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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)

CHANGE OF USE OF PROCEEDS

Reference is made to (i) the Prospectus relating to the Share Offer dated 24 March 2017; (ii) the 2018 Announcement; and (iii) the announcements of the Company dated 30 June 2020, 21 July 2020 and 18 August 2020 relating to 2020 Placing. Unless otherwise specified herein, capitalised terms used in this announcement shall have the same meanings as those defined in the Prospectus and 2018 Announcement.

As at the date of this announcement, the net proceeds from 2020 Placing of approximately HK\$20.3 million was fully utilised as the general working capital to support the operation of the Group.

CHANGE OF USE OF PROCEEDS FROM THE SHARE OFFER

The Company announced in the 2018 Announcement a change in the allocation of the unutilised net proceeds of approximately HK\$35.3 million from the Share Offer. As at the date of this announcement, the unutilised Adjusted Net Proceeds from the Share Offer amounted to approximately HK\$10.4 million. The Company has decided, having regard to the prevailing circumstances, to make further adjustments to the allocation of the remaining Adjusted Net Proceeds.

The table below sets out the details of the allocation of the Adjusted Net Proceeds as described in the 2018 Announcement, the utilisation of the Adjusted Net Proceeds as at the date of this announcement and the revised allocation of the unutilised Adjusted Net Proceeds:

| Uses of the Adjusted Net Proceeds | Original allocation of Adjusted Net Proceeds <i>HK\$ million</i> | Utilised Adjusted Net Proceeds <i>HK\$ million</i> | Unutilised Adjusted Net Proceeds <i>HK\$ million</i> | Revised allocation of unutilised Adjusted Net Proceeds <i>HK\$ million</i> |
|---|--|---|---|---|
| Continuing to expand and diversify the outlet network of the Group | | | | |
| — Establishing two sports-themed bars | 12.0 | 12.0 | - | - |
| — Establishing two standalone restaurants and two food court restaurants | 6.8 | 3.5 | 3.3 | 3.3 |
| | <u>18.8</u> | <u>15.5</u> | <u>3.3</u> | <u>3.3</u> |
| Upgrading the club facilities of the Group | | | | |
| — Renovating and refurbishing Volar | 6.7 | 1.4 | 5.3 | 1.2 |
| — Renovating and refurbishing Fly | 9.4 | 7.6 | 1.8 | 1.8 |
| | <u>16.1</u> | <u>9.0</u> | <u>7.1</u> | <u>3.0</u> |
| 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 | - | 4.1 |
| | <u>43.9</u> | <u>33.5</u> | <u>10.4</u> | <u>10.4</u> |

REASONS FOR CHANGING THE USE OF PROCEEDS

Approximately HK\$6.7 million of the original Adjusted Net Proceeds was allocated to renovate and refurbish Volar, one of the night entertainment clubs of the Group. As at the date of this announcement, approximately HK\$1.4 million has been utilised for such purposes.

However, the “social distancing” and “no dine-in restriction” measures implemented by the Government in response to the COVID-19 pandemic have significantly affected the food and beverage and entertainment industry in which the Group operates. In addition, the Group was unable to secure a satisfactory and mutually agreeable rent reduction from the landlord to renew Volar’s lease that is due to expire on 31 March 2021. Taking into consideration of the above factors and the current economic environment, the Group decided not to proceed with a renewal of the lease. Accordingly, the Board has allocated approximately HK\$1.2 million of the unutilised Adjusted Net Proceeds to fund the costs of the reinstatement of the leased premises of Volar prior to the expiry of the lease under the terms of the lease. In order to deal with the expiration of Volar’s lease and in accordance with the original allocation of Adjusted Net Proceeds, the Group will launch a sport-themed bar with club in Central in late March or early April 2021.

Considering the continuing economic uncertainties in the food and beverage and entertainment industry in Hong Kong, the Directors’ strategy is to focus on maintaining the stability of the Group’s operations and staff to facilitate the ramp up of its services as the economy recovers. To ensure that the Group has adequate working capital for this purpose, the Board has decided to reallocate the remaining unutilised Adjusted Net Proceeds of approximately HK\$4.1 million originally earmarked for the renovation and refurbishment of Volar to the general working capital of the Group.

The Directors (including the independent non-executive Directors) confirm that there is no material change in the nature of business of the Group as a Hong Kong food and beverage and entertainment group as stated in the Prospectus, and that the change of use of the Adjusted Net Proceeds is fair and reasonable and in the interests of the Group and the Shareholders as a whole.

The Directors will continue to evaluate and monitor the actual use of the unutilised Adjusted Net Proceeds, and may make further necessary amendments or changes based on the prevailing circumstances of the Group to enable it to better cope with the changing market conditions and strive for better business performance.

DEFINITIONS

| | |
|-------------------------|--|
| “Adjusted Net Proceeds” | the adjusted net proceeds after the change of use of proceeds from Share Offer as disclosed in 2018 Announcement |
| “Board” | the board of Directors |
| “Company” | BCI Group Holdings Limited (高門集團有限公司), a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Stock Exchange |
| “Directors” | the directors of the Company |
| “GEM” | GEM operated by the Stock Exchange |

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|---------------------|---|
| “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 |
| “2020 Placing” | the placing of shares of par value HK\$0.01 each in the share capital of the Company to certain places under general mandate as disclosed in the announcements of the Company dated 30 June 2020, 21 July 2020 and 18 August 2020 |
| “Prospectus” | the prospectus of the Company dated 24 March 2017 relating to, among other things, the Share Offer and the listing of the Company’s shares on the GEM |
| “Share Offer” | the share offer as defined in the Prospectus |
| “Shareholders” | the shareholders of the Company |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |
| “2018 Announcement” | the announcement of the Company dated 11 May 2018 relating to change of use of proceeds |

By order of the Board
BCI Group Holdings Limited
Wong Chi Yung
Chairman of the Board

Hong Kong, 18 March 2021

As at the date of this announcement, the executive Directors are Mr. Ng Shing Chun Ray and Mr. Wong Kui Shing Danny, the non-executive Director is Mr. Wong Chi Yung and the independent non-executive Directors are Mr. Hui Wai Hung, Mr. Jiang Qiaowei and Mr. Pong Chun Yu.

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 Company Announcements” page of the GEM website at www.hkgem.com for a minimum period of seven days from the date of its publication and on the Company’s website at www.bcigroup.com.hk.