

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

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 2018

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-sized 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.

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.

*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 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 financial statements of the Group for the six months ended 30 November 2018, together with the unaudited comparative figures for the corresponding period in 2017 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 2018 was approximately HK\$39.5 million, representing a decrease of approximately 10.9% when compared with that of the corresponding period in 2017.

The Group recorded a loss and total comprehensive loss for the six months ended 30 November 2018 of approximately HK\$13.2 million, while there was a loss and total comprehensive loss of approximately HK\$5.9 million for the six months ended 30 November 2017.

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

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the three months and six months ended 30 November 2018

	Notes	For the three months ended		For the six months ended	
		30 November 2018 HK\$'000 (unaudited)	30 November 2017 HK\$'000 (unaudited)	30 November 2018 HK\$'000 (unaudited)	30 November 2017 HK\$'000 (unaudited)
Revenue	2	18,380	21,234	39,496	44,331
Finance income	3	78	163	352	163
Cost of inventories sold		(4,169)	(3,952)	(8,943)	(8,551)
Other income and gains		192	1	229	3
Property rentals and related expenses		(6,573)	(5,723)	(13,750)	(11,535)
Advertising and marketing expenses		(2,893)	(3,443)	(5,536)	(7,123)
Employee benefits expenses		(5,512)	(6,621)	(11,685)	(11,471)
Depreciation		(978)	(1,109)	(1,878)	(2,205)
Other expenses		(5,099)	(5,065)	(11,021)	(9,615)
Finance costs	4	(247)	(72)	(445)	(72)
Loss before income tax		(6,821)	(4,587)	(13,181)	(6,075)
Income tax credit/(expense)	5	–	87	(27)	128
Total comprehensive loss for the period		<u>(6,821)</u>	<u>(4,500)</u>	<u>(13,208)</u>	<u>(5,947)</u>
Loss and total comprehensive expenses for the period attributable to:					
– Owners of the Company		(6,628)	(4,342)	(12,770)	(5,787)
– Non-controlling interests		(193)	(158)	(438)	(160)
		<u>(6,821)</u>	<u>(4,500)</u>	<u>(13,208)</u>	<u>(5,947)</u>
Loss per share attributable to owners of the Company					
– Basic and diluted (HK cents)	7	<u>(0.83)</u>	<u>(0.54)</u>	<u>(1.60)</u>	<u>(0.72)</u>

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 November 2018

		As at	
		30 November 2018	31 May 2018
	<i>Notes</i>	<i>HK\$'000</i> (unaudited)	<i>HK\$'000</i> (audited)
Non-current assets			
Property, plant and equipment	8	16,675	7,019
Prepayment for acquisition of property, plant and equipment	9	–	1,810
Other receivables and deposits	9	3,247	3,252
Goodwill		2,209	2,209
		<u>22,131</u>	<u>14,290</u>
Current assets			
Inventories	10	794	775
Trade and other receivables	9	14,469	15,938
Financial assets at fair value through profit or loss	11	17,532	19,990
Amounts due from a related company		236	82
Cash and cash equivalents	12	21,455	33,508
Restricted bank deposits	13	4,605	2,146
Tax recoverable		–	678
		<u>59,091</u>	<u>73,117</u>
Current liabilities			
Trade and other payables	14	19,832	13,989
Bank Borrowings	15	30,769	30,667
Current tax liabilities		388	–
		<u>50,989</u>	<u>44,656</u>
Net current assets		<u>8,102</u>	<u>28,461</u>
Total assets less current liabilities		<u><u>30,233</u></u>	<u><u>42,751</u></u>

		As at	
		30 November	31 May
		2018	2018
	<i>Notes</i>	HK\$'000	HK\$'000
		(unaudited)	(audited)
Non-current liabilities			
Other payables	<i>14</i>	<u>1,867</u>	<u>1,177</u>
Net assets		<u>28,366</u>	<u>41,574</u>
Equity			
Share capital	<i>16</i>	8,000	8,000
Reserves		<u>21,826</u>	<u>34,596</u>
Equity attributable to owners of the Company		29,826	42,596
Non-controlling interests		<u>(1,460)</u>	<u>(1,022)</u>
Total equity		<u>28,366</u>	<u>41,574</u>

