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## FUTURE PLANS AND USE OF PROCEEDS

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### BUSINESS OBJECTIVE

Our principal business objective is to further consolidate our market share in the food and beverage and entertainment industry and to continue to expand domestically by implementing the following business strategies.

### BUSINESS STRATEGIES

For our business strategies, see “Business — Business strategies”.

### IMPLEMENTATION PLAN

In order to implement the business objectives and strategies as described above, set forth below are our implementation plans for each of the six-month periods from the Latest Practicable Date until 31 May 2019. It should be noted that the implementation plans are formulated on the bases and assumptions referred to in “—Bases and assumptions”. These bases and assumptions are subject to many uncertainties and unpredictable factors, in particular the risk factors set out in “Risk Factors”.

#### From the Latest Practicable Date to 31 May 2017

<u>Business strategy</u>	<u>Use of proceeds</u>	<u>Implementation plan</u>
Upgrade our club facilities	HK\$4.0 million	Renovate and refurbish Fly

#### For the six months ending 30 November 2017

<u>Business strategy</u>	<u>Use of proceeds</u>	<u>Implementation plan</u>
Continue to expand and diversify our outlet network	HK\$8.6 million	Set up a sports-themed bar in Wan Chai, Sheung Wan or Causeway Bay
	HK\$2.3 million	Set up a standalone restaurant in Tsing Yi
	HK\$0.5 million	Set up a food court restaurant in Cheung Sha Wan

#### For the six months ending 31 May 2018

<u>Business strategy</u>	<u>Use of proceeds</u>	<u>Implementation plan</u>
Upgrade our club facilities	HK\$10.3 million	Renovate and refurbish Volar
Continue to expand and diversify our outlet network	HK\$0.5 million	Set up a food court restaurant in Kwun Tong

#### For the six months ending 30 November 2018

<u>Business strategy</u>	<u>Use of proceeds</u>	<u>Implementation plan</u>
Continue to expand and diversify our outlet network	HK\$2.7 million	Set up a standalone restaurant in Tai Koo Shing

#### For the six months ending 31 May 2019

<u>Business strategy</u>	<u>Use of proceeds</u>	<u>Implementation plan</u>
Continue to expand and diversify our outlet network	HK\$8.6 million	Set up a sports-themed bar in Wan Chai, Sheung Wan or Causeway Bay

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## FUTURE PLANS AND USE OF PROCEEDS

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### BASES AND ASSUMPTIONS

Potential investors should note that the attainability of our business objectives depends on the following general assumptions and specific assumptions:

- the net proceeds from Share Offer based on the Offer Price of HK\$0.30 per Offer Share (being the mid-point of the indicative Offer Price range), after deducting related expenses, are estimated to be approximately HK\$38.8 million;
- there will be no material changes in the existing political, legal, fiscal, social or economic conditions in Hong Kong or in any other places in which any member of our Group carries on its business or will carry on its business;
- we continue our existing operations in substantially the same manner as they were carried out during the Track Record Period and we will also be able to carry out our development plans without material disruptions;
- there will be no material changes in the bases or rates of taxation in Hong Kong or in any other places in which any member of our Group operates or will operate;
- there will be no material changes in legislation or regulations whether in Hong Kong or elsewhere materially affecting the business carried on by our Group;
- there will be no significant changes in our business relationship with our major suppliers;
- we will be able to maintain our customers;
- there will be no material changes in the funding required for each of the scheduled achievements as outlined in “— Implementation plan”;
- there will be no disasters, natural, political or otherwise, which would materially disrupt our business or operations or cause substantial loss, damage or destruction to our properties or facilities;
- there will be no change in the effectiveness of our licences and permits;
- we will be able to retain key staff in the management and the main operational departments;
- the Share Offer will be completed in accordance with and as set out in “Structure and Conditions of the Share Offer”;
- we will not be materially affected by the risk factors as set out in “Risk Factors”; and
- we will have sufficient financial resources to meet the planned capital expenditure and business development requirements during the period to which the business objectives relate.

