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## **BCI GROUP HOLDINGS LIMITED**

### **高門集團有限公司**

*(incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 8412)**

## **INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 NOVEMBER 2017**

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

**GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on 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. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.**

**Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.**

*This announcement, for which the directors (the “Directors”) of BCI Group Holdings Limited (the “Company”, together with its subsidiaries, the “Group”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the GEM of the Stock Exchange (the “GEM Listing Rules”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief the information contained in this announcement 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 announcement misleading.*

*The board of Directors (the “Board”) is pleased to announce the unaudited condensed consolidated results of the Group for the six months ended 30 November 2017, together with the unaudited comparative figures for the corresponding period in 2016 as set out below. Unless otherwise specified, terms used herein shall have the same meanings as those defined in the Company’s prospectus dated 24 March 2017 (the “Prospectus”).*

## **FINANCIAL HIGHLIGHTS**

The Group's revenue for the six months ended 30 November 2017 was approximately HK\$44.3 million, representing a decrease of approximately 4.9% when compared with that of the corresponding period in 2016.

The Group recorded a loss and total comprehensive expense for the six months ended 30 November 2017 of approximately HK\$5.9 million, while there was a loss and total comprehensive expenses of approximately HK\$5.8 million for the six months ended 30 November 2016.

The Board did not recommend payment of any dividend for the six months ended 30 November 2017.

# UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 November 2017

	Notes	For the three months ended		For the six months ended	
		30 November 2017	30 November 2016	30 November 2017	30 November 2016
		HK\$'000 (unaudited)	HK\$'000 (unaudited)	HK\$'000 (unaudited)	HK\$'000 (unaudited)
Revenue	2	21,234	23,433	44,331	46,635
Finance income	3	163	–	163	–
Cost of inventories sold		(3,952)	(4,815)	(8,551)	(9,634)
Other income and gains		1	–	3	73
Property rentals and related expenses		(5,723)	(5,676)	(11,535)	(11,485)
Advertising and marketing expenses		(3,443)	(3,079)	(7,123)	(5,544)
Employee benefits expenses		(6,621)	(4,497)	(11,471)	(8,901)
Depreciation		(1,109)	(1,022)	(2,205)	(2,165)
Listing expenses		–	(231)	–	(8,191)
Other expenses		(5,065)	(2,671)	(9,615)	(6,091)
Operating (loss)/profit		(4,515)	1,442	(6,003)	(5,303)
Finance costs	3	(72)	–	(72)	–
Profit/(loss) before income tax credit/ (expense)		(4,587)	1,442	(6,075)	(5,303)
Income tax credit/(expense)	4	87	(64)	128	(493)
Total comprehensive income/(loss) for the period		(4,500)	1,378	(5,947)	(5,796)
Profit/(Loss) and total comprehensive income/(expense) for the period attributable to:					
– Owners of the Company		(4,342)	1,498	(5,787)	(5,676)
– Non-controlling interests		(158)	(120)	(160)	(120)
		(4,500)	1,378	(5,947)	(5,796)
(Loss)/earnings per share attributable to owners of the Company					
– Basic and diluted (HK cents)	6	(0.05)	0.02	(0.07)	(0.09)

# UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As of 30 November 2017

		As at	
		30 November 2017	31 May 2017
	Notes	HK\$'000 (unaudited)	HK\$'000 (audited)
<b>Non-current assets</b>			
Property, plant and equipment	7	5,988	7,405
Rental deposits and prepayment	8	8,224	4,902
Deferred tax assets		1,963	1,818
Goodwill		2,209	2,209
		18,384	16,334
		18,384	16,334
<b>Current assets</b>			
Inventories	9	548	522
Financial assets at fair value through profit or loss	10	20,085	–
Trade and other receivables	8	12,242	7,680
Tax recoverable		866	–
Amounts due from a related company		–	176
Cash and cash equivalents		46,462	60,672
		80,203	69,050
		80,203	69,050
<b>Current liabilities</b>			
Trade and other payables	11	11,919	15,127
Borrowings	12	24,469	–
Current tax liabilities		195	1,620
		36,583	16,747
		36,583	16,747
<b>Net current assets</b>		43,620	52,303
<b>Total assets less current liabilities</b>		62,004	68,637
<b>Non-current liabilities</b>			
Other payables	11	604	1,290
		604	1,290
<b>Net assets</b>		61,400	67,347
<b>Equity</b>			
Share capital	13	8,000	8,000
Reserves		53,944	59,731
		61,944	67,731
<b>Equity attributable to owners of the company</b>		61,944	67,731
Non-controlling interests		(544)	(384)
		61,400	67,347
<b>Total equity</b>		61,400	67,347

## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

*For the six months ended 30 November 2017*

	Attributable to owners of the Company			Total	Non-controlling interests	Total
	Share capital	Share premium <sup>#</sup>	Retained earnings/ (Accumulated losses) <sup>#</sup>			
	<i>HK\$' 000</i>	<i>HK\$' 000</i>	<i>HK\$' 000</i>	<i>HK\$' 000</i>	<i>HK\$' 000</i>	<i>HK\$' 000</i>
Balance at 1 June 2016 (audited)	–	–	11,974	11,974	–	11,974
Loss and total comprehensive expense for the period	–	–	(5,676)	(5,676)	(120)	(5,796)
Transactions with owners:						
Share issued pursuant to the reorganisation	–*	5,100	–	5,100	–	5,100
Disposed of equity interest to a non-controlling interest	–	–	745	745	(120)	625
	–	5,100	745	5,845	(120)	5,725
Balance at 30 November 2016 (unaudited)	–*	5,100	7,043	12,143	(240)	11,903
Balance at 1 June 2017 (audited)	8,000	56,525	3,206	67,731	(384)	67,347
Loss and total comprehensive expense for the period	–	–	(5,787)	(5,787)	(160)	(5,947)
Balance at 30 November 2017 (unaudited)	8,000	56,525	(2,581)	61,944	(544)	61,400

\* *The balance represents an amount less than HK\$1,000*

# *The total of these balances represents “reserves” in the unaudited condensed consolidated statement of financial position*

# UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 30 November 2017

	For the six months ended	
	30 November 2017 HK\$'000 (unaudited)	30 November 2016 HK\$'000 (unaudited)
<b>Operating activities</b>		
Cash used in operations	(13,935)	(7,463)
Interest paid	(72)	–
Income tax expenses paid	(2,308)	(1,858)
<b>Net cash used in operating activities</b>	<b>(16,315)</b>	<b>(9,321)</b>
<b>Investing activities</b>		
Deposits paid for acquisition of property, plant and equipment	(1,381)	–
Interest received from financial assets at fair value through profit or loss	163	–
Interest received from bank	1	–
Purchases of financial assets at fair value through profit or loss	(20,377)	–
Purchases of property, plant and equipment	(770)	(1,031)
<b>Net cash used in investing activities</b>	<b>(22,364)</b>	<b>(1,031)</b>
<b>Financing activities</b>		
Issuance of new shares pursuant to the reorganisation	–	5,100
Proceed from new borrowings	24,469	–
Repayments to related parties	–	(6,660)
<b>Net cash generated from/(used in) financing activities</b>	<b>24,469</b>	<b>(1,560)</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(14,210)</b>	<b>(11,912)</b>
<b>Cash and cash equivalents at beginning of the period</b>	<b>60,672</b>	<b>17,021</b>
<b>Cash and cash equivalents at end of the period</b>	<b>46,462</b>	<b>5,109</b>

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

*For the six months ended 30 November 2017*

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

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law (as revised) of the Cayman Islands on 19 May 2016 and its registered office is located at PO Box 1350, Clifton House, 75 Fort Street, Grand Cayman KY1-1108, Cayman Islands. Its principal place of business in Hong Kong is located at Basement, Ho Lee Commercial Building, No. 38-44 D'Aguilar Street, Central, Hong Kong. The shares of the Company were listed on the GEM of the Stock Exchange by way of share offer since 7 April 2017.

On 7 April 2017 (the "Listing Date"), a total of 200,000,000 Shares of HK\$0.01 each were offered under the share offer, of which 100,000,000 Shares, representing 50% of the total Offer Shares, were offered by way of placing. The remaining 100,000,000 Shares, representing 50% of the total Offer Shares, were offered under the public offer.

The Company is an investment holding company. The subsidiaries of the Company are principally engaged in the operation of clubbing and restaurant business in Hong Kong.

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

Except as described below, the accounting policies and methods of computation used in the preparation of the unaudited condensed consolidated financial statements for the six months ended 30 November 2017 are consistent with those adopted in the preparation of accountants' report included in the Prospectus 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 periods financial statements.

### (a) Financial assets at fair value through profit or loss

These assets include financial assets held for trading. Financial assets are classified as held for trading if they are acquired for the purpose of sale in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments or financial guarantee contracts.

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value, with changes in fair value recognized in profit or loss in the period in which they arise.

## **b) Borrowings**

- Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.
- Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

## **c) Borrowing costs**

- Borrowing costs are charged to profit or loss in the period in which they are incurred.

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

The Group has not applied any 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.

The unaudited condensed consolidated financial statements for the six months ended 30 November 2017 have been prepared on the historical cost basis except for financial instruments classified as financial assets at fair value through profit or loss which are stated at fair values. The unaudited condensed consolidated financial statements for the six months ended 30 November 2017 are presented in Hong Kong dollars ("HK\$"), which is the functional currency of the Company and its subsidiaries.

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

## **2) REVENUE**

The Group's principal activities are the operations of clubs and restaurants.

Revenue represents the amount received or receivable from the sales of food and beverages, entrance fees, sponsorship income and others (including tips, cloakroom fees, photobooth and event rental income).

The Group's customer base is diversified and no individual customer had transactions which exceeded 10% of the Group's revenue during the period under review.

Revenue from the Group's principal activities during the period under review is as follows:

	For the three months ended		For the six months ended	
	30 November 2017 <i>HK\$'000</i> (unaudited)	30 November 2016 <i>HK\$'000</i> (unaudited)	30 November 2017 <i>HK\$'000</i> (unaudited)	30 November 2016 <i>HK\$'000</i> (unaudited)
Revenue from:				
Clubs operation				
Net sales of beverage	14,345	16,420	30,563	32,714
Entrance fee	1,200	913	2,256	1,720
Sponsorship income	1,254	1,250	2,315	2,093
Others	780	598	1,185	865
	<u>17,579</u>	<u>19,181</u>	<u>36,319</u>	<u>37,392</u>
Restaurants operation				
Net sales of food and beverage	3,653	4,158	8,007	9,145
Others	2	94	5	98
	<u>3,655</u>	<u>4,252</u>	<u>8,012</u>	<u>9,243</u>
Total revenue	<u>21,234</u>	<u>23,433</u>	<u>44,331</u>	<u>46,635</u>

### 3) FINANCE INCOME/FINANCE COSTS

	For the three months ended		For the six months ended	
	30 November 2017 <i>HK\$'000</i> (unaudited)	30 November 2016 <i>HK\$'000</i> (unaudited)	30 November 2017 <i>HK\$'000</i> (unaudited)	30 November 2016 <i>HK\$'000</i> (unaudited)
Finance income				
– Interest received from financial assets at fair value through profit or loss	163	–	163	–
Finance costs				
– interest expenses on secured short-term bank loan by the Group's financial assets at fair value through profit or loss	(72)	–	(72)	–
Finance income – net	<u>91</u>	<u>–</u>	<u>91</u>	<u>–</u>

#### 4) TAXATION

The Group is subject to income tax on profits arising in or derived from Hong Kong, being its principal place of business. The income tax expense in the unaudited condensed consolidated statement of comprehensive income during the period under review represents:

	<b>For the three months ended</b>		<b>For the six months ended</b>	
	<b>30 November</b>	30 November	<b>30 November</b>	30 November
	<b>2017</b>	2016	<b>2017</b>	2016
	<b>HK\$'000</b>	HK\$'000	<b>HK\$'000</b>	HK\$'000
	<b>(unaudited)</b>	(unaudited)	<b>(unaudited)</b>	(unaudited)
Current income tax	<b>2</b>	59	<b>(17)</b>	(319)
Deferred tax	<b>85</b>	(123)	<b>145</b>	(174)
Income tax credit/(expense)	<b>87</b>	(64)	<b>128</b>	(493)

Pursuant to the rules and regulations of Cayman Islands, the Group is not subject to any taxation under the jurisdictions of Cayman Islands.