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 November 2018

	Attributable to owners of the Company					
	Share capital	Share premium#	Retained earnings/loss)#	Total	Non-controlling interests	Total
	<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 2017 (audited)	8,000	56,525	3,206	67,731	(384)	67,347
Loss and total comprehensive expenses for the period	<u>–</u>	<u>–</u>	<u>(5,787)</u>	<u>(5,787)</u>	<u>(160)</u>	<u>(5,947)</u>
Balance at 30 November 2017 (unaudited)	<u>8,000</u>	<u>56,525</u>	<u>(2,581)</u>	<u>61,944</u>	<u>(544)</u>	<u>61,400</u>
Balance at 1 June 2018 (audited)	8,000	56,525	(21,929)	42,596	(1,022)	41,574
Loss and total comprehensive expenses for the period	<u>–</u>	<u>–</u>	<u>(12,770)</u>	<u>(12,770)</u>	<u>(438)</u>	<u>(13,208)</u>
Balance at 30 November 2018 (unaudited)	<u><u>8,000</u></u>	<u><u>56,525</u></u>	<u><u>(34,699)</u></u>	<u><u>29,826</u></u>	<u><u>(1,460)</u></u>	<u><u>28,366</u></u>

The total of these balances represents “reserves” in the consolidated statement of financial position.

UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 30 November 2018

	For the six months ended	
	30 November 2018 HK\$'000 (unaudited)	30 November 2017 HK\$'000 (unaudited)
Operating activities		
Cash used in operations	(4,817)	(13,935)
Interest paid	(445)	(72)
Income tax refund/(paid)	<u>1,039</u>	<u>(2,308)</u>
Net cash used in operating activities	(4,223)	(16,315)
Investing activities		
Deposits paid for acquisition of property, plant and equipment	–	(1,381)
Interest received from available-for-sales financial assets	352	163
Interest received from bank	229	1
Disposal/Purchases of available-for-sales financial assets	2,340	(20,377)
Purchases of property, plant and equipment	<u>(10,853)</u>	<u>(770)</u>
Net cash used in investing activities	(7,932)	(22,364)
Financing activities		
Proceed from new borrowings	<u>102</u>	<u>24,469</u>
Net cash generated from financing activities	102	24,469
Net decrease in cash and cash equivalents	(12,053)	(14,210)
Cash and cash equivalents at beginning of the period	<u>33,508</u>	<u>60,672</u>
Cash and cash equivalents at end of the period	<u>21,455</u>	<u>46,462</u>

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 November 2018

1) GENERAL INFORMATION, BASIS OF PREPARATION AND ACCOUNTING POLICIES

The Company was incorporated in the Cayman Islands as an exempted company with limited liability 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 (the "Shares") were listed on 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, entertainment and restaurant business in Hong Kong.

The unaudited condensed consolidated financial statements for the six months ended 30 November 2018 have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and interpretations) issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and applicable disclosures by the GEM Listing Rules and the Companies Ordinance in Hong Kong.

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

The unaudited condensed consolidated financial statements for the six months ended 30 November 2018 are presented in Hong Kong Dollars ("HK\$") which is the functional currency of the Group, and all values are rounded to nearest thousand's ("HK\$'000") except when otherwise indicated.

The principal accounting policies used in the preparation of the unaudited condensed consolidated financial statements for the six months ended 30 November 2018 are consistent with those applied in the Company's annual report for the year ended 31 May 2018, except for the adoption of new and amendments to HKFRSs that affect the Group and has adopted the first time for the current period's unaudited condensed consolidated financial statements.

In the current period, the Group has applied a number of amendments to HKFRSs issued by the HKICPA that are mandatory effective for an accounting period that begins on or after 1 January 2018:

HKFRS 9	Financial Instruments
HKFRS 15	Revenue from Contracts with Customers
HK(IFRIC) – Int 22	Foreign Currency Transactions and Advance Consideration

The adoption of these amendments to HKFRSs has had no material effect on the Group's financial performance and positions for the current and prior periods and/or on the disclosures set out in these unaudited condensed consolidated financial statements.

The Group has not early adopted the new and amendments to HKFRSs that have been issued but are not yet effective.

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

2) REVENUE

The Group's principal activities are the operations of clubbings, entertainment and restaurant business in Hong Kong.

Revenue represents the amount received or receivable from (a) the clubbing and entertainment operations when (i) sales of beverages were delivered; (ii) services were provided or other products were delivered (including tips, cloakroom fees, photobooth, event rental income and service income from an entertainment studio) to its customers; (b) the restaurant operations when food and beverage and other related services have been rendered; and (c) entertainment income when services have been rendered.

