



Dining Concepts

FIRST QUARTERLY REPORT 2017

Dining Concepts Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 8056

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

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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 compliance with the Rules Governing the Listing of Securities on the GEM of the Stock Exchange (the “GEM Listing Rules”) for the purpose of giving information with regard to the Company and the Group. 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.

The board of Directors (the “**Board**”) is pleased to announce the unaudited condensed consolidated results of the Group for the three months ended 30 June 2017, together with the unaudited comparative figures for the corresponding period in 2016 as set out below.

FINANCIAL HIGHLIGHTS

- The Group’s revenue for the three months ended 30 June 2017 was approximately HK\$132.4 million, representing an increase of approximately 17.5% when compared with that of the corresponding period in 2016.
- Loss and total comprehensive expense attributable to owners of the Company for the three months ended 30 June 2017 was approximately HK\$1.8 million, while it was profit and total comprehensive income of approximately HK\$1.8 million for the corresponding period in 2016.
- The Board did not recommend payment of any dividend for the three months ended 30 June 2017.

CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the three months ended 30 June 2017

| | Notes | For the three months ended 30 June | |
|--|-------|---------------------------------------|---------------------------------|
| | | 2017 HK\$'000 (Unaudited) | 2016 HK\$'000 (Unaudited) |
| Revenue | 2 | 132,414 | 112,654 |
| Cost of inventories consumed | | (32,458) | (27,880) |
| Staff costs | | (41,759) | (33,293) |
| Depreciation and amortisation | | (10,073) | (5,708) |
| Rental and related expenses | | (24,635) | (23,353) |
| Utilities and consumables | | (5,157) | (4,462) |
| Listing expenses | | — | (672) |
| Franchise and licensing fees | | (2,872) | (3,036) |
| Other expenses | | (15,460) | (10,880) |
| Other gains and losses | | (18) | (62) |
| Finance costs | | (113) | — |
| (Loss) profit before taxation | | (131) | 3,308 |
| Taxation | 3 | (1,635) | (1,528) |
| (Loss) profit and total comprehensive (expense) income for the period attributable to owners of the Company | | (1,766) | 1,780 |
| (Loss) earnings per share-basic (HK\$) | 5 | (0.002) | 0.003 |
| (Loss) earnings per share-diluted (HK\$) | 5 | (0.002) | N/A |

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the three months ended 30 June 2017

| | Attributable to owners of the Company | | | | | |
|---|---------------------------------------|---------------------------|---------------------------|----------------------------------|------------------------------|-------------------|
| | Share capital HK\$'000 | Share premium HK\$'000 | Other reserve HK\$'000 | Share option reserve HK\$'000 | Retained profits HK\$'000 | Total HK\$'000 |
| (Unaudited) | | | | | | |
| At 1 April 2016 | 9 | 30,000 | 36,966 | — | 51,222 | 118,197 |
| Profit and total comprehensive income recognised for the period | — | — | — | — | 1,780 | 1,780 |
| At 30 June 2016 | 9 | 30,000 | 36,966 | — | 53,002 | 119,977 |
| (Unaudited) | | | | | | |
| At 1 April 2017 | 63,037 | 28,785 | 27,313 | 5,860 | 21,588 | 146,583 |
| Loss and total comprehensive expense recognised for the period | — | — | — | — | (1,766) | (1,766) |
| Recognition of equity-settled share-based payment | — | — | — | 1,116 | — | 1,116 |
| At 30 June 2017 | 63,037 | 28,785 | 27,313 | 6,976 | 19,822 | 145,933 |

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended 30 June 2017

1. GENERAL INFORMATION, BASIS OF PREPARATION AND ACCOUNTING POLICIES

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

The Company is an investment holding company. The subsidiaries of the Company are principally engaged in operation of restaurants.

These unaudited condensed consolidated financial statements for the three months ended 30 June 2017 have been prepared in accordance with the accounting principles generally accepted in Hong Kong and comply with Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) and the applicable disclosure provisions of Chapter 18 of the GEM Listing Rules.

The accounting policies and methods of computation used in the preparation of these unaudited condensed consolidated financial statements for the three months ended 30 June 2017 are consistent with those adopted in the preparation of audited consolidated financial statements included in the Company’s 2016/17 annual report, except for the adoption of the new and revised Hong Kong Financial Reporting Standards (the “**New and Revised HKFRSs**”) (which include all HKFRSs, Hong Kong Accounting Standards (“**HKASs**”) and Interpretations) issued by the HKICPA that are adopted for the first time for the current period’s financial statements.

