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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)**

## **ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 MAY 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”, “we” or “our”) 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.*

## **FINANCIAL HIGHLIGHTS**

For the year ended 31 May 2017, the Group's revenue was approximately HK\$96.2 million, representing an increase of approximately 8.2% when compared with that for the year ended 31 May 2016.

The Group recorded a loss and total comprehensive expense for the year ended 31 May 2017 of approximately HK\$9.8 million, while there was a profit and total comprehensive income of approximately HK\$8.4 million for the year ended 31 May 2016. Excluding the non-recurring Listing expenses of approximately HK\$15.5 million for the year ended 31 May 2017, the profit and total comprehensive income would increase to approximately HK\$5.7 million for the year ended 31 May 2017.

The Board did not recommend payment of any dividend for the year ended 31 May 2017.

## **ANNUAL RESULTS**

The board (the "Board") of Directors is pleased to announce the audited consolidated results of the Group for the year ended 31 May 2017, together with the audited comparative figures for the year ended 31 May 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").

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the Year Ended 31 May 2017

	<i>Notes</i>	<b>2017</b> <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Revenue	5	<b>96,164</b>	88,870
Cost of inventories sold		<b>(19,117)</b>	(18,172)
Other income and gains	6	<b>73</b>	557
Property rentals and related expenses		<b>(22,975)</b>	(20,919)
Advertising and marketing expenses		<b>(11,915)</b>	(11,709)
Employee benefits expenses	7	<b>(18,311)</b>	(13,068)
Depreciation	7	<b>(4,253)</b>	(4,199)
Listing expenses	7	<b>(15,532)</b>	–
Other expenses		<b>(13,064)</b>	(10,953)
		<hr/>	<hr/>
<b>(Loss)/profit before income tax expenses</b>	7	<b>(8,930)</b>	10,407
Income tax expense	8	<b>(847)</b>	(2,023)
		<hr/>	<hr/>
<b>(Loss)/profit and total comprehensive income for the year</b>		<b>(9,777)</b>	8,384
		<hr/> <hr/>	<hr/> <hr/>
<b>(Loss)/profit and total comprehensive income for the year attributable to:</b>			
– Owners of the Company		<b>(9,513)</b>	8,384
– Non-controlling interests		<b>(264)</b>	–
		<hr/>	<hr/>
		<b>(9,777)</b>	8,384
		<hr/> <hr/>	<hr/> <hr/>
<b>(Loss)/earnings per share attributable to owners of the Company</b>			
– Basic and diluted (HK cents)	10	<b>(1.51)</b>	1.40
		<hr/> <hr/>	<hr/> <hr/>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 May 2017

	<i>Notes</i>	<b>2017</b> <i>HK\$'000</i>	2016 <i>HK\$'000</i>
<b>Non-current assets</b>			
Property, plant and equipment		7,405	10,151
Deposits	<i>11</i>	4,902	5,203
Deferred tax assets		1,818	1,440
Goodwill		2,209	2,209
		<u>16,334</u>	<u>19,003</u>
<b>Current assets</b>			
Inventories	<i>12</i>	522	354
Trade and other receivables	<i>11</i>	7,680	3,302
Amounts due from a related company		176	–
Cash and cash equivalents		60,672	17,021
		<u>69,050</u>	<u>20,677</u>
<b>Current liabilities</b>			
Trade and other payables	<i>13</i>	15,127	13,953
Amounts due to related parties		–	9,313
Current tax liabilities		1,620	2,253
		<u>16,747</u>	<u>25,519</u>
<b>Net current assets/(liabilities)</b>		<u>52,303</u>	<u>(4,842)</u>
<b>Total assets less current liabilities</b>		<u>68,637</u>	<u>14,161</u>
<b>Non-current liabilities</b>			
Other payables	<i>13</i>	1,290	2,187
<b>Net assets</b>		<u>67,347</u>	<u>11,974</u>

