
# Dining Concepts

## 2018/ 19 INTERIM REPORT

**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.*

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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

Suite 1701-3, 17th Floor

Chinachem Hollywood Centre

1,3,5,7,9,11 and 13 Hollywood Road

Central, Hong Kong

## PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Estera Trust (Cayman) Limited

Clifton House

75 Fort Street

Grand Cayman KY1-1108

Cayman Islands

## HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Boardroom Share Registrars (HK) Limited

31/F, 148 Electric Road

North Point

Hong Kong

## LEGAL ADVISER TO THE COMPANY

Sidley Austin

## PRINCIPAL BANKERS

The Hong Kong and Shanghai Banking
Corporation Limited

## AUDITOR

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

The board of Directors (the "**Board**") is pleased to announce the unaudited condensed consolidated results of the Group for the six months ended 30 September 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 six months ended 30 September 2018 was approximately HK$275.6 million, representing an approximately 6.9% year-on-year increase.
- Loss and total comprehensive expense attributable to owners of the Company for the six months ended 30 September 2018 was approximately HK$15.7 million, representing an increase in loss and total comprehensive expense of approximately 109.3% when compared with that of the corresponding period in 2017.
- The Board does not recommend payment of any dividend for the six months ended 30 September 2018.

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

**For the six months ended 30 September 2018**

| | Notes | For the three months ended 30 September 2018 HK$'000 (Unaudited) | For the three months ended 30 September 2017 HK$'000 (Unaudited) | For the six months ended 30 September 2018 HK$'000 (Unaudited) | For the six months ended 30 September 2017 HK$'000 (Unaudited) |
|---|---|---|---|---|---|
| Revenue | 5 | 131,157 | 125,490 | 275,611 | 257,904 |
| Cost of inventories consumed | | (30,715) | (30,311) | (64,046) | (62,769) |
| Staff costs | | (44,231) | (41,272) | (87,810) | (83,031) |
| Depreciation and amortisation | | (11,936) | (10,326) | (23,810) | (20,399) |
| Rental and related expenses | | (27,863) | (25,346) | (54,726) | (49,981) |
| Utilities and consumables | | (5,088) | (5,021) | (11,826) | (10,178) |
| Franchise and licensing fees | | (2,726) | (2,677) | (5,519) | (5,549) |
| Other expenses | | (19,791) | (14,850) | (38,497) | (30,310) |
| Other gains and losses | | (1,762) | (129) | (1,906) | (147) |
| Finance costs | 6 | (114) | (114) | (226) | (227) |
| Loss before taxation | | (13,069) | (4,556) | (12,755) | (4,687) |
| Taxation | 7 | (1,022) | (1,174) | (2,933) | (2,809) |
| **Loss and total comprehensive expense for the periods attributable to owners of the Company** | 8 | (14,091) | (5,730) | (15,688) | (7,496) |
| **Loss per share (HK$)** | | | | | |
| – **basic** | 10 | (0.02) | (0.007) | (0.02) | (0.009) |
| – **diluted** | | (0.02) | (0.007) | (0.02) | (0.009) |

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

**At 30 September 2018**

| | Notes | 30 September 2018 HK$'000 (Unaudited) | 31 March 2018 HK$'000 (Audited) |
|---|---|---|---|
| **Non-current assets** | | | |
| Property, plant and equipment | 11 | 97,628 | 107,118 |
| Intangible assets | 11 | 9,709 | 8,773 |
| Rental and utilities deposits | | 35,504 | 34,344 |
| Deposit paid for acquisition of a subsidiary | | — | 2,000 |
| Deposit for property, plant and equipment | | 971 | 1,305 |
| Restricted bank deposits | 13 | 2,882 | 2,863 |
| Goodwill | | 2,000 | — |
| | | 148,694 | 156,403 |
| **Current assets** | | | |
| Inventories | | 8,926 | 8,760 |
| Trade and other receivables | 12 | 18,779 | 14,063 |
| Tax recoverable | | 330 | 895 |
| Bank balances and cash | | 37,697 | 48,819 |
| | | 65,732 | 72,537 |
| **Current liabilities** | | | |
| Trade and other payables | 14 | 57,826 | 63,359 |
| Contract liabilities | | 3,076 | — |
| Amounts due to related companies | | 2,402 | 603 |
| Tax liabilities | | 5,937 | 4,105 |
| | | 69,241 | 68,067 |
| NET CURRENT (LIABILITIES) ASSETS | | (3,509) | 4,470 |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | 145,185 | 160,873 |
| **Capital and reserves** | | | |
| Share capital | 15 | 63,037 | 63,037 |
| Reserves | | 67,148 | 82,836 |
| **Equity attributable to owners of the Company** | | 130,185 | 145,873 |
| **Non-current liability** | | | |
| Loans payable | 16 | 15,000 | 15,000 |
| | | 145,185 | 160,873 |

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

**For the six months ended 30 September 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 for the period | — | — | — | — | (7,496) | (7,496) |
| Recognition of equity-settled share-based payment | — | — | — | 1,556 | — | 1,556 |
| At 30 September 2017 | 63,037 | 28,785 | 27,313 | 7,416 | 14,092 | 140,643 |
| (Unaudited) | | | | | | |
| At 1 April 2018 | 63,037 | 28,785 | 27,313 | 7,416 | 19,322 | 145,873 |
| Loss and total comprehensive expense for the period | — | — | — | — | (15,688) | (15,688) |
| At 30 September 2018 | 63,037 | 28,785 | 27,313 | 7,416 | 3,634 | 130,185 |

