



# Dining Concepts

FIRST QUARTERLY REPORT 2018

## Dining Concepts Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 8056

## CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

GEM has been positioned as a market designed to accommodate small and mid-size companies to which a higher investment risk may be attached than other companies listed on the Main Board of the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.

Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

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*This report, for which the directors (the “**Directors**”) of Dining Concepts Holdings Limited (the “**Company**”) and together with its subsidiaries, the “**Group**”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on 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.*

The board of Directors (the “**Board**”) is pleased to announce the unaudited condensed consolidated results of the Group for the three months ended 30 June 2018, together with the unaudited comparative figures for the corresponding period in 2017 as set out below.

## **FINANCIAL HIGHLIGHTS**

- The Group’s revenue for the three months ended 30 June 2018 was approximately HK\$144.5 million, representing an increase of approximately 9.1% when compared with that of the corresponding period in 2017.
- Loss and total comprehensive expense attributable to owners of the Company for the three months ended 30 June 2018 was approximately HK\$1.6 million, representing a decrease in loss of approximately 9.6% when compared with that of the corresponding period in 2017.
- The Board did not recommend payment of any dividend for the three months ended 30 June 2018.

## CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the three months ended 30 June 2018

	Notes	For the three months ended 30 June	
		2018 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)
Revenue	2	144,454	132,414
Cost of inventories consumed		(33,331)	(32,458)
Staff costs		(43,579)	(41,759)
Depreciation and amortisation		(11,874)	(10,073)
Rental and related expenses		(26,863)	(24,635)
Utilities and consumables		(6,738)	(5,157)
Franchise and licensing fees		(2,793)	(2,872)
Other expenses		(18,706)	(15,460)
Other gains and losses		(144)	(18)
Finance costs		(112)	(113)
Profit (loss) before taxation		314	(131)
Taxation	3	(1,911)	(1,635)
<b>Loss and total comprehensive expense for the period attributable to owners of the Company</b>		(1,597)	(1,766)
<b>Loss per share-basic (HK\$)</b>	5	(0.002)	(0.002)
<b>Loss per share-diluted (HK\$)</b>	5	(0.002)	(0.002)

## CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the three months ended 30 June 2018

	Attributable to owners of the Company					
	Share capital HK\$'000	Share premium HK\$'000	Other reserve HK\$'000	Share option reserve HK\$'000	Retained profits HK\$'000	Total HK\$'000
(Unaudited)						
At 1 April 2017	63,037	28,785	27,313	5,860	21,588	146,583
Loss and total comprehensive expense recognised for the period	—	—	—	—	(1,766)	(1,766)
Recognition of equity-settled share-based payment	—	—	—	1,116	—	1,116
At 30 June 2017	63,037	28,785	27,313	6,976	19,822	145,933
(Unaudited)						
At 1 April 2018	63,037	28,785	27,313	7,416	19,322	145,873
Loss and total comprehensive expense recognised for the period	—	—	—	—	(1,597)	(1,597)
At 30 June 2018	63,037	28,785	27,313	7,416	17,725	144,276



# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended 30 June 2018

## 1. GENERAL INFORMATION, BASIS OF PREPARATION AND ACCOUNTING POLICIES

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

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

These unaudited condensed consolidated financial statements for the three months ended 30 June 2018 have been prepared in accordance with the accounting principles generally accepted in Hong Kong and comply with Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") and the applicable disclosure provisions of Chapter 18 of the GEM Listing Rules.

The accounting policies and methods of computation used in the preparation of these unaudited condensed consolidated financial statements for the three months ended 30 June 2018 are consistent with those adopted in the preparation of audited consolidated financial statements included in the Company's 2017/18 annual report, except for the adoption of the new and revised Hong Kong Financial Reporting Standards (the "**New and Revised HKFRSs**") (which include all HKFRSs, Hong Kong Accounting Standards ("**HKASs**") and Interpretations) issued by the HKICPA that are adopted for the first time for the current period's financial statements.

The adoption of the New and Revised HKFRSs has had no significant effect on these unaudited condensed consolidated financial statements for the three months ended 30 June 2018 and there have been no significant changes to the accounting policies applied in these unaudited condensed consolidated financial statements for the three months ended 30 June 2018.

