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## HISTORY, REORGANISATION AND CORPORATE STRUCTURE

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### BUSINESS DEVELOPMENT

#### Introduction

Our history can be traced back to July 2013, when we acquired Group Best (HK), the operating company of our first club, Volar. Volar, which has already become a prominent club with international recognition since its establishment in December 2004, aims to provide a premium clubbing experience, targeting customers with strong spending power.

With our Directors identifying the growth potential of the Japanese-style curry cuisine in the Hong Kong market, we entered the restaurant market by establishing our first “Tiger” restaurant targeting mass market customers in April 2014. Since then, our proprietary “Tiger” brand has gained popularity and as at the Latest Practicable Date, we owned and operated three “Tiger” branded restaurants. Our “Tiger” restaurants are aimed at mass market customers.

Riding on the success and scalability of Volar’s business model, we further expanded our night entertainment portfolio by acquiring Grand Diamond, the operating company of Fly, our second club, in November 2015. Our Directors believe that our clubs are complementary as they are able to offer different aspects of the clubbing and night entertainment experience to customers.

Our clubs and restaurants are all located in prime areas with high customer traffic.

#### Business milestones

The following table sets forth our key business milestones.

<u>Year</u>	<u>Business milestones</u>
2013	Our Group was established with the acquisition of Group Best (HK), the operating company of our first club, Volar
2014	Tiger Curry, our first restaurant, was opened on Pennington Street, Causeway Bay
2015	<ul style="list-style-type: none"><li>• Tiger Curry Jr., our second restaurant, was opened in the food court in City Super, Times Square, Causeway Bay</li><li>• Tiger Curry &amp; Cafe, our third restaurant was opened in Harbour City, Tsim Sha Tsui</li><li>• Fly, our second club, came under our operation through our acquisition of Grand Diamond, its operating company</li></ul>
2016	<ul style="list-style-type: none"><li>• Volar was awarded “Asia’s Best Club” and “The Country’s Best Club” by the Asian Club and Bar Association</li><li>• Volar and Fly were recognised by Hotels.com as ranked the first and seventh club in the “10 Best Nightclubs in Hong Kong 2016”, respectively</li><li>• Volar and Fly were awarded “Quality Bar Label Award” by the Hong Kong Bar &amp; Club Association</li></ul>

### CORPORATE DEVELOPMENT

#### Our corporate history

Our Company was incorporated on 19 May 2016 in the Cayman Islands as an exempted company with limited liability. As part of the Reorganisation, our Company becomes the holding company of our Group. See “— Reorganisation” for the corporate development of our Company upon its incorporation. As at the Latest Practicable Date, we currently have 14 subsidiaries, namely, BCI Group (BVI), BCI Group (HK), Group Best (BVI), Group Best (HK), Legend Vision, Grand Diamond, Bannock Holdings, Litton Global, Buzz Concepts Management, Lively World, Joint Ace, Crown Grand, City Silver and Ace Gain.

## HISTORY, REORGANISATION AND CORPORATE STRUCTURE

The following sets forth material information about the corporate development of each subsidiary of our Company, all of which are private companies since their respective dates of incorporation. We also underwent certain reorganisation steps in contemplation of the Listing, particulars of which are set forth in “— Reorganisation”.

### ***BCI Group (BVI)***

BCI Group (BVI) was incorporated on 6 February 2013 in the BVI as a limited liability company. On 19 March 2013, BCI Group (BVI) was owned as to 70% by Aplus and 30% by Phoenix Year (which was directly wholly owned by CSI Properties at the material time).

As a result of the Reorganisation, on 19 July 2016, BCI Group (BVI) becomes a direct wholly-owned subsidiary of our Company.

BCI Group (BVI) engages in investment holding.

### ***BCI Group (HK)***

BCI Group (HK) was incorporated on 28 November 2012 in Hong Kong as a limited liability company. On 22 March 2013, BCI Group (HK) becomes a direct wholly-owned subsidiary of BCI Group (BVI).

As a result of the Reorganisation, on 19 July 2016, BCI Group (BVI) becomes a direct wholly-owned subsidiary of our Company. BCI Group (HK) hence becomes an indirect wholly-owned subsidiary of our Company.

BCI Group (HK) engages in investment holding.

### ***Group Best (BVI)***

Group Best (BVI) was incorporated on 26 April 2013 in the BVI as a limited liability company. On 18 March 2014, Group Best (BVI) was owned as to 86.2% by BCI Group (HK), 7.8% by Jet Top and 6% by Etchers Entertainment.

As a result of the Reorganisation, on 20 July 2016, Group Best (BVI) becomes a direct wholly-owned subsidiary of BCI Group (HK), which in turn is an indirect wholly-owned subsidiary of our Company.

Group Best (BVI) engages in investment holding.

### ***Group Best (HK)***

Group Best (HK) was incorporated on 9 July 2004 in Hong Kong as a limited liability company.

On 27 July 2004, Group Best (HK) became a direct wholly-owned subsidiary of Pro Team Development Limited<sup>(1 and 2)</sup>.

Subsequently and before Group Best (HK) becomes a member of our Group, there has been a number of transfers resulting in shareholding changes in Group Best (HK), further particulars of which are as follow:

<u>Date of transfer</u>	<u>Transferor</u>	<u>Effective ownership of our Directors in the transferor at the time of transfer</u>	<u>Transferee</u>	<u>Effective ownership of our Directors in the transferee at the time of transfer</u>	<u>No. of shares transferred</u>	<u>Consideration</u>	<u>Effective ownership of our Directors in Group Best (HK) upon transfer</u>
17 July 2006	Pro Team Development Limited <sup>(2)</sup>	Mr. Kester Ng and his associates had an effective ownership of 24.12% in Pro Team.	Buzz Concepts Group Limited <sup>(3)</sup>	Mr. Kester Ng and his associates had an effective ownership of 24.12% in Buzz Concepts Group Limited.	100,000	HK\$100,000	Mr. Kester Ng <sup>(4)</sup> and his associates had an effective ownership of 24.12% in Group Best (HK).