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

**For the six months ended 30 September 2018**

| | For the six months ended 30 September 2018 HK$'000 (Unaudited) | 2017 HK$'000 (Unaudited) |
|---|---|---|
| NET CASH FROM OPERATING ACTIVITIES | 5,951 | 9,711 |
| INVESTING ACTIVITIES | | |
| Purchase of and deposits paid for property, plant and equipment | (15,208) | (18,971) |
| Purchase of intangible assets | (1,620) | (172) |
| Placements of restricted bank deposits | (19) | (647) |
| Withdrawal of restricted bank deposits | — | 142 |
| Proceeds from disposals of property, plant and equipment | — | 92 |
| NET CASH USED IN INVESTING ACTIVITIES | (16,847) | (19,556) |
| CASH USED IN A FINANCING ACTIVITY | | |
| Interest paid | (226) | (227) |
| NET DECREASE IN CASH AND CASH EQUIVALENTS | (11,122) | (10,072) |
| CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD | 48,819 | 51,291 |
| CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD, represented by bank balances and cash | 37,697 | 41,219 |

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

**For the six months ended 30 September 2018**

## 1. GENERAL INFORMATION

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 shareholder is Mr. Law Fei Shing. 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.

## 2. BASIS OF PREPARATION AND PRESENTATION

These unaudited condensed consolidated financial statements for the six months ended 30 September 2018 have been prepared in accordance with the applicable disclosure requirements of Chapter 18 of the Rules Governing the Listing of Securities on the GEM of The Stock Exchange and with Hong Kong Accounting Standard ("**HKAS**") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**").

The unaudited condensed consolidated financial statements have been prepared on a going concern basis as at 30 September 2018, as the Directors are satisfied that the Group will have sufficient financial resources to meet its financial obligations as they fall due for the foreseeable future, after taking into consideration the ability to generate funds internally.

These unaudited condensed consolidated financial statements for the six months ended 30 September 2018 are presented in Hong Kong dollars ("**HK$**"), which is the functional currency of the Company and its subsidiaries.

## 3. APPLICATION OF HONG KONG FINANCIAL REPORTING STANDARDS

In the current interim period, the Group has applied, for the first time, new and revised Hong Kong Financial Reporting Standards ("**HKFRSs**") (which include all HKFRSs, HKASs, Interpretations and Amendments) issued by the HKICPA that are mandatorily effective for the accounting period beginning on or after 1 April 2018.

Other than as explained below regarding the impact of HKFRS 9, the adoption of the above new and revised standards has had no significant financial effect on these financial information.

### Impacts and changes in accounting policies of application on HKFRS 9 Financial Instruments and the related amendments

The Group has adopted HKFRS 9 on 1 April 2018. HKFRS 9 introduces new requirements for classification and measurement, impairment and hedge accounting which have resulted in the following changes in accounting policies.

## 3. APPLICATION OF HONG KONG FINANCIAL REPORTING STANDARDS (CONTINUED)

### (a) Classification and measurement

Except for trade receivables, under HKFRS 9, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

Under HKFRS 9, debt financial instruments are subsequently measured at fair value through profit or loss ("**FVTPL**"), amortised cost, or fair value through other comprehensive income ("**FVTOCI**"). The classification is based on two criteria: the Group's business model for managing the assets; and whether the instruments' contractual cash flows represent 'solely payments of principal and interest' on the principal amount outstanding (the "**SPPI criterion**").

The new classification and measurement of the Group's financial assets is, as follows:

- Debt instruments at amortised cost for financial assets – that are held within a business model with the objective to hold the financial assets in order to collect contractual cash flows that meet the SPPI criterion. This category includes the Group's trade receivables and other financial assets at amortised cost.

The assessment of the Group's business model was made as of the date of initial application, i.e., 1 April 2018. The assessment of whether contractual cash flows on debt instruments is solely comprised of principal and interest was made based on the facts and circumstances as at the initial recognition of the assets.

The accounting for the Group's financial liabilities remains largely the same as it was under HKAS 39.

### (b) Impairment

The adoption of HKFRS 9 has fundamentally changed the Group's accounting for impairment losses for financial assets by replacing HKAS 39's incurred loss approach with a forward-looking expected credit loss ("**ECL**") approach. HKFRS 9 requires the Group to record an allowance for ECLs for all loans and other debt financial assets not held at FVTPL. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive. The shortfall is then discounted at an approximation to the asset's original effective interest rate.

For trade receivables, the Group has applied the standard's simplified approach and has calculated ECLs based on lifetime ECLs. The Group has established a provision matrix that is based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Group has applied the general approach and recorded twelve-month ECLs that are estimated based on the possible default events on its trade receivables and other financial assets at amortised cost within the next twelve months. The Group considers that there has been a significant increase in credit risk when contractual payments are more than 6 months past due. The Group considers a financial asset in default when contractual payments are 12 months past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.

