



Dining Concepts

THIRD QUARTERLY REPORT 2017/ 18

Dining Concepts Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 8056

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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 nine months ended 31 December 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 nine months ended 31 December 2017 was approximately HK\$412.5 million, representing an increase of approximately 14.8% when compared with that of the corresponding period in 2016.
- Profit and total comprehensive income attributable to owners of the Company for the nine months ended 31 December 2017 was approximately HK\$0.4 million, while loss and total comprehensive expense of approximately HK\$28.0 million was recognised for the corresponding period in 2016.
- The Board did not recommend payment of any dividend for the nine months ended 31 December 2017.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the nine months ended 31 December 2017

	Notes	For the three months ended		For the nine months ended	
		31 December		31 December	
		2017	2016	2017	2016
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Revenue	2	154,559	140,371	412,463	359,443
Cost of inventories consumed		(35,860)	(35,130)	(98,629)	(90,064)
Staff costs		(43,670)	(40,381)	(126,701)	(120,143)
Depreciation and amortisation		(10,711)	(8,429)	(31,110)	(20,638)
Rental and related expenses		(26,857)	(26,386)	(76,838)	(75,002)
Utilities and consumables		(5,751)	(5,430)	(15,929)	(14,827)
Listing expenses		—	—	—	(12,314)
Franchise and licensing fees		(3,590)	(3,188)	(9,139)	(8,955)
Other expenses		(17,064)	(14,345)	(47,374)	(38,494)
Other gains and losses		—	—	(147)	(2,696)
Finance costs		(113)	—	(340)	—
Profit (loss) before taxation		10,943	7,082	6,256	(23,690)
Taxation	3	(3,062)	(1,974)	(5,871)	(4,316)
Profit (loss) and total comprehensive income (expense) for the periods attributable to owners of the Company		7,881	5,108	385	(28,006)
Earnings (loss) per share (HK\$)					
– basic	5	0.010	0.006	0.0005	(0.038)
– diluted		0.009	N/A	0.0005	N/A

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the nine months ended 31 December 2017

	Attributable to owners of the Company					
	Share capital	Share premium	Other reserve	Share option reserve	Retained profits	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
(Unaudited)						
At 1 April 2016	9	30,000	36,966	—	51,222	118,197
Loss and total comprehensive expense recognised for the period	—	—	—	—	(28,006)	(28,006)
Dividend paid	—	—	(7,344)	—	—	(7,344)
Placing of shares	10,969	52,476	—	—	—	63,445
Recognition of equity-settled share-based payment	—	—	—	6,621	—	6,621
Issue of shares upon exercise of share options	797	3,816	—	—	—	4,613
Issue of shares by capitalisation of share premium account	51,262	(51,262)	—	—	—	—
Transaction costs attributable to issue of new shares	—	(8,212)	—	—	—	(8,212)
Deemed distribution to one of the Controlling Shareholders	—	—	(2,352)	—	—	(2,352)
At 31 December 2016	63,037	26,818	27,270	6,621	23,216	146,962
(Unaudited)						
At 1 April 2017	63,037	28,785	27,313	5,860	21,588	146,583
Profit and total comprehensive income recognised for the period	—	—	—	—	385	385
Recognition of equity-settled share-based payment	—	—	—	1,557	—	1,557
At 31 December 2017	63,037	28,785	27,313	7,417	21,973	148,525

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended 31 December 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 ultimate controlling shareholders are Total Commitment Holdings Limited, Ideal Winner Investments Limited, Minrish Limited, Indo Gold Limited and Mr. Jugdish Johnny Uttamchandani (hereinafter as the “Controlling Shareholders”). Its registered office is located at Clifton House, 75 Fort Street, Grand Cayman, KY1-1108, Cayman Islands and its principal place of business is located at Suite 1701-3, 17/F, Chinachem Hollywood Centre 1, 3, 5, 7, 9, 11 and 13 Hollywood Road, Central, Hong Kong.

