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BCI GROUP HOLDINGS LIMITED
高門集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8412)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 NOVEMBER 2019

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 2019, together with the unaudited comparative figures for the corresponding period in 2018 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 2019 was approximately HK$30.0 million, representing a decrease of approximately 24.1% when compared with that of the corresponding period in 2018.

The Group recorded a loss and total comprehensive loss for the six months ended 30 November 2019 of approximately HK$11.2 million, while there was a loss and total comprehensive loss of approximately HK$13.2 million for the six months ended 30 November 2018.

The Board did not recommend payment of any dividend for the six months ended 30 November 2019.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the three months and six months ended 30 November 2019

	Notes	For the three months ended		For the six months ended	
		30 November 2019	30 November 2018	**30 November 2019**	30 November 2018
		HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
		(unaudited)	(unaudited)	**(unaudited)**	(unaudited)
Revenue	*2*	**13,265**	18,380	**29,958**	39,496
Finance income	*3*	**97**	78	**210**	352
Cost of inventories sold		**(3,030)**	(4,169)	**(6,659)**	(8,943)
Other income and gains		**107**	192	**229**	229
Property rentals and related expenses		**(741)**	(6,573)	**(1,216)**	(13,750)
Advertising and marketing expenses		**(2,285)**	(2,893)	**(4,767)**	(5,536)
Employee benefits expenses		**(4,714)**	(5,512)	**(9,859)**	(11,685)
Depreciation		**(5,563)**	(978)	**(11,482)**	(1,878)
Other expenses		**(3,072)**	(5,099)	**(6,265)**	(11,021)
Finance costs	*4*	**(731)**	(247)	**(1,382)**	(445)
Loss before income tax		**(6,667)**	(6,821)	**(11,233)**	(13,181)
Income tax expense	*5*	**–**	–	**–**	(27)
Total comprehensive loss for the period		**(6,667)**	(6,821)	**(11,233)**	(13,208)
Loss and total comprehensive expenses for the period attributable to:					
– Owners of the Company		**(6,514)**	(6,628)	**(10,908)**	(12,770)
– Non-controlling interests		**(153)**	(193)	**(325)**	(438)
		(6,667)	(6,821)	**(11,233)**	(13,208)
Loss per share attributable to owners of the Company					
– Basic and diluted (HK cents)	*7*	**(0.81)**	(0.83)	**(1.36)**	(1.60)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 November 2019

		As at	
		30 November	31 May
		2019	2019
	Notes	***HK$'000***	*HK$'000*
		(unaudited)	(audited)
Non-current assets			
Property, plant and equipment	*8*	**11,422**	12,933
Right-of-use assets	*8*	**24,060**	–
Prepayment for acquisition of property, plant and equipment	*9*	**–**	330
Other receivables and deposits	*9*	**6,061**	6,061
		41,543	19,324
Current assets			
Inventories	*10*	**497**	694
Trade and other receivables	*9*	**9,061**	8,766
Financial assets at fair value through profit or loss	*11*	**8,225**	12,991
Amounts due from a related company		**110**	26
Cash and cash equivalents	*12*	**15,231**	20,311
Restricted bank deposits	*13*	**13,265**	9,473
		46,389	52,261
Current liabilities			
Trade and other payables	*14*	**16,945**	16,463
Contract liabilities		**1,987**	2,088
Bank Borrowings	*15*	**31,443**	31,091
Amount due to a director		**449**	668
Current tax liabilities		**50**	173
Lease liabilities		**19,934**	–
		70,808	50,483
Net current (liabilities)/assets		**(24,419)**	1,778
Total assets less current liabilities		**17,124**	21,102

		As at	
		30 November	31 May
		2019	2019
	Notes	***HK$'000***	*HK$'000*
		(unaudited)	(audited)
Non-current liabilities			
Other payables	*14*	**1,630**	2,065
Loan from a shareholder		**7,810**	5,000
Lease liabilities		**4,880**	–
		14,320	7,065
Net assets		**2,804**	14,037
Equity			
Share capital	*16*	**8,000**	8,000
Reserves		**(3,092)**	7,816
Equity attributable to owners of the Company		**4,908**	15,816
Non-controlling interests		**(2,104)**	(1,779)
Total equity		**2,804**	14,037