	<i>Notes</i>	<b>2017</b> <i>HK\$'000</i>	2016 <i>HK\$'000</i>
<b>Equity</b>			
Share capital	<i>14</i>	<b>8,000</b>	–*
Reserves		<b>59,731</b>	11,974
		<hr/>	<hr/>
Equity attributable to owners of the Company		<b>67,731</b>	11,974
Non-controlling interests		<b>(384)</b>	–
		<hr/>	<hr/>
<b>Total equity</b>		<b>67,347</b>	11,974
		<hr/> <hr/>	<hr/> <hr/>

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

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the Year Ended 31 May 2017

	Attributable to owners of the Company				Non- controlling interests HK\$'000	Total HK\$'000
	Share capital HK\$'000 (Note 14)	Share premium# HK\$'000	Retained earnings# HK\$'000	Total HK\$'000		
At 1 June 2015	–	–	3,590	3,590	–	3,590
Profit and total comprehensive income for the year	–	–	8,384	8,384	–	8,384
At 31 May 2016 and 1 June 2016	–	–	11,974	11,974	–	11,974
Loss and total comprehensive income for the year	–	–	(9,513)	(9,513)	(264)	(9,777)
Transactions with owners:						
Shares issued to pursuant to the reorganisation (Note 14(i))	–*	5,100	–	5,100	–	5,100
Capitalisation issue of shares (Note 14(ii))	6,000	(6,000)	–	–	–	–
Shares issued pursuant to the share offer (Note 14(iii))	2,000	66,000	–	68,000	–	68,000
Transaction costs attributable to the share offer (Note 14(iii))	–	(8,575)	–	(8,575)	–	(8,575)
Disposed of equity interest to a non- controlling interest	–	–	745	745	(120)	625
	<u>8,000</u>	<u>56,525</u>	<u>745</u>	<u>65,270</u>	<u>(120)</u>	<u>65,150</u>
At 31 May 2017	<u>8,000</u>	<u>56,525</u>	<u>3,206</u>	<u>67,731</u>	<u>(384)</u>	<u>67,347</u>

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

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 May 2017

### 1. GENERAL

BCI Group Holdings Limited (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. Its shares are listed on the Growth Enterprise Markets (“GEM”) of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). The address of its registered office is PO Box 1350, Clifton House, 75 Fort Street, Grand Cayman KY1-1108, Cayman Islands and 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 Company is an investment holding company and the Group is principally engaged in the operation of clubbing and catering business in Hong Kong. The Company and its subsidiaries are collectively referred to as the “Group”.

### 2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

#### (a) Adoption of new/revised HKFRSs – effective 1 June 2016

HKFRSs (Amendments)	Annual Improvements 2012-2014 Cycle
Amendments to HKAS 1	Disclosure Initiative
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants
Amendments to HKAS 27	Equity Method in Separate Financial Statements
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations
HKFRS 14	Regulatory Deferral Accounts

The adoption of these new/revised HKFRSs has no material impact on the Group’s financial statements.

**(b) New/revised HKFRSs that have been issued but are not yet effective**

The following new/revised HKFRSs, potentially relevant to the Group's consolidated financial statements, have been issued, but are not yet effective and have not been early adopted by the Group. The Group's current intention is to apply these changes on the date they become effective.

Amendments to HKAS 7 HKFRS 9	Disclosure Initiative <sup>1</sup> Financial Instruments <sup>2</sup>
HKFRS 15	Revenue from Contracts with Customers <sup>2</sup>
Amendments to HKFRS 15	Revenue from Contracts with Customers (Clarifications to HKFRS 15) <sup>2</sup>
HKFRS 16	Leases <sup>3</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2017

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2018

<sup>3</sup> Effective for annual periods beginning on or after 1 January 2019

**3. BASIS OF PREPARATION**

**(a) Statement of compliance**

The consolidated financial statements have been prepared in accordance with all applicable HKFRSs, Hong Kong Accounting Standards ("HKASs") and Interpretations (hereinafter collectively referred to as the "HKFRS") and the disclosure requirements of the Hong Kong Companies Ordinance. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the GEM of the Hong Kong Stock Exchange (the "GEM Listing Rules").

**(b) Basis of measurement**

The consolidated financial statements have been prepared under the historical cost basis.