## HISTORY, REORGANISATION AND CORPORATE STRUCTURE

Date of transfer	Transferor	Effective ownership of our Directors in the transferor at the time of transfer	Transferee	Effective ownership of our Directors in the transferee at the time of transfer	No. of shares transferred	Consideration	Effective ownership of our Directors in Group Best (HK) upon transfer
11 February 2009	Buzz Concepts Group Limited <sup>(3)</sup>	Mr. Kester Ng and his associates had an effective ownership of 21.47% in Buzz Concepts Group Limited.	Independent Third Party	Nil	3,000	HK\$750,000	Mr. Kester Ng <sup>(4)</sup> and his associates had an effective ownership of 20.83% in Group Best (HK).
1 June 2009	Buzz Concepts Group Limited <sup>(3)</sup>	Mr. Kester Ng and his associates had an effective ownership of 21.47% in Buzz Concepts Group Limited.	Independent Third Parties	Nil	3,000 12,000 3,000 6,000 3,000	HK\$1.00 HK\$1.00 HK\$1.00 HK\$1.00 HK\$1.00	Mr. Kester Ng <sup>(4)</sup> and his associates had an effective ownership of 15.03% in Group Best (HK).
31 July 2012	Independent Third Party	Nil	Buzz Concepts Group Limited <sup>(3)</sup>	Mr. Kester Ng and his associates had an effective ownership of 16.73% in Buzz Concepts Group Limited.	3,000	HK\$120,000	Mr. Kester Ng <sup>(4)</sup> and his associates had an effective ownership of 12.21% in Group Best (HK).
10 June 2013	Independent Third Parties	Nil	Buzz Concepts Group Limited <sup>(3)</sup>	Mr. Kester Ng and his associates had an effective ownership of 16.73% in Buzz Concepts Group Limited.	3,000 12,000 6,000 3,000 3,000	HK\$120,000 HK\$480,000 HK\$240,000 HK\$120,000 HK\$120,000	Mr. Kester Ng <sup>(4)</sup> and his associates had an effective ownership of 16.73% in Group Best (HK).

*Notes:*

1. According to the information available to our Group, at the time of transfer, Pro Team was owned by Cobra Group Limited, which was owned as to approximately 33.3% by Mr. Ng Shing Chun, Ray (“**Mr. Ray Ng**”) (a director of certain subsidiaries of our Group and the brother of Mr. Kester Ng), and Group Best (HK) was wholly-owned by Cobra Group Limited. The principal business activity of Cobra Group Limited at the material time was investment holding.
2. The principal business activity of Pro Team Development Limited at the material time was investment holding.
3. The principal business activities of Buzz Concepts Group Limited at the material times were investment holding of certain restaurants.
4. Mr. Kester Ng was a passive investor in Group Best (HK) (principally operating “Volar”) at the material times before acquisition of Group Best (HK) by our Group on 31 July 2013.

On 31 July 2013, Buzz Concepts Group Limited<sup>(Note)</sup> transferred all its shares of Group Best (HK), representing all the issued shares in Group Best (HK), to Group Best (BVI) at a consideration of HK\$4,000,000 based on arm’s length negotiation having considered the net assets value of Group Best (HK) for the year ended 31 May 2013. Following the above transfers, Group Best (HK) becomes a direct wholly-owned subsidiary of Group Best (BVI).

As part of the Reorganisation, on 20 July 2016, Group Best (BVI) becomes an indirect wholly-owned subsidiary of our Company. As a result, Group Best (HK) also becomes an indirect wholly-owned subsidiary of our Company.

*Note:* According to the information available to our Group, at the time of transfer, Mr. Kester Ng and his associates had an effective ownership of approximately 16.73% in Buzz Concepts Group Limited, the principal business activity of which at the material time was investment holding of certain restaurants.

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Group Best (HK) is principally operating a club under the business name of “Volar”. “Volar” was first commenced its business in December 2004 and has been operated by our Group since 31 July 2013.

### ***Legend Vision***

Legend Vision was incorporated on 8 April 2015 in Hong Kong as a limited liability company. On 11 September 2015, Legend Vision becomes a direct wholly-owned subsidiary of BCI Group (HK).

As a result of the Reorganisation, on 19 July 2016, BCI Group (HK) becomes an indirect wholly-owned subsidiary of our Company. Legend Vision hence becomes an indirect wholly-owned subsidiary of our Company.

Legend Vision engages in investment holding.

### ***Grand Diamond***

Grand Diamond was incorporated on 13 February 2008 in Hong Kong as a limited liability company.

Since 31 July 2012, Grand Diamond was owned as to 55.5% by Buzz Concepts Group Limited and as to 44.5% by certain Independent Third Parties (10%, 8%, 6%, 4%, 4%, 4%, 2%, 2%, 1%, 1%, 1%, 1% and 0.5% respectively).