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 November 2019

	Attributable to owners of the Company					
	Share capital *HK$'000*	**Share premium#** *HK$'000*	**Accumulated loss#** *HK$'000*	**Total** *HK$'000*	**Non-controlling interests** *HK$'000*	**Total** *HK$'000*
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	–	–	(12,770)	(12,770)	(438)	(13,208)
Balance at 30 November 2018 (unaudited)	8,000	56,525	(34,699)	29,826	(1,460)	28,366
Balance at 1 June 2019 (audited)	**8,000**	**56,525**	**(48,709)**	**15,816**	**(1,779)**	**14,037**
Loss and total comprehensive expenses for the period	**–**	**–**	**(10,908)**	**(10,908)**	**(325)**	**(11,233)**
Balance at 30 November 2019 (unaudited)	**8,000**	**56,525**	**(59,617)**	**4,908**	**(2,104)**	**2,804**

The total of these balances represents "reserves" in the unaudited condensed consolidated statement of financial position.

UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 30 November 2019

	For the six months ended	
	30 November 2019	30 November 2018
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Net cash generated from/(used in) operating activities	**6,631**	(4,223)
Net cash generated from/(used in) investing activities	**2,250**	(7,932)
Net cash (used in)/generated from financing activities	**(13,961)**	102
Net decrease in cash and cash equivalents	**(5,080)**	(12,053)
Cash and cash equivalents at beginning of the period	**20,311**	33,508
Cash and cash equivalents at end of the period	**15,231**	21,455

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 November 2019

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, restaurant business and securities investment in Hong Kong.

The unaudited condensed consolidated financial statements for the six months ended 30 November 2019 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 2019 have been prepared under the historical cost basis.

The unaudited condensed consolidated financial statements for the six months ended 30 November 2019 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 2019 are consistent with those applied in the Company's annual report for the year ended 31 May 2019, 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 all new and revised HKFRSs issued by the HKICPA that are mandatorily effective for the accounting period beginning on or after 1 January 2019. The adopted HKFRSs are consistent with those of the previous financial year and corresponding interim reporting period, except for the application of HKFRS 16 "Leases" which is effective for the Group's annual periods beginning on or after 1 January 2019.

Impact on adoption of HKFRS 16

HKFRS 16 introduces a comprehensive model for the identification of lease arrangements and accounting treatments for both lessors and lessees. HKFRS 16 superseded HKAS 17 Leases and the related interpretations when it becomes effective. HKFRS 16 distinguishes lease and service contracts on the basis of whether an identified asset is controlled by a customer. Distinctions of operating leases and finance leases are removed for lessee accounting, and is replaced by a model where a right-of use assets and a corresponding liability have to be recognised for all leases by lessees, except for short-term leases and leases of low value assets.

The right-of-use assets is initially measured at cost and subsequently measured at cost (subject to certain exceptions) less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at that date. Subsequently, the lease liability is adjusted for lease and interest payments, as well as the impact of lease modifications, amongst others. For the classification of cash flows, the operating lease payments of the Group are presented as operating cash flows. Upon application of HKFRS 16, lease payments in relation to lease liability have been allocated into a principal and an interest portion which is presented as financing cash flows by the Group.

The Group has initially applied HKFRS 16 at 1 June 2019 using the modified retrospective approach. Under this approach, comparative information is not restated. As disclosed in the 2019 Financial Statements, the Group had non-cancellable operating lease commitments of approximately HK$38.1 million at 31 May 2019. Upon the application of HKFRS 16, the Group recognised a right-of-use assets and a corresponding liability in respect of all these leases amounted to approximately HK$33.5 million and HK$34.7 million, respectively, except those qualified for low value or short term leases.