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

These unaudited condensed consolidated financial statements for the nine months ended 31 December 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 nine months ended 31 December 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 nine months ended 31 December 2017 and there have been no significant changes to the accounting policies applied in these unaudited condensed consolidated financial statements for the nine months ended 31 December 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 nine months ended 31 December 2017 have been prepared on the historical cost basis. These unaudited condensed consolidated financial statements for the nine months ended 31 December 2017 are presented in Hong Kong dollars (“HK\$”), which is the functional currency of the Company and its subsidiaries.

These condensed consolidated financial statements have not been audited by the Company’s auditors, 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 31 December		For the nine months ended 31 December	
	2017 HK\$’000 (Unaudited)	2016 HK\$’000 (Unaudited)	2017 HK\$’000 (Unaudited)	2016 HK\$’000 (Unaudited)
Hong Kong Profits Tax	3,089	2,029	5,898	4,371
Over provision in respect of prior years	(27)	(55)	(27)	(55)
	3,062	1,974	5,871	4,316

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

4. DIVIDENDS

The Board did not recommend the payment of dividend for the nine months ended 31 December 2017.

5. EARNINGS (LOSS) PER SHARE

The basic and diluted earnings (loss) per share is calculated based on the profit (loss) attributable to the owners of the Company and the weighted average number of ordinary shares for the relevant periods on the assumption that the Group's capitalisation issue 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		For the nine months ended	
	31 December	2016	31 December	2016
	2017	2016	2017	2016
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Profit (loss) for the period attributable to owners of the Company for the purpose of basic and diluted earnings (loss) per share (HK\$'000)	7,881	5,108	385	(28,006)
Weighted average number of ordinary shares for the purpose of basic earnings (loss) per share (in thousands)	810,250	810,250	810,250	740,341
Effect of dilutive potential ordinary shares: Share options (in thousands)	40,750	—	28,837	—
Weighted average number of ordinary shares for the purpose of diluted earnings (loss) per share (in thousands)	851,000	810,250	839,087	740,341

For the nine months ended 31 December 2016, 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.

6. Event after the reporting period

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

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

As at the date of this report, the Consideration, in the form of bank cashier orders, is deposited to an escrow agent appointed by the vendors and the purchaser. Upon completion of the acquisition, the Target Company will become a wholly-owned subsidiary of the Company and the financial information of the Target Company will be consolidated into the financial information of the Group.

MANAGEMENT DISCUSSION AND ANALYSIS

During the nine months ended 31 December 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 nine months ended 31 December 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 relevant periods, the Group's revenue was generated from the operation of restaurants in Hong Kong. As at 31 December 2017, the Group was operating 27 restaurants (31 December 2016: 25), of which 3 restaurants (31 December 2016: 5) were newly established and no restaurants (31 December 2016: 2) was closed for the nine months ended 31 December 2017.

The Group served mainly three categories of cuisines during the relevant periods. 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 relevant periods:

	For the three months ended 31 December				For the nine months ended 31 December			
	2017		2016		2017		2016	
	Revenue	% of total	Revenue	% of total	Revenue	% of total	Revenue	% of total
	(HK\$'000)	(%)	(HK\$'000)	(%)	(HK\$'000)	(%)	(HK\$'000)	(%)
	(Unaudited)		(Unaudited)		(Unaudited)		(Unaudited)	
Western style	92,197	59.7	87,674	62.4	243,786	59.1	212,029	59.0
Italian style	36,660	23.7	26,758	19.1	96,104	23.3	75,322	21.0
Asian style	25,702	16.6	25,939	18.5	72,573	17.6	72,092	20.0
Total	154,559	100.0	140,371	100.0	412,463	100.0	359,443	100.0

Western style restaurants

The revenue generated from operation of Western style restaurants increased by approximately HK\$31.8 million, or approximately 15.0%, from approximately HK\$212.0 million for the nine months ended 31 December 2016 to approximately HK\$243.8 million for the nine months ended 31 December 2017. Such increase was mainly due to a combined result of the full period operations of Alto Bar & Grill, Le Pain Quotidien (Pacific Place), Iron Fairies & J. Boroski and Bizou, the effect of which was partially offset by (i) the closure of certain restaurants in last financial year as a result of unsatisfactory business performance; and (ii) the decline in revenue generated from certain restaurants due to the declining economic conditions, such as Le Pain Quotidien (Lee Tung Avenue) and Bread Street Kitchen & Bar.