**(c) Functional and presentation currency**

The consolidated financial statements are presented in Hong Kong dollars ("HK\$"), which is the same as the functional currency of the Company and its subsidiaries, and all values are rounded to the nearest thousands, except when otherwise indicated.



#### 4. SEGMENT INFORMATION

The chief operating decision maker is defined as executive directors of the Company. The Group has identified its operating segment based on the regular internal financial information reported to the Company's executive directors for their decisions about resources allocation and review of performance. For the reporting period, the executive directors have considered the only operating segment of the Group is the operation of clubbing and catering business.

Management determines the Group is domiciled in Hong Kong, which is the location where the Group principally operates. All revenue of the Group for the reporting period was derived in Hong Kong. All its non-current assets are located in Hong Kong.

In addition, the customers of the Group, based on the locations at which the services were provided, are all located in Hong Kong. No revenue from transactions with a single customer amounts to 10% or more of the Group's revenue.

#### 5. REVENUE

The Group's principal activities are operation 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).

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

	<b>2017</b> <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Revenue from:		
Clubs operation		
Sales of beverage	<b>83,553</b>	78,188
Less: Sales discounts	<b>(13,305)</b>	(11,568)
	<b>70,248</b>	66,620
Entrance fee	<b>3,463</b>	3,220
Sponsorship income	<b>3,311</b>	1,652
Others	<b>1,455</b>	1,359
	<b>78,477</b>	72,851
Restaurants operation		
Sales of food and beverage	<b>17,615</b>	16,085
Less: Sales discounts	<b>(36)</b>	(81)
	<b>17,579</b>	16,004
Others	<b>108</b>	15
	<b>17,687</b>	16,019
Total revenue	<b>96,164</b>	88,870

## 6. OTHER INCOME AND GAINS

	<b>2017</b>	2016
	<b>HK\$'000</b>	HK\$'000
Gain on disposal of property, plant and equipment	–	125
Interest income	<b>1</b>	–
Management fee income	<b>72</b>	432
	<u>73</u>	<u>557</u>

## 7. (LOSS)/PROFIT BEFORE INCOME TAX EXPENSE

(Loss)/profit before income tax expense is arrived at after charging:

	<b>2017</b>	2016
	<b>HK\$'000</b>	HK\$'000
Cost of inventories recognised as expense		
– Clubs operation	<b>14,571</b>	13,812
– Restaurants operation	<b>4,546</b>	4,360
	<u>19,117</u>	<u>18,172</u>
Auditors' remuneration	<b>608</b>	107
Depreciation of property, plant and equipment	<b>4,253</b>	4,199
Listing expenses	<b>15,532</b>	–
Staff costs (including directors' remuneration)		
– Wages, salaries and other benefits	<b>17,547</b>	12,513
– Contribution to defined contribution pension plans	<b>764</b>	555
	<u>18,311</u>	<u>13,068</u>
Minimum lease payments under operating leases	<u><b>20,718</b></u>	<u>19,482</u>

## 8. INCOME TAX 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 consolidated statement of comprehensive income represents:

	<b>2017</b> <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Current income tax – Hong Kong		
Profits Tax	<b>1,225</b>	2,106
Deferred tax	<b>(378)</b>	(83)
	<u><b>847</b></u>	<u>2,023</u>

Pursuant to the rules and regulations of the Cayman Islands, the Group is not subject to any taxation under the jurisdictions of the Cayman Islands. Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profits.

A reconciliation of the income tax expense applicable to (loss)/profit before income tax expense at the statutory tax rate to the income tax expense at the effective tax rate is as follows:

	<b>2017</b> <i>HK\$'000</i>	2016 <i>HK\$'000</i>
(Loss)/profit before income tax expense	<u><b>(8,930)</b></u>	<u>10,407</u>
Tax at the statutory rate of 16.5% (2016: 16.5%)	<b>(1,473)</b>	1,717
Tax effect of non-deductible expenses	<b>2,586</b>	64
Tax effect of temporary differences not recognised	<b>(311)</b>	208
Others	<u><b>45</b></u>	<u>34</u>
Income tax expense	<u><b>847</b></u>	<u>2,023</u>

## 9. DIVIDEND

No dividend was paid or proposed for ordinary shareholders of the Company during the year ended 31 May 2017, nor has any dividend been proposed since the end of the reporting period (2016: nil).