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	30 November	30 November	30 November
	2018	2017	2018	2017
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Revenue from:				
Clubbing and entertainment operations				
Net sales of beverage	12,824	14,345	25,963	30,563
Entrance fee	677	1,200	1,284	2,256
Sponsorship income	477	1,254	1,089	2,315
Entertainment income	1,052	–	2,116	–
Others	458	780	806	1,185
	<u>15,488</u>	<u>17,579</u>	<u>31,258</u>	<u>36,319</u>
Restaurant operations				
Net sales of food and beverage	2,891	3,653	8,222	8,007
Others	1	2	16	5
	<u>2,892</u>	<u>3,655</u>	<u>8,238</u>	<u>8,012</u>
Total revenue	<u>18,380</u>	<u>21,234</u>	<u>39,496</u>	<u>44,331</u>

3) FINANCE INCOME

	For the three months ended		For the six months ended	
	30 November	30 November	30 November	30 November
	2018	2017	2018	2017
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Interest received from financial assets at fair value through profit or loss	<u>78</u>	<u>163</u>	<u>352</u>	<u>163</u>

4) FINANCE COSTS

	For the three months ended		For the six months ended	
	30 November	30 November	30 November	30 November
	2018	2017	2018	2017
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Interest on bank borrowings	<u>(247)</u>	<u>(72)</u>	<u>(445)</u>	<u>(72)</u>

5) INCOME TAX CREDIT/(EXPENSE)

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:

	For the three months ended		For the six months ended	
	30 November	30 November	30 November	30 November
	2018	2017	2018	2017
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Current income tax	–	2	(27)	(17)
Deferred tax	<u>–</u>	<u>85</u>	<u>–</u>	<u>145</u>
Income tax credit/(expense)	<u>–</u>	<u>87</u>	<u>(27)</u>	<u>128</u>

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.

6) DIVIDEND

No dividends were paid, declared and proposed by the Company during the six months ended 30 November 2018 and 2017.

7) **LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY**

	For the three months ended		For the six months ended	
	30 November	30 November	30 November	30 November
	2018	2017	2018	2017
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Loss attributable to owners of the Company (HK\$'000)	<u>(6,628)</u>	<u>(4,342)</u>	<u>(12,770)</u>	<u>(5,787)</u>
Weighted average number of ordinary shares for the purpose of calculating basic loss per share (in thousands)	<u>800,000</u>	<u>800,000</u>	<u>800,000</u>	<u>800,000</u>

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

8) **PROPERTY, PLANT AND EQUIPMENT**

During the six months ended 30 November 2018 (unaudited), the Group acquired property, plant and equipment of approximately HK\$12,663,000 (six months ended 30 November 2017 (unaudited): approximately HK\$770,000).

During the six months ended 30 November 2018 (unaudited), the Group written off and disposal property, plant and equipment of approximately HK\$1,129,000 (six months ended 30 November 2017 (unaudited): approximately HK\$nil).

During the six months ended 30 November 2018 (unaudited), the depreciation expenses were approximately HK\$1,878,000 (six months ended 30 November 2017 (unaudited): approximately HK\$2,205,000).

9) TRADE AND OTHER RECEIVABLES

	As at	
	30 November 2018	31 May 2018
	<i>HK\$'000</i> (unaudited)	<i>HK\$'000</i> (audited)
Trade receivables	3,114	3,385
Other receivables	4,865	5,195
Prepayments	2,212	4,506
Deposits	7,525	7,914
	<hr/>	<hr/>
Total	17,716	21,000
Less: Prepayments for acquisition of property, plant and equipment	-	(1,810)
Other receivables and deposits (non-current portion)	(3,247)	(3,252)
	<hr/>	<hr/>
Trade and other receivables	<u>14,469</u>	<u>15,938</u>

Trade receivables

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:

	As at	
	30 November 2018	31 May 2018
	<i>HK\$'000</i> (unaudited)	<i>HK\$'000</i> (audited)
0-30 days	1,297	659
31-60 days	118	52
61-90 days	138	73
Over 90 days	1,561	2,601
	<hr/>	<hr/>
	<u>3,114</u>	<u>3,385</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:

	As at	
	30 November 2018	31 May 2018
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(audited)
Neither past due nor impaired	–	–
Past due but not impaired		
1-30 days past due	1,297	659
31-90 days past due	256	125
Over 90 days past due	1,561	2,601
	<u>3,114</u>	<u>3,385</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.

Other receivables

Included in the amount, balance of approximately HK\$3,966,000 and HK\$3,896,000 as of 30 November 2018 and as of 31 May 2018, respectively, were loans receivable which was secured by the assets of the borrower, interest-free within the first three years from the drawn down date and had no fixed terms of repayment.