## 3. APPLICATION OF HONG KONG FINANCIAL REPORTING STANDARDS (CONTINUED)

### (b) Impairment (continued)

The Group has not restated comparative information for financial instruments in the scope of HKFRS 9. Therefore, the comparative information for the corresponding period in 2017 would follow the requirements under HKAS 39 Financial Instruments: Recognition and Measurement and is not comparable to the information presented for 2018. Differences arising from the adoption of HKFRS 9 have been recognised directly in relevant items of the condensed consolidated statement of financial position as of 1 April 2018.

The management of the Group considers that the adoption of HKFRS 9 in the current interim period has had no significant effect on the amounts reported in these condensed consolidated financial statements at the date of initial application (i.e. 1 April 2018) as the debt instruments held by the Group have low credit risk. A debt instrument is determined to have low credit risk if i) the debt instrument has a low risk of default, ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations. As a result, the management of the Group considers that the impairment allowances of trade and other receivables at amortised cost remeasured based on a forward-looking ECL approach under HKFRS 9 is insignificant.

### Impacts and changes in accounting policies of application on HKFRS 15 Revenue from Contracts with Customers

The Group has applied HKFRS 15 for the first time in the current interim period. HKFRS 15 superseded HKAS 18 "Revenue", HKAS 11 "Construction Contracts" and the related interpretations.

The Group recognizes revenue from operation of restaurants in Hong Kong.

The Group has applied HKFRS 15 retrospectively with the cumulative effect of initially applying this Standard recognized at the date of initial application, 1 April 2018. Any difference at the date of initial application is recognized in the opening retained profits and comparative information has not been restated. Furthermore, in accordance with the transition provisions in HKFRS 15, the Group has elected to apply the Standard retrospectively only to contracts that are not completed at 1 April 2018. Accordingly, certain comparative information may not be comparable as comparative information was prepared under HKAS 18 "Revenue" and related interpretations.

### (a) Key changes in accounting policies resulting from application of HKFRS 15

HKFRS 15 introduces a 5-step approach when recognizing revenue:

- 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: Recognize revenue when (or as) the Group satisfies a performance obligation

Under HKFRS 15, the Group recognizes 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.

A performance obligation represents a promise in a contract with a customer to transfer to the customer a good or service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

## 3. APPLICATION OF HONG KONG FINANCIAL REPORTING STANDARDS (CONTINUED)

### (a) Key changes in accounting policies resulting from application of HKFRS 15 (continued)

Control is transferred over time and revenue is recognized over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- the Group's performance creates and enhances an asset that the customer controls as the Group performs; or
- the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognized at a point in time when the customer obtains control of the distinct good or service.

A contract liability represents the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

### (b) Impacts

Upon adoption of HKFRS 15, deposits from customers included in trade and other payables amounting to HK$1,608,000 was reclassified to contract liabilities as at the date of initial application, 1 April 2018.

As a result, other than reclassification of contract liabilities, the adoption of HKFRS 15 does not have material impact on when the Group recongize revenue from sales of goods and services.

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.

## 4. PRINCIPAL ACCOUNTING POLICIES

The accounting policies and methods of computation used in the preparation of the unaudited condensed consolidated financial statements for the six months ended 30 September 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 HKFRSs issued by the HKICPA that are adopted for the first time for the current period's condensed consolidated financial statements.

The unaudited condensed consolidated financial statements for the six months ended 30 September 2018 have been prepared on the historical cost basis.

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

## 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, 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:

### Segment revenue and results

For the six months ended 30 September 2018 (unaudited)

| | Italian style HK$'000 | Western style HK$'000 | Asian style HK$'000 | Catering management and design services HK$'000 | Elimination HK$'000 | Total HK$'000 |
|---|---|---|---|---|---|---|
| REVENUE | | | | | | |
| External sales | 71,961 | 158,541 | 45,109 | — | — | 275,611 |
| Inter-segment sales | — | — | — | 17,157 | (17,157) | — |
| Total | 71,961 | 158,541 | 45,109 | — | — | 275,611 |
| RESULT | | | | | | |
| Segment profit | 5,121 | 4,824 | 665 | 343 | (343) | 10,610 |
| Unallocated staff cost | | | | | | (17,112) |
| Unallocated depreciation and amortisation | | | | | | (205) |
| Unallocated rental and related expenses | | | | | | (1,055) |
| Unallocated utilities and consumables | | | | | | (292) |
| Unallocated other expenses | | | | | | (4,475) |
| Finance costs | | | | | | (226) |
| Loss before taxation | | | | | | (12,755) |

## 5. REVENUE AND SEGMENT INFORMATION (CONTINUED)

### Segment revenue and results (continued)

For the six months ended 30 September 2017 (unaudited)

| | Italian style HK$'000 | Western style HK$'000 | Asian style HK$'000 | Catering management and design services HK$'000 | Elimination HK$'000 | Total HK$'000 |
|---|---|---|---|---|---|---|
| REVENUE | | | | | | |
| External sales | 59,444 | 151,589 | 46,871 | — | — | 257,904 |
| Inter-segment sales | — | — | — | 17,677 | (17,677) | — |
| Total | 59,444 | 151,589 | 46,871 | 17,677 | (17,677) | 257,904 |
| RESULT | | | | | | |
| Segment profit | 5,243 | 9,807 | 660 | 354 | — | 16,064 |
| Unallocated staff cost | | | | | | (16,513) |
| Unallocated depreciation and amortisation | | | | | | (175) |
| Unallocated rental and related expenses | | | | | | (1,061) |
| Unallocated utilities and consumables | | | | | | (228) |
| Unallocated other expenses | | | | | | (2,547) |
| Finance costs | | | | | | (227) |
| Loss before taxation | | | | | | (4,687) |

