Dining Concepts

2017/ 18 ANNUAL REPORT

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 compliane with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the* ***"GEM Listing Rules"****) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief the information contained in this 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

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

PRINCIPAL SHARE REGISTRARS AND TRANSFER OFFICE

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

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Boardroom Share Registrars (HK) Limited
Room 2103B, 21/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
35/F, One Pacific Place
88 Queensway
Admiralty
Hong Kong

COMPLIANCE ADVISER

Oceanwide 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 Dining Concepts Holdings Limited (the "**Company**") and its subsidiaries (together referred to as the "**Group**") for the year ended 31 March 2018.

Financial Results

For the year ended 31 March 2018, the total Group revenue recorded was approximately HK$550.4 million (2017: HK$491.5 million). Profit before taxation was approximately HK$5.1 million (2017: Loss of approximately HK$23.9 million) and loss for the year attributable to the owners of the Company was approximately HK$2.3 million (2017: HK$29.6 million). The significant decrease in loss was mainly attributable to the improving performance of the operating results of the Group's restaurants, as well as reduction of non-recurring listing expenses, directors' bonus and share option expenses relating to the Pre- IPO share options incurred for the year ended 31 March 2017.

Business Review and Prospects

During the year ended 31 March 2018, the Group maintained its focus in serving a variety of cuisines at varying prices under different brands to a diversified customer base in Hong Kong. The Group is currently operating 28 restaurants, with 25 full-service restaurants and 3 bakery restaurants.

During the year and up to the date of this report, the Group has opened 4 new restaurants and no restaurant was closed for the year ended 31 March 2018. The 4 new restaurants, including Lilya, Le Pain Quotidien at the Elements, Yojimbo and Dear Lilly had brought different dining experiences to the customers of increasing popularity. The restructuring of restaurant portfolios could upkeep freshness to our customers and increase our cuisine 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 in 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 our shareholders, business partners and customers for their utmost support to the Group. We 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, 20 June 2018

MANAGEMENT DISCUSSION AND ANALYSIS

During the year ended 31 March 2018 and up to the date of this report, the Group has been principally engaged in operating a variety of cuisines, mainly Asian, Western and Italian, targeting different customer segments with mid to high spending power.

Business Review

During the year ended 31 March 2018, the Group maintained its focus in serving a variety of cuisines at varying prices under different brands to a diversified customer base in Hong Kong. The Group has kept its strength in striving to uphold its core value, "Value for Money", through providing the customers with a boutique dining experience of quality dishes, attentive service and a relaxing environment.

Financial Review

Revenue

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

The Group served mainly three categories of cuisines during the year ended 31 March 2018. The table below sets forth a breakdown of the Group's revenue generated by operation of restaurants by type of cuisine and as a percentage of total revenue generated by operation of restaurants during the year ended 31 March 2018:

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

Western style restaurants

The revenue generated from operation of Western style restaurants increased by approximately HK$35.1 million, or approximately 12.1%, from approximately HK$290.3 million for the year ended 31 March 2017 to approximately HK$325.4 million for the year ended 31 March 2018. Such increase was mainly due to a combined result of the full period operations of Alto Bar & Grill, Le Pain Quotidien (Pacific Place), Iron Fairies & J. Boroski and Bizou, the effect of which was partially offset by (i) the closure of certain restaurants in the year ended 31 March 2017 as a result of unsatisfactory business performance; and (ii) the decline in revenue generated from certain restaurants due to the declining economic conditions, such as Le Pain Quotidien (Lee Tung Avenue) and Bread Street Kitchen & Bar.

Italian style restaurants

The revenue generated from operation of Italian style restaurants increased by approximately HK$22.3 million, or approximately 20.8%, from approximately HK$107.0 million for the year ended 31 March 2017 to approximately HK$129.3 million for the year ended 31 March 2018. Such increase was mainly resulted from (i) the increase in revenue generated from Spiga after rebranding from Lupa in November 2016; (ii) the temporary suspension of business by 22 days for renovation in AI Molo during the year ended 31 March 2017; and (iii) commencement of operation of Dear Lilly in February 2018, the effect of which was partially offset by the closure of Prego in August 2016 owing to unsatisfactory business performance.

Asian style restaurants

The revenue generated from operation of Asian style restaurants increased by approximately HK$1.5 million, or approximately 1.6%, from approximately HK$94.2 million for the year ended 31 March 2017 to approximately HK$95.8 million for the year ended 31 March 2018. The increase in revenue was primarily attributable to the commencement of operation of Lilya in April 2017, the effect of which was partially offset by the decline in revenue generated from certain restaurants due to the declining economic conditions.

Cost of inventories consumed

The cost of inventories consumed mainly represents the costs of food ingredients and beverages for the operation of the Group's restaurants. The major food ingredients purchased by the Group includes, but is not limited to, vegetable, meat, seafood and frozen food. The cost of inventories consumed is one of the major components of the Group's operating expenses which amounted to approximately HK$130.9 million and HK$121.7 million for each of year ended 31 March 2018 and 2017, respectively, representing approximately 23.8% and 24.8% of the Group's total revenue generated from operation of restaurants for the corresponding year.

Staff costs

Staff costs represented one of the major components of the Group's operating expenses, which primarily consisted of Directors' emoluments, salaries, retirement benefit scheme contributions, equity-settled share-based payments and other benefits. The staff costs increased by approximately HK$12.3 million from approximately HK$157.7 million for the year ended 31 March 2017 to approximately HK$170.0 million for the year ended 31 March 2018. The increase in staff costs was mainly due to (i) the increase in staff salaries from approximately HK$143.4 million for the year ended 31 March 2017 to approximately HK$161.7 million for the year ended 31 March 2018 as a result of the increase in number of staff and the respective salary level due to the expansion of business, the effect of which was partially offset by (i) the decrease in remuneration paid to Directors after the Listing from approximately HK$11.7 million for the year ended 31 March 2017 to approximately HK$7.6 million for the year ended 31 March 2018 as a one-off discretionary bonus of HK$6.0 million was paid during the year ended 31 March 2017; and (ii) the decline in equity-settled share-based payments attributable to employees of from approximately HK$2.6 million for the year ended 31 March 2017 to approximately HK$0.7 million for the year ended 31 March 2018 recognised during the year in respect of options granted under the Pre-IPO Share Option Scheme (details refer to section headed "Share Options Scheme - (a) Pre-IPO Share Option Scheme" below).

Rental and related expenses

Our rental and related expenses increased by approximately HK$3.3 million from approximately HK$100.5 million for the year ended 31 March 2017 to approximately HK$103.8 million for the year ended 31 March 2018. The increase was mainly due to additional rental expenses for new restaurants upon signing of tenancy agreements.