10) INVENTORIES

	As at	
	30 November 2018	31 May 2018
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(audited)
Beverage	<u>794</u>	<u>775</u>

11) FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	As at	
	30 November 2018	31 May 2018
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(audited)
Debt securities held for trading		
– Listed debt securities	<u>17,532</u>	<u>19,990</u>

The above debt investments as at 30 November 2018 and as at 31 May 2018 were classified as held for trading and were, upon initial recognition, designated by the Group as financial assets at fair value through profit or loss.

As at 30 November 2018 and 31 May 2018, all of these, financial assets at fair value through profit or loss were pledged to secure the Group's short term bank borrowing (Note 15).

12) CASH AND CASH EQUIVALENTS

	As at	
	30 November 2018	31 May 2018
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(audited)
Cash and cash balances	8,155	17,383
Time deposits	<u>13,300</u>	<u>16,125</u>
Cash and cash equivalents	<u>21,455</u>	<u>33,508</u>

Cash and cash equivalents represented cash at banks and in hand. Cash at banks earns interest at floating rates based on daily bank deposit rates. Short term time deposits are made for varying periods of between one day and three months depending on the immediate cash requirements of the Group, and earn interest at the respective short term time deposit rates. The bank balances and pledged deposits are deposited with credit worthy banks with no recent history of default.

13) RESTRICTED BANK DEPOSITS

Restricted bank deposits represented cash at bank held by a subsidiary secured for bank borrowing (Note 15).

14) TRADE AND OTHER PAYABLES

	As at	
	30 November 2018 <i>HK\$'000</i> (unaudited)	31 May 2018 <i>HK\$'000</i> (audited)
Trade payables	3,910	3,254
Accruals and other payables	14,316	8,680
Receipts in advance	3,473	3,232
	<hr/>	<hr/>
Total	21,699	15,166
Less: Current portion	(19,832)	(13,989)
	<hr/>	<hr/>
Non-current portion	1,867	1,177
	<hr/> <hr/>	<hr/> <hr/>

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

	As at	
	30 November 2018 <i>HK\$'000</i> (unaudited)	31 May 2018 <i>HK\$'000</i> (audited)
0-30 days	1,689	1,639
31-60 days	1,763	1,499
Over 60 days	458	116
	<hr/>	<hr/>
	3,910	3,254
	<hr/> <hr/>	<hr/> <hr/>

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

15) BANK BORROWINGS

The Group's bank borrowings are analysed as follows:

	As at	
	30 November 2018 <i>HK\$'000</i> (unaudited)	31 May 2018 <i>HK\$'000</i> (audited)
Current		
Bank loan due for repayment within one year (Notes (a), (b) & (c))	30,769	30,667
	<hr/> <hr/>	<hr/> <hr/>

Notes:

- a) The bank borrowing of HK\$16,164,000 and HK\$18,520,000 were secured by debt securities measured at fair value through profit or loss placed by the Company and a subsidiary in the bank. Interest is charged at Hong Kong Interbank Offered Rate (“HIBOR”) + 2.5% per annum for the six months ended 30 November 2018 and for the year ended 31 May 2018, respectively.
- b) The bank borrowing of HK\$5,000,000, bore interest at the rate of HIBOR +2.25% per annum for the six months ended 30 November 2018 and the bank borrowing of HK\$5,000,000, bore interest at the rate of HIBOR +1.98% per annum for the six months ended 30 November 2018.

The bank borrowing of HK\$10,000,000, bore interest at the rate of HIBOR +2.25% per annum for the year ended 31 May 2018.

- c) As at 30 November 2018 and 31 May 2018, the restricted bank deposits of HK\$4,605,000 and HK\$2,146,000 were security of bank borrowing, placed by a subsidiary in the bank, respectively.

The above banking facilities of the loans are subject to the fulfilment of covenants relating to minimum requirement of pledged debt securities and restricted bank deposits and compliance of the bank’s administrative requirements, as are commonly found in lending arrangements with financial institutions in Hong Kong. If the Company and a subsidiary were to breach the covenants, the drawn down facility would become repayable on demand.

As at 30 November 2018 and 31 May 2018, the bank borrowings were scheduled to repay within one year or on demand.

The Group regularly monitors the compliance with these covenants and the scheduled repayments of the loans and does not consider it probable that the bank will exercise its discretion to demand repayment for so long as the subsidiary continues to meet these requirements. As at 30 November 2018 and 31 May 2018, none of the covenants relating to drawn down facilities had been breached.

16) SHARE CAPITAL

The following changes in the Company’s authorised and issued share capital took place during the period from 1 June 2017 to 31 May 2018 and 30 November 2018.