The adoption of the New and Revised HKFRSs has had no significant effect on these unaudited condensed consolidated financial statements for the three months ended 30 June 2017 and there have been no significant changes to the accounting policies applied in these unaudited condensed consolidated financial statements for the three months ended 30 June 2017.

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

These unaudited condensed consolidated financial statements for the three months ended 30 June 2017 have been prepared on the historical cost basis. The unaudited condensed consolidated financial statements for the three months ended 30 June 2017 are presented in Hong Kong dollars (“**HKS**”), which is the functional currency of the Company and its subsidiaries.

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

2. REVENUE

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

3. TAXATION

| | For the three months ended 30 June | |
|-----------------------|---------------------------------------|---------------------------------|
| | 2017 HK\$'000 (Unaudited) | 2016 HK\$'000 (Unaudited) |
| Hong Kong Profits Tax | 1,635 | 1,528 |

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

4. DIVIDENDS

The Board did not recommend the payment of dividend for the three months ended 30 June 2017.

5. (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 period 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 Company's prospectus dated 27 July 2016 (the "**Prospectus**") had been effective 1 April 2016.

| | For the three months ended 30 June | |
|---|---------------------------------------|---------------------|
| | 2017 (Unaudited) | 2016 (Unaudited) |
| (Loss) profit for the period attributable to owners of the Company for the purpose of basic and diluted (loss) earnings per share (HK\$'000) | (1,766) | 1,780 |
| Weighted average number of ordinary shares for the purpose of basic and diluted (loss) earnings per share (in thousands) | 810,250 | 659,010 |

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

For the three months ended 30 June 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.

MANAGEMENT DISCUSSION AND ANALYSIS

During the three months ended 30 June 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 three months ended 30 June 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 its customers with a boutique dining experience of quality dishes, attentive service and a relaxing environment.

Financial Review

Revenue

During the three months ended 30 June 2017, the Group's revenue was generated from the operation of restaurants in Hong Kong. As at 30 June 2017, the Group was operating 25 (2016: 23) restaurants, of which 1 (2016: 1) restaurant was newly established.

The Group served mainly three categories of cuisines during the three months ended 30 June 2017. The table below sets forth a breakdown of the Group's revenue generated by operation of restaurants by type of cuisine and as a percentage of total revenue generated by operation of restaurants during the three months ended 30 June 2017 and the corresponding period in 2016:

| | For the three months ended 30 June | | | |
|---------------|--------------------------------------|------------------------------|--------------------------------------|------------------------------|
| | 2017 | | 2016 | |
| | Revenue (HK\$'000) (Unaudited) | % of total Revenue (%) | Revenue (HK\$'000) (Unaudited) | % of total Revenue (%) |
| Western style | 77,572 | 58.6 | 60,713 | 53.9 |
| Italian style | 30,774 | 23.2 | 29,880 | 26.5 |
| Asian style | 24,068 | 18.2 | 22,061 | 19.6 |
| Total | 132,414 | 100.0 | 112,654 | 100.0 |

Western style restaurants

The revenue generated from operation of Western style restaurants increased by approximately HK\$16.9 million, or approximately 27.8%, from approximately HK\$60.7 million for the three months ended 30 June 2016 to approximately HK\$77.6 million for the three months ended 30 June 2017. Such increase was mainly due to a combined result of the commencement of operation of new restaurants after June 2016 including Alto Bar & Grill, Le Pain Quotidien (Pacific Place), Iron Fairies & J. Boroski and Bizou, the effect of which was partially offset by (i) the closure of certain restaurants as a result of unsatisfactory business performance; and (ii) the decline in revenue generated from certain restaurants due to the declining economic conditions.

Italian style restaurants

The revenue generated from operation of Italian style restaurants increased by approximately HK\$0.9 million, or approximately 3.0%, from approximately HK\$29.9 million for the three months ended 30 June 2016 to approximately HK\$30.8 million for the three months ended 30 June 2017. Such increase was mainly resulted from the increase in revenue generated from Spiga after rebranding from Lupa, the effect of which was partially offset by the closure of Prego as a result of unsatisfactory business performance.

Asian style restaurants

The revenue generated from operation of Asian style restaurants increased by approximately HK\$2.0 million, or approximately 9.1%, from approximately HK\$22.1 million for the three months ended 30 June 2016 to approximately HK\$24.1 million for the three months ended 30 June 2017. The increase in revenue was primarily attributable to (i) the full-period of operation of Ophelia during the three months ended 30 June 2017 since its commencement of business were in May 2016; (ii) the commencement of operation of Lilya in April 2017, the effect of which was partially offset by the decline in revenue generated from certain restaurants due to the declining economic conditions.