Hong Kong profits tax is calculated at 16.5% of the estimated assessable profit for the period under review.

#### 5) DIVIDEND

No dividends were paid, declared and proposed by the Company during the six months ended 30 November 2017 and 2016.

#### 6) (LOSS)/EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

	<b>For the three months ended</b>		<b>For the six months ended</b>	
	<b>30 November</b>	30 November	<b>30 November</b>	30 November
	<b>2017</b>	2016	<b>2017</b>	2016
	<b>HK\$'000</b>	HK\$'000	<b>HK\$'000</b>	HK\$'000
	<b>(unaudited)</b>	(unaudited)	<b>(unaudited)</b>	(unaudited)
(Loss)/Profit attributable to owners of the Company (HK\$'000)	<b>(4,342)</b>	1,498	<b>(5,787)</b>	(5,676)
Weighted average number of ordinary shares for the purpose of calculating basic profit/(losses) per share (in thousands)	<b>800,000</b>	600,000	<b>800,000</b>	600,000

The number of ordinary shares for the purpose of calculating basic losses per share has been determined on the assumption that the reorganisation and the capitalisation issue as disclosed in the Prospectus had been effective on 1 June 2016.

No diluted losses per share for the periods was presented as there were no potential ordinary shares in issue during the periods.

## 7) PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 November 2017 (unaudited), the Group acquired property, plant and equipment of approximately HK\$770,000 (six months ended 30 November 2016 (unaudited): approximately HK\$1,031,000).

No assets were written off and disposal during the six months ended 30 November 2017 and 2016.

During the six months ended 30 November 2017 (unaudited), the depreciation expenses were approximately HK\$2,205,000 (six months ended 30 November 2016 (unaudited): approximately HK\$2,165,000).

## 8) TRADE AND OTHER RECEIVABLES

	<b>As at</b>	
	<b>30 November 2017 HK\$'000 (unaudited)</b>	31 May 2017 HK\$'000 (audited)
Trade receivables	2,865	2,995
Other receivables	4,978	547
Prepayments	5,468	2,188
Deposits	7,155	6,852
	<hr/>	<hr/>
Total	20,446	12,582
Less: Current portion	(12,242)	(7,680)
	<hr/>	<hr/>
Non-current portion	8,224	4,902
	<hr/> <hr/>	<hr/> <hr/>

Majority of the Group's revenue is attributable to sales of food and beverages via cash and credit card. There was no credit term granted to the customers.

An ageing analysis of the Group's trade receivables at the end of the reporting period, net of impairment, based on invoice date is as follows:

	<b>As at</b>	
	<b>30 November</b>	31 May
	<b>2017</b>	2017
	<b>HK\$'000</b>	HK\$'000
	<b>(unaudited)</b>	(audited)
0-30 days	<b>677</b>	909
31-60 days	<b>59</b>	625
61-90 days	<b>44</b>	717
Over 90 days	<b>2,085</b>	744
	<u><b>2,865</b></u>	<u>2,995</u>

At the end of the reporting period, the Group reviews receivables for evidence of impairment on both an individual and collective basis. Impairment losses in respect of trade receivables are recorded using an allowance account unless the Group is satisfied that recovery of the amount is remote, in which case the impairment loss is written off against trade receivables directly.

The ageing of trade receivables at the end of the reporting period, net of impairment, which are past due but not impaired is as follows:

	<b>As at</b>	
	<b>30 November</b>	31 May
	<b>2017</b>	2017
	<b>HK\$'000</b>	HK\$'000
	<b>(unaudited)</b>	(audited)
Neither past due nor impaired	–	–
Past due but not impaired ( <i>Note</i> )		
1-30 days past due	<b>677</b>	909
31-90 days past due	<b>103</b>	1,342
Over 90 days past due	<b>2,085</b>	744
	<u><b>2,865</b></u>	<u>2,995</u>

*Note:*

Receivables that were past due but not impaired related to a number of customers that have a good track record with the Group. Based on past experience, the directors of the Company are of the opinion that no provision for impairment is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The Group does not hold any collateral or other credit enhancements over these balances.

9) INVENTORIES

	As at	
	30 November 2017 <i>HK\$'000</i> (unaudited)	31 May 2017 <i>HK\$'000</i> (audited)
Beverage	<u>548</u>	<u>522</u>

10) FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	As at	
	30 November 2017 <i>HK\$'000</i> (unaudited)	31 May 2017 <i>HK\$'000</i> (audited)
Financial assets at fair value through profit or loss – corporate bonds, at fair value	<u>20,085</u>	<u>–</u>
	<u>20,085</u>	<u>–</u>

As at 30 November 2017, all of these financial assets at fair value through profit or loss – corporate bonds were pledged to secure one of the Group's short-term bank loans (see Note 12).

11) TRADE AND OTHER PAYABLES

	30 November 2017 <i>HK\$'000</i> (unaudited)	31 May 2017 <i>HK\$'000</i> (audited)
Trade payables	2,783	2,885
Accruals and other payables	7,307	10,954
Receipts in advance	<u>2,433</u>	<u>2,578</u>
Total	12,523	16,417
Less: Current portion	<u>(11,919)</u>	<u>(15,127)</u>
Non-current portion	<u>604</u>	<u>1,290</u>

An ageing analysis of the Group's trade payables at the end of the reporting period based on invoice date is as follows:

	<b>30 November 2017 HK\$'000 (unaudited)</b>	31 May 2017 HK\$'000 (audited)
0-30 days	1,582	1,604
31-60 days	1,201	1,281
Over 60 days	—	—
	<u>2,783</u>	<u>2,885</u>

Accruals and other payables included provision of reinstatement and deferred rental expense.

## 12) BORROWINGS

The Group's bank borrowings are analysed as follows:

	<b>As at</b>	
	<b>30 November 2017 HK\$'000 (unaudited)</b>	31 May 2017 HK\$'000 (audited)
	<i>Note</i>	
Secured short-term bank loan by the Group's financial assets at fair value through profit or loss	(a) 20,469	—
Unsecured revolving loan	2,000	—
Unsecured bank overdrafts	2,000	—
	<u>24,469</u>	<u>—</u>

*Note:*

- (a) The bank borrowings and other banking facilities are secured by the pledge of financial assets at fair value through profit or loss held by the Group with net carrying amount of nil and approximately HK\$20,085,000 as at 31 May 2017 and 30 November 2017, respectively.

