BCI GROUP HOLDINGS LIMITED
高門集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8412)

FIRST QUARTERLY RESULTS ANNOUNCEMENT FOR THE THREE MONTHS ENDED 31 AUGUST 2018

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*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 three months ended 31 August 2018, together with the unaudited comparative figures for the corresponding period in 2017 as set out below. Unless otherwise specified, terms used herein shall have the same meanings as those defined in the Company's prospectus dated 24 March 2017 (the "**Prospectus**").*

FINANCIAL HIGHLIGHTS

The Group's revenue for the three months ended 31 August 2018 was approximately [HK$21.1] million, representing a decrease of approximately [8.6]% when compared with that of the corresponding period in 2017.

The Group recorded a loss and total comprehensive expenses for the three months ended 31 August 2018 of approximately HK$[6.4] million, representing an increase in loss and total comprehensive expense of approximately [3.4] times when compared with that of the corresponding period in 2017.

The Board did not recommend payment of any dividend for the three months ended 31 August 2018.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the three months ended 31 August 2018

		For the three months ended 31 August	
		2018	2017
	Notes	***HK$'000***	*HK$'000*
		(unaudited)	(unaudited)
Revenue	*2*	**21,116**	23,097
Finance income	*3*	**274**	–
Cost of inventories sold		**(4,774)**	(4,599)
Other income and gains		**37**	2
Property rentals and related expenses		**(7,177)**	(5,812)
Advertising and marketing expenses		**(2,643)**	(3,680)
Employee benefits expenses		**(6,173)**	(4,850)
Depreciation		**(900)**	(1,096)
Other expenses		**(5,922)**	(4,550)
Finance cost	*4*	**(198)**	–
Loss before income tax expense/credit		**(6,360)**	(1,488)
Income tax (expense)/credit	*5*	**(27)**	41
Loss and total comprehensive expense for the period		**(6,387)**	(1,447)
Loss and total comprehensive expense for the period attributable to:			
– Owners of the Company		**(6,142)**	(1,445)
– Non-controlling interests		**(245)**	(2)
		(6,387)	(1,447)
Loss per share attributable to owners of the Company			
– Basic and diluted (HK cents)	*7*	**(0.08)**	(0.02)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the three months ended 31 August 2018

	Attributable to owners of the Company					
	Share capital	**Share Premium**	**Retained earnings/ accumulated losses**	**Total**	**Non-controlling interests**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Balance at 1 June 2017	8,000	56,525	3,206	67,731	(384)	67,347
Loss and total comprehensive expenses for the period	–	–	(1,445)	(1,445)	(2)	(1,447)
Balance at 31 August 2017	8,000	56,525	1,761	66,286	(386)	65,900
Balance at 1 June 2018	8,000	56,525	(21,929)	42,596	(1,022)	41,574
Loss and total comprehensive expenses for the period	–	–	(6,142)	(6,142)	(245)	(6,387)
Balance at 31 August 2018	8,000	56,525	(28,071)	36,454	(1,267)	35,187

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended 31 August 2018

1) GENERAL INFORMATION, BASIS OF PREPARATION AND ACCOUNTING POLICIES

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law (as revised) of the Cayman Islands on 19 May 2016 and its registered office is located at PO Box 1350, Clifton House, 75 Fort Street, Grand Cayman KY1-1108, Cayman Islands. Its principal place of business in Hong Kong is located at Basement, Ho Lee Commercial Building, No. 38-44 D' Aguilar Street, Central, Hong Kong. The shares of the Company 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 and entertainment and restaurant business in Hong Kong.

The unaudited condensed consolidated first quarterly results of the Group 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 first quarterly results of the Group have been prepared under the historical cost basis.

The unaudited condensed consolidated financial statements for the three months ended 31 August 2018 are presented in Hong Kong Dollars ("HK$") which is the functional currency of the Group, and all values are rounded to nearest thousand's ("HK$'000") except when otherwise indicated.

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

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

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

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

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

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

2) REVENUE

The Group's principal activities are the operations of clubs, entertainment and restaurants.