Cost of inventories consumed

The cost of inventories consumed mainly represents the costs of food ingredients and beverages for the operation of the Group's restaurants. The major food ingredients purchased by the Group include, but not limited to, vegetable, meat, seafood and frozen food. Cost of inventories consumed was one of the major components of the Group's operating expenses which amounted to approximately HK\$27.9 million and HK\$32.5 million for each of three months ended 30 June 2016 and 2017, respectively, representing approximately 24.7% and 24.5% of the Group's total revenue generated from operation of restaurants for the corresponding period.

Staff costs

Staff costs represented one of the major components of the Group's operating expenses, which primarily consisted of Directors' emoluments, salaries, retirement benefit scheme contributions, equity-settled share-based payments and other benefits. The staff costs increased by approximately HK\$8.5 million from approximately HK\$33.3 million for the three months ended 30 June 2016 to approximately HK\$41.8 million for the three months ended 30 June 2017. The increase in staff costs was mainly due to (i) equity-settled share-based payments attributable to employees of approximately HK\$0.7 million (2016: Nil) recognised during the period in respect of options granted under the Pre-IPO Share Option Scheme; (ii) the increase in number of staff due to the expansion of business; and (iii) the increase in remuneration paid to Directors after the Listing.

Rental and related expenses

The Group's rental and related expenses increased by approximately HK\$1.3 million from approximately HK\$23.3 million for the three months ended 30 June 2016 to approximately HK\$24.6 million for the three months ended 30 June 2017. The increase was mainly due to (i) additional rental expenses for new restaurants upon signing of tenancy agreements; and (ii) the increase 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 three months ended 30 June 2016 and 2017, the Group recognised other expenses of approximately HK\$10.9 million and HK\$15.5 million, respectively, representing approximately 9.7% and 11.7% of the Group's total revenue for the corresponding periods. The increase was mainly due to (i) the increase in operating expenses of events carried out in casual style restaurants and bars of approximately HK\$2.0 million (2016: Nil); (ii) equity-settled share-based payments to consultants of approximately HK\$0.4 million (2016: Nil) recognised during the period in respect of options granted under the Pre-IPO Share Option Scheme; (iii) the increase in advertisement expenses of approximately HK\$0.7 million recognised during the period due to the promotion of new and rebranded restaurants; (iv) the increase in legal and professional fees of approximately HK\$0.6 million recognised during the period due to the additional legal fees after the Listing and (v) the increase in repair and maintenance expenses of approximately HK\$0.9 million during the period due to the expansion of the operation and increase in number of restaurants.

Finance costs

Finance costs represents interest expense in respect of loan from shareholders granted in March 2017. On 30 March 2017, the Company entered into loan agreements with Dining Concepts (International) Limited, Indo Gold Limited, Minrish Limited and Mr. Jugdish Johnny Uttamchandani to borrow an aggregate amount of HK\$15 million for working capital purpose. The loans are unsecured, carry a fixed interest rate of 3% per annum and have a maturity term of three years.

(Loss) profit attributable to owners of the Company

Loss attributable to owners of the Company for the three months ended 30 June 2017 was approximately HK\$1.8 million, while it was profit of approximately HK\$1.8 million for the three months ended 30 June 2016. The decrease in profit attributable to owners of the Company was mainly caused by (i) the increase in fixed operating costs, such as depreciation and amortisation expenses of the property, plant and equipment newly acquired; (ii) the increase in variable operating costs, such as advertising expenses, expenses of events and music performance shows carried out in newly opened casual style restaurants and bars; (iii) the increase in corporate expenses after the Listing; and (iv) the increase in equity-settled share-based payments attributable to a Director, employees and consultants of approximately HK\$1.1 million (2016: Nil) recognised during the period in respect of options granted under the Pre-IPO Share Option Scheme, the effect of which was partially offset by the increase in revenue as stated above.

OUTLOOK

Despite the keen competition and challenging operating environment in food and beverage industry in Hong Kong, the Group has emerged as one of the well-known restaurant chains in Hong Kong. During the three months ended 30 June 2017, the Group continued to maintain its focus in serving a variety of cuisines at varying prices under different brands to a diversified customer base in Hong Kong. At present, the Group is operating 25 restaurants, with 23 full-service restaurants and two bakery restaurants.

