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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 DEEMED DISPOSAL OF THE EQUITY INTEREST IN A SUBSIDIARY**

### **SHARES SUBSCRIPTION AGREEMENTS**

On 13 August 2021 (after trading hours), each of Castle Team (an indirect 51%-owned subsidiary of the Company) and the other six New Investors entered into a Shares Subscription Agreement with Crown Grand (an indirect wholly-owned subsidiary of the Company) and Lively World (the direct holding company of Crown Grand), pursuant to which Castle Team and the New Investors agreed to subscribe for a total of 30 New CG Shares in Crown Grand for a total subscription price of HK\$6 million in cash. Upon Completion, Crown Grand will be held as to 28% by the New Investors and 72% by the Group (comprising 70% by Lively World and 2% by Castle Team). Crown Grand will remain as a subsidiary of the Company and its financial results will continue to be consolidated into the Group's results.

### **IMPLICATIONS UNDER THE GEM LISTING RULES**

As one or more of the applicable percentage ratios (as defined under the GEM Listing Rules) in respect of the Deemed Disposal exceeds 5% but are less than 25%, the entering into of the Shares Subscription Agreements and the transactions contemplated thereunder constitutes a discloseable transaction of the Company and is therefore subject to the reporting and announcement requirements under Chapter 19 of the GEM Listing Rules.

### **INTRODUCTION**

The Board is pleased to announce that on 13 August 2021 (after trading hours), each of Castle Team (an indirect 51%-owned subsidiary of the Company) and the other six New Investors entered into a Shares Subscription Agreement with Crown Grand (an indirect wholly-owned subsidiary of the Company) and Lively World (the direct holding company of Crown Grand), pursuant to which Castle Team and the New Investors agreed to subscribe for a total of 30 New CG Shares in Crown Grand for a total subscription price of HK\$6 million in cash. Upon Completion, Crown Grand will be held as to 28% by the New Investors and 72% by the Group (comprising 70% by Lively World and 2% by Castle Team). Crown Grand will remain as a subsidiary of the Company and its financial results will continue to be consolidated into the Group's results.

## SHARES SUBSCRIPTION AGREEMENTS

The terms and conditions of each of the Shares Subscription Agreements are substantially the same except for the name of the Subscribers, the number of shares to be subscribed for and the total subscription price to be paid by the Subscribers. Principal terms of the Shares Subscription Agreements are summarised as follows:

Date: 13 August 2021

Parties:

- |       |                                 |   |
|-------|---------------------------------|---|
| (i)   | Subscribers                     | New Investors who are not connected persons or members of the Group:<br>(1) Fragrant Port Limited<br>(2) Mr. Cheung Ka Ning<br>(3) Ms. Ng Yan Yiu<br>(4) Mr. Harvey Brian Ho Yin, who provides public relations services (introducing customers) to the bar and club business of the Group<br>(5) Mr. Kronborg Martin Ulrich<br>(6) Mr. Lee Junho<br><br>Castle Team, an indirect 51%-owned subsidiary of the Company |
| (ii)  | Issuer                          | Crown Grand, the operating company of Faye, which is a sport-themed bar and club launched by the Group in early May 2021  |
| (iii) | Sole shareholder of Crown Grand | Lively World  |
- Subscription price: HK\$200,000 per New CG Share, which is determined based on arm's length negotiations between the parties with reference to (i) the estimate future capital need for the operations of Faye; and (ii) the Group management's experience in the club and bar industry, taking into account the current epidemic and economic situation and the expected market recovery in Hong Kong.