Except for HKFRS 16, the Directors do not anticipate that the application of other new and revised HKFRSs have a material impact on the Group's financial performance and financial positions. The Group has not adopted or early adopted the new and revised HKFRSs (including their consequential amendments) which are relevant to the Group that have been issued but are not yet effective in the preparation of these unaudited condensed consolidated results.

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 2019	30 November 2018	**30 November 2019**	30 November 2018
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
	(unaudited)	(unaudited)	**(unaudited)**	(unaudited)
Revenue from:				
Clubbing and entertainment operations				
Net sales of beverage	**9,569**	12,824	**21,820**	25,963
Entrance fee	**216**	677	**658**	1,284
Sponsorship income	**438**	477	**535**	1,089
Entertainment income	**1,054**	1,052	**2,368**	2,116
Others	**388**	458	**708**	806
	11,665	15,488	**26,089**	31,258
Restaurant operations				
Net sales of food and beverage	**1,539**	2,891	**3,803**	8,222
Others	**61**	1	**66**	16
	1,600	2,892	**3,869**	8,238
Total revenue	**13,265**	18,380	**29,958**	39,496

3) FINANCE INCOME

	For the three months ended		For the six months ended	
	30 November 2019	30 November 2018	**30 November 2019**	30 November 2018
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
	(unaudited)	(unaudited)	**(unaudited)**	(unaudited)
Interest received from financial assets at fair value through profit or loss	**97**	78	**210**	352

4) FINANCE COSTS

	For the three months ended		For the six months ended	
	30 November 2019	30 November 2018	**30 November 2019**	30 November 2018
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
	(unaudited)	(unaudited)	**(unaudited)**	(unaudited)
Interest on bank borrowings	**266**	247	**539**	445
Interest on loans from a shareholder	**172**	–	**172**	–
Interest on lease liabilities	**293**	–	**671**	–
Finance costs	**731**	247	**1,382**	445

5) 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 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 2019	30 November 2018	**30 November 2019**	30 November 2018
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
	(unaudited)	(unaudited)	**(unaudited)**	(unaudited)
Current income tax	**–**	–	**–**	27
Deferred tax	**–**	–	**–**	–
Income tax expense	**–**	–	**–**	27

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

On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the **"Bill"**) which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day.

For the six months ended 30 November 2019 and 2018, Hong Kong Profits Tax is calculated in accordance with the two-tiered profits tax rates regime. Under the two-tiered profits tax rates regime, the first HK$2,000,000 of profits of qualifying corporation will be taxed at 8.25%, and profits above HK$2,000,000 will be taxed at 16.5%. The profits of corporations not qualifying for the two-tiered profits tax rates regime will continue to be taxed at 16.5% on the estimated assessable profits.

6) DIVIDEND

No dividends were paid, declared and proposed by the Company during the six months ended 30 November 2019 and 2018.

7) LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

	For the three months ended		For the six months ended	
	30 November 2019	30 November 2018	**30 November 2019**	30 November 2018
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
	(unaudited)	(unaudited)	**(unaudited)**	(unaudited)
Loss attributable to owners of the Company (HK$'000)	**(6,514)**	(6,628)	**(10,908)**	(12,770)
Weighted average number of ordinary shares for the purpose of calculating basic loss per share (in thousands)	**800,000**	800,000	**800,000**	800,000

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 2019 (unaudited), the Group acquired property, plant and equipment of approximately HK$567,000 (six months ended 30 November 2018 (unaudited): approximately HK$12,663,000).

During the six months ended 30 November 2019 (unaudited), the Group did not written off and disposal any property, plant and equipment (six months ended 30 November 2018 (unaudited): approximately HK$1,129,000).

On the date of application of HKFRS16, the Group recognised right-of-use assets of HK$33,471,000 included in property, plant and equipment and lease liabilities of HK$34,665,000

9) TRADE AND OTHER RECEIVABLES

	As at 30 November 2019 HK$'000 (unaudited)	31 May 2019 HK$'000 (audited)
Trade receivables	**2,959**	2,747
Other receivables	**4,225**	4,188
Prepayments	**1,349**	1,506
Deposits	**6,589**	6,716
Total	**15,122**	15,157
Less: Prepayments for acquisition of property, plant and equipment	**–**	330
Other receivables and deposits (non-current portion)	**6,061**	6,061
Trade and other receivables	**9,061**	8,766

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 2019 HK$'000 (unaudited)	31 May 2019 HK$'000 (audited)
0-30 days	**773**	1,306
31-60 days	**473**	370
61-90 days	**144**	267
91-180 days	**204**	515
Over 180 days	**1,365**	289
	2,959	2,747

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.