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

	2017	2016
(Loss)/profit attributable to owners of the Company (HK\$'000)	<b>(9,513)</b>	8,384
Weighted average number of ordinary shares for the purpose of calculating basic (loss)/earnings per share (in thousands)	<b>630,137</b>	600,000

The number of ordinary shares for the purpose of calculating basic (loss)/earnings per share has been determined on the assumption that the reorganisation and the capitalisation issue as described in Note 14 has been effective on 1 June 2015.

The Company did not have any potential dilutive shares for the years ended 31 May 2017 and 2016. Accordingly, the diluted (loss)/earnings per share are the same as the basic (loss)/earnings per share for the year ended 31 May 2017 and 2016, respectively.

## 11. TRADE AND OTHER RECEIVABLES

	2017	2016
	<i>HK\$'000</i>	<i>HK\$'000</i>
Trade receivables	<b>2,995</b>	957
Other receivables	<b>547</b>	375
Prepayments	<b>2,188</b>	1,055
Deposits	<b>6,852</b>	6,118
	<hr/>	<hr/>
Total	<b>12,582</b>	8,505
Less: Current portion	<b>(7,680)</b>	(3,302)
	<hr/>	<hr/>
Non-current portion	<b>4,902</b>	5,203
	<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>2017</b> <i>HK\$'000</i>	2016 <i>HK\$'000</i>
0-30 days	<b>909</b>	642
31-60 days	<b>625</b>	66
61-90 days	<b>717</b>	103
Over 90 days	<b>744</b>	146
	<u><b>2,995</b></u>	<u>957</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>2017</b> <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Neither past due nor impaired	-	-
Past due but not impaired <sup>(Note)</sup>		
1-30 days past due	<b>909</b>	642
31-90 days past due	<b>1,342</b>	169
Over 90 days past due	<b>744</b>	146
	<u><b>2,995</b></u>	<u>957</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.

## 12. INVENTORIES

	<b>2017</b> <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Beverage	<u><b>522</b></u>	<u>354</u>

### 13. TRADE AND OTHER PAYABLES

	<b>2017</b>	2016
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
Trade payables	<b>2,885</b>	2,969
Accruals and other payables	<b>10,954</b>	9,318
Receipts in advance	<b>2,578</b>	3,853
	<hr/>	<hr/>
Total	<b>16,417</b>	16,140
Less: Current portion	<b>(15,127)</b>	(13,953)
	<hr/>	<hr/>
Non-current portion	<b>1,290</b>	2,187
	<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:

	<b>2017</b>	2016
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
0-30 days	<b>1,604</b>	2,834
31-60 days	<b>1,281</b>	127
Over 60 days	<b>–</b>	8
	<hr/>	<hr/>
	<b>2,885</b>	2,969
	<hr/> <hr/>	<hr/> <hr/>

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

## 14. 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.

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

\* 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.

## 15. RELATED PARTY TRANSACTIONS

### (a) Related party transactions

Save as disclosed elsewhere in the consolidated financial statements, the Group had the following material transactions with related parties during the year:

Related party identity	Type of transactions	Notes	2017 HK\$'000	2016 HK\$'000
Digital Option Limited and High Supreme Limited	Rental expenses	(i), (ii), (iii)	1,273	1,472
Capital Delight Limited	Rental expenses	(i), (ii)	19	110
Model Genesis	Marketing and promotion fee	(i), (ii), (iv)	2,372	3,403
Model Genesis	Management income	(i)	72	432

Notes:

- (i) The transactions were conducted at terms and conditions mutually agreed between the relevant parties. The directors of the Company are of the opinion that those related party transactions were conducted in the normal ordinary course of business of the Group.
- (ii) CSI Properties Limited, being one of the ultimate shareholders of the Company, held beneficial interests in the related company.
- (iii) CSI Properties Limited has disposed its interest in the company on 31 March 2017. Transactions with the company are classified as related party transactions up to 31 March 2017.
- (iv) Mr. Kester Ng, being an executive director of the Company, held beneficial interests in the related company.