Number of New CG Shares to be subscribed for by the Subscribers:

<b>Name of the Subscribers</b>	<b>No. of New CG Shares to be subscribed for</b>	<b>Shareholding immediately upon Completion (assuming simultaneous completion of all Shares Subscription Agreements)</b>	<b>Total subscription price</b>
		<b>%</b>	<b>HK\$</b>
Fragrant Port Limited	1	1	200,000
Mr. Cheung Ka Ning	5	5	1,000,000
Ms. Ng Yan Yiu	14	14	2,800,000
Mr. Harvey Brian Ho Yin	2	2	400,000
Mr. Kronborg Martin Ulrich	5	5	1,000,000
Mr. Lee Junho	1	1	200,000
Castle Team	2	2	400,000

**Completion:** Completion of the Shares Subscription Agreements is not subject to any condition precedent and will take place on the 7th day from the date of the Shares Subscription Agreements (or such other time and place to be mutually determined by Crown Grand and the Subscribers) upon which the aggregate subscription price will be paid by the Subscribers. Completion of each Shares Subscription Agreement is not inter-conditional.

**Pre-emption right:** Any issue or grant of any new shares, options or other securities by Crown Grand after Completion will first be offered to its shareholders on a pro-rata basis, provided that if any its shareholder does not take up its pro-rata share, the other shareholders are entitled to subscribe for such securities on a pro-rata basis. Any securities not subscribed for by the shareholders may be offered by Crown Grand to any third party.

**Exclusive management:** Crown Grand will appoint Buzz Concepts, an indirect wholly-owned subsidiary of the Company, as the exclusive management company for Faye and will pay Buzz Concepts a monthly management fee of 10% of the gross monthly turnover of Faye.

**Dividend arrangement:** The board of directors of Crown Grand is required to declare and pay at least 30% of the net profits of Crown Grand available for distribution in respect of the previous financial year by way of dividend to its shareholders within three months of the issue of the audited accounts.

**Right of first refusal:** The Subscribers may sell all but not some of his/its New CG Shares. Each of the other shareholders at the time will have the right of first refusal to purchase the selling shareholder's stake pro rata to their respective shareholding in Crown Grand and any shares that are not taken up by the other shareholders. However, unless the other shareholders in aggregate will purchase all (but not some only) of the stake of the selling shareholder, the selling shareholder is free to sell the shares in Crown Grand to any person within 3 months after offering those shares to the other shareholders in accordance with the Shares Subscription Agreements.

## FINANCIAL INFORMATION ON CROWN GRAND

Set out below is the financial information of Crown Grand for the two financial years ended 31 May 2020 and 2019:

	<b>For the year ended 31 May</b>	
	<b>2020</b>	<b>2019</b>
	<i>Approximately</i>	<i>Approximately</i>
	<i>HK\$ '000</i>	<i>HK\$ '000</i>
	(audited)	(audited)
Revenue	-	1,354
Loss before taxation	(21)	(459)
Loss after taxation	(21)	(459)

The unaudited net liabilities of Crown Grand as at 30 November 2020 was approximately HK\$6,046,991.

## EXPECTED GAIN OR LOSS AS A RESULT OF THE DEEMED DISPOSAL

No gain or loss is expected to be accrued to the Group as a result of the Deemed Disposal.

## INFORMATION ON THE GROUP AND FRAGRANT PORT LIMITED

The Company is an investment holding company principally engaged in club, entertainment and restaurant businesses in Hong Kong through its subsidiaries.

### Lively World

Lively World is a limited liability company incorporated under the laws of British Virgin Islands and an indirect wholly-owned subsidiary of the Company. Lively World is an investment holding company principally engaged in restaurant businesses in Hong Kong through its subsidiaries.

### Crown Grand

Crown Grand is a limited liability company incorporated under the laws of Hong Kong and a direct wholly-owned subsidiary of Lively World. It is principally engaged in operating food & beverage business in Hong Kong and is the operating company running Faye.

### Castle Team

Castle Team is a limited liability company incorporated under the laws of Hong Kong and an indirect subsidiary of the Company owned as to 51% by the Group. It is principally engaged in the operation of entertainment and club business in Hong Kong. To the best of the Directors' knowledge, information and belief, after having made all reasonable enquiries, the 49% shareholder of Castle Team and its ultimate beneficial owners are third parties independent of the Company and its connected persons.

### Fragrant Port Limited

Fragrant Port Limited is a limited liability company incorporated under the laws of Hong Kong and is an investment holding company. It is wholly owned by Mr. Lo Kwok Bun.

