The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our audited consolidated financial information, and the accompanying notes, included in the Accountant's Report, which has been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs").

The discussion and analysis in this section of the prospectus contain forward-looking statements that involve risks and uncertainties. These statements are based on assumptions and analysis made by us in light of our experience and interpretation of historical trends, current conditions and expected future developments as well as other factors that we believe are appropriate under the relevant circumstances. However, whether our actual results reported in future periods differ materially from those discussed below depends on various factors which do not have control over. Factors that could cause or contribute to such differences included those discussed in "Forward-looking Statements", "Risk Factors" and "Business" as well as those discussions elsewhere in this prospectus.

Unless the context otherwise requires, financial information described in this section is described on a consolidated basis.

OVERVIEW

We are a food, beverage and entertainment group based in Hong Kong that owns and operates two night entertainment clubs, namely Volar and Fly; and three restaurants focusing on Japanese-style curry dishes under our proprietary "Tiger" brand. During the Track Record Period, we acquired Grand Diamond, the operating company of Fly in November 2015 and two restaurants were also added to our Group under our "Tiger" brand, namely Tiger Curry Jr. and Tiger Curry & Cafe, which commenced business in May 2015 and July 2015, respectively.

For the two years ended 31 May 2015 and 2016, our Group recorded revenue of approximately HK$67.4 million and HK$88.9 million, respectively, and net profit of approximately HK$7.1 million and HK$8.4 million, respectively.

For the four months ended 30 September 2015 and 2016, our Group recorded revenue of approximately HK$23.5 million and HK$30.6 million, respectively, and net profit of approximately HK$0.6 million and net loss of approximately HK$6.8 million, respectively. Excluding the non-recurring Listing expenses of approximately HK$8.2 million charged for the four months ended 30 September 2016, the net profit would increase to approximately HK$1.4 million for the four months ended 30 September 2016.

BASIS OF PRESENTATION

Pursuant to the Reorganisation as detailed in "History, Reorganisation and Corporate Structure — Reorganisation", our Company became the holding company of the subsidiaries now comprising our Group on 19 July 2016 by way of transfer of equity interests in BCI Group (BVI) to our Company in consideration of our Company's allotment and issue of share to the Companies held by the then shareholders of BCI Group (BVI). As the Reorganisation only involved inserting a new holding entity at the top of an existing group and has not resulted in any change of economic substance, our consolidated financial information has been presented as a continuance of the existing group using the merger basis of accounting.

Our consolidated financial information has been prepared in accordance with the HKFRSs and applicable disclosures requirements of the GEM Listing Rules and the Companies Ordinance. Our consolidated financial information is presented in Hong Kong dollars, which is our functional and presentation currency.

Details regarding the basis of presentation and preparation of our consolidated financial information are set out in notes 1 and 2 to the Accountant's Report.

All material intra-group balances, transactions and cash flows have been eliminated on combination.

PRINCIPAL FACTORS AFFECTING RESULTS OF OPERATIONS AND FINANCIAL CONDITION

The results of operations and financial position have been and will continue to be affected by a number of factors, many of which may be beyond the control of our Group, including those factors set out in "Risk Factors" and those set out below.

Our arrangements with our largest supplier, Moët Hennessy Diageo Limited ("MHD")

During the Track Record Period, our cost of inventories sold was one of the largest components of our operating expenses. Among which, our cost of beverage represented approximately 86.9% for the year ended 31 May 2015, approximately 77.9% for the year ended 31 May 2016 and approximately 72.4% and 74.8% for the four months ended 30 September 2015 and 2016, respectively.