### Segment assets and liabilities

At 30 September 2018 (unaudited)

| | Italian style HK$'000 | Western style HK$'000 | Asian style HK$'000 | Catering management and design services HK$'000 | Elimination HK$'000 | Total HK$'000 |
|---|---|---|---|---|---|---|
| Segment assets | 162,677 | 308,846 | 74,774 | 43,957 | (375,828) | 214,426 |
| Elimination of inter-segment receivables | (116,748) | (194,566) | (42,344) | (22,170) | 375,828 | — |
| | 45,929 | 114,280 | 32,430 | 21,787 | — | 214,426 |
| Segment liabilities | (99,982) | (246,486) | (61,270) | (34,601) | 375,828 | (66,511) |
| Elimination of inter-segment payables | 85,801 | 208,331 | 52,374 | 29,322 | (375,828) | — |
| | (14,181) | (38,155) | (8,896) | (5,279) | — | (66,511) |
| Other payables | | | | | | (2,730) |
| Loans payable | | | | | | (15,000) |
| | | | | | | (84,241) |

## 5. REVENUE AND SEGMENT INFORMATION (CONTINUED)

### Segment assets and liabilities (continued)

At 31 March 2018 (audited)

| | Italian style HK$'000 | Western style HK$'000 | Asian style HK$'000 | Catering management and design services HK$'000 | Elimination HK$'000 | Total HK$'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 payable | | | | | | (15,000) |
| | | | | | | (83,067) |

The accounting policies of the operating segments are the same as the Group's accounting policies described in note 4. Segment profit represents the profit from 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 payable, 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 For the six months ended 30 September | | Additions to non-current assets For the six months ended 30 September | |
|---|---|---|---|---|
| | 2018 HK$'000 (Unaudited) | 2017 HK$'000 (Unaudited) | 2018 HK$'000 (Unaudited) | 2017 HK$'000 (Unaudited) |
| Italian style | 5,079 | 4,008 | 2,953 | 2,793 |
| Western style | 14,282 | 12,439 | 11,446 | 8,173 |
| Asian style | 4,244 | 3,777 | 676 | 5,655 |
| Catering management and design services | — | — | 467 | 12 |
| | 23,605 | 20,224 | 15,542 | 16,633 |

The unallocated depreciation and amortisation amounted to approximately HK$205,000 (2017: HK$175,000) for the six months ended 30 September 2018.

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

## 5. REVENUE AND SEGMENT INFORMATION (CONTINUED)

### 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 periods.

## 6. TAXATION

| | For the three months ended 30 September | | For the six months ended 30 September | |
|---|---|---|---|---|
| | 2018<br>HK$'000<br>(Unaudited) | 2017<br>HK$'000<br>(Unaudited) | 2018<br>HK$'000<br>(Unaudited) | 2017<br>HK$'000<br>(Unaudited) |
| Hong Kong Profits Tax | 1,022 | 1,174 | 2,933 | 2,809 |

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

## 7. FINANCE COSTS

Amount represents interest expense in respect of loans from Dining Concepts (International) Limited, Indo Gold Limited, Minrish Limited and Mr. Jugdish Johnny Uttamchandani amounting to HK$15,000,000 granted on 30 March 2017. The loans are unsecured, carry a fixed interest rate of 3% per annum and have a maturity term of 3 years.

## 8. LOSS AND TOTAL COMPREHENSIVE EXPENSE FOR THE PERIOD

| | For the three months ended 30 September | | For the six months ended 30 September | |
|---|---|---|---|---|
| | 2018<br>HK$'000<br>(Unaudited) | 2017<br>HK$'000<br>(Unaudited) | 2018<br>HK$'000<br>(Unaudited) | 2017<br>HK$'000<br>(Unaudited) |
| Loss and total comprehensive expense for the period has been arrived at after charging: | | | | |
| Depreciation of property, plant and equipment | 11,594 | 9,963 | 23,126 | 19,673 |
| Amortisation of intangible assets | 342 | 363 | 684 | 726 |
| Loss on disposals of property, plant and equipment | 1,762 | 129 | 1,906 | 147 |

## 9. DIVIDENDS

The Board did not recommend the payment of dividend for the six months ended 30 September 2018.

## 10. 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.

| | For the three months ended 30 September | | For the six months ended 30 September | |
|---|---|---|---|---|
| | 2018 (Unaudited) | 2017 (Unaudited) | 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) | (14,091) | (5,730) | (15,688) | (7,496) |
| Weighted average number of ordinary shares for the purpose of basic and diluted loss earnings per share (in thousands) | 810,250 | 810,250 | 810,250 | 810,250 |

For six months ended 30 September 2018 and 2017, the diluted loss per share did not take into account the assumed exercise of the Company's outstanding share option since their exercise would result in a decrease in loss per share.