To the best of the Directors' knowledge, information and belief, after having made all reasonable enquiries, each of the New Investors and the ultimate beneficial owner of Fragrant Port Limited is a third party independent of the Company and its connected persons.

## **USE OF PROCEEDS AND REASONS FOR, AND THE BENEFITS OF, THE DEEMED DISPOSAL**

Crown Grand is the operating company of Faye, which is a sport-themed bar and club launched by the Group in early May 2021. Faye is located at the 25th and 26th Floor of California Tower, 30-32 D'Aguilar Street, Lan Kwai Fong, Central, Hong Kong and has a total planned size of approximately 485 square meters.

The Directors consider that the proceeds from the Deemed Disposal can provide Crown Grand with additional funds to enhance its working capital for the operation of Faye. Moreover, the Group could leverage on the experience and network of the Subscribers to tap into the sports-themed bar and club market in Hong Kong. Immediately upon Completion, Crown Grand will remain as an indirect subsidiary of the Company owned as to 72% by the Group and the Company will continue to consolidate the financial results of Crown Grand.

In view of the above, the Directors are of the view that the Shares Subscription Agreements and the transactions contemplated thereunder are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

## **IMPLICATIONS UNDER GEM LISTING RULES**

As one or more of the applicable percentage ratios (as defined under the GEM Listing Rules) in respect of the Deemed Disposal exceeds 5% but are less than 25%, the entering into of the Shares Subscription Agreements and the transactions contemplated thereunder constitutes a discloseable transaction of the Company and is therefore subject to the reporting and announcement requirements under Chapter 19 of the GEM Listing Rules.

## **DEFINITIONS**

Unless otherwise specified, the following terms have the following meanings in this announcement:

“Board”	the board of Directors
“Buzz Concepts”	Buzz Concepts Management (H.K.) Limited, a renowned management company under the Group and an indirect wholly-owned subsidiary of the Company
“Castle Team”	Castle Team Limited, an indirect subsidiary of the Company owned as to 51% by the Group
“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)
“Completion”	completion of the issue and allotment of New CG Shares to the Subscribers pursuant to the Shares Subscription Agreements

“connected persons(s)”	has the meaning ascribed to it under the GEM Listing Rules;
“Crown Grand”	Crown Grand Limited, a limited liability company incorporated under the laws of Hong Kong, and an indirect wholly-owned subsidiary of the Company
“Deemed Disposal”	the transactions contemplated under the Shares Subscription Agreements, pursuant to which the Company’s indirect shareholding interests in Crown Grand will reduce from 100% to 72% upon Completion
“Director(s)”	the director(s) of the Company
“Faye”	a sports-themed bar and club operated by Crown Grand
“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
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Lively World”	Lively World Limited, a limited liability company incorporated under the laws of British Virgin Islands, and an indirect wholly-owned subsidiary of the Company
“New Investors” and each a “New Investor”	1) Fragrant Port Limited, 2) Mr. Cheung Ka Ning, 3) Ms. Ng Yan Yiu, 4) Mr. Harvey Brian Ho Yin, 5) Mr. Kronborg Martin Ulrich and 6) Mr. Lee Junho
“New CG Shares”	30 new shares of Crown Grand to be issued to the Subscribers pursuant to the Shares Subscription Agreements
“Subscribers”	collectively, Castle Team and the New Investors
“Shares Subscription Agreements”	the shares subscription agreements all dated 13 August 2021 entered into between Lively World, Crown Grand and each of the Subscribers in relation to the subscription of and issue and allotment of the New CG Shares
“Shareholder(s)”	shareholder(s) of the Company
“Stock Exchange”	the Stock Exchange of Hong Kong Limited
“%”	per cent.

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

Hong Kong, 13 August 2021

*As at the date of this announcement, the executive Directors are Mr. Wong Chi Yung and Mr. Ng Shing Chun Ray 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](http://www.hkgem.com) for a minimum period of seven days from the date of its publication and on the Company’s website at [www.bci-group.com.hk](http://www.bci-group.com.hk).*