### 13) SHARE CAPITAL

The following changes in the Company's authorised and issued share capital took place during the period from 19 May 2016 (date of incorporation) to 31 May 2017 and 30 November 2017.

	<i>Note</i>	<b>Number of share</b>	<b>HK\$'000</b>
<b>Authorised ordinary shares of HK\$0.01 each:</b>			
At 19 May 2016 (date of incorporation), 31 May 2016, 1 June 2016, 31 May 2017 and 30 November 2017		10,000,000,000	100,000
<b>Issued and fully paid, ordinary shares of HK\$0.01 each:</b>			
At 19 May 2016 (date of incorporation), 31 May 2016 and 1 June 2016		1	—*
Shares issued pursuant to the reorganisation	<i>(i)</i>	9,999	—*
Capitalisation issue credited as fully paid on the share premium account of the Company	<i>(ii)</i>	599,990,000	6,000
Shares issued pursuant to the share offer	<i>(iii)</i>	200,000,000	2,000
At 30 November 2017		800,000,000	8,000

\* *The balance represents an amount less than HK\$1,000*

*Notes:*

- (i) In July 2016, pursuant to the reorganisation in preparation for the listing of shares of the Company on the GEM of the Stock Exchange and for the purpose of rationalising the Group's structure, 6,191, 2,653, 133, 172, 600 and 250 ordinary shares were issued to Aplus Concept Limited, Phoenix Year Limited, Ethers Entertainment Limited, Jet Top Investment Limited, Jubilee Success Investments Limited and Perfect King Investments Limited respectively.
- (ii) On 7 April 2017, the Company capitalised an amount of approximately HK\$6,000,000 standing to the credit of share premium account of the Company and the said sum was applied in paying up full the 599,990,000 shares issued to the shareholders immediately prior to the listing according to their respective shareholding.
- (iii) On 7 April 2017, the Company listed its shares on the Growth Enterprise Market operated by the Stock Exchange with public offer shares of 200,000,000 at an issue price of HK\$0.34 per share. The transaction costs attributable to issue of shares amounted to HK\$8,575,000.

## 14) COMMITMENTS

### a) Capital commitments

As at 30 November 2017 (Unaudited) and 31 May 2017 (Audited), the Group has capital commitments HK\$929,000 and HK\$115,000, respectively.

### b) Operating commitments

The Group leased its office premise, clubs and restaurants under operating lease arrangements with third party landlords. Leases for these properties are negotiated for terms ranging from one to three years:

	<b>As at</b>	
	<b>30 November</b>	31 May
	<b>2017</b>	2017
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
	<b>(unaudited)</b>	(audited)
Not later than one year	<b>19,465</b>	19,707
Later than one year but not later than five years	<b>14,285</b>	14,292
	<b>33,750</b>	33,999

## **MANAGEMENT DISCUSSION AND ANALYSIS**

The Group is a food and beverage, lifestyle and entertainment group based in Hong Kong that owns and operates two night entertainment clubs, namely Volar and Fly; and four restaurants focusing on Japanese-style curry dishes under the proprietary “Tiger” brand.

### **BUSINESS REVIEW AND OUTLOOK**

During the six months ended 30 November 2017 and up to the date of this announcement, the Group had been principally engaged in the operation of clubbing and restaurant business in Hong Kong.

#### ***Operation of clubbing business***

During the period under review, the Group strategically positions two clubs, namely Volar and Fly, to cover different segments of the night lifestyle entertainment club market. Volar targets customers with strong spending power and aims to provide a premium clubbing experience, while Fly aims to appeal to the younger white collar professionals and university students and graduates and provide a high-end clubbing lifestyle experience. Leveraging on the success in clubbing business, the Group is also engaged in organising music-related featured events to offer music and lifestyle entertainment to its customers. In general, the Group conducts the overall organisation, ranging from sourcing of disc jockey (“DJ”), marketing, ticketing and stage design and set up. Internationally renowned DJs and artists are usually engaged to perform at these featured events which would enhance the premium and high-end image of the clubs, increase customer traffic and increase the overall revenue. The revenue generated from operation of clubbing business decrease by approximately HK\$1.1 million, or approximately 2.9%, from approximately HK\$37.4 million for the six months ended 30 November 2016 to approximately HK\$36.3 million for the six months ended 30 November 2017. Such decrease was mainly due to the result of rising competition in clubbing business and the decrease in sale of prepaid beverage packages to our customers.

#### ***Operation of restaurant business***

During the period under review, the Company owned three “Tiger” branded restaurants which aimed to provide a contemporary Japanese dining experience in a relaxing atmosphere for their customers. Tiger Curry and Tiger Curry & Cafe are casual dining restaurants while Tiger Curry Jr. is a quick service restaurant. The Group seeks to distinguish itself from other local casual dining and quick service restaurant concepts by creating food menus centered on Japanese-style curry dishes yet at the same time offering a variety of other Japanese dishes with broad appeal. The revenue generated from operation of restaurant business decreased by approximately HK\$1.2 million, or approximately 13.3%, from approximately HK\$9.2 million for the six months ended 30 November 2016 to approximately HK\$8.0 million for the six months ended 30 November 2017. The decrease in revenue was primarily attributable to the result of the rising competition and general downturns in the food and beverage industry.

## ***Outlook***

The food and beverage, lifestyle and entertainment industry is always challenging, dynamic with keen competitions. The demand for our clubbing business is highly susceptible to the changing lifestyle trends and tastes. Operating in a competitive business, the Group recognises a renovation would provide an opportunity for us to update our venues, refresh our brand image and attract customers. We plan to upgrade and renovate Fly in or around the first quarter of 2018 and Volar in or around the third quarter of 2018 to ensure that each remains attractive to our customers.

To expand our market share in food and beverage industry, we opened a restaurant under our “Tiger” brand on 16 December 2017 at Maritime Square II Tsing Yi.