Other expenses

Other expenses mainly include advertising, cleaning and laundry expenses, credit card commission, packing and printing materials, music performance show and repair and maintenance. During the years ended 31 March 2017 and 2018, the Group recognised other expenses of approximately HK$58.5 million and HK$64.6 million, respectively, representing approximately 11.9% and 11.7% of the Group's total revenue for the corresponding year. The increase was mainly due to (i) the increase in operating expenses of events carried out in casual style restaurants and bars of approximately HK$1.4 million; (ii) the increase in legal and professional fees of approximately HK$1.1 million recognised during the year due to the additional legal fees after the Listing; (iii) the increase in repair and maintenance and cleaning expenses of approximately HK$4.6 million during the year due to the expansion of the operation and increase in number of restaurants; and (iv) the increase in credit card commission expense of approximately HK$1.2 million due to the increase in revenue, the effect of which was partially offset by the decrease in equity-settled share-based payment to consultants of approximately HK$3.4 million.

Finance costs

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

Loss attributable to owners of the Company

Loss attributable to owners of the Company for the year ended 31 March 2018 was approximately HK$2.3 million, while the loss attributable to owners of the Company for the year ended 31 March 2017 was approximately HK29.6 million. The significant decrease in loss attributable to owners of the Company was mainly due to (i) the increase in revenue as a result of opening of restaurants in the second half of year 2016 and the first half of year 2017; (ii) no Listing expenses incurred during the year ended 31 March 2018; and (iii) the decrease in loss on disposals of property, plant and equipment and intangible assets as no restaurant was closed during the year ended 31 March 2018; the effect of which was partially offset by (i) increase in cost of inventories consumed as a result of increasing revenue; (ii) the increase in fixed operating costs, such as depreciation and amortisation expenses of the property, plant and equipment and intangible assets newly acquired; and (iii) the increase in variable operating costs, such as staff costs, advertising expenses, repair and maintenance expenses, expenses of events and music performance shows carried out in newly opened causal style restaurants and bars.

Liquidity and Financial Resources

As at 31 March 2018, total assets of the Group amounted to approximately HK$228.9 million (2017: HK$226.2 million). The Group's working capital was approximately HK$4.5 million (2017: HK$8.5 million), represented by total current assets of approximately HK$72.5 million (2017: HK$73.2 million) against total current liabilities of approximately HK$68.1 million (2017: HK$64.7 million). The current ratio, being the proportion of total current assets against total current liabilities, was 1.07 (2017: 1.13). The gearing ratio (being sum of borrowings divided by the equity attributable to the owners of the Company) of the Group as at 31 March 2018 was approximately 0.10 (2017: 0.10). Total equity was approximately HK$145.9 million (2017: HK$146.6 million).

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

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

Outlook

Despite the keen competiton and challenging operating environment in food and beverage industry in Hong Kong, the Group has emerged as one of the well-known restaurant chains in Hong Kong. During the year ended 31 March 2018, the Group continued to maintain its focus in serving a variety of cuisines at varying prices under different brands to a diversified customer base in Hong Kong. The Group is currently operating 28 restaurants, with 25 full-service restaurants and 3 bakery restaurants.

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

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

Comparison of Business Plan with Actual Business Progress

The following is a comparison of the Group's business plan as set out in the Company's prospectus dated 27 July 2016 (the "**Prospectus**") with actual business progress for the year ended 31 March 2018.

	Business plan up to 31 March 2018 as set out in the Prospectus	Actual business progress up to 31 March 2018
Continue to expand our restaurant network	Identification of suitable locations and setup new restaurants in Hong Kong	4 restaurants were opened for the year ended 31 March 2018.
Further enhance our brand recognition in Hong Kong	Upgrade, by way of renovation, our existing restaurant(s)	The Group had carried out renovation works in existing restaurants during the year ended 31 March 2018.
Enhance overall profitability of our restaurants	Marketing activities for promoting brand image	The Group has arranged regular advertising compaigns.

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

The net proceeds from the Placing from the Listing Date to 31 March 2018 had been applied as follows:

	Adjusted use of proceeds in the same manner and proportion as shown in the Prospectus from the Listing Date to 31 March 2018 HK$'million	Actual use of proceeds from the Listing Date to 31 March 2018 HK$'million
Continue to expand our restaurant network	19.5	19.5
Further enhance our brand recognition in Hong Kong	1.3	1.3
Enhance overall profitability of our restaurants	0.3	0.3
	21.1	21.1

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

The unutilised balances of approximately HK$5.8 million have been placed in licensed banks in Hong Kong.

Principal Risks and Uncertainties

The Group's financial condition, results of operations, businesses and prospects would be affected by a number of risks and uncertainties including market risk, credit risk and liquidity risk. The risk management policies and practices of the Group are stated in note 25 to the consolidated financial statements in this annual report.

Foreign Exchange Exposure

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

Pledge of Assets

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

Contingent Liabilities

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

Capital Commitments

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

Dividend

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

Employees and Remuneration Policies

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

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

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

Future Plans for Material Investments and Capital Expenditures

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

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

Material Acquisitions and Disposals of Subsidiaries, Associates and Joint Ventures

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

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

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

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

Financial Assistance from Substantial Shareholders

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

Subsequent Event

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

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Executive Directors

Mr. Sandeep Sekhri (石成達), aged 52, 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 22 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 47, 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 12 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 50, 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 43, 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 14 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 45, is the independent non-executive Director.

Mr. Chan is currently an investment manager of Sprint Asset Management Limited and has over 21 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; and (iii) China Dredging Environment Protection Holdings Limited (Stock code: 871) since November 2012, and (iv) Fujian Nuoqi Co., Ltd. (Stock code: 1353) 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, the securities of the above company are listed on GEM of the Stock Exchange.

Mr. Chan was an independent non-executive director of (i) Focus Media Network Limited (Stock code: 8112) between April 2015 and November 2015, (ii) L & A International Holdings Limited (Stock code: 8195) between September 2014 to March 2017, the securities of which are listed on GEM of the Stock Exchange. He was also an independent non-executive director of (i) Fintronics Holdings Company Limited (now known as "Beautiful China Holdings Company Limited") (Stock code: 706) between March 2013 and February 2014; (ii) Shenyang Public Utility Holdings Company Limited (Stock code: 747) between February 2009 and June 2013; (iii) Capital VC Limited (Stock code: 2324) between August 2004 and April 2012, (iv) Far East Holdings International Limited (Stock code: 36) between November 2014 to July 2017, the securities of the above companies are listed on the Main Board of the Stock Exchange.

Mr. Zen Chung Hei, Hayley, aged 43, is the independent non-executive Director.

Mr. Zen has experience of more than 22 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 45, 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 50, 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 37, 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 75, 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 43 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 42, 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 12 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 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 2018. The Board 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 of the Company had confirmed they have complied with the required standard of dealings and the code of conduct for directors' securities transactions during the year ended 31 March 2018.`

Board Of Directors

The Board 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 11 to 13.

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 2018 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	4/4	N/A	1/1	1/1	N/A
Mr. Sandip Gupta	4/4	N/A	1/1	1/1	N/A
Non-executive Directors					
Mr. Jugdish Johnny Uttamchandani	4/4	N/A	1/1	1/1	N/A
Ms. Shalu Anil Dayaram	4/4	N/A	1/1	1/1	N/A
Independent Non-executive Directors					
Mr. Chan Ming Sun Jonathan	4/4	4/4	1/1	1/1	N/A
Mr. Zen Chung Hei, Hayley	4/4	4/4	1/1	1/1	N/A
Mr. Amit Agarwal	4/4	3/4	1/1	1/1	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 under review, 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 person 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.