### (b) Compensation of key management personnel

Remuneration for key management personnel of the Group, excluding amounts paid to the directors of the Company is as follows:

	2017 HK\$'000	2016 HK\$'000
Salaries, allowances and benefits in kind	<u>1,455</u>	<u>797</u>



## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **Business Activities**

The Group is a food and beverage and entertainment group based in Hong Kong that owns and operates two night entertainment clubs, namely Volar and Fly; and three restaurants focusing on Japanese-style curry dishes under the proprietary “Tiger” brand. Since the Listing, there has been no significant change in the business operations of the Group.

### **BUSINESS REVIEW AND OUTLOOK**

For the year ended 31 May 2017 and up to the date of this announcement, the Group has been principally engaged in the operation of clubbing and restaurant business in Hong Kong.

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

For the year ended 31 May 2017, the Group strategically positions two clubs, namely Volar and Fly, to cover different segments of the night 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 experience. Leveraging on the success in clubbing business, the Group is also engaged in organising music-related featured events to offer music 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 increased by approximately HK\$5.6 million, or approximately 7.7%, from approximately HK\$72.9 million for the year ended 31 May 2016 to approximately HK\$78.5 million for the year ended 31 May 2017. Such increase was mainly due to the revenue contributed by Fly to the Group which came under the Group’s operation through acquisition of its operating company in November 2015.

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

The three “Tiger” branded restaurants aim 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. For the year ended 31 May 2017, 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 increased by approximately HK\$1.7 million, or approximately 10.4%, from approximately HK\$16.0 million for the year ended 31 May 2016 to approximately HK\$17.7 million for the year ended 31 May 2017. The increase in revenue was primarily attributable to the revenue from Tiger Curry & Cafe, which commenced business on 30 July 2015.

## Outlook

Looking forward, to maintain our leading market players in the clubbing market and further strengthen our business in restaurants operation in Hong Kong, the Group will continue to expand and diversify our outlet network by establishing sports-themed bars and expanding our restaurant network under our “Tiger” brand, and upgrade our club facilities. The Group ongoing expansion plans will enhance the market share in both clubbing and restaurant business while the Group will continue to refine the business strategy to cope with the continuing challenges.

## FINANCIAL REVIEW

### Revenue

For the year ended 31 May 2017, the Group’s revenue was generated from the operation of clubbing and restaurant business in Hong Kong. As at 31 May 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 years ended 31 May 2017 and 2016.

	For the year ended 31 May			
	2017		2016	
	<i>HK\$’000</i>	<i>% of total revenue</i>	<i>HK\$’000</i>	<i>% of total revenue</i>
Clubbing operations	<b>78,477</b>	<b>81.6</b>	72,851	82.0
Restaurant operations	<b>17,687</b>	<b>18.4</b>	16,019	18.0
Total	<b>96,164</b>	<b>100.0</b>	<b>88,870</b>	<b>100.0</b>

The revenue generated from operation of clubbing business increased by approximately HK\$5.6 million, or approximately 7.7%, from approximately HK\$72.9 million for the year ended 31 May 2016 to approximately HK\$78.5 million for the year ended 31 May 2017. Such increase was mainly due to the revenue contributed by Fly to the Group which came under the Group’s operation through acquisition of its operating company in November 2015.

The revenue generated from operation of restaurant business increased by approximately HK\$1.7 million, or approximately 10.4%, from approximately HK\$16.0 million for the year ended 31 May 2016 to approximately HK\$17.7 million for the year ended 31 May 2017. The increase in revenue was primarily attributable to the revenue from Tiger Curry & Cafe, which commenced business on 30 July 2015.

### 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 increased by approximately HK\$0.9 million, or approximately 5.2%, from approximately HK\$18.2 million for the year ended 31 May 2016 to approximately HK\$19.1 million for the year ended 31 May 2017. The increase was mainly due to the expansion of (i) the clubbing operations by acquiring Grand Diamond Limited, the operating company of Fly, in November 2015; and (ii) the restaurant operations by opening Tiger Curry & Cafe in July 2015.