Other receivables

Included in the amount, balance of approximately HK$3,398,000 and HK$3,533,000 as of 30 November 2019 and as of 31 May 2019, 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 2019 *HK$'000* (unaudited)	31 May 2019 *HK$'000* (audited)
Beverage	**497**	694

11) FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	As at 30 November 2019 *HK$'000* (unaudited)	31 May 2019 *HK$'000* (audited)
Debt securities held for trading		
– Listed debt securities	**8,225**	12,991

The above debt investments as at 30 November 2019 and as at 31 May 2019 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 2019 and 31 May 2019, 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 2019 HK$'000 (unaudited)	31 May 2019 HK$'000 (audited)
Cash and cash balances	**11,776**	9,624
Time deposits	**3,455**	10,687
Cash and cash equivalents	**15,231**	20,311

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 2019 HK$'000 (unaudited)	31 May 2019 HK$'000 (audited)
Trade payables	**2,600**	3,106
Accruals and other payables	**15,925**	15,422
Total	**18,575**	18,528
Less: Current portion	**16,945**	(16,463)
Non-current portion	**1,630**	2,065

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 2019 *HK$'000* (unaudited)	31 May 2019 *HK$'000* (audited)
0-30 days	**1,201**	1,550
31-60 days	**1,078**	1,444
Over 60 days	**321**	112
	2,600	3,106

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 2019 *HK$'000* (unaudited)	31 May 2019 *HK$'000* (audited)
Current		
Bank loan due for repayment within one year (Notes (a), (b) & (c))	**31,443**	31,091

Notes:

a) The bank borrowing of HK$21,548,000 and HK$21,196,000 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 Inter-bank Offered Rate (**"HIBOR"**) + 2.5% per annum for the six months ended 30 November 2019 and for the year ended 31 May 2019, respectively.

b) The bank borrowing of HK$9,895,000, bore interest at the rate of HIBOR +2.25% per annum for the six months ended 30 November 2019.

The bank borrowing of HK$9,895,000, bore interest at the rate of HIBOR +2.25% per annum for the year ended 31 May 2019.

c) As at 30 November 2019 and 31 May 2019, the restricted bank deposits of HK$13,265,000 and HK$9,473,000 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 2019 and 31 May 2019, 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 2019 and 31 May 2019, 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 2018 to 31 May 2019 and 30 November 2019.

	Number of shares	***HK$'000***
Authorised, ordinary shares of HK$0.01 each:		
As of 1 June 2018, 31 May 2019 and 30 November 2019	10,000,000,000	100,000
Issued and fully paid, ordinary shares of HK$0.01 each:		
As of 31 May 2019 and 30 November 2019	800,000,000	8,000

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) two restaurants focusing on Japanese-style dishes under the proprietary "Tiger" brand, namely Tiger San and Tiger Room.

BUSINESS REVIEW AND OUTLOOK

During the six months ended 30 November 2019 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 (namely, Volar and Mudita (formerly known as Fly)), an entertainment studio (namely, Maximus Studio) and a sports-themed bar (namely Paper Street), to cover different segments of the night lifestyle, clubbing and entertainment market. Volar targets customers with strong spending power and aims to provide a premium clubbing experience to our customers; 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 shows and international DJ's performance; Maximus Studio is working to achieve a lifestyle designed by our customers and is a place to build the greatest self; while Paper Street aims at providing a casual and comfortable environment for its patronage. The revenue generated from the operation of clubbing and entertainment business decreased by approximately HK$5.2 million, or approximately 16.5%, from approximately HK$31.3 million for the six months ended 30 November 2018 to approximately HK$26.1 million for the six months ended 30 November 2019.