The Group’s strategy remains unchanged and diversifies our outlet network by adopting the following key business strategies:

### *Upgrade our club facilities*

The Group undertakes minor renovations for our clubs on an as-needed basis depending on the condition of our equipment and facilities.

### *Expand our market share in food and beverage, lifestyle and entertainment industry*

Despite the keen competition and challenging operating environment in the food and beverage, lifestyle and entertainment industry in Hong Kong, the Group is still looking for business opportunities to enhance the market share in both clubbing and restaurant, lifestyle and entertainment business, in the meantime, the Group will continue to refine the business strategy to cope with the continuing challenges.

## **FINANCIAL REVIEW**

### ***Revenue***

During the period under review, the Group’s revenue was generated from the operation of clubbing and restaurant business in Hong Kong. As at 30 November 2017, the Group was operating two clubs and three restaurants, located in Hong Kong.

The Group recognised revenue from (a) the clubbing operations when (i) sales of beverages were delivered; (ii) services were provided or other products were delivered (including tips, cloakroom fees, photobooth income and rental income from leasing the club premises for events) to its customers; and (b) the restaurant operations when food and beverage and other related service have been rendered.

The table below sets forth the breakdown of the revenue by clubbing and restaurant operations for the period under review:

	For the three months ended				For the six months ended			
	30 November 2017		30 November 2016		30 November 2017		30 November 2016	
	<i>HK\$'000</i>	<i>% of total revenue</i>	<i>HK\$'000</i>	<i>% of total revenue</i>	<i>HK\$'000</i>	<i>% of total revenue</i>	<i>HK\$'000</i>	<i>% of total revenue</i>
	(unaudited)		(unaudited)		(unaudited)		(unaudited)	
Clubbing operations	17,579	82.8	19,181	81.9	36,319	81.9	37,392	80.2
Restaurant operations	3,655	17.2	4,252	18.1	8,012	18.1	9,243	19.8
Total	<u>21,234</u>	<u>100.0</u>	<u>23,433</u>	<u>100.0</u>	<u>44,331</u>	<u>100.0</u>	<u>46,635</u>	<u>100.0</u>

The revenue generated from operation of clubbing business decrease by approximately HK\$1.1 million, or approximately 2.9%, from approximately HK\$37.4 million for the six months ended 30 November 2016 to approximately HK\$36.3 million for the six months ended 30 November 2017. Such decrease was mainly due to the result of rising competition in clubbing business and the decrease in sale of prepaid beverage packages to our customer.

The revenue generated from operation of restaurant business decreased by approximately HK\$1.2 million, or approximately 13.3%, from approximately HK\$9.2 million for the six months ended 30 November 2016 to approximately HK\$8.0 million for the six months ended 30 November 2017. The decrease in revenue was primarily attributable to the result of the rising competition and general downturns in the food and beverage industry.

### ***Cost of inventories sold***

The cost of inventories sold mainly represents the cost of beverage and food ingredients used in the Group's clubbing and restaurant operations. The major beverage and food ingredients purchased by the Group includes, but is not limited to, champagne, frozen food, dried food, etc.. The cost of inventories sold was one of the components of the operating expenses which decreased by approximately HK\$1.0 million, or approximately 11.2%, from approximately HK\$9.6 million for the six months ended 30 November 2016 to approximately HK\$8.6 million for the six months ended 30 November 2017. The decrease was mainly due to the decrease in revenue of clubbing and restaurant operations.

### ***Property rentals and related expenses***

Property rentals and related expenses primarily represent the rental payments under operating leases and property management fee paid for the club premises, restaurants and office premises. The property rentals and related expenses were the largest component of the operating expenses. The property rentals and related expenses remained relatively stable at approximately HK\$11.5 million for the six months ended 30 November 2016 and 2017.

### ***Advertising and marketing expenses***

Advertising and marketing expenses primarily consist of advertising and promotional expenses such as the cost of engaging resident and guest DJs and the expenses incurred for engaging a public relations company for the provision of marketing and promotion services to the Group's clubbing and restaurant operations. The advertising and marketing expenses increased by approximately HK\$1.6 million, or approximately 28.5%, from approximately HK\$5.5 million for the six months ended 30 November 2016 to approximately HK\$7.1 million for the six months ended 30 November 2017. The increase was mainly due to the increase in advertising and marketing expenses on the featured events which included night entertainment events (i) lead by an internationally renowned guest DJ; or (ii) based on festive and holiday themes, for the six months ended 30 November 2017.

### ***Employee benefits expenses***

Employee benefits expenses primarily consisted of all salaries and benefits payable to all employees and staff, including the executive director, headquarters staff and operational staff in each outlet. The employee benefits expenses increased by approximately HK\$2.6 million, or approximately 28.9%, from approximately HK\$8.9 million for the six months ended 30 November 2016 to approximately HK\$11.5 million for the six months ended 30 November 2017. The increase was primarily due to the increase in staff cost as a result of additional staff in our head office after Listing and the discretionary bonus of approximately HK\$5.4 million for the year ending 31 May 2018 paid/payable to directors, senior management and employee of the Company after Listing with reference to the Group's and individual's performance.

### ***Depreciation***

Depreciation represents the depreciation charge for property, plant and equipment, including, among others, leasehold improvements, furniture, fixtures and equipment and motor vehicles. Property, plant and equipment are depreciated so as to write off their cost net of expected residual value over their estimated useful lives on a straight-line basis. The depreciation remained relatively stable at approximately HK\$2.2 million for the six months ended 30 November 2016 and 2017.

### ***Listing expenses***

Listing expenses of approximately HK\$8.2 million were recognised for the six months ended 30 November 2016. No such expenses were incurred for the six months ended 30 November 2017.

### *Other expenses*

Other expenses mainly represents security expenses for the clubs, credit card commissions, repairs and maintenance costs, cleaning expenses and professional fee. The other expenses increased by approximately HK\$3.5 million, or approximately 57.9%, from approximately HK\$6.1 million for the six months ended 30 November 2016 to approximately HK\$9.6 million for the six months ended 30 November 2017. Such increase was mainly due to the (i) additional professional fee paid after Listing, (ii) the increase in other expenses in line with our business expansion and (iii) loss of the change in fair value of financial assets.

