, functions and duties of a listed company director or further enhancement of their professional development by the way of attending training courses or reading relevant materials. All Directors had provided the Company their training records for the year under review and the Company will continue to arrange the training in accordance with paragraph A.6.5 of the CG code provisions. The Directors and officers are indemnified under a directors' and officers' liability insurance against any liability incurred by them in discharge of their duties while holding office as the Directors and officers of the Company. The Directors and officers shall not be indemnified where there is any fraud, breach of duty or breach of trust proven against them.

Shareholder Communication

The objective of shareholder communication is to provide our shareholders with detailed information about the Company so that they can exercise their rights as shareholders in an informed manner.

The Company uses a range of communication tools to ensure its shareholders are kept well informed of key business imperatives. These include annual general meeting, annual reporting, various notices, announcements and circulars. The annual general meeting and other general meetings of the Company are primary forums for communication between the Company and its shareholders. The Company provides shareholders with relevant information on the resolution(s) proposed at general meetings in a timely manner in accordance with the GEM Listing Rules. The information provided is reasonably necessary to enable shareholders to make an informed decision on the proposed resolution(s).

Significant Changes in Constitutional Document

The Company has not made any change to its constitutional documents during the year. A consolidated version of the Company's constitutional documents is available on the Company's website and the website of the Stock Exchange.

Procedures for Shareholders to Convene an Extraordinary General Meeting

There are no provisions allowing shareholders to propose new resolutions at the general meetings under the Cayman Islands Companies Law (2012 Revision). However, shareholders are requested to follow article 64 of the articles of association of the Company which provides that extraordinary general meetings should be convened on the requisition of one or more shareholders holding, at the date of deposit of the requisition, not less than one tenth of the paid up capital of the Company having the right of voting at general meetings. Such requisition shall be made in writing to the Board or the secretary for the purpose of requiring an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition. Such meeting shall be held within two months after the deposit of such requisition. If the Board fails to proceed to convene an extraordinary general meeting within 21 days of the deposit of the requisition, the requisitionist(s) may convene an extraordinary general meeting himself/themselves, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

Procedures for Shareholders to Propose a Person for Election as a Director

The provisions for a shareholder to propose a person for election as a director of the Company are laid down in article 113 of the Company's articles of association. No person, other than a retiring Director, shall, unless recommended by the Board for election, be eligible for election to the office of Director at any general meeting, unless notice in writing of the intention to propose that person for election as a Director and notice in writing by that person of his willingness to be elected shall have been lodged at the Head Office or at the Hong Kong Branch Share Registrar. The period for lodgment of the notices required under this article will commence no earlier than the day after the despatch of the notice of the general meeting appointed for such election and end no later than seven days prior to the date of such general meeting and the minimum length of the period during which such notices to the Company may be given will be at least seven days.

Interest of the Compliance Adviser

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

Procedures for Sending Enquiries to the Board

Shareholders may send written enquiries to the Company, for the attention of company secretary, by email: cosec@diningconcepts.com, or mail to Suites 1701-2 and 1704, 17th Floor, Chinachem Hollywood Centre, 1,3,5,7,9,11 and 13 Hollywood Road, Central, Hong Kong.

Information Disclosure

The Company discloses information in compliance with the GEM Listing Rules, and publishes periodic reports and announcements to the public in accordance with the relevant laws and regulations. The primary focus of the Company is to ensure information disclosure is timely, fair, accurate, truthful and complete, thereby enabling shareholders, investors as well as the public to make rational and informed decisions.

Conclusion

The Company believes that good corporate governance could ensure an effective distribution of the resources and shareholders' interests. The senior management will continue endeavors in maintaining, enhancing and increasing the Group's corporate governance level and quality.

DIRECTORS' REPORT

The Board presents its annual report and the audited consolidated financial statements of the Group for the year ended 31 March 2017.

Business Review

Details of business review are set out in the section of "Management Discussion and Analysis" on pages 4 to 9.

Principal Activities

The Company acts as an investment holding company and the Group are principally engaged in the operation of restaurants and provision of catering management and design services in Hong Kong.

Segment Information

The Group is principally engaged in the operation of a chain of restaurants in Hong Kong serving a variety of Asian, Western and Italian cuisines. Information reported to the chief operating decision maker for the purpose of resources allocation and performance assessment focuses on the operation results of the Group as a whole as the Group's resources are integrated.

The Group's revenue is mainly derived from customers in Hong Kong. The principal assets of the Group were also located in Hong Kong. Accordingly, no analysis by geographical segment is provided.

Results and Appropriations

The results of the Group for the year ended 31 March 2017 are set out in the consolidated financial statements on pages 40 to 79 of this annual report.

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

Save as disclosed above, the Directors did not recommend payment of final dividend in respect of the year ended 31 March 2017.

Interest Capitalised

No interest was capitalised by the Group during the year ended 31 March 2017.

Reserves

Details of the movement in the reserves of the Company and the Group during the year ended 31 March 2017 are set out in Note 32 of the consolidated financial statements.

Distributable Reserves

As at 31 March 2017, the Company's reserves available for distribution to shareholders comprising share premium, other reserve and share option reserve accounts plus accumulated losses, amounted to approximately HK$13,512,000 (as calculated under the provisions of sections 291, 297 and 299 of the Companies Ordinance).

Pre-emptive Rights

There are no provisions for pre-emptive rights under the Company's articles of association or the laws of Cayman Islands which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

Directors

The Directors during the year ended 31 March 2017 and up to the date of this report were:

Executive Directors:

Mr. Sandeep Sekhri *(Chairman)*

Mr. Sandip Gupta

Non-executive Directors:

Mr. Jugdish Johnny Uttamchandani

Ms. Shalu Anil Dayaram

Independent Non-executive Directors:

Mr. Chan Ming Sun Jonathan	(appointed on 14 July 2016)
Mr. Zen Chung Hei, Hayley	(appointed on 14 July 2016)
Mr. Amit Agarwal	(appointed on 14 July 2016)

The terms of office of each Director are subject to retirement by rotation in accordance with articles of association of the Company.

Directors' and Senior Management's Biographies

Biographical details of the Directors and the senior management of the Group are set out on pages 10 to 12 of the annual report.

Directors' Service Contracts

Each of Mr. Sandeep Sekhri and Mr. Sandip Gupta, being the executive Directors, Mr. Jugdish Johnny Uttamchandani and Ms. Shalu Anil Dayaram, being the non-executive Directors, and Mr. Chan Ming Sun Jonathan, Mr. Zen Chung Hei, Hayley and Mr. Amit Agarwal, being the independent non-executive Directors, has entered into a service contract with the Company for a term of three years commencing from 5 August 2016 (the "**Listing Date**") and shall continue thereafter unless terminated by either party giving to the other not less than three months' notice in writing.

Terms of Office for the Independent Non-Executive Directors

All the independent non-executive Directors were appointed for a specific terms subject to the relevant provisions of the articles of association or any other applicable laws whereby the Directors shall vacate or retire from their office.

Directors' Interests

At 31 March 2017, Mr. Sandeep Sekhri, executive Director, Mr. Jugdish Johnny Uttamchandani and Ms. Shalu Anil Dayaram, non-executive Directors had the following interests in the shares and underlying shares of the Company and its associated corporations, within the meaning of Part XV of the SFO as recorded in the register required to be kept under section 352 of SFO:

Long positions in shares of the Company

Name of Directors	Capacity/Nature of Interest	Number of shares and underlying shares	Percentage of shareholding
Mr. Sandeep Sekhri	Interest in controlled corporation	260,598,000	32.16%
Mr. Jugdish Johnny Uttamchandani	Beneficial owner	34,782,000	4.29%
Ms. Shalu Anil Dayaram	Interest in controlled corporation	82,542,000	10.19%

During the year ended 31 March 2017, there were no debt securities issued by the Group at any time. Save as disclosed herein, as at 31 March 2017, none of the Directors or chief executive of the Company or their associates had any interests and short positions in any shares, underlying shares or debentures of the Company or any associated corporations (within the meaning of Part XV of the SFO) which were required to be 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 each of them has taken or deemed to have taken under the provisions of the SFO); or which were required, pursuant to section 352 of the SFO, to be entered into the register referred to therein; or which were required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange.

Substantial Shareholders' and Other Persons' Interests and Short Positions in Shares, Underlying Shares and Debentures of the Company

To the best of Director's knowledge, at 31 March 2017, the following shareholders had interests in the shares or underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO:

Long positions in shares of the Company

Name	Capacity/Nature of Interest	Number of shares	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 which is in turn wholly-owned by Mr. Sandeep Sekhri. By virtue of the SFO, Mr. Sandeep Sekhri and Total Commitment 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.

Directors' Interests in a Competing Business

During the year and up to the date of this report, 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' Interests in Contracts

Save as those interests set out in Note 30 to the consolidated financial statements, 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.

Connected Transactions

On 30 March 2017, a shareholders' loan agreement was entered into between Dining Concepts (International), Indo Gold, Minrish and Mr. 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**"). Detail terms of the Loan were disclosed in Note 21 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.