	Number of shares	HK\$’000
Authorised, ordinary shares of HK\$0.01 each:		
As of 1 June 2017, 31 May 2018 and 30 November 2018	<u>10,000,000,000</u>	<u>100,000</u>
Issued and fully paid, ordinary shares of HK\$0.01 each:		
As of 31 May 2018 and 30 November 2018	<u>800,000,000</u>	<u>8,000</u>

17) COMMITMENTS

a) Capital commitments

As at 30 November 2018 (unaudited) and 31 May 2018 (audited), the Group has capital commitments HK\$nil and HK\$2,357,000, respectively.

b) Operating commitments

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

	As at	
	30 November 2018	31 May 2018
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(audited)
Not later than one year	15,041	24,955
Later than one year but not later than five years	5,230	8,286
	20,271	33,241

In addition, the operating leases for two restaurants and machineries of the Group are based on the restaurants' respective revenue and net profit pursuant to the terms and conditions as set out in the respective agreements. As future revenue and net profit of restaurants and entertainment studio could not be reliably determined, the relevant contingent payments have not been included in above table and only the minimum lease commitments have been included.

MANAGEMENT DISCUSSION AND ANALYSIS

At present, the Group is operating (i) two night clubs, namely Volar and Mudita (formerly known as Fly); (ii) a sports-themed bar, namely Paper Street; (iii) an entertainment studio, namely Maximus Studio; and (iv) three restaurants focusing on Japanese-style dishes under the proprietary “Tiger” brand, namely Tiger Curry Jr., Tiger San and Tiger Room.

BUSINESS REVIEW AND OUTLOOK

During the six months ended 30 November 2018 and up to the date of this announcement, the Group had been principally engaged in the operation of clubbing, entertainment and restaurant business in Hong Kong.

Operation of clubbing and entertainment business

During the period under review, the Group strategically positioned two night clubs and an entertainment studio, namely Volar, Mudita (formerly known as Fly) and Maximus Studio, to cover different segments of the night lifestyle, club and entertainment market. Volar targets customers with strong spending power and aims to provide a premium clubbing experience, Mudita (formerly known as Fly) aims to be a more sophisticated high-end and contemporary bar with no dance floor, offering a variety of entertainment such as live band show and international DJ’s performance, while Maximus Studio is working to achieve a lifestyle designed by the customer and is a place to build a greatest self. The revenue generated from the operation of clubbing and entertainment business decreased by approximately HK\$5.0 million, or approximately 13.9%, from approximately HK\$36.3 million for the six months ended 30 November 2017 to approximately HK\$31.3 million for the six months ended 30 November 2018. Such decrease was mainly due to (i) a night club being temporarily closed for business since July 2018 to October 2018 for its renovation and refurbishment; and (ii) a decrease in revenue of Volar due to the rising competition in the clubbing business during the period under review.

Operation of restaurant business

During the period under review, the Company owned four “Tiger” branded restaurants which aimed to provide a contemporary Japanese dining experience in a relaxing atmosphere for their customers. Tiger Curry & Café, Tiger San and Tiger Room are casual dining restaurants while Tiger Curry Jr. is a quick service restaurant.

Tiger Curry & Café was closed on 7 August 2018 due to the non-renewal of the lease.

The Group seeks to distinguish itself from other local casual dining and quick service restaurant concepts by creating food menus centered on Japanese-style dishes yet at the same time offering a variety of other Japanese dishes with broad appeal. The revenue generated from the operation of restaurant business increased by approximately HK\$0.2 million, or approximately 2.8%, from approximately HK\$8.0 million for the six months ended 30 November 2017 to approximately

HK\$8.2 million for the six months ended 30 November 2018. Such increase in revenue was primarily attributable to the result of the increase in revenue contributed by Tiger San and Tiger Room which were opened on 16 December 2017 and 15 June 2018, respectively, but partially offset by the closure of Tiger Curry & Café on 7 August 2018 and the effect of the rising competition and general downturns in the food and beverage industry.

Outlook

The food and beverage, lifestyle and entertainment industry in Hong Kong is always challenging, dynamic with keen competition. The demand for our clubbing business is highly susceptible to the changing lifestyle trends and tastes. Operating in a competitive business, the Group recognises that a renovation would provide an opportunity for us to update our venues, refresh our brand image and attract customers.

During the period under review, we have engaged an internationally acclaimed interior designer to design the venue of a night club and the renovation and refurbishment was started in July 2018 and completed in October 2018. After the renovation and refurbishment, we will be able to refresh the image and brand of the Group, broaden our customer base and Mudita (formerly known as Fly) aims to be a more sophisticated, high-end and contemporary bar with no dance floor, offering a variety of entertainment such as live band show and international DJ's performance. In addition, the renovation and refurbishment of Volar will commence in or around the first quarter of 2019 in order to ensure that each remains attractive to our customers.