During the year and up to the date of the 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 2018, 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.

During the year ended 31 March 2018, the Remuneration Committee held one meeting. The members 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 2018 is set out below:

	2018
Nil to HK$1,000,000	1
HK$1,000,001 to HK$1,500,000	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.

During the year ended 31 March 2018, the Nomination Committee held one meeting. 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, Ms. Shalu Anil Dayaram, Mr. Chan Ming Sun, Jonathan and Mr. Zen Chung Hei, Hayley 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 2018, the Audit Committee held four 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 2018 comprised the following:

(i) reviewed the unaudited interim results for the six months ended 30 September 2017, the unaudited quarterly results for the three months ended 30 June 2017 and the unaudited quarterly results for the nine months ended 31 December 2017;

(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 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, Mr. Chan Ming Sun Jonathan 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 2018 is set out in the section headed "Independent Auditor's Report" in this annual report.

The Audit Committee of the Company 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 2018 are set out as follows:

	Fee paid/payable HK$'000
Audit services	2,000,000
Non-audit services (note)	286,500
Total	2,286,500

note: Apart from the provision of annual audit services, Deloitte Touche Tohmatsu, the Group's external auditor, also provided other non-audit services including agree-upon procedures and tax compliance.

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 for facilitating communications among Directors as well as with shareholders and management.

Mr. Kam Tik Lun has been appointed as the company secretary of the company with effect from 28 February 2017.

Mr. Kam Tik Lun declared that he had participated in relevant trainings in 2017, 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 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 Documents

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 Hong Kong 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 (2018 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 Complicance 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.

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 1701-3, 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 of directors of the Company ("**Board**") presents its annual report and the audited consolidated financial statements of the Company and its subsidiaries (collectively the "**Group**") for the year ended 31 March 2018.

Business Review

Details of business review are set out in the section of "Management Discussion and Analysis" on pages 4 to 10.

Principal Activities

The Company acts as an investment holding company and the Group are principally engaged in the operation of restaurants 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 2018 are set out in the consolidated financial statements on pages 43 to 81 of this annual report.

The Board did not recommend payment of any dividend in respect of the year ended 31 March 2018.

Interest Capitalised

No interest was capitalised by the Group during the year ended 31 March 2018.

Reserves

Details of the movement in the reserves of the Company during the year ended 31 March 2018 are set out in note 32 of the consolidated financial statements.

Distributable Reserves

As at 31 March 2018, 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$15,036,000.

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 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

Mr. Zen Chung Hei, Hayley

Mr. Amit Agarwal

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 of the Company and the senior management of the Group are set out on pages 11 to 13 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 2018, 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 Securities and Futures Ordinance ("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 2018, there were no debt securities issued by the Group at any time. Save as disclosed herein, as at 31 March 2018, 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 2018, 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%
Minrish Limited	Beneficial owner	44,124,000	5.45%

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.

4. Minrish Limited is owned as to 50% by each of Mr. Mirpuri Rajesh Prishotam and Mrs. Mirpuri Seema Rajesh, respectively, to who is the spouse of one another. By virtue of the SFO, Mr. Mirpuri Rajesh Prishotam and Mrs. Mirpuri Seema Rajesh are deemed to be interest in the Shares held by Minrish Limited.

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**"). Detailed 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 2018, 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 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 2018, 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 2018, the aggregate amount payable to Cuisine Courier and Waiters On Wheels under the Food Delivery Services Agreement was Nil.

(B) 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 2018, the aggregate amount payable to Global Hotelware under the Utensils and Kitchen Equipment Supply Agreement was approximately HK$6,172,000.

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 2018:

(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.

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 2018, the Group had 734 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 2018 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 2018. 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	8.3%
Five largest suppliers in aggregate	25.3%

None of the Directors, their close 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

The Company's Pre-IPO Share Option Scheme was adopted on 14 July 2016 and the principal terms of which were set out in the Prospectus. There were 51,000,000 share options granted to the grantees. Up to 31 March 2018, 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 2017	Grant during the period	Exercised during the period	Outstanding as at 31 March 2018
Directors	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 March 2018, no share options has been granted under the Post-IPO Share Option Scheme.

Auditor

The financial statements for the year ended 31 March 2018 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

20 June 2018

About this Report

The Group strives to incorporate sustainability initiatives into daily operations and management. While sharing the vision to be the preferred choice of our stakeholders, the Group is committed to improving our environmental, social and governance (ESG) performance by upholding good corporate governance standards, protecting our environment, engaging the community and promoting social integration.

This ESG report aims to share the Group's key sustainability performances and outline the Group's milestones on the sustainability journey during the year ended 31 March 2018. The reporting boundary is limited to the Group unless other specified. Disclosure content of the ESG report has been confirmed by the Board.

The ESG report has complied with the "comply or explain" provisions set out in the "Environmental, Social and Governance Reporting Guide" under Appendix 20 of the GEM Listing Rules. We value your feedback regarding the review and our overall sustainability practices. Please provide your comments by email to info@diningconcepts.com.

Environmental Performance

The Group is committed to the long term sustainability of the environment and communities in which it operates. To the best knowledge and after making reasonable enquires by the Company, the Group has not identified any material non-compliance with all relevant laws and regulations regarding environmental issues during the year ended 31 March 2018. During the year ended 31 March 2018, the Group measured and managed its environmental performance in several aspects throughout its operations.

Air Emission

Air pollution has become one of the major environmental problems in cities. As cooking process involves fuel use, restaurant operation inevitably generates exhaust gases. To protect the vicinity environment, all of the Group's restaurants have strictly complied with the oil fume and cooking odor requirements as stipulated by Air Pollution Control Ordinance (Chapter 311 of the laws of Hong Kong).

We have implemented the following measures to minimize air emissions and their effects:

- Air pollution control equipment was installed to remove oily fume in the exhaust stream before discharging into open atmosphere.
- Exhaust system outlets were located at places with good ventilation and avoided any sensitive receptor wherever possible.
- Regular cleaning, inspection and maintenance were conducted to ensure the efficiency of the smoke purification devices and exhaust equipment at the Group's restaurants.

During the year ended 31 March 2018, 72.90 kilograms ("kg") of nitrogen oxides (NOx) and 364.51 grams ("g") of sulphur oxides (SOx) were emitted as a result of towngas consumption.

Greenhouse Gas (GHG) Emissions and Energy Conservation

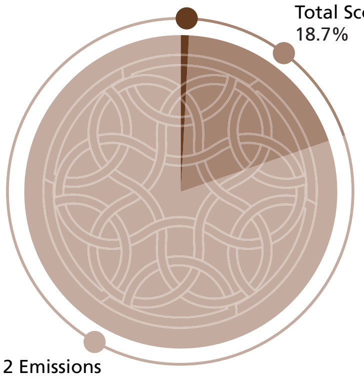
The impact of global climate change is a challenge that businesses and organizations around the world must face and address. The Group is committed to minimizing the adverse impact that its operations may have on the environment. Using energy efficiently will help us to conserve resources and tackle climate change.