For the year ended 31 March 2017, the Company has also entered into certain continuing connected transactions with connected persons. Details of which are set out below. The independent non-executive Directors of the Company have reviewed these transactions and confirmed that the continuing connected transactions have been entered into:

(a) in the ordinary and usual course of business of the Group;

(b) on normal commercial terms or better; and

(c) in accordance with the relevant agreements governing them on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

(A) Continuing connected transaction which is subject to the reporting, annual review and announcement requirements but exempt from independent shareholders' approval requirements

(1) Master agreement in respect of the supply of utensils and kitchen equipment by Global Hotelware

In order to secure a stable supply of utensils and kitchen equipment, on 14 July 2016, the Company entered into a master agreement (the "**Utensils and Kitchen Equipment Supply Agreement**") with Global Hotelware pursuant to which Global Hotelware agreed to supply utensils and kitchen equipment to the Group on a cost-plus basis at a mark-up rate to be determined from time to time with reference to the product types, cost of products, sales volume and selling price offered to Independent Third Parties in order to ensure the price and terms offered by Global Hotelware are fair and reasonable and no less favourable than those offered to Independent Third Parties. The term of the Utensils and Kitchen Equipment Supply Agreement commenced on the Listing Date and shall expire on 31 March 2019. It is agreed that such mark-up rate shall in any event be not more than 15%, and that the annual caps, being the maximum aggregate amount payable by the Group to Global Hotelware, are HK$8.0 million, HK$8.8 million and HK$9.8 million for the three years ending 31 March 2019, respectively.

Global Hotelware is owned as to 70% by Total Commitment, the controlling shareholder, and 30% by Mr. Umesh Chander Bhasin, an Independent Third Party. Hence, Global Hotelware is a connected person of the Company for the purpose of the GEM Listing Rules. Accordingly, the transactions contemplated under the Utensils and Kitchen Equipment Supply Agreement constituted continuing connected transactions for the Company under Chapter 20 of the GEM Listing Rules. The Directors confirm that the Utensils and Kitchen Equipment Supply Agreement is on normal commercial terms. The terms of the Utensils and Kitchen Equipment Supply Agreement are to be reviewed every three years, taking into account of the market conditions and the prevailing market price for utensils and kitchen equipment at the relevant time and no less favourable than those offered to Independent Third Parties.

For the year ended 31 March 2017, the aggregate amount payable to Global Hotelware under the Utensils and Kitchen Equipment Supply Agreement was approximately HK$7,901,000.

Pursuant to Rule 20.54 of the GEM Listing Rules, the Directors engaged the auditor of the Company to perform certain work on the above continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditor has provided a letter to the Directors of the Company and confirmed that, for the year ended 31 March 2017:

(a) nothing has come to its attention that causes it to believe that the disclosed continuing connected transactions have not been approved by the Company's Board of Directors;

(b) nothing has come to its attention that causes it to believe that the transactions were not, in all material respects, in accordance with the pricing policies of the Group;

(c) nothing has come to its attention that causes it to believe that the transactions were not entered into, in all material respects, in accordance with the relevant agreements governing such transactions; and

(d) nothing has come to its attention that causes it to believe that such continuing connected transactions have exceeded the annual cap as set and disclosed by the Company.

(B) Continuing connected transactions which are exempt from the reporting, annual review, announcement and independent shareholders' approval requirements

(1) Tenancy agreement in respect of a store room in Hong Kong

In order to secure the rights of Lettuce Entertain to use the premises of Total Commitment (HK) as store room for its ordinary and usual course of business, on 1 December 2014, Lettuce Entertain as tenant entered into a tenancy agreement (the "**Tenancy Agreement**") with Total Commitment (HK) as landlord.

The annual caps under the Tenancy Agreement are HK$180,000, HK$180,000 and HK$180,000 for the three years ending 31 March 2019, respectively.

Total Commitment (HK) is owned as to 50% by Mr. Sekhri, the Controlling Shareholder and executive Director, and 50% by Mrs. Ranjna Sekhri, spouse of Mr. Sekhri. Hence, Total Commitment (HK) is a connected person of the Company for the purpose of the GEM Listing Rules. Lettuce Entertain is an indirect wholly-owned subsidiary of the Company. Accordingly, the lease under the Tenancy Agreement will constitute continuing connected transactions for the Company under Chapter 20 of the GEM Listing Rules.

For the year ended 31 March 2017, the aggregate amount of rental expenses paid to Total Commitment (HK) under the Tenancy Agreement was HK$180,000.

(2) Master agreement in respect of the procurement of food delivery services rendered by Cuisine Courier and Waiters On Wheels

In order to ensure the service fee and terms offered by Cuisine Courier and Waiters On Wheels are fair and reasonable, on 14 July 2016, the Company entered into a master agreement with Cuisine Courier and Waiters On Wheels (the "**Food Delivery Services Agreement**") pursuant to which Cuisine Courier and Waiters On Wheels agreed to charge (i) a fixed annual service fee of HK$3,000 per restaurant operating by the Group; and (ii) a commission on the invoiced price of food delivered at a fixed percentage of 25%. Cuisine Courier and Waiters On Wheels undertake to the Company that the charges for the procurement of food delivery services and the terms offered to us are no less favourable than those offered to Independent Third Parties.

The annual cap payable to Cuisine Courier and Waiters On Wheels under the Food Delivery Services Agreement are in aggregate be HK$2.0 million, HK$2.4 million and HK$2.8 million for the three years ending 31 March 2019, respectively.

Both Cuisine Courier and Waiters On Wheels are wholly-owned by Total Commitment. Hence, Cuisine Courier and Waiters On Wheels are connected persons of the Company for the purpose of the GEM Listing Rules. Accordingly, the transactions contemplated under the Food Delivery Services Agreement constituted continuing connected transactions for the Company under Chapter 20 of the GEM Listing Rules.

For the year ended 31 March 2017, the aggregate amount payable to Cuisine Courier and Waiters On Wheels under the Food Delivery Services Agreement was approximately HK$431,000.

Arrangements to Purchase Shares or Debentures

At no time during the year was the Company or any of its subsidiaries a party to any arrangements to enable the Directors to acquire benefits by means of the acquisitions of shares in, or debentures of, the Company or any other body corporate.

Employees and Remuneration Policies

Details of the emoluments of the Directors of the Company and the five highest paid individuals of the Group are set out in Note 12 to the consolidated financial statements.

As at 31 March 2017, the Group had 664 employees. The Directors and senior management receive compensation in the form of salaries, benefits in kind and discretionary bonuses with reference to salaries paid by comparable companies, time commitment and the performance of the Group. The Company also reimburses them for expenses which are necessarily and reasonably incurred for the provision of services to the Group or executing their functions in relation to the operations of the Group. The Company regularly review and determine the remuneration and compensation package of the Directors and senior management, by reference to, among other things, market level of salaries paid by comparable companies, the respective responsibilities of the Directors and the performance of the Group.

Major Customers and Suppliers

Due to the nature of our business, the majority of our customers consist of retail customers from the general public. As such, our Directors consider that it is not practicable to identify the five largest customers of our Group for the year ended 31 March 2017 and we did not rely on any single customer during the year. Therefore, our largest customer and top five customers accounted for less than 5% and 30% of our revenue for the year ended 31 March 2017. The information in respect of the Group's purchases attributable to the major suppliers during the year is as follows:

	Percentage of the Group's total purchases
The largest supplier	8.9%
Five largest suppliers in aggregate	27.2%

None of the Directors, their associates or any shareholders, which to the knowledge of the Directors owned more than 5% of the Company's issued share capital, had a beneficial interest in any of the Group's five largest supplier and customers.

Other Borrowings

Details of borrowings of the Group during the year are set out in Note 21 to the consolidated financial statements.

Purchase, Sale or Redemption of Shares

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

Sufficiency of Public Float

Based on the information that is publicly available to the Company and within the knowledge of the Directors as at the latest practicable date prior to issue of this report, the Company has maintained the sufficient public float under the GEM Listing Rules.

Share Option Scheme

(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 and Note 24 of the consolidated financial statements in this report. There were 51,000,000 share options granted to the grantees. Up to 31 March 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:

				Number or share options			
	Date of grant	Exercise price per share	Exercisable period	Outstanding as at 1 April 2016	Grant during the period	Exercised during the period	Outstanding as at 31 March 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	—	21,000,000	(10,250,000)	10,750,000
	15 July 2016	HK$0.45	5 August 2017 to 14 July 2019	—	22,000,000	—	22,000,000
Total				—	51,000,000	(10,250,000)	40,750,000

(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 31 March 2017, no share options has been granted under the Post-IPO Share Option Scheme.

Auditor

The financial statements for the year ended 31 March 2017 have been audited by Deloitte Touche Tohmatsu and a resolution for the re-appointment as auditor of the Company will be proposed at the forthcoming annual general meeting.

Publication of Information on Websites

This annual report is available for viewing on the website of Stock Exchange at www.hkexnews.hk and on the website of the Company at www.diningconcepts.com.

By order of the Board
Sandeep Sekhri
Chairman

21 June 2017

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Introduction

The Group has committed to maintain high standards of food safety, environmental protection and considers social responsibilities as core values in its business operations for sustainable development and corporate governance.

This report has been prepared in accordance with the Environmental, Social and Governance Reporting Guide as set out in Appendix 20 to the GEM Listing Rules and covers the Group's business in Hong Kong for the year ended 31 March 2017.

Environmental Protection

The Group has followed the customs advocated by the Environmental Protection Department, as well as multiple waste reduction measures throughout its operational flows. The Group strives to operate in an efficient manner to reduce the environmental impact it has to neighbouring communities efficiently.

Emission

With the aim of reducing the impact of its business operation on the environment, the Group implements measures for environmental protection, including installation of filtration systems for its exhaust and waste water produced from cooking to reduce air and water pollutions to the ambient environment.

Waste Oil Management

The Group ensures its restaurants properly disposed of waste cooking oil through co-operating with qualified waste oil collecting company to turn the waste cooking oil into renewable energy which in turn conducive to reducing greenhouse gas emission.

Resources Utilisation

The Group formulated and educated employees the policies on the efficient use of resources including energy, water and other raw materials in accordance with the relevant environmental laws and regulations.

To further promote environmental friendly office environment, the Group promotes and advises double-sided printing and encourages its employees to reduce the amount of printing by using recycled paper. The Group encourages the staff to use electronic communications for directories, forms, reports and data storage when possible. All used toner cartridges are recycled by returning them to the respective suppliers for reuse. Every computer is set to power saving mode, every electronic facility is turned off or switched to energy saving mode when they are not in use. Lights and air conditioners are turned off when the staff left the office.