Operation of restaurant business

During the period under review, the Company owned two "Tiger" branded restaurants namely Tiger San and Tiger Room which are casual dining restaurants and aimed to provide a contemporary Japanese dining experience in a relaxing atmosphere for their customers.

The revenue generated from the operation of restaurant business decreased by approximately HK$4.3 million, or approximately 53.0%, from approximately HK$8.2 million for the six months ended 30 November 2018 to approximately HK$3.9 million for the six months ended 30 November 2019.

Outlook

Looking ahead, the uncertainties in the global economy, in particular those arising from the ongoing US-China trade tension as well as local political turmoil (including but not limited to the continuing social unrest in Hong Kong since late June 2019), are likely to continue to affect the consumption as well as the food and beverage, lifestyle and entertainment industry in Hong Kong. Hence, the overall business environment will become more challenging in the forthcoming year as the spending power and spending desirability of the population in the community and the number of tourists visiting Hong Kong are more likely to be influenced inevitably.

In order to cope with these challenges, the Group is prepared to strenghthen its market position by (i) upgrading our club facilities on an as-needed basis depending on the condition of our equipment and facilities; (ii) refining business strategies to cope with the continuing challenges; and (iii) enhancing our operational efficiency and further strengthening our cost control measures.

The Group is committed to strengthen its core capabilities to keep on improving its business performance and operating results so as to cope with these challenges and to present satisfactory results and bring favourable returns to our shareholders.

FINANCIAL REVIEW

Revenue

During the period under review, the Group's revenue was generated from the operation of clubbing and entertainment business and restaurant business in Hong Kong. For the six months ended 30 November 2019, the Group was operating two night clubs, one sports-themed bar, one entertainment studio and two restaurants located in Hong Kong.

The Group recognised its revenue from (a) the clubbing and entertainment operations when (i) the customer takes possession of and accepts the beverage products; (ii) services when the customer simultaneously receives and consumes the benefits provided by the Group 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 the customer takes possession of and accepts the food and beverage products; and (c) entertainment income when services have been transferred.

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

	For the three months ended				For the six months ended			
	30 November 2019		30 November 2018		**30 November 2019**		30 November 2018	
	HK$'000 **(unaudited)**	***% of total revenue***	*HK$'000* (unaudited)	*% of total revenue*	***HK$'000*** **(unaudited)**	***% of total revenue***	*HK$'000* (unaudited)	*% of total revenue*
Clubbing and entertainment operations	**11,665**	**87.9**	15,488	84.3	**26,089**	**87.1**	31,258	79.1
Restaurant operations	**1,600**	**12.1**	2,892	15.7	**3,869**	**12.9**	8,238	20.9
Total	**13,265**	**100.0**	18,380	100.0	**29,958**	**100.0**	39,496	100.0

The revenue generated from the operation of the clubbing and entertainment business decreased by approximately HK$5.2 million, or approximately 16.5%, from approximately HK$31.3 million for the six months ended 30 November 2018 to approximately HK$26.1 million for six months ended 30 November 2019. Such decrease was mainly due to a decrease in revenue generated from Volar due to the uncertainties in the global economy, in particular those arising from the ongoing US-China trade tension as well as local political turmoil (including but not limited to the continuing social unrest in Hong Kong since late June 2019) which resulted in the overall severe weakening of consumer sentiment and spending in the food and beverage, lifestyle and entertainment industry in Hong Kong as there was a significant decline in the pedestrian traffic and tourist arrival to Hong Kong and a reduction in the business hours of our outlets during the reporting period under review, which was partially offsetted by the increase in revenue generated by Mudita (formerly known as Fly), Paper Street and Maximus Studio. The increase in revenue of these night club, sports-themed bar and entertainment studio were mainly due to the following reasons: (i) Mudita (formerly known as Fly) had generated no revenue during the period from July 2018 to August 2018 when it was temporarily closed for its renovation and refurbishment while Mudita was under full operation during the reporting period under review; (ii) Paper Street was under full operation during the reporting period under review while it was only operating for less than four and a half months during the comparable period in 2018 as its was only opened on 20 July 2018; and (iii) the customers at Maximus Studio had increased due to the increased number of trainers who joined the Group from other gyms during the six months ended 30 November 2019.