Italian style restaurants

The revenue generated from operation of Italian style restaurants increased by approximately HK\$20.8 million, or approximately 27.6%, from approximately HK\$75.3 million for the nine months ended 31 December 2016 to approximately HK\$96.1 million for the nine months ended 31 December 2017. Such increase was mainly resulted from (i) the increase in revenue generated from Spiga after rebranding from Lupa in November 2016 and (ii) the temporary suspension of business by 22 days for renovation in A1 Molo during the nine months ended 31 December 2016, the effect of which was partially offset by the closure of Prego in August 2016 owing to unsatisfactory business performance.

Asian style restaurants

The revenue generated from operation of Asian style restaurants increased by approximately HK\$0.5 million, or approximately 0.01%, from approximately HK\$72.1 million for the nine months ended 31 December 2016 to approximately HK\$72.6 million for the nine months ended 31 December 2017. The increase in revenue was primarily attributable to the commencement of operation of Lilya in April 2017, the effect of which was partially offset by the decline in revenue generated from certain restaurants due to the declining economic conditions.

Cost of inventories consumed

The cost of inventories consumed mainly represents the costs of food ingredients and beverages for the operation of the Group's restaurants. The major food ingredients purchased by the Group includes, but not limited to, vegetable, meat, seafood and frozen food. The cost of inventories consumed is one of the major components of the Group's operating expenses which amounted to approximately HK\$90.1 million and HK\$98.6 million for each of nine months ended 31 December 2016 and 2017, respectively, representing approximately 25.1% and 23.9 % 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\$6.6 million from approximately HK\$120.1 million for the nine months ended 31 December 2016 to approximately HK\$126.7 million for the nine months ended 31 December 2017. The increase in staff costs was mainly due to (i) the increase in staff salaries from approximately HK\$106.7 million for the nine months ended 31 December 2016 to approximately HK\$115.8 million for the nine months ended 31 December 2017 as a result of the increase in number of staff and the respective salary level due to the expansion of business; and (ii) the increase in remuneration paid to Directors after the Listing from approximately HK\$3.1 million for the nine months ended 31 December 2016 to approximately HK\$5.3 million for the nine months ended 31 December 2017, the effect of which was partially offset by the decline in equity-settled share-based payments attributable to employees of from approximately HK\$6.6 million for the nine months ended 31 December 2016 to approximately HK\$1.0 million for the nine months ended 31 December 2017 recognised during the period in respect of options granted under the Pre-IPO Share Option Scheme (details refer to section headed "Share Options - (a) Pre-IPO Share Option Scheme" below).

Rental and related expenses

The Group's rental and related expenses increased by approximately HK\$1.8 million from approximately HK\$75.0 million for the nine months ended 31 December 2016 to approximately HK\$76.8 million for the nine months ended 31 December 2017. The increase was mainly due to additional rental expenses for new restaurants upon signing of tenancy agreements.

Other expenses

Other expenses mainly include advertising, cleaning and laundry expenses, credit card commission, packing and printing materials and repair and maintenance. During the nine months ended 31 December 2016 and the nine months ended 31 December 2017, the Group recognised other expenses of approximately HK\$38.5 million and HK\$47.4 million, respectively, representing approximately 10.7% and 11.5% of the Group's total revenue for the corresponding period. The increase was mainly due to (i) the increase in operating expenses of events carried out in casual style restaurants and bars of approximately HK\$1.3 million; (ii) equity-settled share-based payments to consultants of approximately HK\$0.6 million (2016: nil) recognised during the period in respect of options granted under the Pre-IPO Share Option Scheme; (iii) the increase in legal and professional fees of approximately HK\$1.2 million recognised during the period due to the additional legal fees after the Listing; (iv) the increase in repair and maintenance and cleaning expenses of approximately HK\$3.5 million during the period due to the expansion of the operation and increase in number of restaurants; and (v) the increase in credit card commission expense of approximately HK\$1.0 million due to the increase in revenue.