To expand our market share in the food and beverage, lifestyle and entertainment industry in Hong Kong, we opened a sports-themed bar, namely Paper Street, on 20 July 2018, which aims at providing a casual and comfortable environment for its patronage, and a restaurant, namely Tiger Room, on 15 June 2018, in the heart of Sheung Wan. A restaurant, namely Tiger Curry & Café, was closed down on 7 August 2018 due to the non-renewal of the lease.

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 the 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 its market share in both clubbing and entertainment business and restaurant business, in the meantime, the Group will continue to refine its 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 entertainment and restaurant business in Hong Kong. For the six months ended 30 November 2018, the Group was operating two night clubs, one sports-themed bar, one entertainment studio and four restaurants located in Hong Kong. Tiger Curry & Café was closed down on 7 August 2018 due to the non-renewal of the lease.

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

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

	For the three months ended				For the six months ended			
	30 November 2018		30 November 2017		30 November 2018		30 November 2017	
	<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 and entertainment operations	15,488	84.3%	17,579	82.8%	31,258	79.1%	36,319	81.9%
Restaurant operations	2,892	15.7%	3,655	17.2%	8,238	20.9%	8,012	18.1%
Total	<u>18,380</u>	<u>100.0</u>	<u>21,234</u>	<u>100.0</u>	<u>39,496</u>	<u>100.0</u>	<u>44,331</u>	<u>100.0</u>

The revenue generated from the operation of clubbing and entertainment business decreased by approximately HK\$5.0 million, or approximately 13.9%, from approximately HK\$36.3 million for the six months ended 30 November 2017 to approximately HK\$31.3 million for six months ended 30 November 2018. Such decrease was mainly due to (i) a night club being temporarily closed for business since July 2018 to October 2018 for its renovation and refurbishment; and (ii) a decrease in revenue of Volar due to the rising competition in the clubbing business during the period under review.

The revenue generated from the operation of restaurant business increased by approximately HK\$0.2 million, or approximately 2.8%, from approximately HK\$8.0 million for the six months ended 30 November 2017 to approximately HK\$8.2 million for the six months ended 30 November 2018. Such increase in revenue was primarily contributed by the increase in revenue generated by Tiger San which was opened on 16 December 2017 and by Tiger Room which was opened on 15 June 2018, but partially offset by the effect of the closure of Tiger Curry & Café on 7 August 2018 as well as the rising competition and general downturns in the food and beverage industry.

Cost of inventories sold

The cost of inventories sold mainly represented the cost of beverage and food ingredients used in the Group's clubbing and entertainment and restaurant operations. The major beverage and food ingredients purchased by the Group include, 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 increased by approximately HK\$0.4 million, or approximately 4.6%, from approximately HK\$8.6 million for the six months ended 30 November 2017 to approximately HK\$8.9 million for the six months ended 30 November 2018. Such increase in the cost of inventories sold was mainly due to the increase in revenue of the restaurant operations.

Property rentals and related expenses

Property rentals and related expenses primarily represented the rental payments under operating leases and property management fee paid for the club and entertainment premises, restaurants premises and office premises. The property rentals and related expenses were one of the components of the operating expenses which increased by approximately HK\$2.3 million, or approximately 19.2%, from approximately HK\$11.5 million for the six months ended 30 November 2017 to approximately HK\$13.8 million for the six months ended 30 November 2018. Such increase was mainly due to property rentals and related expenses incurred by our Tiger San and Maximus Studio which were opened on 16 December 2017 and 21 January 2018, respectively.

Advertising and marketing expenses

Advertising and marketing expenses primarily consisted 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, entertainment and restaurant operations. The advertising and marketing expenses decreased by approximately HK\$1.6 million, or approximately 22.3%, from approximately HK\$7.1 million for the six months ended 30 November 2017 to approximately HK\$5.5 million for the six months ended 30 November 2018. Such decrease was mainly due to the lesser expenses incurred for featured events including night entertainment events headlined by an internationally renowned guest DJ or based on festival and holiday themes, during the six months ended 30 November 2018.

Employee benefits expenses

Employee benefits expenses primarily consisted of all salaries and benefits payable to all employees and staff, including the executive Directors, headquarters staff and operational staff in each outlet. The employee benefits expenses slightly increased by approximately HK\$0.2 million, or approximately 1.9%, from approximately HK\$11.5 million for the six months ended 30 November 2017 to approximately HK\$11.7 million for the six months ended 30 November 2018. Such increase was mainly due to the expansion of our clubbing, entertainment and restaurant operations.