The revenue generated from the operation of restaurant business decreased by approximately HK$4.3 million, or approximately 53.0%, from approximately HK$8.2 million for the six months ended 30 November 2018 to approximately HK$3.9 million for the six months ended 30 November 2019. Such decrease was mainly due to the closure of Tiger Curry & Café on 7 August 2018 and Tiger Curry Jr. on 7 May 2019 as a result of the non-renewal of the leases, of which these two restaurants contributed approximately HK$4.1 million to the Group's revenue for the six months ended 30 November 2018.

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 decreased by approximately HK$2.2 million, or approximately 25.5%, from approximately HK$8.9 million for the six months ended 30 November 2018 to approximately HK$6.7 million for the six months ended 30 November 2019. Such decrease was mainly due to the closure of Tiger Curry & Café and Tiger Curry Jr., and was generally in line with the decrease in revenue generated for the six months ended 30 November 2019.

Property rentals and related expenses

Property rentals and related expenses primarily represented the turnover rents of our clubs and entertainment premises, restaurants premises and office premises, property management fee paid and government rates for our clubs and entertainment premises, restaurants premises and office premises. The property rentals and related expenses were one of the components of the operating expenses which decreased by approximately HK$12.6 million, or approximately 91.2%, from approximately HK$13.8 million for the six months ended 30 November 2018 to approximately HK$1.2 million for the six months ended 30 November 2019. Such decrease in property rentals and related expenses was mainly due to the adoption of HKFRS 16 during the financial period beginning on 1 June 2019 where the lease payments were offset against the lease liabilities recognised in the consolidated statement of financial position instead of charging to the profit or loss as rental expenses for the six months ended 30 November 2019.

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$0.7 million, or approximately 13.9%, from approximately HK$5.5 million for the six months ended 30 November 2018 to approximately HK$4.8 million for the six months ended 30 November 2019. Such decrease was mainly due to the lesser expenses incurred for public relation services and model fee during the six months ended 30 November 2019.

Employee benefits expenses

Employee benefits expenses primarily consisted of all salaries and benefits payable to all employees and staff, including the Directors, headquarters staff and operational staff in each outlet. The employee benefits expenses decreased by approximately HK$1.8 million, or approximately 15.6%, from approximately HK$11.7 million for the six months ended 30 November 2018 to approximately HK$9.9 million for the six months ended 30 November 2019. Such decrease was mainly due to the closure of Tiger Curry & Café and Tiger Curry Jr. during the reporting period under review.

Depreciation

Depreciation represented the depreciation charge for property, plant and equipment, including, among others, right-of-use assets, leasehold improvements, furniture, fixtures and equipment. 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 increased by approximately HK$9.6 million, or approximately 511.4%, from approximately HK$1.9 million for the six months ended 30 November 2018 to approximately HK$11.5 million for the six months ended 30 November 2019. Such increase was mainly due to the recognition of right-of-use assets upon the adoption of HKFRS 16 during the financial period beginning on 1 June 2019 and approximately HK$9.4 million of right-of use assets were depreciated during the reporting period.

Other expenses

Other expenses mainly represented security expenses for the clubs, credit card commissions, repairs and maintenance costs, promotional expenses, cleaning expenses, and professional fee. The other expenses decreased by approximately HK$4.7 million, or approximately 43.2%, from approximately HK$11.0 million for the six months ended 30 November 2018 to approximately HK$6.3 million for the six months ended 30 November 2019. Such decrease was mainly due to (i) no write off of property, plant and equipment for the six months ended 30 November 2019 while approximately HK$0.8 million of property, plant and equipment was written off during the six months ended 30 November 2018 as a result of the renovation of our outlets; and (ii) the closure of Tiger Curry & Café and Tiger Curry Jr. during the reporting period under review.