### REASONS FOR THE SHARE OFFER

Our Company intends to raise funds by the Share Offer in order to pursue our business objective and implement our business strategies in “— Business strategies” in “— Business objective”.

#### Additional avenues to raise capital

Our Directors believe that the Listing is strategically critical to our long-term growth as it will provide us with additional avenues to raise capital for expansion and other development needs whilst reducing any reliance on the financial strength from our shareholders, promoting our brand awareness and strengthening our competitiveness.

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## FUTURE PLANS AND USE OF PROCEEDS

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We have historically been relying on internally generated funds and advances from related parties to support our capital requirements. As at 31 January 2017, our amounts due to shareholders were approximately HK\$2.1 million, all of which was allocated for capital expenditures for our clubs and restaurants. During the Track Record Period, we did not seek bank borrowing to support our capital requirements. For details, see “Financial Information — Capital expenditure — Historical capital expenditures”. As at the Latest Practicable Date, the proceeds from our Pre-IPO Investments were partially utilised in the following manner: (i) approximately 10.7% for the payment of three months’ deposit (the “**Deposit**”) for a new standalone restaurant to be opened in Tsing Yi; and (ii) approximately 80.2% for general working capital. The remaining balance of the proceeds from our Pre-IPO Investments will be utilised for setting up a new food court restaurant in Mong Kok.

Taking into account that we paid the Deposit pursuant to the letter of offer to lease dated 6 September 2016 entered into with the proposed landlord who is an Independent Third Party for the lease of a property in Tsing Yi for opening a potential standalone restaurant, the remaining expenditure for setting up such standalone restaurant will be funded by proceeds from the Share Offer. As at 31 January 2017, our cash and cash equivalents were approximately HK\$5.0 million. Our Directors plan to maintain our existing level of cash and cash equivalents for, among others, supporting our business operation at the current scale, payment of listing expenses and repayment of amounts due to shareholders while the net proceeds from the Share Offer will be used to fund our further business expansion by financing our future plans as described in “Business — Business strategies”. Upgrading our club facilities and operating on an expanded scale by increasing the number of outlets entail the need to commit to a higher level of capital resources. The fact that the investment payback period is relatively long for restaurant business will intensify the financial strain on shareholders. Despite a certain portion of the gross proceeds from the Share Offer will apply to Listing expenses, our Directors consider that the Share Offer would be the most suitable alternative compared to other financing methods for the following reasons:

- (i) being a private company with a small shareholder base, the amount of shareholders’ loans available is limited. Further, the financing costs associated with bank borrowings are usually relatively higher for private companies and banks would normally require guarantees from our shareholders for securing the bank borrowings. Bank borrowings will also subject us to interest rate risks. Therefore, if we relied on bank borrowings to finance our expansion, the increase in our financing costs will place significant financial burden on the small group of shareholders, and any reliance on the financial strength of the shareholders would substantially hinder the development and expansion of our business. Our Directors are of the view that no healthy, sizeable and established corporation should rely heavily on the financial resources of its shareholders to fund its operations; and
- (ii) following the Listing, we will have access to the capital markets, providing us additional avenues for future fundraising through the issuance of equity and debt securities for business development in the long run. Equity financing does not involve recurring interest expense and the financing process is usually simpler and quicker than negotiating bank borrowings, and therefore would allow our Group to react promptly to market conditions and business opportunities. Further, our Directors believe that a listing status will allow us to gain leverage in obtaining bank financing for our projects on relatively more favourable terms for business expansion. Therefore, the Listing will allow us to cease our financial reliance on our Controlling Shareholders and offer us more flexibility to finance our operation.

### **Increased competitiveness through strengthening of market position**

The Listing status will strengthen our market position, enhance our reputation and corporate profile and raise our brand publicity, which in turn will increase our competitiveness. A number of our competitors within our industry are listed companies. Our Directors believe that a listing status, which entails public financial disclosures and regulatory supervision, can enhance our corporate profile and credibility with the public and potential business partners. In addition, our Directors are of the view that the Listing will also increase our bargaining power in negotiating terms with our suppliers and potential business partners as a business relationship with a listed company will be more appealing to them. As a listed entity, our brand will become

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## FUTURE PLANS AND USE OF PROCEEDS

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more visible to the public and our customers and suppliers will have more confidence in the quality of our services, our financial strength and credibility, transparency in operations and financial reporting, and our internal control systems.