Depreciation

Depreciation represented 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 recorded at approximately HK\$1.9 million and HK\$2.2 million for each of the six months ended 30 November 2018 and 2017, respectively.

Other expenses

Other expenses mainly represented security expenses for the clubs, credit card commissions, repairs and maintenance costs, promotional expenses, cleaning expenses, professional fee and impairment loss on property, plant and equipment. The other expenses increased by approximately HK\$1.4 million, or approximately 14.6%, from approximately HK\$9.6 million for the six months ended 30 November 2017 to approximately HK\$11.0 million for the six months ended 30 November 2018. Such increase was mainly due to the written-off of property, plant and equipment as a result of the renovation of our outlets.

Loss before income tax expense

As a result of the cumulative factors discussed above, the loss before income tax expense increased from approximately HK\$6.1 million for the six months ended 30 November 2017 to approximately HK\$13.2 million for the six months ended 30 November 2018.

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\$5.9 million for the six months ended 30 November 2017 to approximately HK\$13.2 million for the six months ended 30 November 2018.

FINANCIAL POSITION

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

As at 30 November 2018, the Group's total cash and bank balances were approximately HK\$21.5 million (31 May 2018: approximately HK\$33.5 million). The current ratios (calculated by current assets divided by current liabilities) of the Group were at approximately 1.2 times and 1.6 times as at 30 November 2018 and 31 May 2018, respectively. The gearing ratios (calculated by net debt divided by total equity) of the Group were at approximately 0.2 times and nil as at 30 November 2018 and 31 May 2018, respectively.

CONTINGENT LIABILITIES

As at 30 November 2018, there were no significant contingent liabilities for the Group.

EMPLOYEES AND REMUNERATION POLICIES

As at 30 November 2018, the Group employed 110 employees (31 May 2018: 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\$11.7 million for the six months ended 30 November 2018 (for the six months ended 30 November 2017: approximately HK\$11.5 million). The Group will endeavor to ensure that the employees' salary levels are in line with the industry practice and prevailing market conditions and that employees' overall remuneration is determined based on the employees' qualifications and the Group's performance.

SIGNIFICANT INVESTMENTS HELD

As at 30 November 2018, the Group held approximately HK\$17.5 million US\$-denominated short dated corporate bonds which were classified as held for trading and were, upon initial recognition, designated by the Group as financial assets at fair value through profit or loss. Details of the significant investments 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 2018.

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 2018, the Group did not hedge any exposure to foreign exchange risk.

PLEDGE OF ASSETS

As at 30 November 2018, all of financial assets at fair value through profit or loss with aggregate value of approximately HK\$17.5 million (31 May 2018: approximately HK\$20.0 million) and restricted bank deposits of approximately HK\$4.6 million (31 May 2018: approximately HK\$2.1 million) were pledged to secure short-term bank loan.

CAPITAL STRUCTURE

The shares of the Company was successfully listed on 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 2018 are presented for the Group as disclosed in Note 15 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.

On 11 May 2018, the Board resolved to change the use of the net proceeds as set out in the section headed “Future Plans and Use of Proceeds” in the Prospectus. Details of the original allocation of the net proceeds, the revised allocation of the net proceeds, the utilisation of the net proceeds as at 11 May 2018 and the remaining balance after the revised allocation of the net proceeds were set out in the announcement of the Company dated 11 May 2018.

During the period from the Listing Date to 30 November 2018, the Group has applied the net proceeds as follows:

	Adjusted allocation of net proceeds in accordance with the Adjusted Plan up to 30 November 2018 HK\$ million	Amount utilised up to 30 November 2018 HK\$ million	Amount unutilised as at 30 November 2018 HK\$ million
Continuing to expand and diversify the outlet network of the Group	18.8	9.2	9.6
Upgrading the club facilities of the Group	16.1	6.0	10.1
Increasing marketing effort to the Group	3.7	3.7	–
Enhancing corporate image of the Group	1.0	0.4	0.6
General working capital of the Group	4.3	3.3	1.0
	<u>43.9</u>	<u>22.6</u>	<u>21.3</u>
Total	<u>43.9</u>	<u>22.6</u>	<u>21.3</u>

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

The future plan and the planned amount of usage of net proceeds as stated in the adjusted plan were based on the best estimation and assumption of future market conditions at the time of preparing the announcement of the Company dated 11 May 2018 while the net 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:

Business objective and strategy	Business plan and activity	Actual business progress up to 30 November 2018
(1) Upgrade our club facilities	Renovate and refurbish Fly <ul style="list-style-type: none"> • Execute planned renovation at Fly (currently known as Mudita) 	<ul style="list-style-type: none"> • Renovation and refurbishment of Fly (currently known as Mudita) have been carried out and completed in October 2018.
	Renovate and refurbish Volar <ul style="list-style-type: none"> • Set up project team • Engage contractors for the renovation and refurbishment • Engage designers for the concept of renovation and refurbishment • Carry out renovation and refurbishment 	<ul style="list-style-type: none"> • We have set up a project team and obtained quotation from various contractors and designer. • No renovation and refurbishment of Volar have been carried out as at 30 November 2018 as the Company is still under negotiation with the contractor and designer.
(2) Continue to expand and diversify our outlet network for the clubbing operation	Establish sports-themed bars <ul style="list-style-type: none"> • Execute planned establishment of the first sports-themed bar 	<ul style="list-style-type: none"> • A sports-themed bar is opened on 20 July 2018.
	<ul style="list-style-type: none"> • Explore opportunities with cooperation partners and conduct feasibility studies for our second sports-themed bar 	<ul style="list-style-type: none"> • We have set up a project team and conducted study of potential locations regarding the accessibility, visibility, size, structure, the demographics and rental trends.

Business objective and strategy	Business plan and activity	Actual business progress up to 30 November 2018
(3) Continue to expand and diversify our outlet network for the restaurant operations	Set up a standalone restaurant in Tsing Yi	<ul style="list-style-type: none"> A standalone restaurant in Tsing Yi has been opened on 16 December 2017.
	<ul style="list-style-type: none"> Execute planned establishment of a standalone restaurant in Tsing Yi 	
	Set up a standalone restaurant in Sheung Wan	<ul style="list-style-type: none"> A standalone restaurant in Sheung Wan has been opened on 15 June 2018.
	<ul style="list-style-type: none"> Execute planned establishment of a standalone restaurant in Sheung Wan 	
	Set up food court restaurants	<ul style="list-style-type: none"> We have set up a project team and conducted a study of potential location regarding pedestrian traffic, convenience, demographics, size, structure and completion.
	<ul style="list-style-type: none"> Set up a project team and conduct a feasibility study 	

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 each of the six months ended 30 November 2017 and 2018, revenue generated from Volar accounted for approximately 68.5% and 62.3% 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 each of the six months ended 30 November 2017 and 2018, purchases from our largest supplier accounted for approximately 53.1% and 51.1% of our total purchases, respectively. We make purchases from our largest supplier under individual purchase order, and have not entered into any long term contract. If our largest 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. 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 by 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 30 November 2018, 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 of the Company as at 30 November 2018

Name	Capacity/Nature of Interest	Number of shares	Percentage of shareholding
Ng Shing Joe Kester ("Mr. Kester Ng")(Note 1)	Interest in a controlled corporation	371,520,000	46.44%
Ng Shing Chun Ray	Beneficial owner	15,500,000	1.94%

Note:

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 30 November 2018, 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 30 November 2018

Name	Capacity/Nature of Interest	Number of shares	Percentage of shareholding
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.

Save as disclosed above, as at 30 November 2018, the Directors are not aware of any interests or short positions owned by any persons (other than the Directors or chief executive of the Company) in the shares or underlying shares of the Company which were required to be disclosed under Divisions 2 and 3 of Part XV of the SFO or which were required to be recorded in the register of the Company required to be kept under section 336 of the SFO.

SHARE OPTION SCHEME

The Company has conditionally 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 2018.

DIRECTORS’ INTERESTS IN CONTRACTS

For the six months ended 30 November 2018, no Director had a significant beneficial interest, either directly or indirectly, in any contract of significance to the business of the Group to which the Company or any of its subsidiaries was a party.

DIRECTORS’ AND SUBSTANTIAL SHAREHOLDERS’ COMPETING INTERESTS

For the six months ended 30 November 2018, save as disclosed in the annual report for the year ended 31 May 2018, 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 during the six months ended 30 November 2018.

COMPLIANCE WITH CODE ON CORPORATE GOVERNANCE PRACTICES

The Directors consider that during the six months ended 30 November 2018, 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 for the six months ended 30 November 2018.

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 are 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 2018 are unaudited, but have been reviewed by the Audit Committee.

DIVIDEND

No dividend has been paid or declared by the Company, or by any of the companies now comprising the Group during the six months ended 30 November 2018.

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 2018.

PUBLICATION OF INTERIM REPORT

The 2018/19 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, 11 January 2019

As at the date of this announcement, the executive Directors are Mr. Ng Shing Joe Kester, Ms. Lau Sze Yuen and Mr. Ng Shing Chun Ray, 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 and the GEM website at 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.