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

These unaudited condensed consolidated financial statements for the three months ended 30 June 2018 have been prepared on the historical cost basis. The unaudited condensed consolidated financial statements for the three months ended 30 June 2018 are presented in Hong Kong dollars ("**HK\$**"), which is the functional currency of the Company and its subsidiaries.

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

## 2. REVENUE

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

	For the three months ended 30 June			
	2018		2017	
	Revenue (HK\$'000) (Unaudited)	% of total Revenue (%)	Revenue (HK\$'000) (Unaudited)	% of total Revenue (%)
Western style	81,877	56.7	77,572	58.6
Italian style	39,065	27.0	30,774	23.2
Asian style	23,512	16.3	24,068	18.2
Total	144,454	100.0	132,414	100.0

## 3. TAXATION

	For the three months ended 30 June	
	2018 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)
Hong Kong Profits Tax	1,911	1,635

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

## 4. DIVIDENDS

The Board did not recommend the payment of dividend for the three months ended 30 June 2018 (30 June 2017: Nil).

## 5. 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 periods on the assumption that the Group's capitalisation issue of the shares of the Company as explained in the sections headed "History, Development and Reorganisation" and "Share Capital" in the Company's prospectus dated 27 July 2016 (the "**Prospectus**") had been effective on 1 April 2016.

	For the three months ended 30 June	
	2018 (Unaudited)	2017 (Unaudited)
Loss for the period attributable to owners of the Company for the purpose of basic and diluted loss per share (HK\$'000)	(1,597)	(1,766)
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share (in thousands)	810,250	810,250

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

## MANAGEMENT DISCUSSION AND ANALYSIS

During the three months ended 30 June 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 three months ended 30 June 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 three months ended 30 June 2018, the Group's revenue was generated from the operation of restaurants in Hong Kong. As at 30 June 2018, the Group was operating 28 (2017: 25) restaurants, of which no restaurant (2017: 1) was newly established and no restaurant (2017: nil) was closed or disposed for the three months ended 30 June 2018.

The Group served mainly three categories of cuisines during the three months ended 30 June 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 three months ended 30 June 2018:

	For the three months ended 30 June 2018		For the three months ended 30 June 2017	
	Revenue (HK\$'000) (Unaudited)	% of total Revenue (%)	Revenue (HK\$'000) (Unaudited)	% of total Revenue (%)
Western style	81,877	56.7	77,572	58.6
Italian style	39,065	27.0	30,774	23.2
Asian style	23,512	16.3	24,068	18.2
Total	144,454	100.0	132,414	100.0

#### Western style restaurants

The revenue generated from operation of Western style restaurants increased by approximately HK\$4.3 million, or approximately 5.5%, from approximately HK\$77.6 million for the three months ended 30 June 2017 to approximately HK\$81.9 million for the three months ended 30 June 2018. Such increase was mainly due to (i) the full period operations of Yojimbo and Le Pain Quotidien (Elements); (ii) the better performance of western restaurants in general during the three months ended 30 June 2018.



### Italian style restaurants

The revenue generated from operation of Italian style restaurants increased by approximately HK\$8.3 million, or approximately 26.9%, from approximately HK\$30.8 million for the three months ended 30 June 2017 to approximately HK\$39.1 million for the three months ended 30 June 2018. Such increase was mainly resulted from the commencement of operation of Dear Lilly in February 2018.

### Asian style restaurants

The revenue generated from operation of Asian style restaurants slightly decreased by approximately HK\$0.6 million, or approximately 2.3%, from approximately HK\$24.1 million for the three months ended 30 June 2017 to approximately HK\$23.5 million for the three months ended 30 June 2018. The decrease in revenue was primarily attributable to decline in revenue generated from certain restaurants due to the declining economic conditions.

### **Cost of inventories consumed**

The cost of inventories consumed mainly represents the costs of food ingredients and beverages for the operation of the Group's restaurants. The major food ingredients purchased by the Group include, but is not limited to, vegetables, meat, seafood and frozen food. Cost of inventories consumed is one of the major components of the Group's operating expenses which amounted to approximately HK\$32.5 million and HK\$33.3 million for each of the three months ended 30 June 2017 and 2018, respectively, representing approximately 24.5% and 23.1% of the Group's total revenue generated from operation of restaurants for the corresponding period.