Kitchens contribute the most to the use of resources. The Group therefore regularly checks the cooking, air-conditioning and lighting equipment to assess the performance and take environmental friendly actions. Internal environmental review has been conducted regularly to assess the environmental impact of the Group's business activities so that the energy and water usage can be monitored and recorded properly. Employees are encouraged to organise, maintain and clean the garbage and recycled materials storage areas; recycled materials are sorted into appropriate receptacles. Appropriate signage is placed on bins, stating what type of waste or recycled materials should be placed in the bin.

Operational Practices

Food Safety

The Group closely observed strict compliance with the applicable laws and regulations. With an objective to improve the Group's food safety and hygiene standards, all restaurants are strictly enforced food safety management procedures such as self-examination, departmental audit and unannounced inspection.

Supply Chain Management

The Group has set up multiple precautions in the supply chain to ensure food safety and quality. The Group has maintained a list of more than 200 approved suppliers. The supplier are selected with a rigorous process based on a set of selection criteria, which includes (i) capacity, reputation and business operations of the supplier; (ii) type, variety and quality of food ingredients, goods or services offered by the supplier; (iii) pricing of the food ingredients, goods or services; (iv) supply terms and conditions, such as payment terms, delivery schedule and discount; and (v) past performance. New suppliers may be introduced by first passing the head chef's sample testing, followed by assessment and final approval by the director of operations. In order to secure a stable supply of food ingredients and beverages, there are at least two approved supplier for each type of food ingredients and beverages when possible.

Head chef of each restaurant is responsible for monitoring the quality of food ingredients regularly and placing orders for food ingredients. Upon delivery of the food ingredients, kitchen staff conduct inspection on the food ingredients to ensure that they are fresh and meet the quality standards, and returns food ingredients to suppliers for replacement if they are falling below the quality control standards.

Head chef and sous chef of each restaurant are responsible for ensuring proper processing and storage of food ingredients. Upon delivery of the food ingredients to our restaurants, the kitchen staff store the food ingredients under appropriate temperature and storage conditions in accordance with our procedures and manuals. Fresh fruits are kept separate from meat, poultry or seafood in the refrigerator. The Group's restaurants do not experience excessive accumulation of inventory of our food ingredients and beverages since all purchase orders are placed to match demand, deliveries are made daily and our inventories are closely monitored by head chefs, general managers and our accounting team.

Complaint Mechanism

The Group has various ways of handling complaints. For instance, complaints can be made by restaurant complaints or hotline complaints, with a view to solve customers' problems in a rapid and direct way.

The Group strictly complies with the provisions of the Personal Data (Privacy) Ordinance to ensure the personal data collected are to be treated confidently and for specific purposes. With the customer's approval, the name and contact information of the customer may be recorded, and clearly indicate the approximate time required for investigation. The management of the Group will conduct analysis based on customer complaints, and take corrective measures on important issues in time.

Anti-corruption

The Group is committed to achieve and maintain the highest standards of openness, probity and accountability. Employees at all levels are expected to conduct themselves with integrity, impartially and honesty. It is every employee's responsibility and it is all interest of the Group to ensure that any inappropriate behaviour or organisational malpractice that compromises the interest of shareholders, investors, customers and the wider public does not occur.

The Group has provided guidance to employees at all levels in the area of acceptance of gifts and conflict of interest. During the year ended 31 March 2017, the Group did not find any cases that violated the relevant laws and regulations.

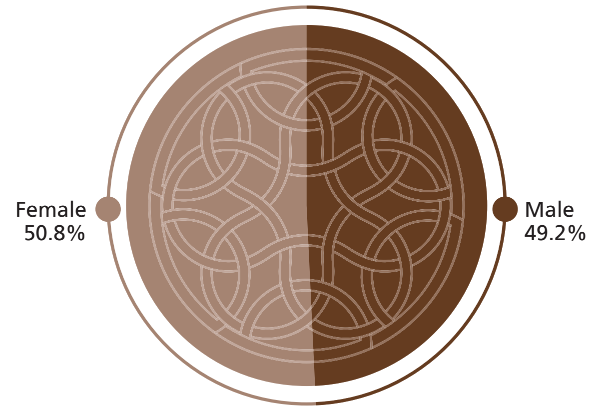
Employment and Labour Practices

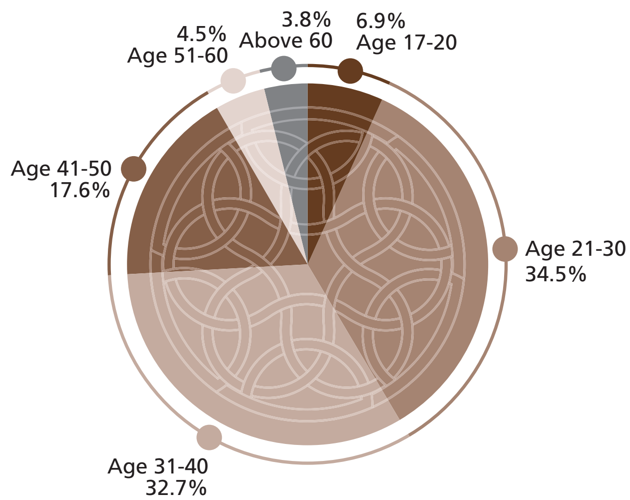
The Group is an equal opportunity employer and does not discriminate on the basis of personal characteristics, gender or age. The Group has established and implemented policies that promote a harmony and respectful workplace. With the aim of ensuring fair and equal protection for all employees, the Group has zero tolerance on sexual harassment or abuse in the workplace in any form, which is a violation of the Hong Kong laws.

The Group strictly prohibits the employment of children or forced labour and sets out the policies in the labour code to eradicate child labour, juvenile workers and forced labour.

Employee Structure

The following charts represent gender and age group distribution of the workforce population of the Group. As at 31 March 2017, the Group had a workforce of 664. The group strives to provide a work environment with equal opportunities. The Group had recruited from a diverse age group without age discrimination.





The Human Resources Department will also conduct a comprehensive recruitment review process to ensure that the data provided by the candidates are accurate and will regularly review the recruitment policy.

Remuneration Policy

All employees of the Group are remunerated at a competitive level and are rewarded according to their performance and experience. The promotion and remuneration of the Group's employees are subject to review regularly. Remuneration packages include holidays, medical scheme, group insurance and mandatory provident fund.

Health and Safety

The Group prides itself on providing a safe, effective and congenial work environment as we believe that employees are the valuable assets of an enterprise. The Group offers comprehensive health care coverage for entire staff members.

The Group always place our workplace safety as our top concern. The Group works hard to provide a safe, healthy and comfortable working environment to the employees by implementing the following measures:-

– To keep, to a great extent, even and dry floor at kitchens of the restaurants so as to avoid slipping and tripping out of obstacles or other potential hazards

– To provide safe gloves for cutting in kitchens

– To keep the workplace clean and avoiding nuisance caused by sewage flowing out of the drainage system, sanitation facilities or toilets

– To provide sufficient first-aid kit at workplaces

– To maintain good ventilation at workplaces

The Group satisfied the fire safety requirement in order to obtain and/or renew the General Restaurant Licences and Liquor Licences.

The Group follows the occupational health and safety guidelines recommended by the Labour Department.

The level of compensation of our employees is reviewed annually on a performance basis with reference to the market standard.

Occupational Health and Safety Data	*For the year ended 31 March 2017*
Work related fatality	0
Work injury cases > 3 days	21 cases
Work injury cases < 3 days	4 cases
Lost days due to work injury	240 days

Development and Training

The Group regards its employees as the most important asset and resource as they help to sustain its core values and culture. The Group is committed to provide comprehensive on-the-job training to employees by way of daily briefings to the kitchen staff. Office staff members are encouraged to attend external training courses to develop their personal skills.

Labour Standard

The human resources and administration department of the Group strictly complies with local laws and conducts recruitment based on the Employment Ordinance (Cap. 57 of the law of Hong Kong) and Mandatory Provident Fund Schemes Ordinance (Cap. 485 of the law of Hong Kong). Personal data collected during the process will be used solely to assist in the selection of suitable candidates and to conduct interviews and verification of personal data.

Social Responsibility

As a corporate citizen, the Group is committed to participate in community events to the improvement of community well-being and social services. The Group encourages employees to participate in a wide range of charitable events.

During the year ended 31 March 2017, the Group made donation of approximately HK$295,000 to Room to Read, a non-profit making organisation, to develop literacy skills and support girls to complete secondary education.