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

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

DISCLOSURE OF ADDITIONAL INFORMATION

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

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

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

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

Notes:

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

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

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

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

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

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

Notes:

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

SHARE OPTIONS

(a) Pre-IPO Share Option Scheme

Pursuant to a written resolution passed by the shareholders of the Company on 14 July 2016, the Company adopted the Pre-IPO Share Option Scheme, the principal terms of which were set out in the Prospectus. There were 51,000,000 share options granted to the grantees on 15 July 2016. Up to 30 June 2017, there were 10,250,000 options under the Pre-IPO Share Option Scheme have been exercised. The remaining 40,750,000 share options under the Pre-IPO Share Option Scheme will lapse on 14 July 2019. Details of which are as follows:

| | Date of grant | Exercise price per share | Exercisable period | Number or share options | | | Outstanding as at 30 June 2017 |
|--|---------------|--------------------------|-------------------------------|--------------------------------|-------------------------|-----------------------------|--------------------------------|
| | | | | Outstanding as at 1 April 2017 | Grant during the period | Exercised during the period | |
| Directors-Sandip Gupta | 15 July 2016 | HK\$0.45 | 5 August 2016 to 14 July 2019 | 4,000,000 | — | — | 4,000,000 |
| | 15 July 2016 | HK\$0.45 | 5 August 2017 to 14 July 2019 | 4,000,000 | — | — | 4,000,000 |
| Other employees and financial advisers | 15 July 2016 | HK\$0.45 | 5 August 2016 to 14 July 2019 | 10,750,000 | — | — | 10,750,000 |
| | 15 July 2016 | HK\$0.45 | 5 August 2017 to 14 July 2019 | 22,000,000 | — | — | 22,000,000 |
| Total | | | | 40,750,000 | — | — | 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 the 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 Post-IPO Share Option Scheme or other share option schemes will not be counted for the purpose of calculating the Scheme Mandate Limit.

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

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

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

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

Up to 30 June 2017, no share options has been granted under the Post-IPO Share Option Scheme.

PURCHASE, SALES OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the listed securities of the Company during the three months ended 30 June 2017 and up to the date of this report.

DIRECTORS' INTERESTS IN CONTRACTS

As at 30 June 2017, no Director had a significant beneficial interest, either directly or indirectly, in any contract of significance to the business of the Group to which the Company or any of its subsidiaries was a party.

DIRECTORS' INTEREST IN COMPETING INTERESTS

As at 30 June 2017, none of the Directors or substantial shareholders of the Company or any of their respective associates (as defined in the GEM Listing Rules) has engaged in any business that competes or may compete with the business of the Group, or have any other conflict of interests with the Group.

DIRECTORS' SECURITIES TRANSACTIONS

The 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 three months ended 30 June 2017.

COMPLIANCE WITH CODE ON CORPORATE GOVERNANCE PRACTICES

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

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

During the three months ended 30 June 2017, the Company has not separated the roles of chairman and chief executive officer of the Company. Mr. Sekhri is the chairman and chief executive officer. With extensive experience in the restaurant industry, Mr. Sekhri is responsible for the overall strategic planning, management and operation of the Group and is instrumental to the growth and business expansion since the establishment in 2002. The Board considers that vesting the roles of chairman and chief executive officer in the same person is beneficial to the management of the Group. The balance of power and authority is ensured by the operation of the senior management and the Board, which comprises experienced and high-calibre individuals. The Board currently comprises two executive Directors (including Mr. Sekhri), two non-executive Directors and three independent non-executive Directors and therefore has a fairly strong independence element in its composition.

INTEREST OF THE COMPLIANCE ADVISER

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

AUDIT COMMITTEE

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

The first quarterly results of the Group for the three months ended 30 June 2017 have been reviewed by the Audit Committee, which was of the opinion that the preparation of such results complied with the applicable accounting standards, the Stock Exchange and legal requirements and that adequate disclosures have been made. The condensed consolidated financial results for the three months ended 30 June 2017 are unaudited.

DIVIDEND

The Board did not recommend the payment of dividend for the three months ended 30 June 2017.

MATERIAL ACQUISITION AND DISPOSAL

The Group did not have any material acquisition or disposal of subsidiaries or associates during the three months ended 30 June 2017.

By order of the Board

Dining Concepts Holdings Limited

Sandeep Sekhri

Chief executive officer and executive Director

Hong Kong, 14 August 2017

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