To promote synergy with Group Best (HK), achieve economies of scale and strategically expand our clubbing business, during the Track Record Period on 1 November 2015, Legend Vision, a member of our Group, effected the following acquisitions of shares in Grand Diamond from the shareholders of Grand Diamond at the relevant time:

- (i) Buzz Concepts Group Limited transferred all its 55.5% shares for a consideration of HK\$999,000<sup>(Note)</sup>; and
- (ii) each of the said Independent Third Parties transferred all its shares for a consideration of HK\$180,000, HK\$144,000, HK\$108,000, HK\$72,000, HK\$72,000, HK\$72,000, HK\$36,000, HK\$36,000, HK\$18,000, HK\$18,000, HK\$18,000, HK\$18,000 and HK\$9,000 respectively.

Such transfers of shares were properly and legally completed on 1 November 2015 and were last settled on 31 July 2016. The considerations of the above transfers were based on arm’s length negotiation taken into account the prospect of Grand Diamond. Following the above transfers, Grand Diamond becomes a direct wholly-owned subsidiary of Legend Vision.

As a result of the Reorganisation, on 19 July 2016, BCI Group (HK) becomes an indirect wholly-owned subsidiary of our Company. Grand Diamond, being a direct wholly-owned subsidiary of Legend Vision and an indirect wholly-owned subsidiary of BCI Group (HK), hence becomes an indirect wholly-owned subsidiary of our Company.

Grand Diamond is operating a club under the business name of “Fly”. “Fly” was first commenced its business in December 2010 and has been operated by our Group since 1 November 2015.

### ***Bannock Holdings***

Bannock Holdings was incorporated on 4 February 2014 in the BVI as a limited liability company. On 17 February 2017, Bannock Holdings becomes a direct wholly-owned subsidiary of BCI Group (BVI).

As a result of the Reorganisation, on 26 May 2016, Bannock Holdings becomes a direct wholly-owned subsidiary of BCI Group (HK). On 19 July 2016, BCI Group (HK) becomes an indirect wholly-owned subsidiary of our Company. Bannock Holdings hence becomes an indirect wholly-owned subsidiary of our Company.

*Note:* According to the information available to our Group, at the time of transfer, Mr. Ray Ng had an effective ownership of approximately 12.26% in Buzz Concepts Group Limited.

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Bannock Holdings engages in investment holding.

### ***Litton Global***

Litton Global was incorporated on 4 February 2014 in the BVI as a limited liability company. On the same day, Litton Global becomes a direct wholly-owned subsidiary of Bannock Holdings.

As a result of the Reorganisation, on 19 July 2016, BCI Group (HK) becomes an indirect wholly-owned subsidiary of our Company. Litton Global, being a direct wholly-owned subsidiary of Bannock Holdings and an indirect wholly-owned subsidiary of BCI Group (HK), hence becomes an indirect wholly-owned subsidiary of our Company.

Litton Global engages in trademark holding.

### ***Buzz Concepts Management***

Buzz Concepts Management was incorporated on 17 February 2014 in Hong Kong as a limited liability company. On 28 February 2014, Buzz Concepts Management became a direct wholly-owned subsidiary of BCI Group (HK).

As a result of the Reorganisation, on 19 July 2016, BCI Group (HK) becomes an indirect wholly-owned subsidiary of our Company. Buzz Concepts Management hence becomes an indirect wholly-owned subsidiary of our Company.

Buzz Concepts Management commenced its operation on 1 June 2014 and engages in provision of public relations services to our Group.

### ***Lively World***

Lively World was incorporated on 2 January 2015 in the BVI as a limited liability company. On 21 January 2015, Lively World becomes a direct wholly-owned subsidiary of BCI Group (HK).

As a result of the Reorganisation, on 19 July 2016, BCI Group (HK) becomes an indirect wholly-owned subsidiary of our Company. Lively World hence becomes an indirect wholly-owned subsidiary of our Company.

Lively World engages in investment holding.

### ***Joint Ace***

Joint Ace was incorporated on 18 March 2015 in Hong Kong as a limited liability company. On 26 March 2015, Joint Ace becomes a direct wholly-owned subsidiary of Lively World.

As a result of the Reorganisation, on 19 July 2016, BCI Group (HK) becomes an indirect wholly-owned subsidiary of our Company. Joint Ace, being a direct wholly-owned subsidiary of Lively World and an indirect wholly-owned subsidiary of BCI Group (HK), hence becomes an indirect wholly-owned subsidiary of our Company.

Joint Ace commenced its business on 20 May 2015 and is operating a restaurant under the business name of “Tiger Curry Jr.”.

### ***Crown Grand***

Crown Grand was incorporated on 20 November 2014 in Hong Kong as a limited liability company. On 10 February 2015, Crown Grand becomes a direct wholly-owned subsidiary of Lively World.

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## HISTORY, REORGANISATION AND CORPORATE STRUCTURE

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As a result of the Reorganisation, on 19 July 2016, BCI Group (HK) becomes an indirect wholly-owned subsidiary of our Company. Crown Grand, being a direct wholly-owned subsidiary of Lively World and an indirect wholly-owned subsidiary of BCI Group (HK), hence becomes an indirect wholly-owned subsidiary of our Company.

Crown Grand commenced its business on 30 July 2015 and is operating a restaurant under the business name of “Tiger Curry & Cafe”.

### *City Silver*

City Silver was incorporated on 12 October 2013 in Hong Kong as a limited liability company. On 28 October 2013, City Silver becomes a direct wholly-owned subsidiary of BCI Group (HK).

In June 2014, Food Lab Concept Limited (“FLC”)<sup>(Note)</sup>, Mr. Satoru Mukogawa, BCI Group (HK) and City Silver entered into an agreement regarding the collaboration to open Tiger Curry restaurants in Hong Kong (the “Collaboration Agreement”). Under the Collaboration Agreement, among others, FLC had the right to be allotted 40% new shares in BCI Group (HK) upon payment of HK\$625,000, and there was also a restrictive covenant which might restrict the parties in separately developing the food and beverage chain business in Hong Kong and Asia Pacific.