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 total 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 31 August	
	2018	2017
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Revenue from:		
Clubs and entertainment operation		
Sales of beverage	**16,171**	19,766
Less: Sales discounts	**(3,032)**	(3,548)
	13,139	16,218
Entrance fee	**607**	1,056
Sponsorship income	**612**	1,061
Entertainment income	**1,064**	–
Others	**348**	405
	15,770	18,740
Restaurants operation		
Sales of food and beverage	**5,401**	4,356
Less: Sales discounts	**(70)**	(2)
	5,331	4,354
Others	**15**	3
	5,346	4,357
Total revenue	**21,116**	23,097

3) FINANCE INCOME

	For the three months ended 31 August	
	2018	2017
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Interest received from financial assets at fair value through profit or loss	**274**	–

4) FINANCE COST

	For the three months ended 31 August	
	2018	2017
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Interest on bank borrowings	**198**	–

5) INCOME TAX (EXPENSE)/CREDIT

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 31 August	
	2018	2017
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Current income tax	**(27)**	(19)
Deferred tax	**–**	60
Income tax (expense)/credit	**(27)**	41

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

Hong Kong profits tax is calculated at 16.5% of the estimated assessable profit for the period under review.

6) DIVIDEND

No dividends were paid, declared and proposed by the Company during the three months ended 31 August 2017 and 2018.

7) LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

	For the three months ended 31 August	
	2018	2017
	(unaudited)	(unaudited)
Loss attributable to owners of the Company (HK$'000)	**(6,142)**	(1,445)
Weighted average number of ordinary shares for the purpose of calculating basic loss per share (in thousands)	**800,000**	800,000

The number of ordinary shares for the purpose of calculating basic loss per share has been determined on the assumption that the reorganisation and the capitalisation issue had been effective on 1 June 2016.

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

MANAGEMENT DISCUSSION AND ANALYSIS

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

BUSINESS REVIEW AND OUTLOOK

During the three months ended 31 August 2018 and up to the date of this announcement, the Group had been principally engaged in the operation of clubbing and entertainment and restaurant business in Hong Kong.

Operation of clubbing and entertainment business

During the period under review, the Group strategically positions two night clubs and an entertainment studio, namely Volar, Fly and Maximus Studio, to cover different segments of the night lifestyle, club and entertainment market. Volar targets customers with strong spending power and aims to provide a premium clubbing experience, Fly aims to appeal to the younger white collar professionals and university students and graduates and provide a high-end clubbing lifestyle experience, while Maximus Studio is working to achieve a lifestyle designed by the customer and is a place to build a greatest self. The revenue generated from operation of clubbing and entertainment business decreased by approximately HK$[2.9] million, or approximately [15.8]%, from approximately HK$18.7 million for the three months ended 31 August 2017 to approximately HK$[15.8] million for the three months ended 31 August 2018. Such decrease was mainly due to (i) Fly being temporarily closed for business since early July of 2018 for its renovation and refurbishment; and (ii) a decrease in revenue of Volar due to the rising competition in clubbing business during the Period.

Operation of restaurant business

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

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

The Group seeks to distinguish itself from other local casual dining and quick service restaurant concepts by creating food menus centered on Japanese-style dishes yet at the same time offering a variety of other Japanese dishes with broad appeal. The revenue generated from operation of restaurant business increased by approximately HK$[0.9] million, or approximately [22.7]%, from approximately HK$4.4 million for the three months ended 31 August 2017 to approximately HK$[5.3] million for the three months ended 31 August 2018. The increase in revenue was [primarily attributable to the result of the increase in revenue contributed from Tiger San and Tiger Room which were opened on 16 December 2017 and 15 June 2018, respectively. Such effect was partially offset by the closure of Tiger Curry & Café on 7 August 2018 and the effect of the rising competition and general downturns in the food and beverage industry.

Outlook

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

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

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

The Group's strategy remains unchanged and diversifies our outlet network by adopting the following key business strategies:

Upgrade our club facilities

The Group undertakes minor renovations for our clubs on an as-needed basis depending on the condition of our equipment and facilities.

Renovation and refurbishment of Fly was started in July 2018 and will be completed within October 2018. In addition, the renovation and refurbishment of Volar will commence in or around the first quarter of 2019.

Expand our market share in food and beverage, lifestyle and entertainment industry in Hong Kong

Despite the keen competition and challenging operating environment in the food and beverage, lifestyle and entertainment industry in Hong Kong, the Group is still looking for business opportunities to enhance the market share in both clubbing and entertainment and restaurant business. In the meantime, the Group will continue to refine its business strategy to cope with the continuing challenges.

FINANCIAL REVIEW

Revenue

During the period under review, the Group's revenue was generated from the operation of clubbing and entertainment and restaurant business in Hong Kong. For the three months ended 31 August 2018, the Group was operating two night clubs, one sports-themed bar, one entertainment studio and four restaurants located in Hong Kong. Tiger Curry & Café was closed down on 7 August 2018 due to the non-renewal of the lease.