Deloitte. 德勤

INDEPENDENT AUDITOR'S REPORT

To the Members of Dining Concepts Holdings Limited

(incorporated in the Cayman Islands with limited liability)

Opinion

We have audited the consolidated financial statements of Dining Concepts Holdings Limited (the "**Company**") and its subsidiaries (collectively referred to as the "**Group**") set out on pages 40 to 79, which comprise the consolidated statement of financial position as at 31 March 2017, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 March 2017, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Basis for Opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("**HKSAs**") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants (the "**Code**"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Impairment of property, plant and equipment and intangible assets allocated to certain loss-making operating restaurants ("loss-making restaurants")	
We identified the impairment of property, plant and equipment and intangible assets allocated to loss-making restaurants as a key audit matter due to significant management judgments involved in the impairment assessment. As disclosed in note 4 to the consolidated financial statements. during the year ended 31 March 2017, certain restaurants of the Group incurred losses, which indicated that property, plant and equipment and intangible assets of those restaurants may be impaired. In determining whether property, plant and equipment and intangible assets of the loss-making restaurants were impaired required an estimation of the recoverable amount of a loss-making restaurant to which the property, plant and equipment and intangible assets belong, which is the value in use of that loss-making restaurant. The value in use of the property, plant and equipment and intangible assets of a loss-making restaurant was determined by the management based on the operating cash flows forecast of the loss-making restaurant, which required the use of key assumptions including the budgeted revenue, budgeted gross margin and expected growth rate determined based on the management business plan on operation of restaurant, the current market circumstances and management's expectation of the market development, as well as a suitable discount rate. Based on management's assessment, no impairment or write-off was recognised on property, plant and equipment during the year ended 31 March 2017 and approximately HK$2,192,000 of intangible assets was written off during the year ended 31 March 2017.	Our procedures in relation to evaluating the impairment assessment of property, plant and equipment and intangible assets allocated to loss-making restaurants included: • Understanding how management performs impairment assessment on property, plant and equipment and intangible assets; • Evaluating the reasonableness of the operating cash flows forecast and the key assumptions used, including evaluating the reasonableness of the budgeted revenue, budgeted gross margins, expected growth rate with reference to the historical performance, and evaluating the suitability of the discount rate used; and • Evaluating the potential impact of the impairment assessment based on the reasonably possible change of budgeted revenue.

Key audit matter	How our audit addressed the key audit matter
Revenue recognition We identified revenue recognition as a key audit matter due to its significance to the consolidated statement of profit or loss and other comprehensive income. The accounting policy for recognition of revenue generated from operation of restaurants is disclosed in note 3 to the consolidated financial statements. As set out in the consolidated statement of profit or loss and other comprehensive income and note 5 to the consolidated financial statements, during the year ended 31 March 2017, the revenue generated from operation of restaurants is approximately HK$491,539,000.	Our procedures in relation to revenue recognition included: • Obtaining an understanding of the Group's revenue recognition policy and key controls for restaurant operations; • Evaluating the key controls over the revenue recognition process in respect of the POS system and the key manual controls for validating of revenue generated from operation of restaurants; • Testing a selection of revenue transactions to the corresponding supporting documents; and • Applying regression analysis and exploratory data analysis techniques to investigate any unusual patterns of revenue generated from a selection of restaurants, and obtaining and assessing the reasonableness of management's explanation for the unusual patterns identified.

Other Information

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Directors and Those Charged with Governance for the Consolidated Financial Statements

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in the independent auditor's report is Wong Shun Yu.

Deloitte Touche Tohmatsu

Certified Public Accountants

Hong Kong

21 June 2017

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2017

	Notes	2017 HK$'000	2016 HK$'000
Revenue	5	491,539	462,921
Cost of inventories consumed		(121,686)	(118,092)
Staff costs		(157,657)	(125,749)
Depreciation and amortisation		(30,572)	(28,902)
Rental and related expenses		(100,518)	(90,364)
Utilities and consumables		(19,607)	(20,303)
Listing expenses		(11,883)	(5,610)
Franchise and licensing fees		(11,759)	(13,292)
Other expenses	6	(58,544)	(44,287)
Other gains and losses	7	(3,230)	9,391
(Loss) profit before taxation		(23,917)	25,713
Taxation	8	(5,717)	(7,593)
(Loss) profit and total comprehensive (expense) income for the year attributable to owners of the Company	9	(29,634)	18,120
(Loss) earnings per share – basic (HK$)	11	(0.04)	0.03
(Loss) earnings per share – diluted (HK$)	11	(0.04)	N/A

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2017

	Notes	2017 HK$'000	2016 HK$'000
Non-current assets			
Property, plant and equipment	13	107,456	41,125
Intangible assets	14	10,062	13,509
Rental and utilities deposits		30,325	30,359
Deposit for property, plant and equipment		2,836	17,230
Restricted bank deposits	19	2,358	2,143
		153,037	104,366
Current assets			
Inventories	15	7,332	5,780
Trade and other receivables	16	11,860	13,664
Amounts due from related companies	17	—	621
Amount due from a director	18	—	10,864
Amount due from a Controlling Shareholder	18	—	7,528
Tax recoverable		2,717	2,554
Bank balances and cash	19	51,291	25,722
		73,200	66,733
Current liabilities			
Trade and other payables	20	61,880	50,296
Amounts due to related companies	17	1,403	2,455
Tax liabilities		1,371	151
		64,654	52,902
Net current assets		8,546	13,831
Total assets less current liabilities		161,583	118,197
Capital and reserves			
Share capital	23	63,037	9
Reserves		83,546	118,188
Equity attributable to owners of the Company		146,583	118,197
Non-current liability			
Loans from Controlling Shareholders	21	15,000	—
		161,583	118,197

The consolidated financial statements on pages 40 to 79 were approved and authorised for issue by the board of directors on 21 June 2017 and are signed on behalf by:

Sandeep Sekhri
DIRECTOR

Sandip Gupta
DIRECTOR

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2017

	Attributable to owners of the Company					
	Share Capital HK$'000	Share premium HK$'000	Other reserve HK$'000 (Note b)	Share option reserve HK$'000	Retained profits HK$'000	Total HK$'000
At 1 April 2015	9	30,000	36,966	—	33,102	100,077
Profit and total comprehensive income for the year	—	—	—	—	18,120	18,120
At 31 March 2016	9	30,000	36,966	—	51,222	118,197
Loss and total comprehensive expense for the year	—	—	—	—	(29,634)	(29,634)
Dividend paid (note 10)	—	—	(7,344)	—	—	(7,344)
Placing of shares (note 23)	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 23)	797	5,681	—	(1,865)	—	4,613
Issue of shares by capitalisation of share premium account (note 23)	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

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. The Company bore the transaction cost attributable to that controlling shareholder and the expense incurred was deemed as distribution to that controlling shareholder.

Note b: As at 1 April 2015 and 31 March 2016, other reserve mainly represented waiver of loans from its related companies controlled by the controlling shareholders, waiver of loan from one of the controlling shareholders, the fair value of financial guarantee granted to one of the controlling shareholders and amounts arising on the Group reorganisation underwent prior to the listing of the Company's shares on the Stock Exchange in 2016. Details were set out in the Company's prospectus dated 27 July 2016 (the "**Prospectus**").

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2017

	Notes	2017 HK$'000	2016 HK$'000
OPERATING ACTIVITIES			
(Loss) profit before taxation		(23,917)	25,713
Adjustments for:			
Depreciation of property, plant and equipment		28,989	26,949
Amortisation of intangible assets		1,583	1,953
Loss on disposals of property, plant and equipment and intangible assets		1,038	1,127
Gain on disposal of a subsidiary	22	—	(10,518)
Write-offs of intangible assets		2,192	—
Equity-settled share option expense		7,725	—
Operating cash flows before movements in working capital		17,610	45,224
Decrease (increase) in rental and utilities deposits		34	(7,081)
(Increase) decrease in inventories		(1,552)	707
Decrease (increase) in trade and other receivables		1,058	(3,609)
Increase (decrease) in trade and other payables		10,457	(5,197)
Increase in amounts due to related companies		1,403	—
Cash generated from operations		29,010	30,044
Income tax paid		(4,660)	(9,006)
NET CASH FROM OPERATING ACTIVITIES		24,350	21,038
INVESTING ACTIVITIES			
Purchase of and deposits paid for property, plant and equipment		(81,305)	(38,054)
Purchase of intangible assets		(328)	(4,285)
Proceeds for disposals of property, plant and equipment		468	2,008
Disposal of a subsidiary, net of cash disposed	22	746	17,308
Advances to related companies		(220)	(5,258)
Repayments from related companies		841	9,163
Advance to a director		—	(6,865)
Repayments from a director		10,864	3,639
Advances to a Controlling Shareholder		—	(38,858)
Repayments from a Controlling Shareholder		7,528	34,360
Placements of restricted bank deposits		(1,220)	(177)
Withdrawal of restricted bank deposits		1,005	—
NET CASH USED IN INVESTING ACTIVITIES		(61,621)	(27,019)

	Notes	2017 HK$'000	2016 HK$'000
FINANCING ACTIVITIES			
Proceeds from placing of shares		63,445	—
Loans from Controlling Shareholders	21	15,000	—
Proceeds from issue of shares by exercise of share options		4,613	—
Advances from related companies		—	5,189
Repayments to related companies		(2,455)	(5,524)
Repayments to a Controlling Shareholder		—	(25,369)
Dividend paid		(7,344)	—
Transaction costs attributable to issuance of shares and paid for a controlling shareholder		(10,419)	—
NET CASH FROM (USED IN) FINANCING ACTIVITIES		62,840	(25,704)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		25,569	(31,685)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		25,722	57,407
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR, REPRESENTED BY BANK BALANCES AND CASH	19	51,291	25,722

1. GENERAL

Dining Concepts Holdings Limited (the "**Company**") was incorporated in the Cayman Islands as an exempted company with limited liability on 22 May 2014 and its shares have been listed on the Growth Enterprise Market (the "**GEM**") of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on 5 August 2016. Its ultimate controlling shareholders are Total Commitment Holdings Limited ("**Total Commitment**"), Ideal Winner Investments Limited ("**Ideal Winner**"), Minrish Limited ("**Minrish**"), Indo Gold Limited ("**Indo Gold**") and Mr. Jugdish Johnny Uttamchandani ("**Mr. Uttamchandani**") (hereinafter as the "**Controlling Shareholders**"). Its registered office is located at Clifton House, 75 Fort Street, Grand Cayman, KY1-1108, Cayman Islands and its principal place of business is located at Suite 1701-3, 17/F, Chinachem Hollywood Centre 1, 3, 5, 7, 9, 11 and 13 Hollywood Road, Central, Hong Kong.