### *Loss before income tax credit/expense*

As a result of the cumulative factors discussed above, the loss before income tax credit/expense increased from approximately HK\$5.3 million for the six months ended 30 November 2016 to approximately HK\$6.1 million for the six months ended 30 November 2017.

### *Loss and total comprehensive expenses for the period*

As a result of the cumulative factors discussed above, the loss and total comprehensive expenses increased from approximately HK\$5.8 million for the six months ended 30 November 2016 to approximately HK\$5.9 million for the six months ended 30 November 2017.

## **FINANCIAL POSITION**

The Group funded its liquidity and capital requirements primarily through cash inflows from operating activities and bank borrowings.

As at 30 November 2017, the Group's total cash and bank balances were approximately HK\$46.5 million (31 May 2017: approximately HK\$60.7 million). The current ratios (calculated by current assets divided by current liabilities) of the Group were at approximately 2.2 times and 4.1 times as at 30 November 2017 and 31 May 2017, respectively. The gearing ratios (calculated by net debt divided by total equity) of the Group were at approximately 0.4 times and nil as at 30 November 2017 and 31 May 2017, respectively.

## **CONTINGENT LIABILITIES**

As at 30 November 2017, there were no significant contingent liabilities for the Group.

## **EMPLOYEES AND REMUNERATION POLICIES**

As at 30 November 2017, the Group employed 105 employees (31 May 2017: 104 employees). Staff costs of the Group (including Directors' remuneration, wages, salaries and other benefits and contribution to defined contribution pension plans) amounted to approximately HK\$11.5 million for the six months ended 30 November 2017 (for the six months ended 30 November 2016: approximately HK\$8.9 million). The Group will endeavor to ensure that the employees' salary

levels are in line with industry practice and prevailing market conditions and that employees' overall remuneration is determined based on the Group's and the employees' qualifications and performance.

## **SIGNIFICANT INVESTMENTS HELD**

For the six months ended 30 November 2017, Bannock Holdings Limited, a wholly-owned subsidiary of the Company, subscribed for the US\$-denominated short dated corporate bonds with an aggregate principal amount of US\$2,550,000 (equivalent to approximately HK\$19.9 million). Details of the above were disclosed in the announcement of the Company dated 2 October 2017.

Save as disclosed above, except for investment in its subsidiaries, the Group did not hold any significant investment for the six months ended 30 November 2017.

## **FOREIGN EXCHANGE EXPOSURE**

The Group's main operations are in Hong Kong with most of its transactions settled in HKD. The Directors are of the opinion that the Group's exposure to foreign exchange risk is insignificant. During the six months ended 30 November 2017, the Group did not hedge any exposure to foreign exchange risk.

## **CHARGES ON GROUP ASSETS**

As at 30 November 2017, all of financial assets at fair value through profit or loss with aggregate value of approximately HK\$20.1 million (31 May 2017: nil) was pledged to secure short-term bank loan.

## **CAPITAL STRUCTURE**

The shares of the Company was successfully listed on the GEM of the Stock Exchange on 7 April 2017. There has been no change in the capital structure of the Company since then. The share capital of the Company only comprises of ordinary shares.

Details regarding the maturity profiles of debt for the six months ended 30 November 2017 are presented for the Group as disclosed on Note 12 of the notes to the unaudited condensed consolidated financial statements.

## **USE OF PROCEEDS**

Based on the offer price of HK\$0.34 per offer share, the net proceeds from the Listing, after deducting the underwriting commission and other estimated expenses, amounted to approximately HK\$43.9 million. The Group intended to apply such net proceeds in accordance with the purposes set out in the section headed "Future Plans and Use of Proceeds" in the Prospectus.

During the period from the Listing Date to 30 November 2017, the Group has applied the net proceeds as follows:

	<b>Adjusted allocation of net proceeds as at 30 November 2017 HK\$'000</b>	<b>Amount utilised as at 30 November 2017 HK\$'000</b>	<b>Amount unutilised as at 30 November 2017 HK\$'000</b>
Continue to expand and diversify our outlet network	26,248	1,231	25,017
Upgrade our club facilities	16,153	914	15,239
Working capital and other general purpose	1,492	1,492	–
<b>Total</b>	<b>43,893</b>	<b>3,637</b>	<b>40,256</b>

The unutilised net proceeds from the Listing are placed in the bank accounts of the Group.

The future plan and the planned amount of usage of net proceeds as stated in the Prospectus were based on the best estimation and assumption of future market conditions at the time of preparing the prospectus while the proceeds were applied based on the actual development of the Group's business and the industry. An analysis comparing the business objective stated in the Prospectus with the Group's actual business progress is set out below:

<b>Business objective and strategy</b>	<b>Business plan and activity</b>	<b>Actual business progress up to 30 November 2017</b>
(1) Upgrade our club facilities	Renovate and refurbish Fly <ul style="list-style-type: none"> <li>• Set up project team</li> <li>• Engage contractors for the renovation and refurbishment</li> <li>• Engage designers for the concept of renovation and refurbishment</li> <li>• Carry out renovation and refurbishment</li> </ul>	<ul style="list-style-type: none"> <li>• We plan to organise the main renovation and refurbishment in Fly in the first quarter of 2018 and have already made certain prepayments for the main renovation, mainly in relation to the engagement of the designers for the concept of renovation and refurbishment.</li> <li>• No main renovation and refurbishment have been carried out as at 30 November 2017.</li> </ul>

**Business objective and strategy**

**Business plan and activity**

**Actual business progress up to 30 November 2017**

	<p>Renovate and refurbish Volar</p> <ul style="list-style-type: none"><li>• commence planning of a main renovation and refurbishment in Volar</li></ul>	<ul style="list-style-type: none"><li>• We have set up a project team and obtained quotations from various contractors and designers.</li><li>• No renovation and refurbishment have been carried out as at 30 November 2017 as the Company is still under negotiation with the contractors and designers.</li></ul>
<p>(2) Continue to expand and diversify our outlet network for clubbing operation</p>	<p>Establish sports-themed bars</p> <ul style="list-style-type: none"><li>• Set up a project team and conduct a study of potential locations</li><li>• Obtain renovation quotations</li><li>• Conduct market research</li><li>• Explore opportunities with cooperation partners</li></ul>	<ul style="list-style-type: none"><li>• We have set up a project team and conducted a study of potential locations regarding the accessibility, visibility, size, structure, the demographics and rental trends.</li><li>• We have obtained renovation quotations for potential sites.</li><li>• We have conducted market research regarding competitors' existence, the breakeven period and investment payback period, and the necessary licences required.</li><li>• No sports-themed bar has been established as at 30 November 2017 as the Company is finding a suitable site for the operation.</li></ul>