### **Improved corporate governance practices**

The Listing will enhance our corporate governance practices including internal control, risk management and audit practices, which will better equip ourselves for future growth.

### **Stronger ability to attract and retain personnel that fit our strategic aims**

We compete with other club and restaurant operators for personnel that fit and contribute to our strategic aims. The Listing status will create a stronger employer image and in turn improve our ability to recruit, select, motivate and retain key management personnel as well as to expediently and effectually capitalise on any of our business opportunities that may arise. In addition, our Directors are of the view that the Listing will enable us to offer an equity-based incentive programmes (such as a share option scheme) to our employees that more directly correlates to their performance in our business. We would therefore be in a better position to motivate our employees with any incentive programmes that are closely aligned with the objective of creating value for our Shareholders.

### **USE OF PROCEEDS**

We estimate that the net proceeds to be received by us from the Share Offer, after deducting the underwriting commission and related expenses payable by our Company in the aggregate amount of approximately HK\$21.2 million, will be approximately HK\$38.8 million (assuming a Offer Price of HK\$0.30 per Offer Share, being the mid-point of the indicative Offer Price range). We intend to apply such net proceeds from the Share Offer as follows:

- approximately HK\$23.2 million, representing about 59.8% of the net proceeds from the Share Offer, will be used for continuing to expand and diversify our outlet network, among which:
  - approximately HK\$17.2 million or 44.3% of the net proceeds from the Share Offer will be used for establishing two sports-themed bars;
  - approximately HK\$6.0 million, representing about 15.5% of the net proceeds from the Share Offer will be used for establishing two standalone restaurants and two food court restaurants;
- approximately HK\$14.3 million, representing about 36.8% of the net proceeds from the Share Offer, will be used for upgrading our club facilities among which:
  - approximately HK\$10.3 million, representing about 26.5% of the net proceeds from the Share Offer, will be used for covering the decoration, furniture and fixture expenses for Volar; and
  - approximately HK\$4.0 million, representing about 10.3% of the net proceeds from the Share Offer, will be used for covering the decoration, furniture and fixture expenses for Fly; and
- approximately HK\$1.3 million, representing about 3.4% of the net proceeds from the Share Offer, will be used for general working capital of our Group.

The above allocation of the net proceeds from the Share Offer will be adjusted on a pro rata basis in the event that the Offer Price is fixed at a higher level or a lower level compared to the mid-point of the indicative Offer Price range.

Our Directors expect that the net proceeds from the issue of the Offer Shares (assuming any options which may be granted under the Share Option Scheme are not exercised) of approximately HK\$38.8 million will be

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## FUTURE PLANS AND USE OF PROCEEDS

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sufficient to finance our business plans as scheduled in “— Implementation plan”. The net proceeds of the Share Offer are expected to be fully utilised by 31 May 2019 according to our business plans. In the event that the net proceeds from the issue of the Offer Shares is insufficient to finance the capital expenditure as mentioned above, we will finance our business plans from internal resources.

In the event that any part of the future plans does not materialise or proceed as planned, we will carefully evaluate the situation and may reallocate the intended funding to our other future plans and/or place the proceeds on short-term interest bearing deposit accounts with licensed banks and/or financial institutions in Hong Kong so long as we consider it to be in the best interest of our Company and our Shareholders taken as a whole. Should our Directors decide to allocate the net proceeds from the Share Offer to business plans and/or new projects of our Group other than those disclosed in this prospectus after the Listing, we will make an announcement to notify our Shareholders and investors of the changes in compliance with the GEM Listing Rules.

If the final Offer Price is set at the highest or lowest point of the indicative Offer Price range, the net proceeds to be received by us from the Share Offer will increase or decrease by approximately HK\$10.6 million, respectively. In such event, the net proceeds will be used in the same proportions as disclosed above irrespective of whether the Offer Price is determined at the highest or lowest of the indicative Offer Price range.