Loss before income tax expenses

As a result of the cumulative factors discussed above, the loss before income tax expenses decreased from approximately HK$13.2 million for the six months ended 30 November 2018 to approximately HK$11.2 million for the six months ended 30 November 2019.

Loss and total comprehensive income for the period

The loss and total comprehensive income decreased by approximately HK$2.0 million, or approximately 23.1%, from approximately HK$13.2 million for the six months ended 30 November 2018 to approximately HK$11.2 million for the six months ended 30 November 2019. Such decrease was mainly due to the closure of Tiger Curry & Café and Tiger Curry Jr. during the reporting period under review resulting in the decrease in the operating cost. Besides, there was no write off of property, plant and equipment during the reporting period under review which also improved the results of the Group. In addition, the Group had successfully implemented costs saving strategies with positive results. With the combined effect of the above, the Group's loss and total comprehensive income for the six months ended 30 November 2019 had decreased and the performance of our operation has improved as compared to 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 2019, the Group's total cash and bank balances (including cash and cash equivalents and restricted bank deposits) were approximately HK$28.5 million (31 May 2019: approximately HK$29.8 million). The current ratios (calculated by current assets divided by current liabilities) of the Group were at approximately 0.7 times and 1.0 times as at 30 November 2019 and 31 May 2019, respectively. The gearing ratios (calculated by net debt divided by total equity) of the Group were at approximately 383.6% and 44.9% as at 30 November 2019 and 31 May 2019, respectively.

CONTINGENT LIABILITIES

As at 30 November 2019, there were no significant contingent liabilities for the Group (31 May 2019: Nil).

EMPLOYEES AND REMUNERATION POLICIES

As at 30 November 2019, the Group employed 92 employees (31 May 2019: 102 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$9.9 million for the six months ended 30 November 2019 (for the six months ended 30 November 2018: approximately HK$11.7 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 2019, the Group held approximately HK$8.2 million US$-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 the investment in its subsidiaries, the Group did not hold any significant investment for the six months ended 30 November 2019.

DETAILS OF FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

During the six months ended 30 November 2019, the Group currently does not have any firm intention or specific plans for material investments or capital assets.

FOREIGN EXCHANGE EXPOSURE

The Group's main operations are in Hong Kong with most of its transactions are 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 2019, the Group did not hedge any exposure to foreign exchange risk.

PLEDGE OF ASSETS

As at 30 November 2019, all of financial assets at fair value through profit or loss with aggregate value of approximately HK$8.2 million (31 May 2019: approximately HK$13.0 million) and restricted bank deposits of approximately HK$13.3 million (31 May 2019: approximately HK$9.5 million) were pledged to secure short-term bank loan.

CAPITAL STRUCTURE

The shares of the Company were 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 2019 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 of the Company dated 24 March 2017 (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 (the **"May 2018 Announcement"**).

During the period from the Listing Date to 30 November 2019, the Group has applied the net proceeds as follows:

	Adjusted allocation of net proceeds in accordance with the adjusted plan (as disclosed in the May 2018 Announcement) up to 30 November 2019	**Amount utilised as at 30 November 2019**	**Amount unutilised as at 30 November 2019**
	HK$ million	*HK$ million*	*HK$ million*
Continuing to expand and diversify the outlet network of the Group	18.8	10.3	8.5
Upgrading the club facilities of the Group	16.1	8.5	7.6
Increasing marketing effort of the Group	3.7	3.7	–
Enhancing corporate image of the Group	1.0	1.0	–
General working capital of the Group	4.3	4.3	–
Total	43.9	27.8	16.1