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

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

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

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

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

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

2. APPLICATION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (CONTINUED)

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

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

1 Effective for annual periods beginning on or after 1 January 2018

2 Effective for annual periods beginning on or after 1 January 2019

3 Effective for annual periods beginning on or after a date to be determined

4 Effective for annual periods beginning on or after 1 January 2017

5 Effective for annual periods beginning on or after 1 January 2017 or 1 January 2018, as appropriate

HKFRS 16 *Leases*

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

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

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

2. APPLICATION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (CONTINUED)

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

Furthermore, extensive disclosures are required by HKFRS 16.

As at 31 March 2017, the Group has non-cancellable operating lease commitments of HK$260,786,000 as disclosed in note 27. A preliminary assessment indicates that these arrangements will meet the definition of a lease under HKFRS 16, and hence the Group will recognise a right-of-use asset and a corresponding liability in respect of all these leases unless they qualify for low value or short-term leases upon the application of HKFRS 16. In addition, the application of new requirements may result changes in measurement, presentation and disclosure as indicated above. However, it is not practicable to provide a reasonable estimate of the financial effect until the directors complete a detailed review.

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

3. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the GEM of the Stock Exchange and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis at the end of each reporting period as explained in the accounting policies set out below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2 *Share-based Payment*, leasing transactions that are within the scope of HKAS 17, *Leases,* and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 *Inventories* or value in use in HKAS 36 *Impairment of Assets*.

The principal accounting policies are set out below:

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if the facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Changes in the Group's ownership interests in existing subsidiaries

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets, and liabilities of the subsidiary attributable to the owners of the Company. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable HKFRSs).

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods sold and services provided in the normal course of business net of discounts.

Revenue is recognised when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the Group and when specific criteria have been met for each of the Group's activities, as described below.

Revenue from the sale of goods is recognised when the goods are delivered and titles have passed.

Service income is recognised when services are provided. Revenue from sale of goods are recognised when goods are delivered and titles have passed.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Property, plant and equipment

Property, plant and equipment are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Depreciation is recognised so as to write off the cost of assets less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Intangible assets

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at costs less accumulated amortisation and any accumulated impairment losses. Amortisation for intangible assets with finite useful lives is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of the reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Impairment losses on tangible and intangible assets

At the end of the reporting period, the Group reviews the carrying amounts of its tangible and intangible assets with finite useful lives to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or a cash- generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or a cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recognised at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date.

Exchange differences on the settlement of monetary items and on the retranslation of monetary items are recognised in profit or loss in the period in which they arise.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Investment income earned on temporary investment on specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

Retirement benefit costs

Payments to the Mandatory Provident Fund Scheme are recognised as an expense when employees have rendered service entitling them to the contributions.

Share-based payment arrangements

Equity-settled share-based payment transactions

Share options granted to employees

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity (share option reserve). At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the share options reserve. For share options that vest immediately at the date of grant, the fair value of the share options granted is expensed immediately to profit or loss.

When share options are exercised, the amount previously recognised in share options reserve will be transferred to share premium. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share options reserve will be transferred to retained profits.

Share options granted to consultants

Equity-settled share-based payment transactions with consultants are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the services. The fair values of the services received are recognised as other expenses.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined on a first-in, first-out method. Net realisable value represents the estimate selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

Customer loyalty award credits

Customer loyalty award credits granted to customers as part of a sales transaction are to be accounted for as a separate component of the sales transaction in which they are granted. The consideration received in the sales transaction is allocated between the loyalty award credits and the other components of the sale. The amount allocated to the loyalty award credits is determined by reference to their fair value and is deferred until the awards are redeemed or the liability is otherwise extinguished.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from (loss) profit before taxation as reported in the consolidated statement of profit or loss and other comprehensive income because of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary difference to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at the end of the reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred taxes are recognised in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments

Financial assets and financial liabilities are recognised in the consolidated statement of financial position when a group entity becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

Financial assets are classified as loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant periods. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest income is recognised on an effective interest basis for debt instruments.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including trade and other receivables, amounts due from related companies, amount due from a Controlling Shareholder, amount due from a director, restricted bank deposits and bank balances and cash) are measured at amortised cost using the effective interest method, less any impairment (see accounting policy on impairment loss on financial assets below).

Interest income is recognised by applying the effective interest rate, except for short-term receivables where the recognition of interest would be immaterial.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been affected.

Objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as a default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

Financial assets such as trade receivables that are assessed not to be impaired individually are, subsequently, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the respective credit period, observable changes in national or local economic conditions that correlate with default on receivables.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial assets (continued)

Impairment of financial assets (continued)

The amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit and loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Financial liabilities and equity instruments

Debt and equity instruments issued by the Group are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the group entity are recognised at the proceeds received, net of direct issue costs.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest expense is recognised on an effective interest basis.

Financial liabilities at amortised cost

Financial liabilities including trade and other payables, amounts due to related companies and loans from Controlling Shareholders are subsequently measured at amortised cost, using the effective interest method.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Derecognition

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

4. KEY SOURCES OF ESTIMATION UNCERTAINTIES

In the application of the Group's accounting policies, which are described in note 3, the directors of the Company are required to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next twelve months.

Impairment of property, plant and equipment and intangible assets allocated to certain loss-making operating restaurants ("loss-making restaurants")

Property, plant and equipment and intangibles assets mainly consist of leasehold improvements and furniture, fixtures and equipment, and the franchise and licensing rights respectively of the restaurants of the Group. During the year ended 31 March 2017, certain restaurants of the Group incurred losses, which indicated that property, plant and equipment and intangible assets of those restaurants may be impaired. The management then conducted impairment assessment on the property, plant and equipment and intangible assets of the loss-making restaurants.

In determining whether property, plant and equipment and intangible assets are impaired requires an estimation of the recoverable amount of a loss-making restaurant to which the property, plant and equipment and intangible assets belong, which is based on the value in use of that loss-making restaurant. The value in use of the property, plant and equipment and intangible assets of a loss-making restaurant is determined by the management based on the operating cash flows forecast of the loss-making restaurant, which required the use of key assumptions including the budgeted revenue, budgeted gross margin, and expected growth rate determined based on the management business plan on operation of restaurant, the current market circumstances and management's expectation of the market development, as well as a suitable discount rate. Where the expected future cash flows arising from the loss-making restaurants are different from the original estimation, further impairment loss may arise.

Based on management's assessment, no impairment or write-off was recognised on property, plant and equipment during the years ended 31 March 2017 and 2016 and approximately HK$2,192,000 (2016: nil) of intangible assets was written off during the year ended 31 March 2017.

4. KEY SOURCES OF ESTIMATION UNCERTAINTIES (CONTINUED)

Income taxes

As at 31 March 2017 and 2016, no deferred tax asset has been recognised in relation to the tax losses of approximately HK$72,845,000 (2016: HK$26,409,000) and deductible temporary differences of approximately HK$48,606,000 (2016: HK$60,400,000), due to the unpredictability of future profit streams. The realisability of the deferred tax asset mainly depends on whether sufficient future profits or taxable temporary differences will be available in the future. In cases where the actual future taxable profits generated are more than expected, recognition of deferred tax assets may arise, which would be recognised in profit or loss for the period in which such recognition takes place.

Estimated useful lives of property, plant and equipment

The Group depreciates the property, plant and equipment over their estimated useful lives, using straight-line method, at the rates ranging from 20% to 25% per annum or shorter of the remaining lease term or 5 years. The estimated useful lives that the Group depreciates the property, plant and equipment reflect the directors' estimate of the periods that the Group intends to derive future economic benefits from the use of the assets. Actual economic lives may differ from estimated useful lives. Periodic review could result in a change in useful lives and therefore depreciation and impairment losses in future years.

As at 31 March 2017, the carrying amount of property, plant and equipment is approximately HK$107,456,000 (2016: HK$41,125,000).

5. REVENUE AND SEGMENT INFORMATION

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

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

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

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

5. REVENUE AND SEGMENT INFORMATION (CONTINUED)

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)

5. REVENUE AND SEGMENT INFORMATION (CONTINUED)

Year ended 31 March 2016

	Italian style HK$'000	Western style HK$'000	Asian style HK$'000	Catering management and design services HK$'000	Elimination HK$'000	Consolidated total HK$'000
REVENUE						
External sales	139,898	250,706	72,277	40	—	462,921
Inter-segment sales	—	1,418	—	20,846	(22,264)	—
Total	139,898	252,124	72,277	20,886	(22,264)	462,921
RESULT						
Segment profit	7,861	24,474	9,607	417	—	42,359
Unallocated staff costs						(17,670)
Unallocated depreciation and amortisation						(280)
Unallocated rental and related expenses						(1,956)
Unallocated utilities and consumables						(462)
Listing expenses						(5,610)
Gain on disposal of a subsidiary						10,518
Unallocated other expenses						(1,186)
Profit before taxation						25,713

At 31 March 2016

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

5. REVENUE AND SEGMENT INFORMATION (CONTINUED)

The accounting policies of the operating segments are the same as the Group's accounting policies described in note 3. 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 deferral for listing expenses, 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	
	2017 HK$'000	2016 HK$'000	2017 HK$'000	2016 HK$'000
Italian style	5,692	11,088	22,909	1,396
Western style	19,339	15,539	52,520	20,794
Asian style	5,148	1,994	20,575	613
Catering management and design services	1	1	1,150	291
	30,180	28,622	97,154	23,094

The unallocated depreciation and amortisation amounted to approximately HK$392,000 (2016: HK$280,000) for the year ended 31 March 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.