Energy consumption accounts for a major part of our GHG emissions. To reduce our carbon footprint, we have implemented the following measures:

- Regular maintenance and cleaning of equipment
- Affix reminder to remind staff of switching the equipment and appliances off or to standby mode after use
- Light zoning has been established
- Maintain proper room temperature (24-26 degree Celsius)
- Insulation of refrigerator and/or cool water dispenser have been well maintained
- Unwanted materials and thick ice have been regularly cleared and defrosted from refrigerator

In this reporting year, we consumed 5,528,342 kilowatt hours ("kWh") of electricity. The following table shows our GHG emissions and energy consumption in this reporting year.

Total Greenhouse Gas Emissions



GHG Emissions	Unit	
Total Scope 1 Emissions	Tonnes of carbon dioxide equivalent ("tCO2e")	969.37
Total Scope 2 Emissions	tCO_2e	4,159.98
Total Scope 3 Emissions	tCO_2e	57.33
Total GHG Emissions	tCO_2e	5,186.68
Total GHG Emissions Intensity	tCO_2e/HK$ million revenue(HK$'m revenue)	9.43

Energy Consumption	Unit	
Towngas Consumption	Megajoule ("MJ")	18,225,468.00
Towngas Consumption Intensity	MJ/HK$'m revenue	33,137.21
Electricity Consumption	kWh	5,528,341.69
Electricity Consumption Intensity	kWh/HK$'m revenue	10,051.53

Water Management

Water shortage and pollution have become global issues, which lead to health, food supply, ecological and other crises. To preserve the precious water resource, the Group strives to reduce water usage and conserve water resources in its daily operations. During the year ended 31 March 2018, the Group did not encounter any issue in sourcing water for business operations.

As equipment malfunctioning is a common cause of water wastage in restaurant operation, we asked our employees to timely report any leakage. The Group has also kept an eye on abnormal water consumption. Any suspected leakage will be inspected and repaired promptly.

Water consumption statistic of the year ended 31 March 2018:

Water consumption	Unit	
Water Consumption	cubic meter	86,936.50
Water Consumption Intensity	cubic meter/ HK$'million revenue	158.07

Material Consumption and Waste Management

The Group works diligently in reducing waste produced from operations by minimizing consumption and reusing/recycling materials wherever possible. The Group recognizes the importance of waste reduction and material recycling, and have made continuous efforts to realize among the operation boundaries.

All the Group's restaurants have implemented waste cooking oil recycling since operation. During the year ended 31 March 2018, a total of 34,464 litres ("L") (or 29.21 tonnes) of waste oil from the operation was collected and recycled by qualified recyclers. This enabled energy recovery and safeguarded public health by preventing waste oil from re-entering into the food processing or catering market.

Other waste and consumption reduction measures include:

– Repair broken items to avoid waste disposal as far as possible

– Reuse materials for decorating festive events (e.g. Christmas and Chinese New Year, etc.)

– Use reuseable containers, dishes, cups and coffee filters whenever possible

– Reuse stationaries and furniture when moving or renovation

– Encourage double-sided printing and print only when necessary

– Reuse single-sided printed paper and old envelopes

– Reduce box files consumption by reusing old box files or applying electronic means for filing

– Recycle the cartridges by manufacturers or government assigned recyclers

– Preserve food properly to prevent wastage

– Purchase/Replace electrical appliances, electronic equipment and batteries only when necessary

During the year ended 31 March 2018, we consumed a total of 1.04 tonnes of paper.

Natural Resources and Environment

While benefiting from the natural resources and environment, the Group should bear the responsibilities and fulfil the obligations of protecting them and making appropriate use. The Group have taken considerable efforts to minimise the impact generated from the business operations to the natural environment.

SOCIAL PERFORMANCE

Employment and Labor Practices

Employment & Labor Standards

As the key to achieve the Group's economic, environmental and social objectives, staff is among the Group's most valuable assets. The Group believes that creating a workplace that offers a strong sense of belonging will inspire the employees to strive for excellence.

In view of the labor shortage challenge in the food and beverage industry, the Group regularly reviews and enhances its employees' remuneration terms and benefits to attract and retain top-notch talents. In addition to competitive remuneration packages that are structured to be commensurate with individual responsibilities, qualification, experience and performance, employees enjoy a wide range of other benefits including birthday and special leaves, dental and medical benefits, duty meal and staff discount. The Group upholds the value of equal opportunities and diversity in terms of age, sex, nationality, disability and religion. Employees are encouraged report on discriminatory practices to the management.

To protect juveniles and avoid assigning intolerable workload, the Group prohibits the use of child labor and forced or compulsory labor at all its units. No employee is made to work against his/her will or work as forced labor, or subject to corporal punishment or coercion of any type related to work.

As at 31 March 2018, the Group employed 734 staff in total.

Workforce statistic by gender, employment type and age group:

		Staff Number
(b)	Breakdown by gender	
	Employees - Female	362
	Employees - Male	372
(c)	Breakdown by age group	
	Employees Age < 30	275
	Employees Age 30 - 50	376
	Employees Age > 50	83
(d)	Breakdown by employment type	
	Employees - Part-time	29
	Employees - Full-time	705

Health and Safety

Ensuring health and safety of our employees is one of our prime responsibilities. To ensure safe working environment, the Group has implemented its occupational health and safety (OH&S) management system as stipulated by applicable laws. In case of accident, insurance is covered by our basic security package.

Reinforcing employees' safety awareness is of crucial importance as prevention is always better than cure. In addition to safety information and black-spots sharing during daily briefing, frontline staff is also provided with personal protective equipment based on their job nature.

During the year ended 31 March 2018, 426 work days were lost due to work injury and/or occupational diseases.

Development and Training

The Group conducts regular reviews on its training strategies to enable its talents to develop themselves to their fullest potential. Daily briefing session updates employees on the essential skill sets for operational needs, assuring that the customers are served with quality.

Operational Practices

Supply Chain Management

The Company is aware of the broader impact of the business operations from the supply chain. Addressing the sustainability risks in the supply chain is one of the Company's major ways of minimising potential negative environmental and social impacts of its procurement decisions.

Ensuring food safety has always been the Company's first and foremost commitment as a leading food and beverage brand in Hong Kong. In selecting suppliers, rigorous mechanism with stringent criteria based on various standards is adopted to evaluate the hygiene, origin, supply performance, compliance with relevant laws and other sustainability aspects of potential suppliers. Upon selection, the Company arranges on-site inspection of the production line. The Company conducts review on existing suppliers regularly, and sample raw materials for third-party quality inspection when necessary.

Product Responsibility

As a responsible company, the Company is fully aware of the importance to comply with relevant laws and regulations concerning the provision of our services, relating to health and safety, advertising, labelling and privacy matters.

A high standard of food safety is upheld to maintain trust from customers. Not only has the Company kept a close eye on the suppliers, but best efforts have also been put forth on internal control. To strive for zero food safety incidence, the frontline staff are required to adhere to standard operating guideline, through which good practices and detail procedures on personal hygiene, equipment cleanliness, proper waste and effluent disposal, and pest-free environment are communicated.