As a result of the Reorganisation, on 26 May 2016, City Silver becomes a direct wholly-owned subsidiary of Lively World. On 19 July 2016, BCI Group (HK) becomes an indirect wholly-owned subsidiary of our Company. City Silver, being a direct wholly-owned subsidiary of Lively World and an indirect wholly-owned subsidiary of BCI Group (HK), hence becomes an indirect wholly-owned subsidiary of our Company.

On 31 August 2016, the parties to the Collaboration Agreement entered into a settlement deed to terminate the Collaboration Agreement. The parties agreed in such deed to terminate the said restrictive covenant which was found to be no longer necessary and unclear in its terms. Further, pursuant to such deed, the parties also agreed, among others, that City Silver shall procure that two new shares in City Silver be allotted and issued to FLC in consideration of the sum of HK\$625,000 paid by Mr. Satoru Mukogawa on behalf of FLC to City Silver. Following this allotment, City Silver is owned as to 40% and 60% by FLC and Lively World respectively. Mr. Satoru Mukogawa, an experienced chef and an Independent Third Party, has collaborated with us, and each of FLC and Mr. Satoru Mukogawa will continue to provide strategic advice to our Group, in connection with the continuous development of our “Tiger Curry” brand such as the trend of curry food, idea of new dishes and suggestions on location of new shops.

City Silver commenced its business on 14 April 2014 and is operating a restaurant under the business name of “Tiger Curry”. FLC has been one of the investment holding companies of City Silver since 31 August 2016 and has no other principal activity. Mr. Satoru Mukogawa has been an executive head chef of a Japanese sushi restaurant in Central for almost 10 years.

### *Ace Gain*

Ace Gain was incorporated on 5 May 2016 in Hong Kong as a limited liability company. On 5 September 2016, Ace Gain becomes a direct wholly-owned subsidiary of Lively World and an indirect wholly-owned subsidiary of BCI Group (HK), hence becomes an indirect wholly-owned subsidiary of our Company.

Ace Gain will engage in the operation of a restaurant to be opened under the business name of “Tiger Curry & Cafe”.

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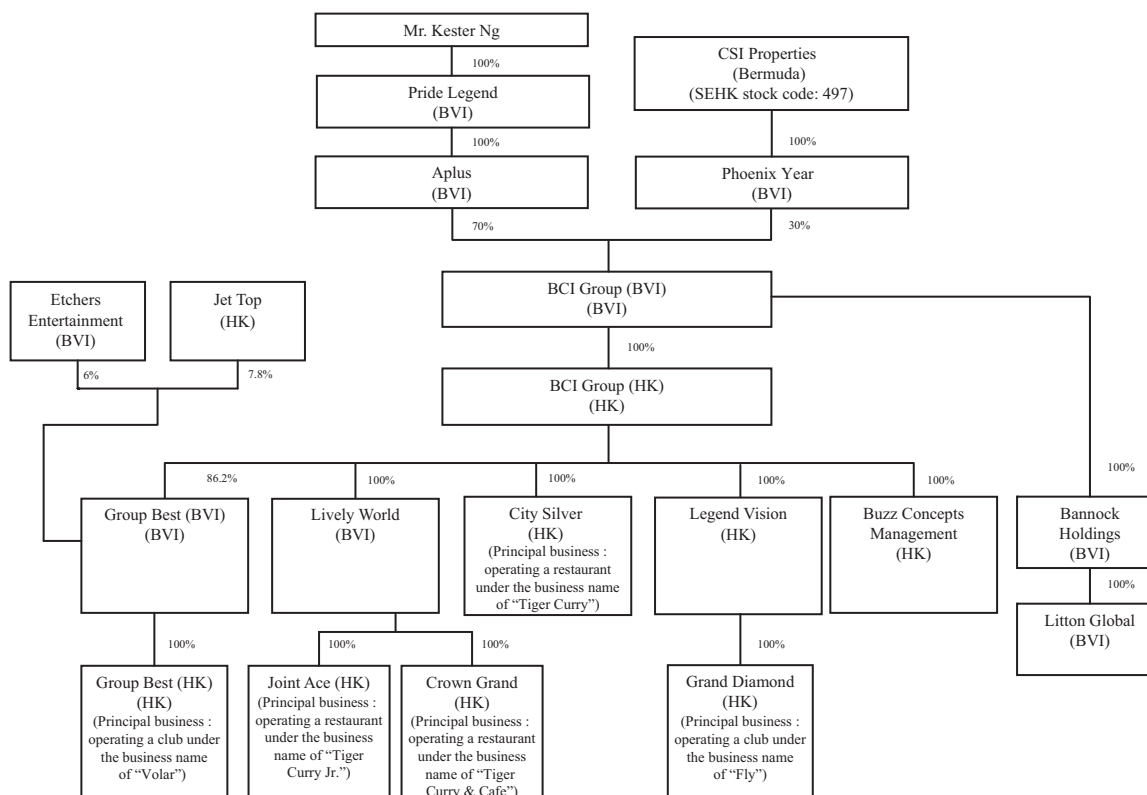
*Note:* As at the Latest Practicable Date, FLC was owned as to 38% by Mr. Satoru Mukogawa and as to 62% by other Independent Third Parties.