## 11. MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

During the current interim period, the Group acquired property, plant and equipment and intangible assets of approximately HK$15,542,000 and HK$1,620,000, respectively (six months ended 30 September 2017: HK$16,461,000 and HK$172,000, respectively). In addition, the Group has disposed of property, plant and equipment and intangible assets with carrying amount of approximately HK$1,906,000 and Nil, respectively (six months ended 30 September 2017: HK$239,000 and Nil, respectively).

## 12. TRADE AND OTHER RECEIVABLES

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, 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 reporting period are as follows:

| | 30 September 2018 HK$'000 (Unaudited) | 31 March 2018 HK$'000 (Audited) |
|---|---|---|
| 0 - 20 days | 8,412 | 6,552 |
| 21 to 90 days | 367 | 237 |
| Over 90 days | 160 | 66 |
| | 8,939 | 6,855 |

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

| | 30 September 2018 HK$'000 (Unaudited) | 31 March 2018 HK$'000 (Audited) |
|---|---|---|
| 21 to 90 days | 367 | 237 |
| Over 90 days | 160 | 66 |
| | 527 | 303 |

| | 30 September 2018 HK$'000 (Unaudited) | 31 March 2018 HK$'000 (Audited) |
|---|---|---|
| Other receivables and deposits: | | |
| Prepayments for insurances and consumables | 3,196 | 2,606 |
| Prepayments for rental | 3,901 | 2,750 |
| Advance to employees | 1,339 | 1,443 |
| Others | 1,404 | 409 |
| | 9,840 | 7,208 |

## 13. 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 1.25% to 1.7% (as at 31 March 2018: 1.0% 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 reporting period. Accordingly, the amounts are included in the non-current assets.

## 14. TRADE AND OTHER PAYABLES

| | 30 September 2018 HK$'000 (Unaudited) | 31 March 2018 HK$'000 (Audited) |
|---|---|---|
| Trade payables | 21,126 | 23,612 |
| Salary payables | 12,579 | 12,193 |
| Payable for property, plant and equipment | 2,076 | 3,805 |
| Rental payables | 7,710 | 8,849 |
| Franchise and licensing fees payables | 879 | 1,267 |
| Deposits from customers | — | 1,608 |
| Audit fee accrual | 1,902 | 2,182 |
| Payable for repair and maintenance | 2,228 | 1,636 |
| Payable for utility and consumables | 4,450 | 3,468 |
| Payable for cleaning suppliers | 1,700 | 1,686 |
| Payable for listing expenses | 2,730 | 2,730 |
| Other tax payables | 446 | 323 |
| | 57,826 | 63,359 |

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 invoiced date at the end of reporting period:

| | 30 September 2018 HK$'000 (Unaudited) | 31 March 2018 HK$'000 (Audited) |
|---|---|---|
| 0 - 60 days | 21,126 | 23,612 |

## 15. SHARE CAPITAL

Ordinary shares of US$0.01 each

| | Number of shares | Amount US$ | HK$'000 |
|---|---|---|---|
| AUTHORISED: | | | |
| At 1 April 2017, 30 September 2017, 1 April 2018 and 30 September 2018 | 10,000,000,000 | 100,000,000 | 778,000 |
| ISSUED AND FULLY PAID: | | | |
| At 1 April 2017, 30 September 2017, 1 April 2018 and 30 September 2018 | 810,250,000 | 8,102,500 | 63,037 |

## 16. LOANS PAYABLE

On 30 March 2017, the Company has 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.

## 17. SHARE-BASED PAYMENT

The Company operates two share option schemes providing incentives or rewards to eligible persons of the Group for their contribution to the Group, including a Pre-IPO Share Option Scheme and a Post-IPO Share Option Scheme. Details of these two share option schemes are summarised below:

### a) Pre-IPO Share Option Scheme

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 period:

| | | | | Number of share options | | | |
|---|---|---|---|---|---|---|---|
| | Vesting period | Exercisable period | Exercise price per share | Outstanding as at 1 April 2017 | Grant during the period | Exercised during the period | Outstanding as at 30 September 2017 |
| Tranche 1 | 15 July 2016 to 4 August 2016 | 5 August 2016 to 14 July 2019 | HK$0.45 | 14,750,000 | — | — | 14,750,000 |
| Tranche 2 | 15 July 2016 to 4 August 2017 | 5 August 2017 to 14 July 2019 | HK$0.45 | 26,000,000 | — | — | 26,000,000 |
| Total | | | | 40,750,000 | — | — | 40,750,000 |
| Exercisable at the end of the period | | | | 14,750,000 | | | 40,750,000 |
| Weighted average exercise price (HK$) | | | | 0.45 | 0.45 | 0.45 | 0.45 |

## 17. SHARE-BASED PAYMENT (CONTINUED)

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

| | Vesting period | Exercisable period | Exercise price per share | Number of share options: Outstanding as at 1 April 2018 | Grant during the period | Exercised during the period | Outstanding as at 30 September 2018 |
|---|---|---|---|---|---|---|---|
| Tranche 1 | 15 July 2016 to 4 August 2016 | 5 August 2016 to 14 July 2019 | HK$0.45 | 14,750,000 | — | — | 14,750,000 |
| Tranche 2 | 15 July 2016 to 4 August 2017 | 5 August 2017 to 14 July 2019 | HK$0.45 | 26,000,000 | — | — | 26,000,000 |
| Total | | | | 40,750,000 | — | — | 40,750,000 |
| Exercisable at the end of the period | | | | 14,750,000 | | | 40,750,000 |
| Weighted average exercise price (HK$) | | | | 0.45 | 0.45 | 0.45 | 0.45 |

No share option was exercised during the six months ended 30 September 2018 and 2017.