The Group values and understands the importance of customers' comments in driving outstanding dining experience. Multiple feedback channels, including customer service hotline, social media page, email and feedback form, have therefore been established to facilitate communication. During the year ended 31 March 2018, four service related complaints were received. Specific personnel had been appointed to follow-up promptly and take appropriate action based on established policies and procedures on each case.

Anti-corruption

While service quality matters, the Group is also committed to maintaining the highest ethical standards and corporate culture of integrity and justice for preventing, detecting and reporting all types of fraud, bribery, extortion, and money laundering. To demonstrate such commitment, the Group has set forth a written whistle-blowing policy and reporting procedures. Any employee may report suspected misconduct or malpractice in breach of applicable laws or the code of conduct to his or her immediate head or independent directors.

No material non-compliance case was noted in relation to business fraud laws and regulations during the year ended 31 March 2018.

Community Investment

The Company pursue sustainable development of the community by assessing and managing the social impact of our operations on the marketplace and by supporting initiatives that create effective and lasting benefits to communities.

During the year ended 31 March 2018, a total of HK$291,000 monetary donation was contributed to improve literacy and gender equality in education across the globe.

Personal Data Privacy

According to the Personal Data (Privacy) Ordinance (Chapter 486 of the laws of Hong Kong), the Group is responsible to protect the privacy of individuals in relation to personal data accessed by the Group and to provide for incidental and connected matters. The Group has set up membership programme for its restaurants and the Group has its internal privacy policy to prevent customers' personal information from being misused. The management keeps the Group posted on the latest privacy protection requirements. The management will also attend workshops on personal data protection organised by relevant regulatory bodies for personal data as and when necessary.

During the year ended 31 March 2018, the Group did not record any personal data breach or leakage case.

Network security

The Group has its internal information technology department to:

- Establish and monitor user account management procedures as for creating, modifying and terminating user accounts and related user privileges
- Manage software license updates
- Maintain data backup policy to ascertain completeness and accuracy of the data backup process
- Refine the firewall configuration to properly separate network segments between the internal network and the external networks from time to time

During the year ended 31 March 2018, the Group did not record any significant network breakdown or data losses.

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 43 to 81, which comprise the consolidated statement of financial position as at 31 March 2018, 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 2018, 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 2018, 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 and intangible assets during the year ended 31 March 2018.	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 the budgeted revenue, budgeted gross margins, expected growth rate with reference to the historical performance, and 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 2018, the revenue generated from operation of restaurants is approximately HK$550,448,000.	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

20 June 2018

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2018

	notes	2018 HK$'000	2017 HK$'000
Revenue	5	550,448	491,539
Cost of inventories consumed		(130,938)	(121,686)
Staff costs		(170,045)	(157,657)
Depreciation and amortisation		(42,336)	(30,572)
Rental and related expenses		(103,776)	(100,518)
Utilities and consumables		(20,927)	(19,607)
Listing expenses		—	(11,883)
Franchise and licensing fees		(12,024)	(11,759)
Other expenses	6	(64,638)	(58,544)
Other gains and losses	7	(239)	(3,230)
Finance costs	21	(451)	—
Profit (loss) before taxation		5,074	(23,917)
Taxation	8	(7,340)	(5,717)
Loss and total comprehensive expense for the year attributable to owners of the Company	9	(2,266)	(29,634)
Loss per share – basic (HK$)	11	(0.003)	(0.039)
Loss per share – diluted (HK$)	11	(0.003)	(0.039)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2018

	notes	2018 HK$'000	2017 HK$'000
Non-current assets			
Property, plant and equipment	13	107,118	107,456
Intangible assets	14	8,773	10,062
Rental and utilities deposits		34,344	30,325
Deposit paid for acquisition of a subsidiary	15	2,000	—
Deposit for property, plant and equipment		1,305	2,836
Restricted bank deposits	18	2,863	2,358
		156,403	153,037
Current assets			
Inventories	16	8,760	7,332
Trade and other receivables	17	14,063	11,860
Tax recoverable		895	2,717
Bank balances and cash	18	48,819	51,291
		72,537	73,200
Current liabilities			
Trade and other payables	19	63,359	61,880
Amount due to a related company	20	603	1,403
Tax liabilities		4,105	1,371
		68,067	64,654
Net current assets		4,470	8,546
Total assets less current liabilities		160,873	161,583
Capital and reserves			
Share capital	22	63,037	63,037
Reserves		82,836	83,546
Equity attributable to owners of the Company		145,873	146,583
Non-current liability			
Loans from Controlling Shareholders	21	15,000	15,000
		160,873	161,583

The consolidated financial statements on pages 43 to 81 were approved and authorised for issue by the board of directors on 20 June 2018 and are signed on behalf by:

Sandeep Sekhri
DIRECTOR

Sandip Gupta
DIRECTOR

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2018

	Attributable to owners of the Company					
	Share capital HK$'000	Share premium HK$'000	Other reserve HK$'000 (note b)	Share option reserve HK$'000	Retained profits HK$'000	Total HK$'000
At 1 April 2016	9	30,000	36,966	—	51,222	118,197
Loss and total comprehensive expense for the year	—	—	—	—	(29,634)	(29,634)
Dividend paid (note 10)	—	—	(7,344)	—	—	(7,344)
Placing of shares (note 22)	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 22)	797	5,681	—	(1,865)	—	4,613
Issue of shares by capitalisation of share premium account (note 22)	51,262	(51,262)	—	—	—	—
Transaction costs attributable to issue of new shares	—	(8,110)	—	—	—	(8,110)
Deemed distribution to one of the Controlling Shareholders (note a)	—	—	(2,309)	—	—	(2,309)
At 31 March 2017	63,037	28,785	27,313	5,860	21,588	146,583
Loss and total comprehensive expense for the year	—	—	—	—	(2,266)	(2,266)
Recognition of equity-settled share-based payment	—	—	—	1,556	—	1,556
At 31 March 2018	63,037	28,785	27,313	7,416	19,322	145,873

notes:

note a: In connection with placing of shares of the Company, transaction costs of HK$2,309,000 was attributable to placing of old shares previously held by one of the Controlling Shareholders (as defined in note 1). The Company bore the transaction cost attributable to that Controlling Shareholder and the expense incurred was deemed as distribution to that Controlling Shareholder.

note b: As at 1 April 2016, other reserve mainly including of HK$33,642,000 represented waiver of loans from its related companies controlled by the Controlling Shareholders, waiver of loan from one of the Controlling Shareholders, the fair value of financial guarantee granted to one of the Controlling Shareholders and amounts arising on the Group reorganisation underwent prior to the listing of the Company's shares on the Stock Exchange (as defined in note 1) in 2016. Details were set out in the Company's prospectus dated 27 July 2016 (the "**Prospectus**").