# HISTORY, REORGANISATION AND CORPORATE STRUCTURE

## REORGANISATION

### Group structure before the Reorganisation

The following chart sets out the shareholding and corporate structure of our Group immediately before the Reorganisation:



### Reorganisation steps

In preparation for the Listing, we have carried out the Reorganisation which involved the following steps:

#### *Step 1 — Incorporation of our Company*

On 19 May 2016, our Company was incorporated under the laws of the Cayman Islands with limited liability, with an authorised capital of HK\$100,000,000 divided into 10,000,000,000 Shares. On 19 May 2016, one subscriber's Share, credited as fully paid, was allotted and issued at par value to the subscriber Reid Services Limited, which was immediately transferred to Mr. Kester Ng at the consideration of HK\$0.01 on the same day. As a result, our Company is owned as to 100% by Mr. Kester Ng.

On 8 July 2016, our Company was registered as a non-Hong Kong company under Part 16 of the Companies Ordinance.

#### *Step 2 — Transfer of share in City Silver from BCI Group (HK) to Lively World and transfer of share in Bannock Holdings from BCI Group (BVI) to BCI Group (HK)*

On 26 May 2016, Lively World as purchaser acquired from BCI Group (HK) as vendor all of its one share in City Silver, representing 100% of all the issued share in City Silver, for a cash consideration of HK\$1.00. Following the above transfer, City Silver becomes a wholly-owned subsidiary of Lively World.

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On 26 May 2016, BCI Group (HK) as purchaser acquired from BCI Group (BVI) as vendor all of its one share in Bannock Holdings, representing 100% of all the issued share in Bannock Holdings, for a cash consideration of US\$1.00. Following the above transfer, Bannock Holdings becomes a wholly-owned subsidiary of BCI Group (HK).

***Step 3 — Transfer of share in Aplus from Pride Legend to Mr. Kester Ng and transfer of Share from Mr. Kester Ng to Aplus***

On 7 June 2016, Mr. Kester Ng as purchaser acquired from Pride Legend as vendor all of its one share in Aplus, representing 100% of all the issued share in Aplus, for a cash consideration of US\$1.00. Following the above transfer, Aplus is directly owned as to 100% by Mr. Kester Ng.

On 15 July 2016, Aplus as purchaser acquired from Mr. Kester Ng as vendor all of his one Share, representing 100% of all the issued Share, for a cash consideration of HK\$1.00. Following the above transfer, our Company becomes a wholly-owned subsidiary of Aplus.

***Step 4 — Transfer of shares in BCI Group (BVI) from Aplus and Phoenix Year to our Company by way of share swap***

On 19 July 2016, Aplus and Phoenix Year as vendors and our Company as purchaser entered into a share swap deed pursuant to which our Company acquired from Aplus and Phoenix Year all of the seven shares and three shares owned by them respectively in BCI Group (BVI) representing in aggregate 100% of all the issued shares in BCI Group (BVI), in consideration of and exchange for which our Company allotted and issued 6,191 and 2,653 new Shares at par value, credited as fully paid, to Aplus and Phoenix Year respectively. Following the above transfer, BCI Group (BVI) becomes a wholly-owned subsidiary of our Company. Our Company is as a result owned as to approximately 70% (6,192 Shares) by Aplus and as to approximately 30% (2,653 Shares) by Phoenix Year.

***Step 5 — Transfer of shares in Group Best (BVI) from Etchers Entertainment and Jet Top to BCI Group (HK) (as our Company's nominee) by way of share swap***

On 20 July 2016, Etchers Entertainment and Jet Top as vendors and our Company as purchaser entered into a share swap deed pursuant to which BCI Group (HK) (as our Company's nominee) acquired from Etchers Entertainment and Jet Top all of the 600 shares (300 Class A ordinary shares and 300 Class B non-voting shares) and 780 shares (390 Class A ordinary shares and 390 Class B non-voting shares) owned by them respectively in Group Best (BVI) representing in aggregate 13.8% of all the issued shares in Group Best (BVI), in consideration of and exchange for which our Company allotted and issued 133 and 172 Shares at par value, credited as fully paid, to Etchers Entertainment and Jet Top respectively. Following the above transfer, Group Best (BVI) becomes a wholly-owned subsidiary of BCI Group (HK). Our Company is as a result owned as to approximately 67.67% (6,192 Shares) by Aplus, approximately 29% (2,653 Shares) by Phoenix Year, approximately 1.45% (133 Shares) by Etchers Entertainment and approximately 1.88% (172 Shares) by Jet Top.

***Step 6 — Pre-IPO investments by the pre-IPO investors Perfect King and Jubilee Success***

On 22 July 2016, Perfect King as subscriber entered into a subscription agreement with, among others, our Company pursuant to which Perfect King agreed to subscribe for 250 new Shares representing 2.5% of the enlarged issued share capital of our Company (taking into account the 600 new Shares allotted and issued by our Company to Jubilee Success referred to in the paragraph below) at the subscription price of HK\$1,500,000. On 22 July 2016, completion of the pre-IPO investments of Perfect King pursuant to the said subscription agreement took place and the subscription price therefor was properly, legally and irrevocably settled on the same day.

On 22 July 2016, Jubilee Success as subscriber entered into a subscription agreement with, among others, our Company pursuant to which Jubilee Success agreed to subscribe for 600 new Shares representing 6% of the enlarged issued share capital of our Company (taking into account the 250 new Shares allotted and issued by our



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Company to Perfect King referred to in the paragraph above) at the subscription price of HK\$3,600,000. On 22 July 2016, completion of the pre-IPO investments of Jubilee Success pursuant to the said subscription agreement took place and the subscription price therefor was properly, legally and irrevocably settled on the same day.