The fair value of the share options at the date of grant determined using the binomial option pricing model is approximately HK$9,281,000. The Group recognised a total expense of approximately HK$1,556,000 (2018: Nil) in relation to the options granted by the Company during the six months ended 30 September 2017.

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.

## 17. SHARE-BASED PAYMENT (CONTINUED)

### b) Post-IPO Share Option Scheme

The Post-IPO Share Option Scheme was approved by the shareholders of the Company on 14 July 2016 for attracting and retaining the best available personnel of our Group, and providing incentives or rewards to eligible persons of the Group for their contribution to the success of the Group's business. The Post-IPO Share Option Scheme was conditional on the Listing Committee of the Stock Exchange granting approval for the Listing of and permission to deal in the shares of the Company which may be issued pursuant to the exercise of share options grant under the Post-IPO Share Option Scheme.

The Post-IPO Share Option Scheme will be valid and effective for a period as the Board may determine which shall not exceed ten years from the date of grant.

The aggregate number of shares of the Company which may be issued upon exercise of all outstanding share options granted and yet to be exercised under the Post-IPO Share Option Scheme and any other share option schemes of the Company must not exceed 30% of the shares of the Company in issue from time to time. No options may be granted under the Post-IPO Share Option Scheme or any other share option schemes of the Company if this will result in the limit being exceeded.

The total number of shares of the Company which may be issued upon the exercise of all share options to be granted under the Post-IPO Share Option Scheme and other share option schemes must not, in aggregate, exceed 10% of the shares of the Company. As at 30 September 2018, the total number of shares of the Company in respect of which share options may be granted under the Post-IPO Share Option Scheme shall not exceed 81,025,000 ordinary shares, being 10% of the total number of ordinary shares of the Company in issue.

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 September 2018, no share options has been granted under the Post-IPO Share Option Scheme.

## 18. 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:

| | 30 September 2018 HK$'000 (Unaudited) | 31 March 2018 HK$'000 (Audited) |
|---|---|---|
| Within one year | 92,077 | 94,606 |
| In the second to the fifth year inclusive | 121,241 | 112,782 |
| | 213,318 | 207,388 |

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. The amount of contingent rental recognised as expenses for the six months period ended 30 September 2018 was approximately HK$748,000 (2017: HK$591,000), and the amount of basic rent recognised as expenses was approximately HK$53,978,000 (2017: HK$49,390,000).

Included above are the lease commitments for future minimum lease payments to Total Commitment Holdings Limited ("**Total Commitment (HK)**"), a related company of the Group.

| | 30 September 2018 HK$'000 (Unaudited) | 31 March 2018 HK$'000 (Audited) |
|---|---|---|
| Within one year | 60 | 150 |

## 19. CAPITAL COMMITMENTS

| | 30 September 2018 HK$'000 (Unaudited) | 31 March 2018 HK$'000 (Audited) |
|---|---|---|
| Capital expenditure in respect of the acquisition of property, plant and equipment and intangible assets contracted for but not provided in the condensed consolidated financial statements | 2,808 | 3,384 |

## 20. RELATED PARTY TRANSACTIONS

All the related companies were under the common control of certain Directors. In addition to those disclosed in the condensed consolidated financial statements, the Group entered into the following significant transactions with related companies during the period:

| | | For the six months ended 30 September | |
|---|---|---|---|
| | | 2018 | 2017 |
| | | HK$'000 | HK$'000 |
| Name of related parties | Nature of transactions | (Unaudited) | (Unaudited) |
| Global Hotelware Ltd | Purchases of property, plant and equipment | 4,447 | 3,526 |
| Total Commitment (HK) | Rental paid | 90 | 90 |

## MANAGEMENT DISCUSSION AND ANALYSIS

During the six months ended 30 September 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 six months ended 30 September 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 six months ended 30 September 2018, the Group's revenue was generated from the operation of restaurants in Hong Kong. As at 30 September 2018, the Group was operating 29 (2017: 26) restaurants, of which 2 restaurants (2017: 2) were newly established and 1 restaurant (2017: nil) was closed or disposed for the six months ended 30 September 2018.

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

| | For the three months ended 30 September | | | | For the six months ended 30 September | | | |
|---|---|---|---|---|---|---|---|---|
| | 2018 | | 2017 | | 2018 | | 2017 | |
| | Revenue (HK$'000) (Unaudited) | % of total Revenue (%) | Revenue (HK$'000) (Unaudited) | % of total Revenue (%) | Revenue (HK$'000) (Unaudited) | % of total Revenue (%) | Revenue (HK$'000) (Unaudited) | % of total Revenue (%) |
| Western style | 76,664 | 58.4 | 74,017 | 59.0 | 158,541 | 57.5 | 151,589 | 58.8 |
| Italian style | 32,896 | 25.1 | 28,670 | 22.8 | 71,961 | 26.1 | 59,444 | 23.0 |
| Asian style | 21,597 | 16.5 | 22,803 | 18.2 | 45,109 | 16.4 | 46,871 | 18.2 |
| Total | 131,157 | 100.0 | 125,490 | 100.0 | 275,611 | 100.0 | 257,904 | 100.0 |

Western style restaurants

The revenue generated from operation of Western style restaurants increased by approximately HK$7.0 million, or approximately 4.6%, from approximately HK$151.6 million for the six months ended 30 September 2017 to approximately HK$158.5 million for the six months ended 30 September 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 the six months ended 30 September 2018, and (iii) the revenue derived from the two new restaurants newly opened in August 2018 and September 2018, respectively.