Information about major customers

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

6. OTHER EXPENSES

	2017 HK$'000	2016 HK$'000
Advertising	5,732	5,391
Air-conditioning charge	1,926	1,934
Auditor's remuneration	1,949	898
Cleaning and laundry expenses	10,802	10,344
Credit card commission	7,769	7,471
Donation	295	333
Equity-settled share-based payments to consultants	3,951	—
Insurance	3,139	2,655
Legal and professional fee	2,393	1,711
License expenses	225	190
Packing and printing materials	4,730	4,219
Music performance show	6,365	1,193
Repairment and maintenance	6,396	6,459
Travelling expenses	1,605	1,244
Others	1,267	245
	58,544	44,287

7. OTHER GAINS AND LOSSES

	2017 HK$'000	2016 HK$'000
Loss on disposals of property, plant and equipment	(1,038)	(940)
Loss on disposals of intangible assets	—	(187)
Written off of intangible assets (note 14)	(2,192)	—
Gain on disposal of a subsidiary (note 22)	—	10,518
	(3,230)	9,391

8. TAXATION

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

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 (loss) profit before taxation per the consolidated statement of profit or loss and other comprehensive income as follows:

	2017 HK$'000	2016 HK$'000
(Loss) profit before taxation	(23,917)	25,713
Tax at the statutory tax rate	(3,946)	4,243
Tax effect of expenses not deductible for tax purpose	4,493	2,081
Tax effect of income not taxable for tax purpose	(49)	(1,866)
Tax effect of deductible temporary differences not recognised	1,222	2,817
Utilisation of deductible temporary differences previously not recognised	(3,168)	(797)
Tax effect of tax losses not recognised	7,954	2,531
Over provision in respect of prior years	(55)	(207)
Utilisation of tax losses previously not recognised	(292)	(957)
One-off tax reduction by the IRD	(280)	(232)
Others	(162)	(20)
Taxation for year	5,717	7,593

At 31 March 2017, the Group has unrecognised tax losses of approximately HK$72,845,000 (2016: HK$26,409,000), which may be carried forward indefinitely, available for offset against future profits. In the opinion of the directors of the Company, no deferred tax asset was recognised due to the unpredictability of future profit streams.

At 31 March 2017, the Group has unrecognised deductible temporary differences of approximately HK$48,606,000 (2016: HK$60,400,000) 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.

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

	2017 HK$'000	2016 HK$'000
(Loss) profit and total comprehensive (expense) income for the year has been arrived at after charging:		
Directors' emoluments (note 12)	11,734	2,562
Other staff costs		
– salaries and other benefits	138,118	118,910
– retirement benefit scheme contributions	5,247	4,277
– Equity-settled share-based payment expenses	2,558	—
Total staff costs	157,657	125,749
Depreciation of property, plant and equipment	28,989	26,949
Amortisation of intangible assets	1,583	1,953

10. 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 2017 and 2016, nor has any dividend been proposed since the end of the reporting period.

11. (LOSS) EARNINGS PER SHARE

The basic (loss) earnings per share is calculated based on the (loss) profit attributable to the owners of the Company and the weighted average number of ordinary shares for the relevant years on the assumption that the Group's capitalisation issue of the shares of the Company as explained in the sections headed "History, Development and Reorganisation" and "Share Capital" in the Prospectus had been effective on 1 April 2015.

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

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

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

12. DIRECTORS', CHIEF EXECUTIVE OFFICER'S AND EMPLOYEES' EMOLUMENTS

Directors and Chief Executive Officer

The directors' and chief executive officer's emoluments representing the remuneration paid or payable by the entities comprising the Group to the executive directors and non-executive directors of the Company are set out below:

	Directors' fee HK$'000	Salaries and other allowances HK$'000	Discretionary bonus HK$'000 (note 2)	Share-based payments HK$'000 (note 3)	Retirement benefit scheme contributions HK$'000	Total HK$'000
Year ended 31 March 2017						
Executive directors:						
Sandeep Sekhri						
(chief executive officer)	2,166	—	6,000	—	18	8,184
Sandip Gupta	1,920	—	—	1,216	19	3,155
Non-executive directors:						
Shalu Anil Dayaram	79	—	—	—	—	79
Jugdish Johnny Uttamchandani	79	—	—	—	—	79
Independent non-executive directors:						
Amit Agarwal (note 1)	79	—	—	—	—	79
Chan Ming Sun Jonathan (note 1)	79	—	—	—	—	79
Zen Chung Hei, Hayley (note 1)	79	—	—	—	—	79
	4,481	—	6,000	1,216	37	11,734
Year ended 31 March 2016						
Executive directors:						
Sandeep Sekhri						
(chief executive officer)	606	—	—	—	18	624
Sandip Gupta	1,920	—	—	—	18	1,938
Non-executive directors:						
Shalu Anil Dayaram	—	—	—	—	—	—
Jugdish Johnny Uttamchandani	—	—	—	—	—	—
	2,526	—	—	—	36	2,562

Notes:

1. Mr. Amit Agarwal, Mr. Chan Ming Sun Jonathan and Mr. Zen Chung Hei, Hayley were appointed as independent non-executive directors of the Company on 14 July 2016.
2. The discretionary bonuses are determined with reference to the Group's and individual performance.
3. During the year ended 31 March 2017, share options were granted to Sandip Gupta pursuant to a pre-IPO share option scheme. Details are set out in Note 24.

Employees

The five highest paid individuals for the year ended 31 March 2017 include 2 (2016:1) directors whose emoluments are disclosed above. The emoluments of the remaining 3 (2016: 4) employees are:

	2017 HK$'000	2016 HK$'000
Salaries and other allowances	2,248	3,316
Retirement benefit scheme contributions	54	44
Equity-settled share-based payment expenses	2,557	—
	4,859	3,360

12. DIRECTORS', CHIEF EXECUTIVE OFFICER'S AND EMPLOYEES' EMOLUMENTS (CONTINUED)

Employees (continued)

The emoluments of the remaining highest paid individuals are within the following band:

Number of individuals

	2017	2016
nil to HK$1,000,000	—	4
HK$1,000,001 to HK$2,000,000	3	—
	3	4

During both years, no emoluments were paid by the Group to any of the directors, chief executive officer of the Company or the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office. None of the directors and the chief executive officer of the Company has waived any emolument during both years.

13. PROPERTY, PLANT AND EQUIPMENT

	Office equipment HK$'000	Furniture, fixtures and equipment HK$'000	Leasehold improvements HK$'000	Total HK$'000
COST				
At 1 April 2015	5,639	53,701	122,814	182,154
Additions	1,132	8,354	12,735	22,221
Disposals	(635)	(6,640)	(12,258)	(19,533)
Disposal of a subsidiary (note 22)	(252)	(2,978)	(5,811)	(9,041)
At 31 March 2016	5,884	52,437	117,480	175,801
Additions	1,771	30,429	64,626	96,826
Disposals	(464)	(9,582)	(18,970)	(29,016)
At 31 March 2017	7,191	73,284	163,136	243,611
DEPRECIATION				
At 1 April 2015	2,297	32,610	92,611	127,518
Provided for the year	1,018	8,540	17,391	26,949
Eliminated on disposals	(339)	(4,978)	(11,268)	(16,585)
Eliminated on disposal of a subsidiary (note 22)	(61)	(860)	(2,285)	(3,206)
At 31 March 2016	2,915	35,312	96,449	134,676
Provided for the year	1,165	9,059	18,765	28,989
Eliminated on disposals	(294)	(8,910)	(18,306)	(27,510)
At 31 March 2017	3,786	35,461	96,908	136,155
CARRYING VALUES				
At 31 March 2017	3,405	37,823	66,228	107,456
At 31 March 2016	2,969	17,125	21,031	41,125

13. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

The above items of property, plant and equipment are depreciated on a straight-line basis, after taking into account of their estimated residual value, at the following rates per annum:

Office equipment	20 - 25%
Furniture, fixtures and equipment	20 - 25%
Leasehold improvements	Shorter of the remaining lease term or 5 years

14. INTANGIBLE ASSETS

	Franchise and licensing rights HK$'000
COST	
At 1 April 2015	17,007
Additions	873
Disposal	(250)
At 31 March 2016	17,630
Additions	328
Written off	(3,935)
At 31 March 2017	14,023
AMORTISATION	
At 1 April 2015	2,231
Provided for the year	1,953
Eliminated on disposals	(63)
At 31 March 2016	4,121
Provided for the year	1,583
Eliminated on written off	(1,743)
At 31 March 2017	3,961
CARRYING VALUES	
At 31 March 2017	10,062
At 31 March 2016	13,509

The intangible assets represent the franchise and licensing rights acquired from independent third parties. The intangible assets have estimated useful lives of 5 to 10 years and are amortised on a straight-line basis over the estimated useful lives.

During the year, a net amount of intangible assets amounting to approximately HK$2,192,000 (2016: nil) was written off due to the close down of three restaurants during the year. The Group terminated the use of the licensing rights with the corresponding licensors.

15. INVENTORIES

	2017 HK$'000	2016 HK$'000
Food and beverages	7,332	5,780

16. TRADE AND OTHER RECEIVABLES

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

Trade receivables mainly represent receivables from financial institutions in relation to the payment settled by credit cards by customers of which the settlement period is normally within 3 days from transaction date. Generally, there is no credit period granted to customers, except for certain well established corporate customers in which credit period of 20 days is granted by the Group. The aged analysis of the Group's trade receivables, based on invoice date, at the end of the reporting periods are as follows:

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

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

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

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

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

	2017 HK$'000	2016 HK$'000
Other receivables and deposits:		
Prepayments for insurances and consumables	2,688	1,432
Deferral for listing expenses	—	4,685
Deferred consideration on disposal of a subsidiary (note 22)	—	746
Prepayments for rental	3,086	2,035
Advance to employees	985	1,267
Others	1,204	1,325
	7,963	11,490

17. AMOUNTS DUE FROM/(TO) RELATED COMPANIES

The related companies are under the common control of certain directors of the Company and the Controlling Shareholders with beneficial interests in both the Company and these entities. Details of the amounts due from related companies are shown as follows:

	2017 HK$'000	2016 HK$'000
Cuisine Courier (HK) Ltd. ("**Cuisine Courier**")	—	417
Great Vision Company Ltd. ("**Great Vision**")	—	183
Total Commitment Holdings Limited ("**Total Commitment (HK)**")	—	19
Waiters On Wheels Ltd. ("**Waiters On Wheels**")	—	2
	—	621

The amounts due from related companies were non-trade in nature, unsecured, interest-free and repayable on demand.