Following completion of these pre-IPO investments, our Company is owned as to 61.92% (6,192 Shares) by Aplus, 26.53% (2,653 Shares) by Phoenix Year, 1.33% (133 Shares) by Etchers Entertainment, 1.72% (172 Shares) by Jet Top, 2.5% (250 Shares) by Perfect King and 6% (600 Shares) by Jubilee Success.

### ***Step 7 – Allotment of shares in City Silver to Lively World and Food Lab Concept Limited (“FLC”)***<sup>(Note)</sup>

On 30 August 2016, Lively World subscribed for two new shares in City Silver, credited as fully paid, at HK\$2. Following the subscription, Lively World holds a total of three shares in City Silver. City Silver as a result remains to be owned as to 100% by Lively World.

On 31 August 2016, FLC, Mr. Satoru Mukogawa, BCI Group (HK) and City Silver entered into a settlement deed, details of which are set out in “— Corporate development — Our corporate history — City Silver”. Pursuant to such deed, the parties agreed, among others, that City Silver shall procure that two new shares in City Silver be allotted and issued to FLC in consideration of the sum of HK\$625,000 paid by Mr. Satoru Mukogawa on behalf of FLC to City Silver.

Following this allotment, City Silver is owned as to 40% and 60% by FLC and Lively World respectively.

### ***Step 8 — Incorporation of and transfer of shares in Ace Gain***

Ace Gain was incorporated on 5 May 2016 in Hong Kong as a limited liability company.

On 5 September 2016, Lively World acquired one share in Ace Gain, representing 100% of all the issued share in Ace Gain, for a cash consideration of HK\$1. Following the above transfer, Ace Gain is directly owned as to 100% by Lively World.

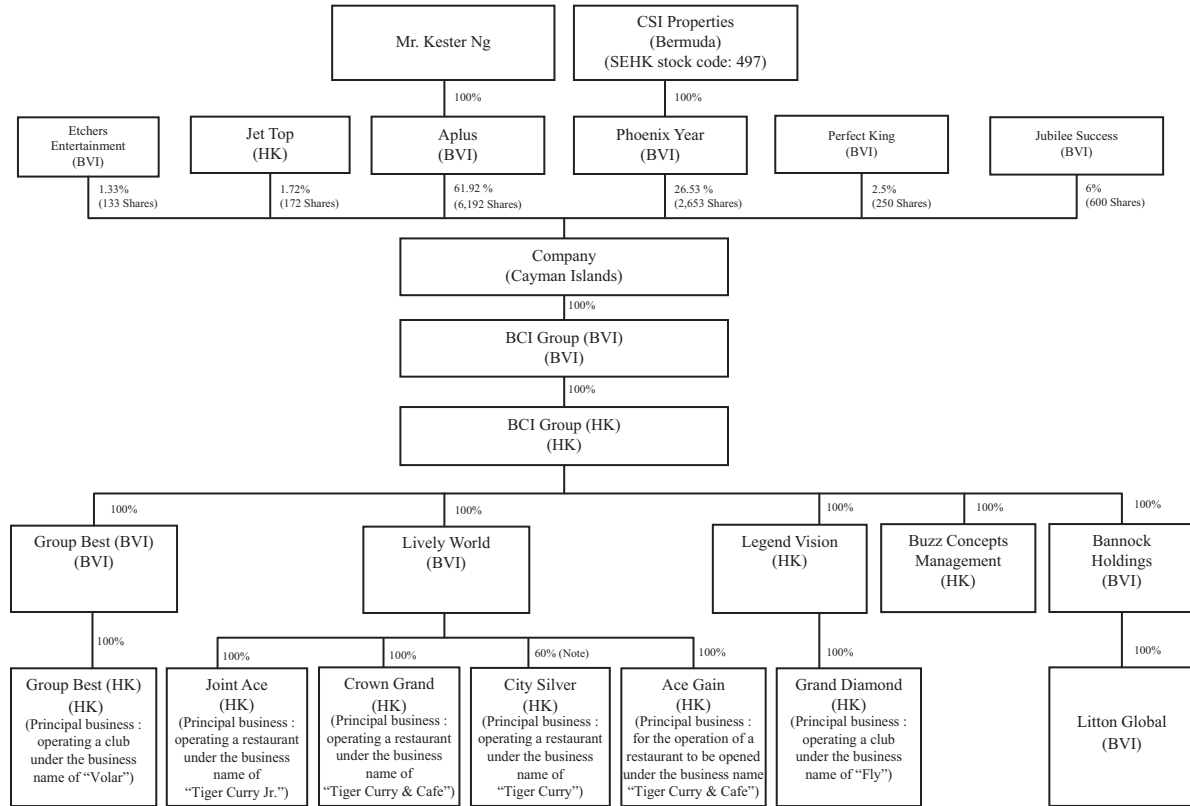
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*Note:* As at the Latest Practicable Date, FLC was owned as to 38% by Mr. Satoru Mukogawa and as to 62% by other Independent Third Parties.