### Other income and gains

Other income and gains mainly represents the gain on disposal of property, plant and equipment, management fee income and bank interest income.

The table below sets forth the breakdown of the other income and gains for the years ended 31 May 2017 and 2016.

	<b>For the year ended 31 May</b>	
	<b>2017</b>	2016
	<b>HK\$'000</b>	HK\$'000
Gain on disposal of property plant and equipment	–	125
Management fee income	<b>72</b>	432
Interest income	<b>1</b>	–
	<hr/>	<hr/>
Total	<b>73</b>	557
	<hr/> <hr/>	<hr/> <hr/>

The other income and gains decreased by approximately HK\$0.5 million, or approximately 86.9%, from approximately HK\$0.6 million for the year ended 31 May 2016 to approximately HK\$0.1 million for the year ended 31 May 2017. The decrease was mainly due to (i) the decrease in management fee income; and (ii) the decrease in gain on disposal of property, plant and equipment where a gain on disposal of a motor vehicle was realised for the year ended 31 May 2016 while no such disposal has been realised for the year ended 31 May 2017.

## **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 which increased by approximately HK\$2.1 million, or approximately 9.8%, from approximately HK\$20.9 million for the year ended 31 May 2016 to approximately HK\$23.0 million for the year ended 31 May 2017. The increase was mainly due to (i) the property rentals and related expenses incurred by Fly, which came under the Group's operation through acquisition of its operating company in November 2015; and (ii) the property rentals and related expenses incurred by the Group's office premise.

## **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\$0.2 million, or approximately 1.8%, from approximately HK\$11.7 million for the year ended 31 May 2016 to approximately HK\$11.9 million for the year ended 31 May 2017. The increase was primarily due to the marketing expenses increased for Fly, which came under our operation in November 2015, mitigating by the decline of marketing and promotion services which was gradually performed by our staff for the year ended 31 May 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\$5.2 million, or approximately 40.1%, from approximately HK\$13.1 million for the year ended 31 May 2016 to approximately HK\$18.3 million for the year ended 31 May 2017. The increase in staff costs was mainly due to (i) the staff costs attributable to Fly which came under the Group's operation through acquisition of its operating company in November 2015; (ii) the staff costs attributable to Tiger Curry & Cafe which commenced business in July 2015; and (iii) the increase in head office staff costs as a result of the expansion of the Group's clubbing and restaurant operations and additional staff after Listing.

## **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\$4.2 million for the year ended 31 May 2016 as compared to approximately HK\$4.3 million for the year ended 31 May 2017.

## **Listing expenses**

Listing expenses of approximately HK\$15.5 million were recognised for the year ended 31 May 2017. No such expenses were incurred for the year ended 31 May 2016.

## **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\$2.1 million, or approximately 19.3%, from approximately HK\$11.0 million for the year ended 31 May 2016 to approximately HK\$13.1 million for the year ended 31 May 2017. Such increase was mainly due to the expansion of (i) the clubbing operations by acquiring Grand Diamond Limited, the operation company of Fly, in November 2015; (ii) the restaurant operations by opening Tiger Curry & Cafe in July 2015; and (iii) the additional professional fees paid after Listing.

## **(Loss)/profit before income tax expense**

As a result of the foregoing, the Group changed from a profit before income tax expense of approximately HK\$10.4 million for the year ended 31 May 2016 to a loss before income tax expenses of approximately HK\$9.0 million for the year ended 31 May 2017. Excluding the non-recurring listing expenses of approximately HK\$15.5 million for the year ended 31 May 2017, the Group would have recorded a profit before income tax expenses of approximately HK\$6.5 million for the year ended 31 May 2017, representing a decrease of approximately 36.6% as compared to the year ended 31 May 2016. Such decrease was mainly due to the increased operating expenses mentioned above.