Maximum amounts of amounts due from related parties during the year are:

	2017 HK$'000	2016 HK$'000
Cuisine Courier	417	740
Great Vision	183	435
Total Commitment (HK)	19	19
Waiters On Wheels	2	535

Details of the amounts due to related companies are shown as follows:

	2017 HK$'000	2016 HK$'000
Cuisine Courier	—	(31)
Global Hotelware	(1,403)	(2,421)
Waiters On Wheels	—	(3)
	(1,403)	(2,455)

The amounts due to related companies as at 31 March 2017 are trade in nature and have a general credit term of 60 days. The amounts due to related companies as at 31 March 2016 are non-trade in nature, unsecured, interest-free and repayable on demand.

17. AMOUNTS DUE FROM/(TO) RELATED COMPANIES (CONTINUED)

The aged analysis of amounts due to related companies, presented based on the invoice date at the end of the reporting period is as follows:

	2017 HK$'000
0-60 days	(1,270)
More than 60 days	(133)
	(1,403)

18. AMOUNTS DUE FROM A CONTROLLING SHAREHOLDER AND A DIRECTOR

Amounts due from a Controlling Shareholder and a director were non-trade in nature, unsecured, interest-free and repayable on demand. Details of amounts due from a Controlling Shareholder and a director were shown as follows:

	2017 HK$'000	2016 HK$'000
Amount due from a director		
Sandeep Sekhri	—	10,864

	2017 HK$'000	2016 HK$'000
Amount due from a Controlling Shareholder		
Dining Concepts (International) Limited ("**Dining Concepts (International)**")	—	7,528
	—	7,528

Maximum amounts of amounts due from a director and a Controlling Shareholder during the year were:

	2017 HK$'000	2016 HK$'000
Amount due from a director		
Sandeep Sekhri	10,864	12,595
Amount due from a Controlling Shareholder		
Dining Concepts (International)	7,528	10,537

19. BANK BALANCES AND CASH/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% (2016: at 1.5%) per annum. The deposits will be released upon termination of lease agreements which is expected to be beyond one year from the end of respective reporting periods. Accordingly, the amounts are included in the non-current assets.

The Group's bank balances and cash comprise cash and bank balances which carry interest at prevailing market rate at 0.001% (2016: market rates ranging from 0.001% to 0.01%) per annum.

20. TRADE AND OTHER PAYABLES

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

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

The following is an aged analysis of trade payables presented based on the invoice date at the end of the reporting period:

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

21. LOANS FROM CONTROLLING SHAREHOLDERS

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

22. DISPOSAL OF A SUBSIDIARY

On 15 January 2016, Dining Concepts Western Limited ("**Dining Concepts Western**") entered into a sale and purchase agreement with Gaucho Grill Limited, an independent third party, to dispose of the entire equity interest of Golden Rock Limited ("**Golden Rock**"). The transaction was completed on 15 January 2016. The gain on disposal for the year ended 31 March 2016 was approximately HK$10,518,000.

Details of the considerations, assets and liabilities disposed of in respects of disposed subsidiary during the year ended 31 March 2016 are set out below:

	HK$'000
Consideration	
Cash received	17,744
Deferred cash consideration (note 16)	746
Transaction costs	(179)
Net consideration received	18,311
Analysis of assets and liabilities over which control was lost:	
Property, plant and equipment	5,835
Rental and utilities deposits	1,446
Inventories	516
Trade and other receivables	982
Bank balances and cash	257
Trade and other payables	(1,243)
Net assets disposed of	7,793
Gain on disposed of a subsidiary	
Net consideration received	18,311
Net assets disposed of	(7,793)
Gain on disposal	10,518
Net cash inflows arising on the disposal for the year ended 31 March 2016:	
Cash consideration received less transaction costs	17,565
Less: bank balances and cash disposed of	(257)
	17,308

The deferred consideration was settled in cash by the purchaser on 13 May 2016.

23. SHARE CAPITAL

Ordinary shares of US$0.01 each

	Notes	Number of shares	Amount US$	HK$'000
AUTHORISED:				
At 1 April 2015 and 2016		5,000,000	50,000	389
Increase in authorised share capital	a	9,995,000,000	99,950,000	777,611
At 31 March 2017		10,000,000,000	100,000,000	778,000
ISSUED AND FULLY PAID:				
At 1 April 2015, 31 March 2016 and 1 April 2016		109,835	1,099	9
Issue of shares by capitalisation of share premium account	a	658,900,165	6,589,001	51,262
Placing of shares	b	140,990,000	1,409,900	10,969
Issue of shares upon exercise of share options	c	10,250,000	102,500	797
At 31 March 2017		810,250,000	8,102,500	63,037

a) Pursuant to written resolutions of the Company's shareholders passed on 14 July 2016, (i) the authorised share capital of the Company was increased from US$50,000 to US$100,000,000 by the creation of an additional new 9,995,000,000 shares, such new shares ranking pari passu in all respects with the existing shares; (ii) conditional upon the crediting of the share premium account of the Company as a result of the issue of shares pursuant to the Placing set out in the section headed "Share Capital" in the Prospectus, the directors of the Company had authorised to allot and issue a total of 658,900,165 shares, by way of capitalisation of the sum of HK$51,262,000 (equivalent to approximately US$6,589,000) standing to the credit of the share premium account of the Company (the "**Capitalisation Issue**"), credited as fully paid at par to the shareholders as appearing on the register of members of the Company, details are set out in Appendix IV to the Prospectus. The Capitalisation Issue was completed on 5 August 2016.

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

c) On 5 August 2016 and 1 September 2016, 4,000,000 and 6,250,000 shares options were exercised and as a result of 10,250,000 new shares were issued. In addition, the fair values of these share options in an aggregate amount of approximately HK$1,865,000 previously recognised in the share option reserve were transferred to the share premium account. Details of the share option scheme are set out in note 24.

24. 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:

24. SHARE-BASED PAYMENT (CONTINUED)

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

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

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

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

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

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

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

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

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

25. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to equity owners through the optimisation of the debt and equity balances. The Group's overall strategy remains unchanged from prior year.

The capital structure of the Group consists of net debt, which includes amounts due to related companies and loans from Controlling Shareholders, as disclosed in notes 17 and 21, net of restricted bank deposits, bank balances and cash and equity attributable to owners of the Company, comprising issued share capital, reserves and retained profits.

The management of the Group reviews the capital structure from time to time. As a part of this review, the management considers the cost of capital and the risks associated with each class of capital. Based on recommendations of the management, the Group will balance its overall capital structure through the payment of dividends, the issue of new shares, new debts or the redemption of existing debts.

26. FINANCIAL INSTRUMENTS

a. Categories of financial instruments

	2017 HK$'000	2016 HK$'000
Financial assets		
Loans and receivables		
(including cash and cash equivalents)	59,735	52,390
Financial liabilities		
Amortised cost	65,601	42,754

b. Financial risk management objectives and policies

The Group's major financial instruments include trade and other receivables, amounts due from (to) related companies, amount due from a Controlling Shareholder, amounts due from a director, bank balances and cash, restricted bank deposits, trade and other payables and loans from Controlling Shareholders. Details of the financial instruments are disclosed in the respective notes. The risks associated with these financial instruments include market risks (currency and interest rate risks), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

Currency risk

Since most of the Group's transactions are mainly denominated in HK$, the directors of the Company are of the opinion that the Group's exposure to foreign exchange rate risk is minimal. Accordingly, no foreign currency sensitivity analysis is presented.

Interest rate risk

The Group is exposed to fair value interest rate risk in relation to fixed-rate restricted bank deposits and loans from Controlling Shareholders.

The Group is exposed to cash flow interest rate risk in relation to variable-rate bank deposits.

The Group continues to monitor the exposure on cash flow interest rate risk and will consider hedging the interest rate exposure should the need arise.

In management's opinion, the Group does not have material cash flow interest rate risk exposure and hence no sensitivity analysis is presented.

26. FINANCIAL INSTRUMENTS (CONTINUED)

b. Financial risk management objectives and policies (continued)

Credit risk

At the end of respective reporting periods, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties is arising from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position.

In order to minimise the credit risk, the management of the Group reviews the recoverable amount of each individual trade debt at the end of each reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings.

Other than concentration of credit risk on liquid funds which are deposited with several banks with high credit ratings, the Group has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers.

Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows.

The Group's objective is to maintain a balance between continuity of funding and the flexibility through the use of advances from related parties (including loans from Controlling Shareholders).

The following tables detail the Group's remaining contractual maturities for its financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows. To the extent that interest flows are at floating rate, the undiscounted amount is derived from applicable interest rate at the end of each reporting period.

26. FINANCIAL INSTRUMENTS (CONTINUED)

b. Financial risk management objectives and policies (continued)

Liquidity table

	Weighted average interest rate %	On demand or within 90 days HK$'000	91 days - 1 year HK$'000	Over 1 year HK$'000	Total undiscounted cash flow HK$'000	Total carrying amount HK$'000
At 31 March 2017						
Trade and other payables	—	49,198	—	—	49,198	49,198
Amounts due to related companies	—	1,403	—	—	1,403	1,403
Loans from Controlling Shareholders	3.00	113	337	15,900	16,350	15,000
		50,714	337	15,900	66,951	65,601

	Weighted average interest rate %	On demand or within 90 days HK$'000	91 days - 1 year HK$'000	Over 1 year HK$'000	Total undiscounted cash flow HK$'000	Total carrying amount HK$'000
At 31 March 2016						
Trade and other payables	—	40,299	—	—	40,299	40,299
Amounts due to related companies	—	2,455	—	—	2,455	2,455
		42,754	—	—	42,754	42,754

c. Fair value measurements recognised in the consolidated statement of financial postion

The fair value of financial assets and financial liabilities at amortised cost is determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

The management of the Group considered that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate to their fair values.