Finance costs

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

Profit (loss) attributable to owners of the Company

Profit attributable to owners of the Company for the nine months ended 31 December 2017 were approximately HK\$0.4 million, while the loss attributable to owners of the Company for the nine months ended 31 December 2016 were approximately HK\$28.0 million. The increase in profit attributable to owners of our Company was mainly due to (i) the increase in revenue as a result of opening of restaurants in the second half of year 2016 and the first half of year 2017; (ii) no Listing expenses incurred in the current period; and (iii) the decrease in loss on disposals of property, plant and equipment and intangible assets as no restaurant was closed during the nine months ended 31 December 2017; the effect of which was partially offset by (i) increase in cost of inventories consumed as a result of increasing revenue; (ii) the increase in fixed operating costs, such as depreciation and amortisation expenses of the property, plant and equipment and intangible assets newly acquired; and (iii) the increase in variable operating costs, such as staff costs, advertising expenses, repair and maintenance expenses, expenses of events and music performance shows carried out in newly opened casual style restaurants and bars.

Subsequent Event

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

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

As at the date of this report, the Consideration, in the form of bank cashier orders, is deposited to an escrow agent appointed by the vendors and the purchaser. Upon completion of the acquisition, the Target Company will become a wholly-owned subsidiary of the Company and the financial information of the Target Company will be consolidated into the financial information of the Group.

Other than as disclosed above, there is no other subsequent event.

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 nine months ended 31 December 2017, the Group continued to maintain its focus in serving a variety of cuisines at varying prices under different brands to a diversified customer base in Hong Kong. At present, the Group is operating 27 restaurants, with 24 full-service restaurants and 3 bakery restaurants.

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

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

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 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:

- 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.
- 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.
- 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 31 December 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 1 April 2017	Grant during the period	Exercised during the period	Outstanding as at 31 December 2017
Directors-Sandip Gupta	15 July 2016	HK\$0.45	5 August 2016 to 14 July 2019	4,000,000	—	—	4,000,000
	15 July 2016	HK\$0.45	5 August 2017 to 14 July 2019	4,000,000	—	—	4,000,000
Other employees and financial advisers	15 July 2016	HK\$0.45	5 August 2016 to 14 July 2019	10,750,000	—	—	10,750,000
	15 July 2016	HK\$0.45	5 August 2017 to 14 July 2019	22,000,000	—	—	22,000,000
Total				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 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 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 31 December 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 nine months ended 31 December 2017 and up to the date of this report.

DIRECTORS' INTERESTS IN CONTRACTS

As at 31 December 2017, no Director had a significant beneficial interest, either directly or indirectly, in any contract of significance to the business of the Group to which the Company or any of its subsidiaries was a party.

DIRECTORS' INTEREST IN COMPETING INTERESTS

As at 31 December 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 nine months ended 31 December 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 nine months ended 31 December 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, Oceanwide Capital Limited (previously known as "Quam Capital Limited") (the "**Compliance Adviser**"), save for the compliance adviser agreement entered into between the Company and the Compliance Adviser dated 22 September 2015, none of the Compliance Adviser or its directors, employees or close associates (as defined under the GEM Listing Rules) had any interest in the Group or in the share capital of any member of the Group which is required to be notified to the Company pursuant to Rule 6A.32 of the GEM Listing Rules.

AUDIT COMMITTEE

Pursuant to Rule 5.28 of the GEM Listing Rules, the Company established an audit committee (the "**Audit Committee**") with written terms of reference aligned with the provision of the code provisions set out in Appendix 15 of the GEM Listing Rules. The primary duties of the Audit Committee are to review and supervise the financial reporting process and internal control procedures of the Group. As at the date of this 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 third quarterly results of the Group for the nine months ended 31 December 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 nine months ended 31 December 2017 are unaudited.

DIVIDEND

The Board did not recommend the payment of dividend for the nine months ended 31 December 2017.

MATERIAL ACQUISITION AND DISPOSAL

The Group did not have any material acquisition or disposal of subsidiaries or associates during the nine months ended 31 December 2017.

By order of the Board

Dining Concepts Holdings Limited

Sandeep Sekhri

Chief executive officer and executive Director

Hong Kong, 14 February 2018

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 Hei, Hayley and Mr. Amit Agarwal.