Italian style restaurants

The revenue generated from operation of Italian style restaurants increased by approximately HK$12.5 million, or approximately 21.1%, from approximately HK$59.4 million for the six months ended 30 September 2017 to approximately HK$72.0 million for the six months ended 30 September 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$1.8 million, or approximately 3.8%, from approximately HK$46.9 million for the six months ended 30 September 2017 to approximately HK$45.1 million for the six months ended 30 September 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$62.8 million and HK$64.0 million for each of the six months ended 30 September 2017 and 2018, respectively, representing approximately 24.3% and 23.2% 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$4.8 million from approximately HK$83.0 million for the six months ended 30 September 2017 to approximately HK$87.8 million for the six months ended 30 September 2018. The increase in staff costs was mainly due to the increase in staff salaries from approximately HK$78.7 million for the six months ended 30 September 2017 to approximately HK$83.9 million for the six months ended 30 September 2018 as a result of the increase in number of staff and the respective salary level due to the expansion of business.

## Rental and related expenses

The Group's rental and related expenses increased by approximately HK$4.7 million from approximately HK$50.0 million for the six months ended 30 September 2017 to approximately HK$54.7 million for the six months ended 30 September 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 six months ended 30 September 2017 and 2018, the Group recognised other expenses of approximately HK$30.3 million and HK$38.5 million, respectively, representing approximately 11.8% and 14.0% 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$1.5 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$3.5 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$0.5 million due to the increase in revenue; and (iv) the increase in legal and professional fees of approximately HK$1.2 million during the period due to the set-up cost and startup costs of new restaurants opened during the reporting period and to be opened in the fourth quarter 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, 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 3 years.

### Loss attributable to owners of our Company

Loss attributable to owners of the Company for the six months ended 30 September 2017 and six months ended 30 September 2018 were approximately HK$7.5 million and approximately HK$15.7 million, respectively. The increase in loss attributable to owners of the Company was mainly due to (i) an increase in loss on disposal of property, plant and equipment of approximately HK$1.9 million as one western restaurant was closed and planned to be relocated during the reporting period ; and (ii) the increase in depreciation and amortisation expenses of approximately HK$3.4 million mainly derived from the property, plant and equipment acquired for two new restaurants opened during the reporting period; and (iii) the increase in variable operating costs, such as staff costs, repair and maintenance expenses and other expenses, the effect of which was partially offset by the increase in revenue derived from new restaurants opened in the second half of 2017 and the first half of 2018.

## LIQUIDITY AND FINANCIAL RESOURCES

As at 30 September 2018, total assets of the Group amounted to approximately HK$214.4 million (31 March 2018: HK$228.9 million). The Group's working capital was approximately negative HK$3.5 million (31 March 2018: positive HK$4.5 million), represented by total current assets of approximately HK65.7 million (31 March 2018: HK$72.5 million) against total current liabilities of approximately HK$69.2 million (31 March 2018: HK$68.1 million). The current ratio, being the proportion of total current assets against total current liabilities, was 0.95 (31 March 2018: 1.07). The gearing ratio (being sum of borrowings divided by the equity attributable to the owners of the Company) of the Group as at 30 September 2018 was approximately 0.12 (31 March 2018: 0.10) Total equity was approximately HK$130.2 million (31 March 2018: HK$145.9 million).

## 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 six months ended 30 September 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 29 restaurants, including 26 full-service restaurants and 3 bakery restaurants.

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, Dear Lilly, Dragonfly and Maze Grill 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 Prospectus with actual business progress for the six months ended 30 September 2018.

| | Business plan up to 30 September 2018 as set out in the Prospectus | Actual business progress up to 30 September 2018 |
|---|---|---|
| Continue to expand our restaurant network | Identification of suitable locations and setup new restaurants in Hong Kong | Two restaurants were opened for the six months ended 30 September 2018 |
| Further enhance our brand recognition in Hong Kong | Upgrade, by way of renovation, existing restaurant(s) | The Group had carried out renovation works in existing restaurants during the six months ended 30 September 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 30 September 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 30 September 2018 HK$'million | Actual use of proceeds from the Listing Date to 30 September 2018 HK$'million |
|---|---|---|
| Continued expansion of our restaurant network | 23.8 | 23.8 |
| Further enhancement of our brand recognition in Hong Kong | 1.7 | 1.7 |
| Enhance overall profitability of our restaurants | 0.4 | 0.4 |
| | 25.9 | 25.9 |

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.

All the unutilised balances have been placed in licensed banks in Hong Kong.

### 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 30 September 2018, save as restricted bank deposits of approximately HK$2,882,000 (31 March 2018: HK$2,863,000) for the Group's obligations under certain operating leases, the Group did not pledge any other assets (31 March 2018: Nil).

## CONTINGENT LIABILITIES

As at 30 September 2018, the Group did not have any significant contingent liabilities (31 March 2018: Nil).