27. OPERATING LEASE COMMITMENTS

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

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

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

The above lease commitments represent basic rents only and do not include contingent rents payable in respect of certain restaurants leased by the Group. In general, these contingent rents are calculated based on the relevant restaurants' turnover pursuant to the terms and conditions as set out in the respective rental agreements. It is not possible to estimate in advance the amount of such contingent rent payable. During the year, the amount of contingent rental recognised as expenses was approximately HK$4,478,000 (2016: HK$3,632,000), and the amount of basic rent recognised as expenses was approximately HK$96,040,000 (2016: HK$86,732,000).

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

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

28. CAPITAL COMMITMENTS

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

29. RETIREMENT BENEFITS PLANS

The Group participates in a Mandatory Provident Fund Scheme for all qualifying employees in Hong Kong. The assets of the schemes are held separately from those of the Group, in funds under the control of trustees. The Group contributes 5% of relevant payroll costs to the Scheme, which contribution is matched by employees.

The total expense recognised in profit or loss HK$5,284,000 (2016: HK$4,313,000) represents contributions payable to these plans by the Group at rates specified in the rules of the plans.

30. RELATED PARTY TRANSACTIONS

a. Significant related party transactions

All the related companies were under the common control of certain directors of the Company and the Controlling Shareholders with beneficial interests in both the Company and these entities. In addition to those disclosed in notes 17 and 21, the Group entered into the following significant transactions with related companies:

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

b. Balances

Details of balances with related parties are set out in notes 17, 18 and 21.

c. Compensation of key management personnel

The directors of the Company and the five highest paid employees (including directors and employees) are identified as key management members of the Group, their compensation during the year are set out in note 12.

The remuneration of key management is determined having regard to the performance of individuals and market trends.

31. PARTICULARS OF PRINCIPAL SUBSIDIARIES

Particulars of the Company's principal subsidiaries at 31 March 2017 and 2016 were as follows:

Name of subsidiary	Place and date of incorporation	Issued and fully paid share capital	Equity interests attributable to the Group		Principal activities
			2017	2016	
Dining Concepts Limited	Hong Kong 11 September 2002	HK$10,000	100%	100%	Provision of catering management and design services in Hong Kong
BBQ Restaurants Limited	Hong Kong 9 March 2010	HK$1,000	100%	100%	Operating restaurant in Hong Kong
BLT Restaurants (HK) Limited	Hong Kong 10 September 2008	HK$500,000	100%	100%	Operating restaurant in Hong Kong
BLT Burger (HK) Limited	Hong Kong 27 July 2009	HK$500,000	100%	100%	Operating restaurant in Hong Kong
Bombay Dreams (HK) Limited	Hong Kong 26 July 2002	HK$10,000	100%	100%	Operating restaurant in Hong Kong
Excel Team Restaurants Limited	Hong Kong 14 January 2005	HK$1,000	100%	100%	Operating restaurants in Hong Kong
Excel Team Trading Limited 卓榮貿易有限公司	Hong Kong 3 September 2003	HK$1,000	100%	100%	Operating restaurant in Hong Kong
Fame Top Holdings Limited 銘高集團有限公司	Hong Kong 7 December 2011	HK$10,000	100%	100%	Operating restaurant in Hong Kong
Global Profit Enterprise Limited	Hong Kong 22 January 2007	HK$10,000	100%	100%	Operating restaurant in Hong Kong
Lettuce Entertain You Limited	Hong Kong 18 November 2005	HK$1,000	100%	100%	Operating restaurant in Hong Kong
Max Prospect Holdings Limited 鴻升集團有限公司	Hong Kong 18 November 2013	HK$10,000	100%	100%	Operating restaurant in Hong Kong
Most Glory Holdings Limited 至威集團有限公司	Hong Kong 3 March 2011	HK$10,000	100%	100%	Operating restaurant in Hong Kong
Pine Best Limited	Hong Kong 17 March 2014	HK$1	100%	100%	Operating restaurant in Hong Kong

31. PARTICULARS OF PRINCIPAL SUBSIDIARIES (CONTINUED)

Name of subsidiary	Place and date of incorporation	Issued and fully paid share capital	Equity interests attributable to the Group 2017	2016	Principal activities
Profit Best Holdings Limited 澤成集團有限公司	Hong Kong 17 September 2009	HK$500,000	100%	100%	Operating restaurant in Hong Kong
Smart Joy Limited 卓喜有限公司	Hong Kong 15 April 2010	HK$10,000	100%	100%	Operating restaurant in Hong Kong
Spectrum Rise Limited 濤昇有限公司	Hong Kong 12 December 2014	HK$1	100%	100%	Operating restaurant in Hong Kong
Strong Ace Limited 堅峻有限公司	Hong Kong 11 December 2014	HK$1	100%	100%	Operating restaurant in Hong Kong
Strong Empire Limited	Hong Kong 8 October 2015	HK$1,000,000	100%	100%	Operating restaurant in Hong Kong
Rich Ever Limited 眾富有限公司	Hong Kong 24 December 2015	HK$300,000	100%	100%	Operating restaurant in Hong Kong
Success Glory Limited	Hong Kong 5 January 2016	HK$10,000	100%	100%	Operating restaurant in Hong Kong
Winner Star Limited	Hong Kong 18 December 2015	HK$10,000	100%	100%	Operating restaurant in Hong Kong
Trendy Move Limited 健海有限公司	Hong Kong 12 December 2014	HK$1	100%	100%	Operating restaurant in Hong Kong
Wealthy Trade Limited 貿寶有限公司	Hong Kong 8 November 2013	HK$300,000	100%	100%	Operating restaurant in Hong Kong
Wide Scope Holdings Limited 景宏集團有限公司	Hong Kong 28 May 2004	HK$1,000	100%	100%	Operating restaurant in Hong Kong

The above table lists the subsidiaries of the Company which, in the opinion of the directors of the Company, principally affected the results or assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

None of the subsidiaries had issued any debt securities at the end of the year.

32. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY

	2017 HK$'000	2016 HK$'000
Non-current asset		
Investments in subsidiaries	74,321	—
Current assets		
Other receivables	228	4,685
Amounts due from subsidiaries	7	67,700
Amount due from a controlling shareholder	—	7,528
Bank balances and cash	25,412	3,641
	25,647	83,554
Current liabilities		
Other payables	3,945	2,463
Amounts due to subsidiaries	4,474	34,435
	8,419	36,898
Net current assets	17,228	46,656
Total assets less current liabilities	91,549	46,656
Capital and reserves		
Share capital	63,037	9
Reserves	13,512	46,647
Total equity attributable to owners of the Company	76,549	46,656
Non-current liability		
Loan from Controlling Shareholders	15,000	—
	91,549	46,656

Movement of the Company's reserves:

	Share Capital HK$'000	Share premium HK$'000	Other reserve HK$'000	Share option reserve HK$'000	Accumulated losses HK$'000	Total HK$'000
At 1 April 2015	9	30,000	31,734	—	(9,389)	52,354
Loss and total comprehensive expenses for the year	—	—	—	—	(5,698)	(5,698)
At 31 March 2016	9	30,000	31,734	—	(15,087)	46,656
Loss and total comprehensive expenses for the year	—	—	—	—	(28,127)	(28,127)
Dividend paid	—	—	(7,344)	—	—	(7,344)
Placing of shares	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	797	5,681	—	(1,865)	—	4,613
Issue of shares by capitalisation of share premium account	51,262	(51,262)	—	—	—	—
Transaction costs attributable to issue of new shares	—	(8,110)	—	—	—	(8,110)
Deemed distribution to a Controlling Shareholder	—	—	(2,309)	—	—	(2,309)
At 31 March 2017	63,037	28,785	22,081	5,860	(43,214)	76,549

FINANCIAL SUMMARY

Results

	Year ended 31 March				
	2017 HK$'000	2016 HK$'000	2015 HK$'000	2014 HK$'000	2013 HK$'000
Revenue	491,539	462,921	468,241	389,793	344,012
(Loss) profit before taxation	(23,917)	25,713	33,334	52,695	46,017
Taxation	(5,717)	(7,593)	(9,956)	(13,140)	(10,600)
(Loss) profit and total comprehensive (expense) income for the year attributable to owners of the Company	(29,634)	18,120	23,378	39,555	35,417

Assets and liabilities

	As at 31 March				
	2017 HK$'000	2016 HK$'000	2015 HK$'000	2014 HK$'000	2013 HK$'000
Total assets	226,237	171,099	188,661	143,590	122,337
Total liabilities	(79,654)	(52,902)	(88,584)	(103,008)	(84,407)
Total equity attributable to the owners of the Company	146,583	118,197	100,077	40,582	37,930

The summary of the consolidated results of the Group for the three years ended 31 March 2014, 2015 and 2016 and the consolidated assets, liabilities and non-controlling interests of the Group as at 31 March 2014, 2015 and 2016 have been extracted from the Prospectus. Such summary is presented on the basis as set out in the Prospectus.

The summary of the consolidated results of the Group for the year ended 31 March 2013 and the consolidated assets, liabilities and non-controlling interests of the Group as at 31 March 2013 have been extracted from the audited consolidated financial statements of the Group dated 24 March 2016.

The summary above does not form part of the audited financial statements.