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2018

	note	2018 HK$'000	2017 HK$'000
OPERATING ACTIVITIES			
Profit (loss) before taxation		5,074	(23,917)
Adjustments for:			
Finance costs		451	—
Depreciation of property, plant and equipment		40,875	28,989
Amortisation of intangible assets		1,461	1,583
Loss on disposals of property, plant and equipment		239	1,038
Write-offs of intangible assets		—	2,192
Equity-settled share-based payment		1,556	7,725
Operating cash flows before movements in working capital		49,656	17,610
(Increase) decrease in rental and utilities deposits		(4,019)	34
Increase in inventories		(1,428)	(1,552)
(Increase) decrease in trade and other receivables		(2,203)	1,058
Increase in trade and other payables		1,479	10,457
(Decrease) increase in amount due to a related company		(800)	1,403
Cash generated from operations		42,685	29,010
Income tax paid		(2,784)	(4,660)
NET CASH FROM OPERATING ACTIVITIES		39,901	24,350
INVESTING ACTIVITIES			
Purchase of and deposits paid for property, plant and equipment		(39,394)	(81,305)
Deposit paid for acquisition of a subsidiary	15	(2,000)	—
Placements of restricted bank deposits		(1,653)	(1,220)
Purchase of intangible assets		(172)	(328)
Withdrawal of restricted bank deposits		1,148	1,005
Proceeds from disposals of property, plant and equipment		149	468
Repayments from a director		—	10,864
Repayments from a Controlling Shareholder		—	7,528
Repayments from related companies		—	841
Disposal of a subsidiary, net of cash disposed of		—	746
Advances to related companies		—	(220)
NET CASH USED IN INVESTING ACTIVITIES		(41,922)	(61,621)

	notes	2018 HK$'000	2017 HK$'000
FINANCING ACTIVITIES			
Interest paid		(451)	—
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
Repayments to related companies		—	(2,455)
Dividend paid		—	(7,344)
Transaction costs attributable to issuance of shares and paid for a Controlling Shareholder		—	(10,419)
NET CASH (USED IN) FROM FINANCING ACTIVITIES		(451)	62,840
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS		(2,472)	25,569
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		51,291	25,722
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR, REPRESENTED BY BANK BALANCES AND CASH	18	48,819	51,291

1. GENERAL

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

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

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

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

Amendments to HKFRSs that are mandatorily effective for the current year

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

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

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

Amendments to HKAS 7 "Disclosure Initiative"

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

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

A reconciliation between the opening and closing balances of these items is provided in note 28. Consistent with the transition provisions of the amendments, the Group has not disclosed comparative information for the prior year. Apart from the additional disclosure in note 28, the application of these amendments has had no impact on the Group's consolidated financial statements.

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

New and revised HKFRSs in issue but not yet effective

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

HKFRS 9	Financial Instruments[1]
HKFRS 15	Revenue from Contracts with Customers and the related Amendments[1]
HKFRS 16	Leases[2]
HKFRS 17	Insurance Contracts[4]
HK(IFRIC) - Int 22	Foreign Currency Transactions and Advance Consideration[1]
HK(IFRIC) - Int 23	Uncertainty over Income Tax Treatments[2]
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions[1]
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts[1]
Amendments to HKFRS 9	Prepayment Features with Negative Compensation[2]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement[2]
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures[2]
Amendments to HKAS 28	As part of the Annual Improvements to HKFRSs 2014 - 2016 Cycle[1]
Amendments to HKAS 40	Transfers of Investment Property[1]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015 - 2017 Cycle[2]

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

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

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

4 Effective for annual periods beginning on or after 1 January 2021.

HKFRS 15 *Revenue from Contracts with Customers*

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

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

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

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

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

HKFRS 15 *Revenue from Contracts with Customers* (continued)

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

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

HKFRS 16 *Leases*

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

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

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

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

Furthermore, extensive disclosures are required by HKFRS 16.

As at 31 March 2018, the Group has non-cancellable operating lease commitments of HK$207,388,000 (2017: HK$260,786,000) as disclosed in note 26. A preliminary assessment indicates that these arrangements will meet the definition of a lease. Upon application of HKFRS 16, the Group will recognise a right-of-use asset and a corresponding liability in respect of all these leases unless they qualify for low value or short-term leases.

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

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 if market participants would take those characteristics into account when pricing 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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

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 relevant 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 asset individually, 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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impairment losses on tangible and intangible assets (continued)

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 (or a cash-generating unit) 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. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit. 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 lease, 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.

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. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

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.

Short-term employee benefits

Short-term employee benefits are recognised at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognised as an expense unless another HKFRS requires or permits the inclusion of the benefit in the cost of an asset.

Share-based payment arrangements

<u>Equity-settled share-based payment transactions</u>

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 of the equity-settled share-based payments determined at the grant date without taking into consideration all non-market resting conditions 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 based on assessment of all relevant non-market vesting conditions. 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 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 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 profit (loss) 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 deferred tax 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 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 (other than financial assets or financial liabilities at fair value through profit or loss) 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 non-derivative 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, 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 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 Company 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, amount due to a related company 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, 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 2018, 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 2018 and 2017 and approximately HK$2,192,000 (2018: 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 2018 and 2017, no deferred tax asset has been recognised in relation to the tax losses of approximately HK$99,980,000 (2017: HK$79,750,000) and deductible temporary differences of approximately HK$66,121,000 (2017: HK$48,606,000), 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 2018, the carrying amount of property, plant and equipment is approximately HK$107,118,000 (2017: HK$107,456,000).

5. REVENUE AND SEGMENT INFORMATION

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

Information about the segments of the Group reported to board 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 2018

	Italian style HK$'000	Western style HK$'000	Asian style HK$'000	Catering management and design services HK$'000	Elimination HK$'000	Consolidated total HK$'000
REVENUE						
External sales	129,290	325,404	95,754	—	—	550,448
Inter-segment sales	—	—	—	36,093	(36,093)	—
Total	129,290	325,404	95,754	36,093	(36,093)	550,448
RESULT						
Segment profit	14,886	28,745	4,060	722	(722)	47,691
Unallocated staff costs						(32,445)
Unallocated depreciation and amortisation						(344)
Unallocated rental and related expenses						(2,123)
Unallocated utilities and consumables						(478)
Unallocated other expenses						(6,776)
Finance costs						(451)
Profit before taxation						5,074

At 31 March 2018

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

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)

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 payable for listing expenses and loans from Controlling Shareholders, are allocated to operating segments.

Inter-segment sales are charged at cost plus approach.

Other information

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

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

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

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

Geographical information

As all of the Group's operations and non-current assets are located in Hong Kong, no additional geographical segment information is presented.