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## Group structure after the Reorganisation

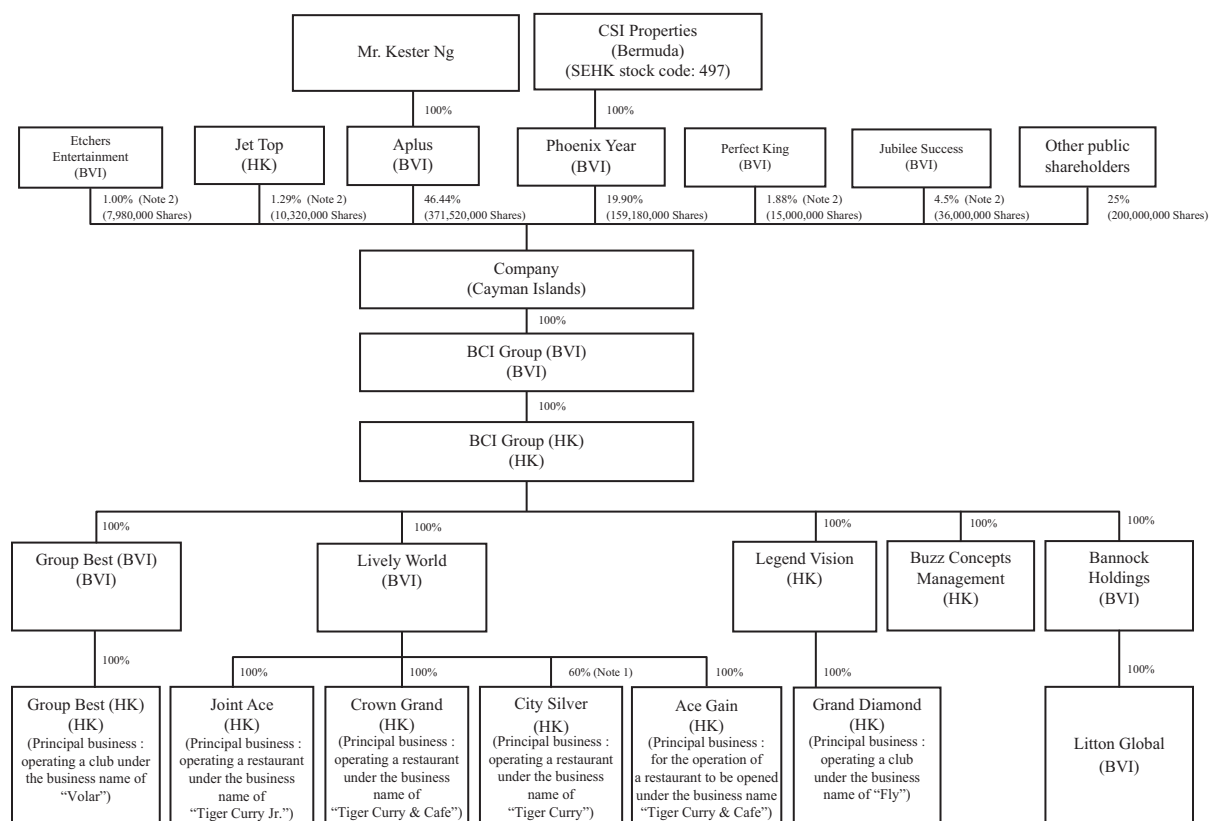
The following chart sets out the shareholding and corporate structure of our Group immediately after the Reorganisation but before the Capitalisation Issue and the Share Offer:



Note: FLC owns the remaining 40% of all the issued shares in City Silver.

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The following chart sets out the shareholding and corporate structure of our Group immediately after completion of the Capitalisation Issue and the Share Offer (without taking into account any Share which may be allotted and issued upon the exercise of the options that may be granted under the Share Option Scheme):



*Note 1:* FLC owns the remaining 40% of all the issued shares in City Silver.

*Note 2:* The shareholdings of Etchers Entertainment, Jet Top, Perfect King and Jubilee Success will form part of the public float.

### PRE-IPO INVESTMENTS

#### Perfect King

On 22 July 2016, Perfect King as subscriber entered into a subscription agreement with, among others, our Company pursuant to which Perfect King subscribed for 250 new Shares at the subscription price of HK\$1,500,000.

Details of the Pre-IPO Investment of Perfect King are set out in the table below:

Parties: Our Company (issuer)  
 Perfect King (subscriber)  
 Aplus (shareholder)  
 Phoenix Year (shareholder)  
 Etchers Entertainment (shareholder)  
 Jet Top (shareholder)

Background of the investor: Perfect King is a private company incorporated in the BVI with limited liability which principally engages in investment holding. It is wholly and beneficially owned by Mr. Kam Tik Lun who is a business consultant with extensive network in commercial field

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Date of the relevant agreement:	22 July 2016
Date of completion:	22 July 2016
Shareholding in our Company:	250 Shares (representing 2.5% of all the issued Shares immediately before the Capitalisation Issue and the Share Offer and 1.88% of all the issued Shares immediately after the Capitalisation Issue and the Share Offer (without taking into account any Share which may be allotted and issued upon the exercise of the options that may be granted under the Share Option Scheme))
Consideration and payment date:	HK\$1,500,000, which was received and settled on 22 July 2016
Basis of determination of the consideration:	The consideration was determined based on arm's length negotiation with regards to the net profit as reflected in the management accounts of our Company's subsidiaries for the financial year ended 31 May 2016
Total number of shares to be held by Perfect King upon Listing:	15,000,000
Investment cost per Share paid by Perfect King:	HK\$0.10 per Share
Discount to the Offer Price:	A discount of approximately 66.7% to the mid-point of the indicative Offer Price range of HK\$0.25 to HK\$0.35 per Offer Share
Special rights granted to the investor:	Nil
Public float for the purposes of Rule 11.23 of the GEM Listing Rules:	All Shares held by Perfect King will be considered as part of the public float
Strategic benefits to our Company:	Our Directors believe that the investment made by Perfect King will serve as an additional working capital and provide an immediate fund available for our Group's business, which can help strengthen the financial position of our Group
Share-based payments:	Not applicable

### **Jubilee Success**

On 22 July 2016, Jubilee Success as subscriber entered into a subscription agreement with, among others, our Company pursuant to which Jubilee Success subscribed for 600 new Shares at the subscription price of HK\$3,600,000.