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 the 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 May 2018 Announcement 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 2019
(1) Upgrade our club facilities	Renovate and refurbish Fly • Execute planned renovation at Fly (currently known as Mudita)	• Renovation and refurbishment of Fly (currently known as Mudita) have been carried out and completed in October 2018.
	Renovate and refurbish Volar • 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	• We have set up a project team and obtained quotation from various contractors and designers. • No renovation and refurbishment of Volar have been carried out as at 30 November 2019 as the Company is still under negotiation with the contractors and designers. However, part of renovation and refurbishment of Volar will be carried out during the third quarter period. • Paper Street will be carrying out a small renovation work during the third quarter period in order to enhance the customers satisfaction.
(2) Continue to expand and diversify our outlet network for the clubbing operation	Establish sports-themed bars • Execute planned establishment of the first sports-themed bar • Explore opportunities with cooperation partners and conduct feasibility studies for the establishment our second sports-themed bar	• A sports-themed bar, namely Paper Street, has been opened on 20 July 2018. • 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 for the establishment of the second sports-themed bar.

Business objective and strategy	Business plan and activity	Actual business progress up to 30 November 2019
(3) Continue to expand and diversify our outlet network for the restaurant operations	Set up a standalone restaurant in Tsing Yi • Execute planned establishment of a standalone restaurant in Tsing Yi	• A standalone restaurant in Tsing Yi has been opened on 16 December 2017.
	Set up a standalone restaurant in Sheung Wan • Execute planned establishment of a standalone restaurant in Sheung Wan	• A standalone restaurant in Sheung Wan has been opened on 15 June 2018.
	Set up food court restaurants • Set up a project team and conduct a feasibility study	• We have set up a project team and conducted a study of potential location regarding pedestrian traffic, convenience, demographics, size and structure for the setting up of a new food court restaurant.

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 more 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 the 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 outlets 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 2018 and 2019, our revenue generated from Volar accounted for approximately 62.9% and 54.6% 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, could materially and adversely affect public perception of this brand. Any significant operational or other difficulties in the business of 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 down the night 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 as a result of the landlord's or licensor's or our decision) or termination of any of our lease or licence or substantial increased rentals or licence fees could cause us to close down 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 2018 and 2019, our purchases from our largest supplier accounted for approximately 51.1% and 55.3% 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 with it. 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 conditions, 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 2019, 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 2019

Name	Capacity/Nature of Interest	Number of shares	Percentage of shareholding
Mr. Ng Shing Joe Kester ("**Mr. Kester Ng**") *(Note 1)*	Interest in a controlled corporation	371,520,000	46.44%
Mr. 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, as at 30 November 2019, 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 AND UNDERLYING SHARES OF THE COMPANY AND ITS ASSOCIATED CORPORATION

As at 30 November 2019, 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 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 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 2019

Name	Capacity/Nature of Interest	Number of shares	Percentage of shareholding
Aplus Concept Limited *(Note 1)*	Beneficial owner	371,520,000	46.44%
Ms. Louey Andrea Alice *(Note 2)*	Interest of spouse	371,520,000	46.44%
Mr. Chung Cho Yee, Mico *(Note 3)*	Interest in controlled corporation	159,180,000	19.90%
Digisino Assets Limited *(Note 3)*	Interest in controlled corporation	159,180,000	19.90%
Earnest Equity Limited *(Note 3)*	Interest in controlled corporation	159,180,000	19.90%
CSI Properties Limited *(Note 4)*	Interest in controlled corporation	159,180,000	19.90%
Phoenix Year Limited *(Note 5)*	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 2019, 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 entered in the register maintained by the Company pursuant to 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 2019.

DIRECTORS' INTERESTS IN CONTRACTS

For the six months ended 30 November 2019, 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 2019, save as disclosed in the annual report for the year ended 31 May 2019, 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 2019.

COMPLIANCE WITH CODE ON CORPORATE GOVERNANCE PRACTICES

The Directors consider that during the six months ended 30 November 2019, 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.

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 unaudited interim results 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 of the Group for the six months ended 30 November 2019 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 2019.

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 2019.

EVENT AFTER REPORTING PERIOD

The were no significant events occurred after the six months ended 30 November 2019 and up to the date of this announcement.

PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT

This announcement is published on the Company's website (www.bcigroup.com.hk) and the website (www.hkexnews.hk) of the Stock Exchange.

The 2019/20 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, 13 January 2020

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.bcigroup.com.hk.