Information about major customers

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

6. OTHER EXPENSES

	2018 HK$'000	2017 HK$'000
Advertising	5,770	5,732
Air-conditioning charge	2,176	1,926
Auditor's remuneration	2,006	1,949
Cleaning and laundry expenses	12,263	10,802
Credit card commission	8,925	7,769
Donation	291	295
Equity-settled share-based payment to consultants	599	3,951
Insurance	3,420	3,139
Legal and professional fee	3,507	2,393
License expenses	297	225
Packing and printing materials	4,850	4,730
Music performance show	7,814	6,365
Repairment and maintenance	9,523	6,396
Travelling expenses	923	1,605
Others	2,274	1,267
	64,638	58,544

7. OTHER GAINS AND LOSSES

	2018 HK$'000	2017 HK$'000
Loss on disposals of property, plant and equipment	(239)	(1,038)
Written off of intangible assets (note 14)	—	(2,192)
	(239)	(3,230)

8. TAXATION

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

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

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

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

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

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

9. LOSS AND TOTAL COMPREHENSIVE EXPENSE FOR THE YEAR

	2018 HK$'000	2017 HK$'000
Loss and total comprehensive expense for the year has been arrived at after charging:		
Directors' emoluments (note 12)	7,596	11,734
Other staff costs		
– salaries and other benefits	155,594	138,118
– retirement benefit scheme contributions	6,138	5,247
– Equity-settled share-based payment expenses	717	2,558
Total staff costs	170,045	157,657
Depreciation of property, plant and equipment	40,875	28,989
Amortisation of intangible assets	1,461	1,583

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

11. LOSS PER SHARE

The basic loss per share is calculated based on the loss attributable to the owners of the Company and the weighted average number of ordinary shares for the relevant years on the assumption that the Group's capitalisation issue of the shares of the Company as explained in the sections headed "History, Development and Reorganisation" and "Share Capital" in the Prospectus had been effective on 1 April 2016.

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

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

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 2018						
Executive directors:						
Sandeep Sekhri (chief executive officer)	4,800	—	—	—	18	4,818
Sandip Gupta	1,920	—	—	240	18	2,178
Non-executive directors:						
Shalu Anil Dayaram	120	—	—	—	—	120
Jugdish Johnny Uttamchandani	120	—	—	—	—	120
Independent non-executive directors:						
Amit Agarwal	120	—	—	—	—	120
Chan Ming Sun Jonathan	120	—	—	—	—	120
Zen Chung Hei, Hayley	120	—	—	—	—	120
	7,320	—	—	240	36	7,596
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

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 22.

Employees

The five highest paid individuals for the year ended 31 March 2018 include 2 (2017:2) directors whose emoluments are disclosed above. The emoluments of the remaining 3 (2017: 3) employees are:

	2018 HK$'000	2017 HK$'000
Salaries and other allowances	2,292	2,248
Retirement benefit scheme contributions	54	54
Equity-settled share-based payment expenses	717	2,558
	3,063	4,860

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

	2018	2017
Nil to HK$1,000,000	1	—
HK$1,000,001 to HK$1,500,000	2	1
HK$1,500,001 to HK$2,000,000	—	2
	3	3

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 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
Additions	499	11,832	28,594	40,925
Disposals	(46)	(864)	(2,412)	(3,322)
At 31 March 2018	7,644	84,252	189,318	281,214
DEPRECIATION				
At 1 April 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
Provided for the year	1,283	13,169	26,423	40,875
Eliminated on disposals	(28)	(601)	(2,305)	(2,934)
At 31 March 2018	5,041	48,029	121,026	174,096
CARRYING VALUES				
At 31 March 2018	2,603	36,223	68,292	107,118
At 31 March 2017	3,405	37,823	66,228	107,456

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 2016	17,630
Additions	328
Written off	(3,935)
At 31 March 2017	14,023
Additions	172
At 31 March 2018	14,195
AMORTISATION	
At 1 April 2016	4,121
Provided for the year	1,583
Eliminated on written off	(1,743)
At 31 March 2017	3,961
Provided for the year	1,461
At 31 March 2018	5,422
CARRYING VALUES	
At 31 March 2018	8,773
At 31 March 2017	10,062

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 ended 31 March 2017, a net amount of intangible assets amounting to approximately HK$2,192,000 was written off due to the close down of three restaurants in 2017. The Group terminated the use of the licensing rights with the corresponding licensors. No written off of intangible assets was incurred during the year ended 31 March 2018.

15. DEPOSIT PAID FOR ACQUISITION OF A SUBSIDIARY

In February 2018, DC Events Limited, a wholly-owned subsidiary of the Company, entered into a sale and purchase agreement with independent third parties to acquire 100% equity interest in Kowloon Cantons Cricket Company Limited, which is principally engaged in cricket club operations, at a cash consideration of HK$2,000,000. As at 31 March 2018, a deposit for the acquisition of HK$2,000,000 had been paid by the Group. The acquisition had been completed subsequently in April 2018.

16. INVENTORIES

	2018 HK$'000	2017 HK$'000
Food and beverages	8,760	7,332

17. TRADE AND OTHER RECEIVABLES

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

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

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

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

All of the trade receivables that are neither past due nor impaired are mainly from the reputable financial institutions. Included in the Group's trade receivable balance are debtors with aggregate carrying amount of approximately HK$303,000 (2017: HK$279,000) which are past due for which the Group has not provided for impairment loss. The Group does not hold any collateral over these balances.

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

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

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

18. 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 1.0% to 1.6% (2017: from 0.8% to 1.6%) per annum. The deposits will be released upon termination of lease agreements which is expected to be beyond one year from the end of 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% (2017: 0.001%) per annum.

19. TRADE AND OTHER PAYABLES

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

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

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

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

20. AMOUNT DUE TO A RELATED COMPANY

The related company is under the common control of certain directors of the Company and the Controlling Shareholders with beneficial interests in both the Company and the entity. Details of the amount due to a related company are shown as follows:

	2018 HK$'000	2017 HK$'000
Global Hotelware	603	1,403

The amount due to a related company as at 31 March 2018 and 2017 is trade in nature and has a general credit term of 60 days.

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

	2018 HK$'000	2017 HK$'000
0-60 days	494	1,270
More than 60 days	109	133
	603	1,403

21. LOANS FROM CONTROLLING SHAREHOLDERS

On 30 March 2017, the Company entered into loan agreements with Dining Concepts (International) Limited, Indo Gold, Minrish and Mr. Uttamchandani to borrow an aggregate amounts of HK$15 million for working capital purpose. The loans are unsecured, carry a fixed interest rate of 3% per annum and have a maturity term of 3 years.

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

22. SHARE CAPITAL

Ordinary shares of US$0.01 each

	notes	Number of shares	Amount US$	HK$'000
AUTHORISED:				
At 1 April 2016		5,000,000	50,000	389
Increase in authorised share capital	a	9,995,000,000	99,950,000	777,611
At 31 March 2017 and 2018		10,000,000,000	100,000,000	778,000
ISSUED AND FULLY PAID:				
At 1 April 2016		109,835	1,099	9
Issue of shares by capitalisation of share premium account	a	658,900,165	6,589,001	51,262
Placing of shares	b	140,990,000	1,409,900	10,969
Issue of shares upon exercise of share options	c	10,250,000	102,500	797
At 31 March 2017 and 2018		810,250,000	8,102,500	63,037

notes:

a) Pursuant to written resolutions of the Company's shareholders passed on 14 July 2016, (i) the authorised share capital of the Company was increased from US$50,000 to US$100,000,000 by the creation of an additional new 9,995,000,000 shares, such new shares ranking pari passu in all respects with the existing shares; (ii) conditional upon the crediting of the share premium account of the Company as a result of the issue of shares pursuant to the Placing set out in the section headed "Share Capital" in the Prospectus, the directors 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 23.