## **(Loss)/profit and total comprehensive income/(expense) for the year**

As a result of the cumulative factors discussed above, the Group changed from a profit and total comprehensive income of approximately HK\$8.4 million for the year ended 31 May 2016 to a loss position of approximately HK\$9.8 million for the year ended 31 May 2017. Excluding the non-recurring listing expenses of approximately HK\$15.5 million charged during the year ended 31 May 2017, the Group would have recorded a profit of approximately HK\$5.7 million for the year ended 31 May 2017, representing an decrease of approximately 31.4% as compared to the year ended 31 May 2016. Such decrease was mainly due to the increased operating expenses mentioned above.

## **FINANCIAL POSITION, LIQUIDITY AND FINANCIAL RESOURCES**

The Group recorded net cash generated from operating activities of approximately HK\$15.2 million for the year ended 31 May 2016 to net cash used in operating activities of approximately HK\$9.9 million for the year ended 31 May 2017, primarily due to (i) the payment of non-recurring listing expenses; (ii) the payment of operating expenses; and (iii) the increase in trade and other receivable.

As at 31 May 2017, the Group's total cash and bank balances were approximately HK\$60.7 million (2016: approximately HK\$17.0 million). The current ratio (calculated by current assets divided by current liabilities) of the Group increased from approximately 0.8 times as at 31 May 2016 to approximately 4.1 times as at 31 May 2017. The gearing ratio (calculated by net debt divided by total capital) of the Group decreased from approximately 77.8% as at 31 May 2016 to net cash position as at 31 May 2017.

As at 31 May 2017, the Group obtained an unutilised banking facility of HK\$10.0 million granted from a commercial bank for the working capital.

The shares of the Company were successfully listed on the GEM of the Stock Exchange on 7 April 2017, since then, there was no change in the capital structure of the Group. The capital structure of the Group comprises of issued share capital and reserves. As at 31 May 2017, the equity attributable to owners of the Company amounted to approximately HK\$67.7 million (2016: approximately HK\$12.0 million).

## 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 31 May 2017, the Group has applied the net proceeds as follows:

	<b>Adjusted allocation of net proceeds as at 31 May 2017 HK\$'000</b>	<b>Amount utilised as at 31 May 2017 HK\$'000</b>	<b>Amount unutilised as at 31 May 2017 HK\$'000</b>
Continue to expand and diversify our outlet network	26,248	–	26,248
Upgrade our club facilities	16,153	–	16,153
Working capital and other general purpose	1,492	361	1,131
	<u>43,893</u>	<u>361</u>	<u>43,532</u>
Total	<u>43,893</u>	<u>361</u>	<u>43,532</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 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 31 May 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 have set up a project team and obtained quotations from various contractors and designers.</li> <li>• We have engaged a contractor and decided the new layout plan of the renovation and refurbishment.</li> <li>• We have engaged a designer for the new layout plan and concept of renovation and refurbishment.</li> <li>• No renovation and refurbishment have been carried out as at 31 May 2017 as the Company is still under negotiation with the contractor and designer.</li> </ul>
(2) Continue to expand and diversify our outlet network for clubbing operation	Establish sports-themed bars <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 31 May 2017 as the Company is finding a suitable site for the operation</li> </ul>



Business objective and strategy	Business plan and activity	Actual business progress up to 31 May 2017
(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>• Set up a project team and conduct a study of Tsing Yi</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 of Tsing Yi.</li> <li>• We have selected a location after the study and negotiated with the landlord about the lease terms.</li> <li>• We have signed an acceptance letter with the landlord which states the detailed terms of lease.</li> <li>• We have engaged a contractor and a designer for the layout and design for the premise.</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 years ended 31 May 2016 and 2017, revenue generated from Volar accounted for approximately 70.6% and 65.5% 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 years ended 31 May 2016 and 2017, purchases from our largest supplier accounted for approximately 53.4% and 54.8% 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.

## **CAPITAL STRUCTURE**

The Company's shares were successfully listed on the GEM on 7 April 2017. There has been no change in the Company's capital structure since 7 April 2017. The capital structure of the Group comprises of issued share capital and reserves. The Directors review and manage the Group's capital structure regularly.