Details of the Pre-IPO Investment of Jubilee Success are set out in the table below:

Parties:	Our Company (issuer) Jubilee Success (subscriber) Aplus (shareholder) Phoenix Year (shareholder) Etchers Entertainment (shareholder) Jet Top (shareholder)
Background of the investor:	Jubilee Success is a private company incorporated in the BVI with limited liability which principally engages in investment holding. It is wholly and beneficially owned by Ms. Li Ka Kay who is a property investor
Date of the relevant agreement:	22 July 2016

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Date of completion:	22 July 2016
Shareholding in our Company:	600 Shares (representing 6.0% of all the issued Shares immediately before the Capitalisation Issue and the Share Offer and 4.5% of all the issued Shares immediately after the Capitalisation Issue and the Share Offer (without taking into account any Share which may be allotted and issued upon the exercise of the options that may be granted under the Share Option Scheme))
Consideration and payment date:	HK\$3,600,000, which was received and settled on 22 July 2016
Basis of determination of the consideration:	The consideration was determined based on arm's length negotiation with regards to the net profit as reflected in the management accounts of our Company's subsidiaries for the financial year ended 31 May 2016
Total number of shares to be held by Jubilee Success upon Listing:	36,000,000
Investment cost per Share paid by Jubilee Success:	HK\$0.10 per Share
Discount to the Offer Price:	A discount of approximately 66.7% to the mid-point of the indicative Offer Price range of HK\$0.25 to HK\$0.35 per Offer Share
Special rights granted to the investor:	Nil
Public float for the purposes of Rule 11.23 of the GEM Listing Rules:	All Shares held by Jubilee Success will be considered as part of the public float
Strategic benefits to our Company:	Our Directors believe that the investment made by Jubilee Success will serve as an additional working capital and provide an immediate fund available for our Group's business, which can help strengthen the financial position of our Group. Moreover, the ultimate beneficial owner of Jubilee Success, as a shareholder of our Company, may provide business opportunities for our Group by connecting us to potential international DJs and customers and inviting them to our clubs
Share-based payments:	Not applicable

To the best knowledge and belief of our Directors, the Pre-IPO Investors and their respective ultimate beneficial owners are Independent Third Parties to our Company.

### **Lock-up undertakings from the Pre-IPO Investors**

Pursuant to the Subscription Agreements, each of the Pre-IPO Investors has undertaken to our Company that it will not sell or transfer or otherwise dispose of, or create any encumbrances on, its legal or beneficial interest or any other right, title, benefit or interest of whatsoever nature therein in respect of any part of the subscribed Shares or enter into any agreement or commitment to give or create any of the foregoing for the period commencing from the completion date of the respective Subscription Agreements until six months after the Listing Date.

### **Use of proceeds from the Pre-IPO Investments**

The total proceeds from the Pre-IPO Investments are HK\$5,100,000. As at the Latest Practicable Date, the proceeds from our Pre-IPO Investments were partially utilised in the following manner: (i) approximately 10.7% for the payment of three months' deposit for a standalone restaurant in Tsing Yi; and (ii) approximately 80.2% for general working capital. The remaining balance of the proceeds from our Pre-IPO Investments will be utilised for setting up a food court restaurant in Mong Kok, which is expected to commence operation in the first half of 2017.

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## HISTORY, REORGANISATION AND CORPORATE STRUCTURE

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### **The Sponsor's confirmation**

The Sponsor is of the view that the Pre-IPO Investments by Perfect King and Jubilee Success are in compliance with the Interim Guidance on Pre-IPO Investment issued by the Stock Exchange on 13 October 2010 (as amended and updated on 16 January 2012) and the requirements set out in the Guidance Letters HKEx-GL43-12 issued by the Stock Exchange in October 2012 (as amended and updated in July 2013) and HKEx-GL44-12 issued by the Stock Exchange in October 2012, to the extent applicable.

### **CONTROL AND OWNERSHIP CONTINUITY**

Despite the fact that Phoenix Year held 30% of equity interest in our Group before the Reorganisation, Phoenix Year and CSI Properties are only passive investors in substance without active participation in the day-to-day operations of our Group since the establishment of our Group in 2013. In respect of the number and role(s) of representative(s) in our management of our Group, (i) at the subsidiaries level, the majority members in the overall board of directors of the Group companies include Mr. Kester Ng, his associate and his business partners who actively participate in the management and decision making of the Group companies, whereas there has only been one minority representative from CSI Properties, namely Mr. Kan Sze Man; and (ii) at the level of the Company, the Board consists of two executive Directors who are representatives from Aplus, namely Mr. Kester Ng and Ms. Lau Sze Yuen, whereas there is only one representative from CSI Properties, namely Mr. Kan Sze Man, appointed as the non-executive Director who will not be involved in daily operation and management of the Group. Based on the above and taking into consideration that Mr. Kester Ng and Aplus have always been the dominating shareholders with ultimate control and have exerted substantial influence in the actual management of our Group, Mr. Kester Ng and Aplus have remained as the controlling shareholders of our Group during the Track Record Period and up to the Latest Practicable Date and accordingly, our Company has satisfied the ownership continuity requirement under Rule 11.12A(2) of the GEM Listing Rules and Guidance Letter HKEx-GL89-16 issued by the Stock Exchange in November 2016.