23. SHARE-BASED PAYMENT

The Company operates pre-IPO share option scheme providing incentives or rewards to eligible persons of the Group for their contribution to the Group (the "**Pre-IPO Share Option Scheme**"). Details of the Pre-IPO Share Option Scheme are summarised below:

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

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

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

				Number of 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	Grant during the year	Exercised during the year	Outstanding as at 31 March 2018
Tranche 1	15 July 2016 to 4 August 2016	5 August 2016 to 14 July 2019	HK$0.45	—	25,000,000	(10,250,000)	14,750,000	—	—	14,750,000
Tranche 2	15 July 2016 to 4 August 2017	5 August 2017 to 14 July 2019	HK$0.45	—	26,000,000	—	26,000,000	—	—	26,000,000
Total				—	51,000,000	(10,250,000)	40,750,000	—	—	40,750,000
Exercisable at the end of the year				N/A			14,750,000			40,750,000
Weighted average exercise price (HK$)				N/A	0.45	0.45	0.45	N/A	N/A	0.45

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

The fair value of the share options at the date of grant determined using the binomial option pricing model was approximately HK$9,281,000. The Group recognised a total expense of approximately HK$1,556,000 (2017: HK$7,725,000) in relation to the options granted by the Company during the year.

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

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

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

24. 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 amount due to a related company and loans from Controlling Shareholders, as disclosed in notes 20 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.

25. FINANCIAL INSTRUMENTS

a. Categories of financial instruments

	2018 HK$'000	2017 HK$'000
Financial assets		
Loans and receivables (including cash and cash equivalents)	60,389	59,735
Financial liabilities		
Amortised cost	64,838	65,601

b. Financial risk management objectives and policies

The Group's major financial instruments include trade and other receivables, bank balances and cash, restricted bank deposits, trade and other payables, amount due to a related company 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.

<u>Market risk</u>

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.

25. 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.

25. 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 2018						
Trade and other payables	—	49,235	—	—	49,235	49,235
Amount due to a related company	—	603	—	—	603	603
Loans from Controlling Shareholders	3.00	113	337	15,450	15,900	15,000
		49,951	337	15,450	65,738	64,838
At 31 March 2017						
Trade and other payables	—	49,198	—	—	49,198	49,198
Amount due to a related company	—	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

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.

26. OPERATING LEASE COMMITMENTS

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

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

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

The above lease commitments represent basic rents only and do not include contingent rents payable in respect of certain restaurants leased by the Group. In general, these contingent rents are calculated based on the relevant restaurants' turnover pursuant to the terms and conditions as set out in the respective rental agreements. It is not possible to estimate in advance the amount of such contingent rent payable. During the year, the amount of contingent rental recognised as expenses was approximately HK$1,751,000 (2017: HK$4,478,000), and the amount of basic rent recognised as expenses was approximately HK$102,025,000 (2017: HK$96,040,000).

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

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

27. CAPITAL COMMITMENTS

	2018 HK$'000	2017 HK$'000
Capital expenditure in respect of the acquisition of property, plant and equipment and intangible assets contracted for but not provided in the consolidated financial statements	3,384	1,383

28. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	Loan from Controlling Shareholders HK$'000
At 1 April 2017	15,000
Financing cash flows	(451)
Finance costs	451
At 31 March 2018	15,000

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$6,174,000 (2017: HK$5,284,000) 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 20 and 21, the Group entered into the following significant transactions with related companies:

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

b. Balances

Details of balances with related parties are set out in note 20 and note 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 2018 and 2017 were as follows:

Name of subsidiary	Place and date of incorporation	Issued and fully paid share capital	Equity interests attributable to the Group 2018	2017	Principal activities
Dining Concepts Limited	Hong Kong 11 September 2002	HK$10,000	100%	100%	Provision of catering management and design services in Hong Kong
Ace Trend Holdings Limited 順勢集團有限公司	Hong Kong 23 March 2017	HK$1	100%	N/A	Operating restaurant 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
DC Events Limited	Hong Kong 1 December 2016	HK$10,000	100%	100%	Organising promotional events for restaurants
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
Great Grant Limited 瀚鈞有限公司	Hong Kong 28 November 2016	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 鴻昇集團有限公司	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
Multi Million Way Limited 萬元威有限公司	Hong Kong 18 October 2010	HK$1,000,000	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 2018	2017	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
Rich Ever Limited 眾富有限公司	Hong Kong 24 December 2015	HK$300,000	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
Success Glory Limited	Hong Kong 5 January 2016	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
Wider Team Holdings Limited 博滙集團有公司	Hong Kong 6 March 2017	HK$1,000,000	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

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

	2018 HK$'000	2017 HK$'000
Non-current asset		
Investments in subsidiaries	74,321	74,321
Current assets		
Other receivables	251	228
Amounts due from subsidiaries	2,661	7
Bank balances and cash	18,814	25,412
	21,726	25,647
Current liabilities		
Other payables	4,603	3,945
Amounts due to subsidiaries	3,694	4,474
	8,297	8,419
Net current assets	13,429	17,228
Total assets less current liabilities	87,750	91,549
Capital and reserves		
Share capital	63,037	63,037
Reserves	9,713	13,512
Total equity attributable to owners of the Company	72,750	76,549
Non-current liabilities		
Loan from Controlling Shareholders	—	15,000
Amount due to a subsidiary	15,000	—
	87,750	91,549

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 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
Loss and total comprehensive expenses for the year	—	—	—	—	(5,355)	(5,355)
Recognition of equity-settled share-based payment	—	—	—	1,556	—	1,556
At 31 March 2018	63,037	28,785	22,081	7,416	(48,569)	72,750

FINANCIAL SUMMARY

Results

	Year ended 31 March				
	2018 HK$'000	2017 HK$'000	2016 HK$'000	2015 HK$'000	2014 HK$'000
Revenue	550,448	491,539	462,921	468,241	389,793
Profit (loss) before taxation	5,074	(23,917)	25,713	33,334	52,695
Taxation	(7,340)	(5,717)	(7,593)	(9,956)	(13,140)
(Loss) profit and total comprehensive (expense) income for the year attributable to owners of the Company	(2,266)	(29,634)	18,120	23,378	39,555

Assets and liabilities

	As at 31 March				
	2018 HK$'000	2017 HK$'000	2016 HK$'000	2015 HK$'000	2014 HK$'000
Total assets	228,940	226,237	171,099	188,661	143,590
Total liabilities	(83,067)	(79,654)	(52,902)	(88,584)	(103,008)
Total equity attributable to the owners of the Company	145,873	146,583	118,197	100,077	40,582

The summary of the consolidated results of the Group for the year ended 31 March 2017 and the consolidated assets and liabilities of the Group as at 31 March 2017 have been extracted from the Annual Report 2016/17.

The summary of the consolidated results of the Group for the three years ended 31 March 2014, 2015 and 2016 and the consolidated assets and liabilities 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 above does not form part of the audited financial statements.