## **SIGNIFICANT INVESTMENTS**

Save as described in this announcement, there was no other significant investment for the year ended 31 May 2017.

## **MATERIAL ACQUISITIONS AND DISPOSAL OF SUBSIDIARIES**

The Group did not carry out any material acquisition nor disposal of any subsidiaries for the year ended 31 May 2017.

## **DIVIDENDS**

No dividend has been paid or declared by the Company, or by any of the companies now comprising the Group for the years ended 31 May 2016 and 2017.

## **FOREIGN CURRENCY RISK**

Since most of transactions are denominated in Hong Kong dollars, the Group is not exposed to significant foreign exchange exposure.

## **CAPITAL COMMITMENTS**

As at 31 May 2017, the Group had capital commitments amounted to approximately HK\$0.1 million (2016: nil).

## **CONTINGENT LIABILITIES**

The Group did not have any significant contingent liabilities as at 31 May 2016 and 2017.

## **PLEDGE OF ASSETS**

The Company did not have any pledge of assets as at 31 May 2016 and 2017.

## **EMPLOYEES AND REMUNERATION POLICIES**

As at 31 May 2017, the Group employed 104 employees (2016: 96 employees). Employee costs (including Directors' remuneration, wages, salaries, performance related bonuses, other benefits and contribution to defined contribution pension plans) amounted to approximately HK\$18.3 million for the year ended 31 May 2017 (2016: approximately HK\$13.1 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 their performance.

## **PURCHASE, SALES OR REDEMPTION OF SHARES**

Neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the listed securities of the Company during the year ended 31 May 2017.

## **MODEL CODE FOR DIRECTORS' SECURITIES TRANSACTIONS**

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

Having made specific enquiries to all the Directors, all the Directors confirmed they have complied with the required standard of dealings and the code of conduct for directors' securities transactions for the year ended 31 May 2017.

## **CORPORATE GOVERNANCE PRACTICES**

The Company has complied with the applicable code provisions as set out in the Corporate Governance Code as set out in Appendix 15 to the GEM Listing Rules during the year ended 31 May 2017 except the following deviation:

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

During the year ended 31 May 2017, the Company has not separated the roles of chairman and chief executive officer of the Company. Mr. Ng Shing Joe Kester was the chairman of the Company and responsible for overseeing the operations of the Group. There is no chief executive officer of the Company. The Board considers that such arrangement has the benefit of ensuring consistent leadership within the Group and enables more effective and efficient overall strategic planning of the Group.

## **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. Lego, being the Sponsor to the Listing, has declared its independence pursuant to Rule 6A.07 of the GEM Listing Rules. Save as provided for under the Underwriting Agreements relating to the Share Offer, neither Lego nor any of its associates and none of the directors or employees of Lego who have been involved in providing advice to the Company as the Sponsor, has or may, as a result of the Share Offer, have any interest in any securities of the Company or any other companies of the Group (including options or rights to subscribe for such securities).

The compliance adviser’s appointment is for a period commencing on the Listing Date and ending on the date on which the Company complies with Rule 18.03 of the GEM Listing Rules in respect of the despatch of its annual report of the financial results for the second full financial year commencing after the Listing Date, i.e. for the year ending 31 May 2019, or until the compliance adviser agreement is terminated, whichever is earlier.

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

The audit committee of the Company (the “Audit Committee”) has discussed and reviewed with management and the Group’s independent auditor, BDO Limited, the audited consolidated financial statements of the Group for the year ended 31 May 2017. The Audit Committee comprises three independent non-executive Directors, namely Mr. Wong Sui Chi, Mr. Li Lap Sun and Mr. Ng Kwok Kei Sammy. Mr. Wong Sui Chi is the chairman of the Audit Committee who has appropriate professional qualifications and experience as required by the GEM Listing Rules.

## **REVIEW OF THIS FINAL RESULTS ANNOUNCEMENT**

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 May 2017 as set out in the preliminary announcement have been agreed by the Group's auditor, BDO Limited, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by BDO Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by BDO Limited on the preliminary announcement.

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

Hong Kong, 18 August 2017

*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 Listed Company Information" 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).*