### **Staff costs**

Staff costs represented one of the major components of the Group's operating expenses, which primarily consisted of Directors' emoluments, salaries, retirement benefit scheme contributions, equity-settled share-based payments and other benefits. The staff costs increased by approximately HK\$1.8 million from approximately HK\$41.8 million for the three months ended 30 June 2017 to approximately HK\$43.6 million for the three months ended 30 June 2018. The increase in staff costs was mainly due to the increase in staff salaries and Directors' remuneration from approximately HK\$41.1 million for the three months ended 30 June 2017 to approximately HK\$43.6 million for the three months ended 30 June 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 the decrease in equity-settled share-based payments attributable to employees of from approximately HK\$0.7 million for the three months ended 30 June 2017 to nil for the three months ended 30 June 2018 recognised during the period in respect of options granted under the Pre-IPO Share Option Scheme (details refer to section headed "Share Options - (a) Pre-IPO Share Option Scheme" below).

### **Rental and related expenses**

The Group's rental and related expenses increased by approximately HK\$2.2 million from approximately HK\$24.6 million for the three months ended 30 June 2017 to approximately HK\$26.9 million for the three months ended 30 June 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 commissions, packing and printing materials, music performance show and repair and maintenance. During the three months ended 30 June 2017 and 2018, the Group recognised other expenses of approximately HK\$15.5 million and HK\$18.7 million, respectively, representing approximately 11.7% and 13.0% of the Group's total revenue for the corresponding periods. The increase was mainly due to (i) the increase in advertisement and design expenses of approximately HK\$0.5 million recognised during the period due to the opening of new restaurants; (ii) the increase in repair and maintenance, printing materials, cleaning and travelling expenses of approximately HK\$1.9 million during the period due to the expansion of the operation and increase in number of restaurants; (iii) the increase in credit card commission expenses of approximately HK\$0.3 million due to the increase in revenue; and (iv) the increase in legal and professional fees of approximately HK\$0.5 million during the period due to the set-up cost of new restaurants to be opened in the second half of 2018.

### **Finance costs**

Finance costs represents interest expenses in respect of loans from shareholders granted in March 2017. On 30 March 2017, the Company has entered into loan agreements with Dining Concepts (International) Limited ("**DC International**"), Indo Gold, Minrish and Mr. 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 3 years.

### **Loss attributable to owners of the Company**

Loss attributable to owners of the Company for the three months ended 30 June 2018 was approximately HK\$1.6 million, while it was loss of approximately HK\$1.8 million for the three months ended 30 June 2017. The decrease in loss attributable to owners of the Company was mainly due to the increase in revenue as a result of opening of restaurants in the second half of 2017 and the first half of 2018, the effect of which was partially offset by the increase in variable operating costs, such as staff costs, repair and maintenance expenses and other expenses.

## OUTLOOK

Despite the keen competition and challenging operating environment in food and beverage industry in Hong Kong, the Group has emerged as one of the well-known restaurant chains in Hong Kong. During the three months ended 30 June 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, including 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 period 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. Besides, the Group also plans to open two new western style restaurants in the third quarter of 2018, to expand the Group's diversification. 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.

## DISCLOSURE OF ADDITIONAL INFORMATION

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

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

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

Name of Directors	Capacity/Nature of Interest	Number of shares and underlying shares	Approximate percentage of shareholding
Mr. Sandeep Sekhri ("Mr. Sekhri") <sup>Note 1</sup>	Interest in controlled corporation	260,598,000	32.16%
Mr. Uttamchandani <sup>Note 2</sup>	Beneficial owner	34,782,000	4.29%
Ms. Shalu Anil Dayaram ("Ms. Dayaram") <sup>Note 3</sup>	Interest in controlled corporation	82,542,000	10.19%

Notes:

1. These shares are held by DC International, a company wholly owned by Total Commitment which is in turn wholly owned by Mr. Sekhri. By virtue of the SFO, Mr. Sekhri is deemed to be interested in the Shares held by DC International. Mr. Sekhri is also a director of Total Commitment and DC International.
2. Mr. Uttamchandani is also a director of Indo Gold. Indo Gold is owned as to 25% by Mr. Uttamchandani.
3. These shares are held by Ideal Winner, a company which is wholly owned by Ms. Dayaram. By virtue of the SFO, Ms. Dayaram is deemed to be interested in the shares held by Ideal Winner. Ms. Dayaram is also a director of Ideal Winner.