<b>Business objective and strategy</b>	<b>Business plan and activity</b>	<b>Actual business progress up to 30 November 2017</b>
(3) Continue to expand and diversify our outlet network for restaurant operation	Set up a standalone restaurant in Tsing Yi <ul style="list-style-type: none"> <li>• Carry out renovation and decoration</li> <li>• Commence advertising and promotion for the new opening</li> <li>• Commence application of all relevant licenses</li> </ul>	We opened a standalone restaurant in Tsing Yi on 16 December 2017 and have already made certain payments for the standalone restaurant, mainly in relation to the engagement of the contractor and designer for the premise.
	Set up a food court restaurant <ul style="list-style-type: none"> <li>• Set up a project team and conduct a study</li> <li>• Select a location and negotiate the lease</li> <li>• Sign an acceptance letter</li> <li>• Engage designers and contractors for layout and design for the premise</li> <li>• Carry out renovation</li> <li>• Commence application of all relevant licenses</li> </ul>	<ul style="list-style-type: none"> <li>• We have set up a project team and conducted a study of potential locations regarding pedestrian traffic, convenience, demographics, size, structure and competition.</li> <li>• No letter of acceptance has been signed and no designers and contractors have been engaged as at 30 November 2017.</li> </ul>

## **PRINCIPAL RISKS AND UNCERTAINTIES**

There are certain risks involved in the operations of the Group's business. Set forth below are some of the major risks that could materially and adversely affect the Group.

- 1) In order to expand and diversify our outlet network, we expect to establish sports themed bars and set up more restaurants in Hong Kong. The food and beverage and entertainment industry in Hong Kong is highly competitive. Our ability to successfully open new outlets is subject to a number of risks and uncertainties, including identifying suitable locations and/or securing leases on reasonable terms, timely securing necessary governmental approvals and licences, ability to hire quality personnel, timely delivery in decoration and renovation works, securing sufficient customer demand, securing adequate suppliers and inventory that meet our quality standards on timely basis, reducing potential cannibalisation effects between the locations of our outlets and the general economic conditions. The costs incurred in opening of new outlets and the expansion plans may place substantial strain on our managerial, operational and financial resources. As such, we cannot assure that we can always operate the expanded network on a profitable basis or that any new outlet will reach the planned operating levels. If any new outlet experiences prolonged delays in breaking even or achieving our desired level of

profitability or operate at a loss, our operational and financial resources could be strained and our overall profitability could be affected.

- 2) For the six months ended 30 November 2016 and 2017, revenue generated from Volar accounted for approximately 64.6% and 68.5% of our total revenue, respectively. Our success therefore depends significantly on our ability to attract beverage sales, entrance income and market our other offerings under our “Volar” brand, which in turn depends on, among other things, the market perception and acceptance of the brand. Negative publicity about our “Volar” brand, the premises on which Volar operates or its offerings, us or our management could materially and adversely affect public perception of this brand. Any significant operational or other difficulties in the business at or from Volar may reduce, disrupt or halt our operation and business at the premises, which would materially and adversely affect our business, prospects, reputation, financial condition and results of operation. Experiencing problems in operation which result in the need to close the club temporarily or permanently will materially and adversely affect our results of operations and financial condition.
- 3) As we lease or license all of the properties on which our outlets operate, we are exposed to the fluctuations in the commercial real estate market. There is no objective way for us to accurately predict the rental rates in the commercial real estate market in Hong Kong, and our substantial operating lease obligations expose us to potentially significant risks, including increasing our vulnerability to adverse economic conditions, limiting our ability to obtain additional financing and reducing our cash available for other purposes. Any non-renewal (whether a result of the landlord’s or licensor’s or our decision) or termination of any of our leases or licence or substantial increased rentals or licence fees could cause us to close the relevant outlet or relocate to another site, depending on our business needs or performance from time to time. In such events, we could face a drop in sales, write off leasehold improvements, and could incur relocation costs for renovation, removal and resources allocation, which could in turn result in financial strain in our operations and diversion of management resources.
- 4) For the six months ended 30 November 2016 and 2017, purchases from our largest supplier accounted for approximately 53.4% and 53.1% of our total purchases, respectively. We make purchases from the supplier under individual purchase order, and have not entered into any long-term contracts. If the supplier for any reason reduces the volume supplied to us or cease to supply to us, we will need to find alternative suppliers on similar sale terms and conditions acceptable to us. If we fail to do so in a timely manner, the operations of our clubs will be interrupted, our costs may increase and our business, financial condition, results of operations and growth prospects may therefore be materially and adversely affected.

To address the above risks and uncertainties, the Directors will closely monitor the progress of the expansion plan, to operate the expanded network on a profitable basis timely. The Directors will also continue to explore opportunities to diversify our operation so that we could reduce our reliance on Volar and the largest supplier. The Directors will continue to review and evaluate the business objective and strategy and make timely execution taking into account the business risks and market uncertainties.

## 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 announcement, 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 Rules 5.46 to 5.67 of the GEM Listing Rules, were as follows:

#### *Long positions in the shares as at the date of this announcement*

<b>Name</b>	<b>Capacity/Nature of Interest</b>	<b>Number of shares</b>	<b>Percentage of shareholding</b>
Ng Shing Joe Kester ("Mr. Kester Ng") ( <i>Note 1</i> )	Interest in a controlled corporation	371,520,000	46.44%

#### *Notes:*

1. Mr. Kester Ng beneficially owns 100% of the issued share capital of Aplus Concept Limited. By virtue of the SFO, Mr. Kester Ng is deemed to be interested in 371,520,000 shares held by Aplus Concept Limited.