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

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

	For the three months ended 31 August			
	2018		2017	
	HK$'000 **(unaudited)**	***% of total revenue***	*HK$'000* (unaudited)	*% of total revenue*
Clubbing and entertainment operations	**15,770**	**74.7%**	18,740	81.1%
Restaurant operations	**5,346**	**25.3%**	4,357	18.9%
Total	**21,116**	**100.0**	23,097	100.0

The revenue generated from the operation of clubbing and entertainment business decreased by approximately HK$[2.9] million, or approximately [15.8]%, from approximately HK$[18.7] million for the three months ended 31 August 2017 to approximately HK$[15.8] million for the three months ended 31 August 2018. Such decrease was mainly due to (i) Fly being temporarily closed for business since early July of 2018 for its renovation and refurbishment; and (ii) a decrease in revenue of Volar mainly due to the rising competition in clubbing business during the Period.

The revenue generated from operation of restaurant business increased by approximately HK$[0.9] million, or approximately [22.7]%, from approximately HK$[4.4] million for the three months ended 31 August 2017 to approximately HK$[5.3] million for the three months ended 31 August 2018. Such increase in revenue was primarily contributed by the increase in revenue generated by Tiger San which was opened on 16 December 2017 and by Tiger Room which was opened on 15 June 2018, but partially offset by the effect of the closure of Tiger Curry & Café on 7 August 2018 as well as the rising competition and general downturns in the food and beverage industry.

Cost of inventories sold

The cost of inventories sold mainly represents 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 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$[0.2] million, or approximately [3.8]%, from approximately HK$[4.6] million for the three months ended 31 August 2017 to approximately HK$[4.8] million for the three months ended 31 August 2018. Such increase was mainly due to the increase in the Group's restaurant business but partially offset by the effect of the decrease in the Group's clubbing and entertainment business.

Property rentals and related expenses

Property rentals and related expenses primarily represented the rental payments under operating leases and property management fee paid for the club and entertainment premises, restaurants and office premises. The property rentals and related expenses were the largest component of the operating expenses which increased by approximately HK$[1.4] million, or approximately [23.5]%, from approximately HK$5.8 million for the three months ended 31 August 2017 to approximately HK$[7.2] million for the three months ended 31 August 2018. Such increase was mainly due to the property rentals and related expenses incurred by Tiger San, Maximus Studio, Tiger Room and Paper Street which were opened on 16 December 2017, 21 January 2018, 15 June 2018 and 20 July 2018, respectively.

Advertising and marketing expenses

Advertising and marketing expenses primarily consisted of advertising and promotional expenses such as the cost of engaging resident and guest DJs and the expenses incurred for engaging a public relations company for the provision of marketing and promotion services to the Group's clubbing and entertainment and restaurant operations. The advertising and marketing expenses decreased by approximately HK$[1.1] million, or approximately [28.2]%, from approximately HK$[3.7] million for the three months ended 31 August 2017 to approximately HK$[2.6] million for the three months ended 31 August 2018. [Such decrease was mainly due to lesser expenses incurred for featured events, including night entertainment events headlined by an internationally renowned guest DJ or based on festival and holiday themes, for the three months ended 31 August 2018.]

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$[1.3] million, or approximately [27.3]%, from approximately HK$[4.9] million for the three months ended 31 August 2017 to approximately HK$[6.2] million for the three months ended 31 August 2018. Such increase was primarily due to the increase in staff costs as a result of the expansion of our outlet network in clubbing, entertainment and restaurant operations.

Depreciation

Depreciation represented the depreciation charge for property, plant and equipment, including, among others, leasehold improvements, furniture, fixtures and equipment and motor vehicles. Property, plant and equipment are depreciated so as to write off their cost net of expected residual value over their estimated useful lives on a straight-line basis. The depreciation recorded at approximately HK$1.1 million and HK$0.9 million for each of the three months ended 31 August 2017 and 2018, respectively.

Other expenses

Other expenses mainly represented security expenses for the clubs, credit card commissions, repairs and maintenance costs, cleaning expenses, professional fee and impairment loss on property, plant and equipment. The other expenses increased by approximately HK$[1.3] million, or approximately [30.2]%, from approximately HK$[4.6] million for the three months ended 31 August 2017 to approximately HK$[5.9] million for the three months ended 31 August 2018. Such increase was mainly due to (i) the increase in other expenses in line with our business expansion; and (ii) written off of property, plant and equipment due to the renovation and refurbishment of Fly which commenced in July 2018.