## CAPITAL COMMITMENTS

As at 30 September 2018, the Group's outstanding capital commitments was approximately HK$2,808,000 (31 March 2018: HK$3,384,000).

## INTERIM DIVIDEND

The Board does not recommend the payment of interim dividend for the six months ended 30 September 2018.

## EMPLOYEES AND REMUNERATION POLICIES

As at 30 September 2018, the total number of employees of the Group was 723 (31 March 2018: 734). Total staff costs (including Directors' emoluments) was approximately HK$87,810,000 for the six months ended 30 September 2018 (2017: HK$83,031,000).

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

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

## MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

The Group did not have any material acquisitions and disposals of subsidiaries, associates and joint ventures during the six months ended 30 September 2018.

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

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

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

| Name | Capacity/Nature of interest | No. of shares held/ interest in | Approximate percentage of shareholdering (%) |
|---|---|---|---|
| Strong Day Holdings Limited [Note 1] | Beneficial owner | 600,000,000 | 74.05% |
| Excel Precise International Limited [Note 1] | Person having a security interest in shares | 600,000,000 | 74.05% |
| True Promise Investment Limited [Note 1] | Interest in controlled corporation | 600,000,000 | 73.50% |
| Law Fei Shing [Note 1] | Interest in controlled corporation | 600,000,000 | 73.50% |

Notes:

1. Strong Day Holdings Limited is wholly-owned by Excel Precise International Limited which is in turn substantially-owned by True Promise Investment Limited and Mr. Law Fei Shing. True Promise Investment Limited is wholly-owned by Mr. Law Fei Shing. By virtue of the SFO, True Promise Investment Limited and Mr. Law Fei Shing are deemed to be interested in the shares held by Strong Day Holdings Limited.

## SHARE OPTIONS

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

Pursuant to a written resolution passed by the shareholders of the Company on 14 July 2016, the Company adopted the Pre-IPO Share Option Scheme, the principal terms of which were set out in the Prospectus. There were 51,000,000 share options granted to the grantees on 15 July 2016. Up to 30 September 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 30 September 2018 |
| Directors - Sandip Gupta | 15 July 2016 | HK$0.45 | 5 August 2016 to 14 July 2019 | 4,000,000 | — | — | 4,000,000 |
| | 15 July 2016 | HK$0.45 | 5 August 2017 to 14 July 2019 | 4,000,000 | — | — | 4,000,000 |
| Other employees and financial advisers | 15 July 2016 | HK$0.45 | 5 August 2016 to 14 July 2019 | 10,750,000 | — | — | 10,750,000 |
| | 15 July 2016 | HK$0.45 | 5 August 2017 to 14 July 2019 | 22,000,000 | — | — | 22,000,000 |
| Total | | | | 40,750,000 | — | — | 40,750,000 |

### (b) Post-IPO Share Option Scheme

The Post-IPO Share Option Scheme was approved by the shareholders of the Company on 14 July 2016 for attracting and retaining the best available personnel of our Group, and providing incentives or rewards to eligible persons of the Group for their contribution to the success of the Group's business. The Post-IPO Share Option Scheme was conditional on the Listing Committee of the Stock Exchange granting approval for the Listing of and permission to deal in the shares of the Company which may be issued pursuant to the exercise of share options grant under the Post-IPO Share Option Scheme.

The Post-IPO Share Option Scheme will be valid and effective for a period as the Board may determine which shall not exceed ten years from the date of grant.

The aggregate number of shares of the Company which may be issued upon exercise of all outstanding share options granted and yet to be exercised under the Post-IPO Share Option Scheme and any other share option schemes of the Company must not exceed 30% of the shares of the Company in issue from time to time. No options may be granted under the Post-IPO Share Option Scheme or any other share option schemes of the Company if this will result in the limit being exceeded.

The total number of shares of the Company which may be issued upon the exercise of all share options to be granted under the Post-IPO Share Option Scheme and other share option schemes must not, in aggregate, exceed 10% of the shares of the Company in issue as at the Listing Date (the "**Scheme Mandate Limit**") provided that options lapsed in accordance with the terms of the Share Option Scheme or other share option schemes will not be counted for the purpose of calculating the Scheme Mandate Limit.

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 September 2018, no share options has been granted under the Post-IPO Share Option Scheme.

## PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SECURITIES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 September 2018.

## DIRECTORS' INTERESTS IN CONTRACTS

As at 30 September 2018, no director of the Company 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 September 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 Company has adopted written guidelines regarding directors' securities transactions on terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Specific enquiries have been made to all Directors and the Directors confirmed that they have complied with the required stand of dealings and the said guidelines regarding directors' securities transactions during the six months ended 30 September 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 six months ended 30 September 2018 under review, the Company has not separated the roles of chairman and chief executive officer of the Company. Mr. Sekhri is our 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 our 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 Hey, Hayley (chairman of the Audit Committee), Mr. Chan Ming Sun Jonathan and Mr. Amit Agarwal, all of whom are independent non-executive Directors.

The Interim Results 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 six months ended 30 September 2018 are unaudited.

By order of the Board

**Dining Concepts Holdings Limited**

**Sandeep Sekhri**

*Chief executive officer and executive Director*

Hong Kong, 14 November 2018

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