Save as disclosed above, none of the Directors and chief executive of the Company has any interest or short position in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO) or required to be entered in the register maintained by the Company pursuant to Section 352 of the SFO or which were notified to the Company and the Stock Exchange pursuant to the required standard of dealings by the Directors as referred to in Rules 5.46 to 5.67 of the GEM Listing Rules.

**SUBSTANTIAL SHAREHOLDERS’ AND OTHER PERSONS’ INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATION**

As at the date of this announcement, 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 in the shares as at the date of this announcement*

<b>Name</b>	<b>Capacity/ Nature of Interest</b>	<b>Number of shares</b>	<b>Percentage of shareholding</b>
Aplus Concept Limited ( <i>Note 1</i> )	Beneficial owner	371,520,000	46.44%
Louey Andrea Alice ( <i>Note 2</i> )	Interest of spouse	371,520,000	46.44%
Chung Cho Yee, Mico ( <i>Note 3</i> )	Interest in controlled corporation	159,180,000	19.90%
Digisino Assets Limited ( <i>Note 3</i> )	Interest in controlled corporation	159,180,000	19.90%
Earnest Equity Limited ( <i>Note 3</i> )	Interest in controlled corporation	159,180,000	19.90%
CSI Properties Limited ( <i>Note 4</i> )	Interest in controlled corporation	159,180,000	19.90%
Phoenix Year Limited ( <i>Note 5</i> )	Beneficial owner	159,180,000	19.90%

*Notes:*

1. The entire issued share capital of Aplus Concept Limited is wholly-owned by Mr. Kester Ng.
2. Ms. Louey Andrea Alice is the spouse of Mr. Kester Ng. By virtue of the SFO, Ms. Louey Andrea Alice is deemed to be interested in the same number of shares in which Mr. Kester Ng is deemed to be interested under the SFO.
3. Mr. Chung Cho Yee, Mico (“Mr. Chung”) owns the entire interest of Digisino Assets Limited (“Digisino”) which in turn owns the entire interest in Earnest Equity Limited (“Earnest Equity”). Earnest Equity and Mr. Chung own approximately 47.87% and 0.03% of the entire issued shares capital of CSI Properties Limited respectively. Therefore, Mr. Chung, Digisino and Earnest Equity are deemed to be interested in the same number of shares held by CSI Properties Limited under SFO.
4. CSI Properties Limited is deemed to be interested in the same number of shares held by Phoenix Year Limited under the SFO.
5. The entire issued share capital of Phoenix Year Limited is wholly-owned by CSI Properties Limited.

## **SHARE OPTION SCHEME**

The Company has conditional adopted a share option scheme (the “Share Option Scheme”) on 14 March 2017. For the principal terms of the Share Option Scheme, please refer to “Other Information — 15. Share option scheme” in Appendix IV to the Prospectus.

Up to the date of this announcement, no share option has been granted, lapsed, exercised or cancelled by the Company pursuant to such Share Option Scheme.

## **PURCHASE, SALE OR REDEMPTION OF THE COMPANY’S LISTED 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 November 2017.

## **DIRECTORS’ INTERESTS IN CONTRACTS**

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

## **DIRECTORS’ AND SUBSTANTIAL SHAREHOLDERS’ COMPETING INTERESTS**

As at 30 November 2017, save as disclosed in the annual report for the year ended 31 May 2017, none of the directors or substantial shareholders of the Company or any of their respective close associates (as defined under the GEM Listing Rules) has interest or engaged in any business that compete 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 as set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Having made specific enquiries to all Directors, the Directors confirmed that they have complied with the required standard of dealings and the said guidelines regarding Directors’ securities transactions up to the date of this announcement.

## **COMPLIANCE WITH CODE ON CORPORATE GOVERNANCE PRACTICES**

The Directors consider that up to the date of this announcement, the Company has applied the principles and complied with all the applicable code provisions set out in Appendix 15 — Corporate Governance Code to the GEM Listing Rules.

## **INTERESTS OF THE COMPLIANCE ADVISER**

In accordance with Rule 6A.19 of the GEM Listing Rules, the Company has appointed Lego Corporate Finance Limited (“Lego”) to be the compliance adviser. Except for the compliance adviser agreement dated 22 August 2016, neither Lego nor its directors, employees or close associates had any interests in relation to the Company which is required to be notified to the Group pursuant to Rule 6A.32 of the GEM Listing Rules as at 30 November 2017.

## **AUDIT COMMITTEE AND REVIEW OF ACCOUNTS**

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 announcement, the Audit Committee comprises Mr. Wong Sui Chi (Chairman), Mr. Li Lap Sun and Mr. Ng Kwok Kei Sammy, all of whom are independent non-executive Directors.

The Audit Committee had reviewed the accounting principles and practices adopted by the Group and is of the view that the interim report has been prepared in compliance with the applicable accounting standard, the GEM Listing Rules and other applicable legal requirements, and that adequate disclosure has been made. The condensed consolidated financial results for the six months ended 30 November 2017 are unaudited, but have been reviewed by the Audit Committee.

## **DIVIDEND**

The Board did not recommend the payment of interim dividend for the six months ended 30 November 2017.

## **MATERIAL ACQUISITION AND DISPOSAL**

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

## **PUBLICATION OF INTERIM REPORT**

The 2017/18 interim report of the Company containing all the information required by the GEM Listing Rules will be despatched to the shareholders of the Company pursuant to Rule 18.03 of the GEM Listing Rules.

By order of the Board  
**BCI Group Holdings Limited**  
**Ng Shing Joe Kester**  
*Chairman and executive Director*

Hong Kong, 9 January 2018

*As at the date of this announcement, the executive Directors are Mr. Ng Shing Joe Kester and Ms. Lau Sze Yuen, the non-executive Director is Mr. Kan Sze Man and the independent non-executive Directors are Mr. Wong Sui Chi, Mr. Li Lap Sun and Mr. Ng Kwok Kei Sammy.*

*This announcement will remain on the Stock Exchange's website at [www.hkexnews.hk](http://www.hkexnews.hk) and the GEM website at [www.hkgem.com](http://www.hkgem.com) on the "Latest Company Announcements" page for at least 7 days from the date of its posting. This announcement will also be published on the Company's website at [www.bci-group.com.hk](http://www.bci-group.com.hk).*