Loss before income tax expense

As a result of the foregoing, the Group's loss before income tax expense increased from approximately HK$1.5 million for the three months ended 31 August 2017 to approximately HK$[6.4] million for the three months ended 31 August 2018.

Loss and total comprehensive expense for the period

As a result of the cumulative factors discussed above, the Group's loss and total comprehensive expense increased from approximately HK$[1.4] million for the three months ended 31 August 2017 to approximately HK$[6.4] million for the three months ended 31 August 2018.

USE OF PROCEEDS

Based on the offer price of HK$0.34 per offer share, the net proceeds from the Listing, after deducting the underwriting commission and other estimated expenses, amounted to approximately HK$43.9 million.

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

During the period from the Listing Date to 31 August 2018, the Group has applied the net proceeds as follows:

	Adjusted allocation of net proceeds in accordance with the Adjusted Plan up to 31 August 2018	**Amount utilised up to 31 August 2018**	**Amount unutilised in accordance with the Adjusted Plan as at 31 August 2018**
	HK$ million	*HK$ million*	*HK$ million*
Continuing to expand and diversify the outlet network of the Group	18.8	9.2	9.6
Upgrading the club facilities of the Group	16.1	3.9	12.2
Increasing marketing effort of the Group	3.7	2.4	1.3
Enchancing corporate image of the Group	1.0	0.4	0.6
General working capital of the Group	4.3	2.8	1.5
	43.9	18.7	25.2

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

PRINCIPAL RISKS AND UNCERTAINTIES

There are certain risks involved in the operations of the Group's business. Set forth below are some of the major risks that could materially and adversely affect the Group.

1) In order to expand and diversify our outlet network, we expect to establish sports-themed bars and set up more restaurants in Hong Kong. The food and beverage and entertainment industry in Hong Kong is highly competitive. Our ability to successfully open new outlets is subject to a number of risks and uncertainties, including identifying suitable locations and/or securing leases on reasonable terms, timely securing necessary governmental approvals and licences, ability to hire quality personnel, timely delivery in decoration and renovation works, securing sufficient customer demand, securing adequate suppliers and inventory that meet our quality standards on timely basis, reducing potential cannibalisation effects between the locations of our outlets and the general economic conditions. The costs incurred in opening of new outlets and the expansion plans may place substantial strain on our managerial, operational and financial resources. As such, we cannot assure that we can always operate the expanded network on a profitable basis or that any new outlet will reach the planned operating levels. If any new outlet experiences prolonged delays in breaking even or achieving our desired level of profitability or operate at a loss, our operational and financial resources could be strained and our overall profitability could be affected.

2) For each of the three months ended 31 August 2017 and 2018, revenue generated from Volar accounted for approximately 65.9% and [62.9]% of our total revenue, respectively. Our success therefore depends significantly on our ability to attract beverage sales, entrance income and market our other offerings under our "Volar" brand, which in turn depends on, among other things, the market perception and acceptance of the brand. Negative publicity about our "Volar" brand, the premises on which Volar operates or its offerings, us or our management could materially and adversely affect public perception of this brand. Any significant operational or other difficulties in the business at or from Volar may reduce, disrupt or halt our operation and business at the premises, which would materially and adversely affect our business, prospects, reputation, financial condition and results of operation. Experiencing problems in operation which result in the need to close the club temporarily or permanently will materially and adversely affect our results of operations and financial condition.

3) As we lease or license all of the properties on which our outlets operate, we are exposed to the fluctuations in the commercial real estate market. There is no objective way for us to accurately predict the rental rates in the commercial real estate market in Hong Kong, and our substantial operating lease obligations expose us to potentially significant risks, including increasing our vulnerability to adverse economic conditions, limiting our ability to obtain additional financing and reducing our cash available for other purposes. Any non-renewal (whether a result of the landlord's or licensor's or our decision) or termination of any of our leases or licence or substantial increased rentals or licence fees could cause us to close the relevant outlet or relocate to another site, depending on our business needs or performance from time to time. In

such events, we could face a drop in sales, write off leasehold improvements, and could incur relocation costs for renovation, removal and resources allocation, which could in turn result in financial strain in our operations and diversion of management resources.

4) For each of the three months ended 31 August 2017 and 2018, purchases from our largest supplier accounted for approximately [50.0]% and [43.9]% of our total purchases, respectively. We make purchases from our largest supplier under individual purchase order, and have not entered into any long-term contract. If our largest supplier for any reason reduces the volume supplied to us or cease to supply to us, we will need to find alternative suppliers on similar sale terms and conditions acceptable to us. If we fail to do so in a timely manner, the operations of our clubs will be interrupted, our costs may increase and our business, financial condition, results of operations and growth prospects may therefore be materially and adversely affected.