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

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

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

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

Name	Capacity/Nature of interest	Number of shares	Approximate percentage of shareholding
DC International <sup>Note 1</sup>	Beneficial owner	260,598,000	32.16%
Total Commitment <sup>Note 1</sup>	Interest in controlled corporation	260,598,000	32.16%
Indo Gold	Beneficial owner	97,074,000	11.98%
Ideal Winner <sup>Note 2</sup>	Beneficial owner	82,542,000	10.19%
Prometheus Capital (International) Co, Ltd <sup>Note 3</sup>	Beneficial owner	80,880,000	9.98%
Minrish	Beneficial owner	44,124,000	5.45%

#### Notes:

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

## SHARE OPTIONS

### (a) Pre-IPO Share Option Scheme

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 30 June 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:

	Date of grant	Exercise price per share	Exercisable period	Number or share options			Outstanding as at 30 June 2018
				Outstanding as at 1 April 2018	Grant during the period	Exercised during the period	
Director-Sandip Gupta	15 July 2016	HK\$0.45	5 August 2016 to 14 July 2019	4,000,000	—	—	4,000,000
	15 July 2016	HK\$0.45	5 August 2017 to 14 July 2019	4,000,000	—	—	4,000,000
Other employees and financial advisers	15 July 2016	HK\$0.45	5 August 2016 to 14 July 2019	10,750,000	—	—	10,750,000
	15 July 2016	HK\$0.45	5 August 2017 to 14 July 2019	22,000,000	—	—	22,000,000
<b>Total</b>				<b>40,750,000</b>	<b>—</b>	<b>—</b>	<b>40,750,000</b>

### (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 30 June 2018, no share options has been granted under the Post-IPO Share Option Scheme.

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

Neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the listed securities of the Company during the three months ended 30 June 2018 and up to the date of this report.

## **DIRECTORS' INTERESTS IN CONTRACTS**

As at 30 June 2018, no Director had a significant beneficial interest, either directly or indirectly, in any contract of significance to the business of the Group to which the Company or any of its subsidiaries was a party.

## **DIRECTORS' INTEREST IN COMPETING INTERESTS**

As at 30 June 2018, none of the Directors or substantial shareholders of the Company or any of their respective associates (as defined in the GEM Listing Rules) has engaged in any business that competes or may compete with the business of the Group, or have any other conflict of interests with the Group.

## **DIRECTORS' SECURITIES TRANSACTIONS**

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

Having made specific enquiries to all the Directors and all the Directors had confirmed they have complied with the required standard of dealings and the code of conduct for directors' securities transactions during the three months ended 30 June 2018.

## COMPLIANCE WITH CODE ON CORPORATE GOVERNANCE PRACTICES

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

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

During the three months ended 30 June 2018, the Company has not separated the roles of chairman and chief executive officer of the Company. Mr. Sekhri is the chairman and chief executive officer. With extensive experience in the restaurant industry, Mr. Sekhri is responsible for the overall strategic planning, management and operation of the Group and is instrumental to the growth and business expansion since the establishment in 2002. The Board considers that vesting the roles of chairman and chief executive officer in the same person is beneficial to the management of the Group. The balance of power and authority is ensured by the operation of the senior management and the Board, which comprises experienced and high-calibre individuals. The Board currently comprises two executive Directors (including Mr. Sekhri), two non-executive Directors and three independent non-executive Directors and therefore has a fairly strong independence element in its composition.

## INTEREST OF THE COMPLIANCE ADVISER

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

## AUDIT COMMITTEE

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

The first quarterly results of the Group for the three months ended 30 June 2018 have been reviewed by the Audit Committee, which was of the opinion that the preparation of such results complied with the applicable accounting standards, the Stock Exchange and legal requirements and that adequate disclosures have been made. The condensed consolidated financial results for the three months ended 30 June 2018 are unaudited.

## DIVIDEND

The Board did not recommend the payment of dividend for the three months ended 30 June 2018.

## MATERIAL ACQUISITION AND DISPOSAL

The Group did not have any material acquisition or disposal of subsidiaries or associates during the three months ended 30 June 2018.

By order of the Board

**Dining Concepts Holdings Limited**

**Sandeep Sekhri**

*Chief executive officer and executive Director*

Hong Kong, 8 August 2018

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