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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)

**DISCLOSEABLE TRANSACTION IN RELATION TO
THE LEASE AGREEMENT**

LEASE AGREEMENT

On 17 November 2022, Party Alc has entered into the Lease Agreement with the Landlord in respect of the leasing of the Premises for a term of three years commencing from 1 February 2023 to 31 January 2026 (both days inclusive) for setting up a new food and beverage and entertainment business in the normal ordinary course of business of the Group.

IMPLICATIONS UNDER THE GEM LISTING RULES

As one or more of the applicable percentage ratios calculated pursuant to rule 19.07 of the GEM Listing Rules in respect of the Lease Agreement exceeds 5% but less than 25%, the entering into of the Lease Agreement constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements under Chapter 19 of the GEM Listing Rules.

INTRODUCTION

The Board is pleased to announce that on 17 November 2022, Party Alc has entered into the Lease Agreement with the Landlord in respect of the leasing of the Premises for a term of three years commencing from 1 February 2023 to 31 January 2026 (both days inclusive) for setting up a new food and beverage and entertainment business in the normal ordinary course of business of the Group.

PRINCIPAL TERMS OF THE LEASE AGREEMENT

Date: 17 November 2022

Parties: (i) Lan Kwai Fong Properties Limited as the Landlord
(ii) Party Alc Limited as the Tenant

Premises:	The whole of the Lower Ground Floor & Upper Ground Floor of No. 1 Lan Kwai Fong, Central, Hong Kong
Lease term:	Three years commencing on 1 February 2023 and expiring on 31 January 2026 (both days inclusive)
Use of the Premises:	The Tenant shall use the Premises solely as a food and beverage outlet trade under the name of “Amante”
Base Rent (“ Base Rent ”):	<p>(i) For the period from 1 February 2023 to 31 January 2024 (both days inclusive), the base rent shall be HK\$150,000 per calendar month;</p> <p>(ii) For the period from 1 February 2024 to 31 January 2025 (both days inclusive), the base rent shall be HK\$160,000 per calendar month; and</p> <p>(iii) For the period from 1 February 2025 to 31 January 2026 (both days inclusive), the base rent shall be HK\$170,000 per calendar month</p>
Turnover Rent:	In addition to the Base Rent, if the turnover of the Tenant Business in any month exceed the Base Rent, Turnover Rent shall also be paid (formula: Turnover Rent = gross amount generated from the Tenant Business for the relevant month multiplied by the Prescribed Percentage minus Base Rent for the relevant month)
Services charges:	HK\$18,486 per month for including the air-conditioning service during the normal hours from 10:00 a.m. to 22:00 p.m.
Aggregate value of Consideration payable:	The total rent payable during the lease term of the Lease Agreement is HK\$5,310,000 (exclusive of air conditioning, management or services charges and government rates)
Rent free period:	A three months’ rent free period from 1 February 2023 to 30 April 2023 (both days inclusive)
Payment terms:	The rent shall be payable monthly in advance on the first day of each calendar month

Rates:	The Tenant shall pay rates charged on the Premises during the term of the Lease Agreement
Security deposit:	A cash deposit of HK\$609,258 and subject to increase by the Landlord from time to time if the Base Rent, service charges and rate increase
Option to renew:	The Tenant shall have an option to renew the lease for a further term of three years from the expiration of the term at the current market rent but not less than HK\$170,000 per month and not higher than HK\$204,000 per month

RIGHT-OF-USE ASSETS

Pursuant to HKFRS 16, the lease of the Premises will be recognised as right-of-use assets for an amount of approximately HK\$4,780,000, which is calculated with reference to the present value of the aggregated lease payments to be made under the Lease Agreement.

REASONS FOR, AND BENEFITS OF, THE ENTERING INTO LEASE AGREEMENT

One of the Group's principal activities is operations of a club and a bar. As disclosed in the previous annual reports of the Company during the COVID-19 pandemic, to cope with the challenges arisen from COVID-19 and global political instability, diversifying into ancillary business is one of the measures which the Company undertakes. The Board intends to develop the Premises into a high-ended cigar and alcohol lounge and club to provide another type of experience to its customers as well as broaden its customer base. The Premises, located in Lan Kwai Fong, Central, is in the traditional tourist district with steady demand in food and beverage and entertainment service from the locals and tourist. The Directors expect that the demand from locals and tourist will restore as the economy recovers from the pandemic.

The terms of the Lease Agreement including, but not limited to, the rent payable by the Tenant were determined after arm's length negotiations between the Landlord and the Tenant with reference to the prevailing market rent for properties of similar use, floor area and location. The Directors considered that the transaction contemplated under the Lease Agreement was entered into in the ordinary and usual course of business of the Group and on normal commercial terms, and the terms of the Lease Agreement were fair and reasonable and in the interests of the Company and the Shareholders as a whole.

“Company”	BCI Group Holdings Limited, an exempted company incorporated in the Cayman Islands with limited liability, and the issued shares of which are listed on GEM of the Stock Exchange (stock code: 8412)
“connected persons”	has the meaning ascribed to it under the GEM Listing Rules
“Director(s)”	the director(s) of the Company
“GEM”	GEM operated by the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM, as amended, supplemented or otherwise modified from time to time
“Group”	the Company and its subsidiaries from time to time
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“HKFRS 16”	Hong Kong Financial Reporting Standards 16 “Leases” which includes standards and interpretations promulgated by the Hong Kong Institute of Certified Public Accountants
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Landlord”	Lan Kwai Fong Properties Limited, a limited liability company incorporated under the laws of Hong Kong
“Lease Agreement”	a lease agreement dated 17 November 2022 entered into between the Tenant and the Landlord in relation to the lease of the Premises
“Premises”	The whole of the Lower Ground Floor & Upper Ground Floor of No. 1 Lan Kwai Fong, Central, Hong Kong
“Prescribed Percentage(s)”	<ul style="list-style-type: none"> (i) from 1st February 2023 to 31st January 2024 (both days inclusive), 5% of the monthly gross sales of Tenant Business; (ii) from 1st February 2024 to 31st January 2025 (both days inclusive, 6% of the monthly gross sales of Tenant Business; and (iii) from 1st February 2025 to 31st January 2026 (both days inclusive, 7% of the monthly gross sales of Tenant Business

“Shareholder(s)”	shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Tenant” or “Party Alc”	Party Alc Limited, a limited liability company incorporated under the laws of Hong Kong and an indirect wholly-owned subsidiary of the Company
“Tenant Business”	business conducted on or from the Premises by the Tenant during the terms of the Lease Agreement
“Turnover Rent”	being the amount (if any) by which the Prescribed Percentage(s) of the gross takings of the Tenant Business in any month exceeds the Base Rent payable for the month in question
“%”	per cent

By order of the Board of
BCI Group Holdings Limited
Wong Chi Yung
Chairman of the Board and Chief Executive Office

Hong Kong, 17 November 2022

As at the date of this announcement, the executive Directors are Mr. Wong Chi Yung, Mr. Ng Shing Chun Ray and Ms. Lui Lok Yan, the independent non-executive Directors are Mr. Pong Chun Yu, Mr. Hui Wai Hung and Mr. Jiang Qiaowei.

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with 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.

This announcement will remain on the “Latest Listed Company Announcements” page of the Stock Exchange’s website for at least 7 days from the date of its publication. This announcement will also be published on the Company’s website at <http://www.bcigroup.com.hk>.