To address the above risks and uncertainties, the Directors will closely monitor the progress of the expansion plan, to operate the expanded network on a profitable basis 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.

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 31 August 2018, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO")) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO) or required to be entered in the register maintained by the Company pursuant to Section 352 of the SFO or which were notified to the Company and the Stock Exchange pursuant to the required standard of dealings by the Directors as referred to in Rules 5.46 to 5.67 of the GEM Listing Rules, were as follows:

Long positions in the shares of the Company as at the 31 August 2018

Name	Capacity/Nature of Interest	Number of shares	Percentage of shareholding
Ng Shing Joe Kester ("Mr. Kester Ng") *(Note 1)*	Interest in controlled corporation	371,520,000	46.44%

Note:

1. Mr. Kester Ng beneficially owns 100% of the issued share capital of Aplus Concept Limited. By virtue of the SFO, Mr. Kester Ng is deemed to be interested in 371,520,000 shares held by Aplus Concept Limited.

Save as disclosed above, none of the Directors and chief executive of the Company has any interest or short position in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO) or required to be entered in the register maintained by the Company pursuant to Section 352 of the SFO or which were notified to the Company and the Stock Exchange pursuant to the required standard of dealings by the Directors as referred to in Rules 5.46 to 5.67 of the GEM Listing Rules.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATION

As at 31 August 2018, the interests and short positions of substantial shareholders and other persons (not being a Director or chief executive of the Company) in the shares and underlying shares of the Company 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:

Name	Capacity/Nature of Interest	Number of shares	Percentage of shareholding
Aplus Concept Limited *(Note 1)*	Beneficial owner	371,520,000	46.44%
Louey Andrea Alice *(Note 2)*	Interest of spouse	371,520,000	46.44%
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.

SHARE OPTIONS 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.

As at 31 August 2018, no share option has been granted 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 three months ended 31 August 2018.

DIRECTORS' INTERESTS IN CONTRACTS

Save as those interests disclosed under the paragraph entitled "Connected Transactions" in the Company's annual report dated 27 August 2018, there is no contract of significance to which the Company or any of its subsidiaries and the controlling shareholders of the Company or any of its subsidiaries was a party and in which the Directors had a material interests, whether directly or indirectly, subsisted during the period for the three months ended 31 August 2018.

DIRECTORS' AND CONTROLLING SHAREHOLDERS' COMPETING INTEREST

As at 31 August 2018, save as the directorship of Mr. Kan Sze Man, a non-executive Director, in Surplus King Hotel Enterprises Limited (a company incorporated in Hong Kong) which is principally engaged in the operation of a hotel including an all-day dining restaurant and a bar, the Directors, including the independent non-executive Directors, are not aware of any business or interests of the Directors or controlling shareholders of the Company or any of their respective close associates (as defined in the GEM Listing Rules) that competes or may compete with the business of the Group, or has 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 three months ended 31 August 2018 and up to the date of this announcement.

COMPLIANCE WITH CODE ON CORPORATE GOVERNANCE PRACTICES

The Directors consider that during the three months ended 31 August 2018 and up to the date of this announcement, the Company has applied the principles and complied with all the applicable code provisions set out in Appendix 15 – Corporate Governance Code to the GEM Listing Rules.

INTERESTS OF THE COMPLIANCE ADVISER

In accordance with Rule 6A.19 of the GEM Listing Rules, the Company has appointed Lego Corporate Finance Limited ("Lego") to be the compliance adviser. Lego, being the sponsor to the listing of the Company, 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) which is required to be notified to the Group pursuant to Rule 6A.32 of the GEM Listing Rules for the three months ended 31 August 2018.

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

Pursuant to Rule 5.28 of the GEM Listing Rules, the Company has 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 with the management of the Company the accounting principles and practices adopted by the Group and this announcement. The condensed consolidated financial results of the Group for the three months ended 31 August 2018 are unaudited, but have been reviewed by the Audit Committee.

DIVIDEND

No dividend has been paid, declared or proposed by the Company, or by any of the companies now comprising the Group during each of the three months ended 31 August 2017 and 2018.

MATERIAL ACQUISITION AND DISPOSAL

The Group did not have any material acquisition or disposal of subsidiaries or associates during the three months ended 31 August 2018.

PUBLICATION OF FIRST QUARTERLY REPORT

The 2018/19 first quarterly 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, 12 October 2018

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 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.