During the Track Record Period, MHD, which is one of the two largest Champagne exclusive distributors in Hong Kong according to the F&S Report, was our largest supplier. For the years ended 31 May 2015 and 2016, the inventories that we purchased from MHD, which were primarily the alcoholic beverages for use in our clubs, were approximately HK$8.4 million and HK$9.4 million, accounting for approximately 65.0% and 53.4% of our total purchases, respectively. For the four months ended 30 September 2015 and 2016, the inventories we purchased from MHD were approximately HK$2.9 million and HK$3.3 million, accounting for approximately 56.4% and 51.5% of our total purchase, respectively. As at the Latest practicable Date, we entered into a purchasing and sponsorship agreement which stipulates, among others, the selling prices of beverages during the contract period and sponsorship arrangements. Such agreement will expire on 31 March 2017. As at the Latest Practicable Date, as confirmed by MHD in writing, MHD will sign a new agreement with us on substantially the same terms as the current agreement on or before 31 March 2017. For details of our relationship with MHD, see "Business — Suppliers — Relationship with MHD". There is no assurance that we will able to renew our contract with MHD upon expiry. If MHD reduces the volume supplied to us or cease to supply to us for any reason, 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.

Property rentals and related expenses

We lease or license all the properties on which our outlets operate. The property rentals and related expenses was the largest component of our operating expenses and the changes in the level of rentals and related expenses will have direct impact to our profitability. For the years ended 31 May 2015 and 2016, our property rentals and related expenses amounted to approximately HK$16.1 million and HK$20.9 million, respectively, representing approximately 23.8% and 23.5% of our total revenue, respectively. For the four months ended 30 September 2015 and 2016, our property rentals and related expenses amounted to approximately HK$6.3 million and HK$7.7 million, representing approximately 26.7% and 25.3% of our total revenue, respectively. Property rentals and related expenses vary depending on the size and location of our outlets. Most of the tenancy agreements of our outlets are based on fixed rent except for two restaurants of our Group which are based on the restaurant's respective revenue pursuant to the terms and conditions as set out in the respective agreements.

For every lease that our Group considers to enter into, our Group considers whether the property rentals and related expenses are within the acceptable range, taking into account the expected revenue to be derived from the outlet in future. As we intend to open five new "Tiger" branded restaurants and establish two sports-themed bars in Hong Kong during the three years ending 31 May 2019, we expect that our property rentals and related expenses related our outlets to increase in the future.

Cost of inventories sold

The cost of inventories sold mainly represent the cost of beverages and food ingredients. The cost of inventories sold was the second largest component of our operating expenses and, therefore, the prices and supply of beverages and food ingredients have direct impact to our results of operation. For the two years ended 31 May 2015 and 2016, our cost of inventories sold amounted to approximately HK$13.3 million and HK$18.2 million, respectively, representing approximately 19.7% and 20.4% of our total revenue, respectively. For the two years ended 31 May 2015 and 2016, our costs of beverages amounted to approximately HK$11.6 million and HK$14.2 million, respectively, representing approximately 86.9% and 77.9% of our total cost of inventories sold, respectively, and our costs of food ingredients amounted to approximately HK$1.6 million and HK$3.8 million, respectively, representing approximately 12.0% and 21.1% of our total cost of inventories sold, respectively.

For the four months ended 30 September 2015 and 2016, our cost of inventories sold amounted to approximately HK$4.9 million and HK$5.9 million, representing approximately 20.9% and 19.3% of our total revenue, respectively. For the four months ended 30 September 2015 and 2016, our costs of beverages amounted to approximately HK$3.6 million and HK$4.4 million, representing approximately 72.4% and 74.8% of our total cost of inventories sold, respectively, and our costs of food ingredients amounted to approximately HK$1.3 million and HK$1.4 million, representing approximately 26.7% and 24.3% of our total cost of inventories sold, respectively. We have devoted substantial efforts to secure sufficient supply of beverages and food ingredients, however, in line with the industry practice, we had not entered into any long term contract with our suppliers. For details of our suppliers, see "Business — Suppliers".

During the Track Record Period, we did not experience any interruption of supply that had any material adverse impact on our business or results of operations. However, the prices and supply of beverage and food ingredients are subject to a number of factors that are beyond our control, including governmental regulations, general economic condition, demand and supply.

Employee benefits expenses

Club and restaurant operations are highly service-oriented and labour intensive. Employee benefits expenses were one of the largest components of our operating expenses. Our employee benefits expenses included all salaries and benefits payable to all the employees and staff, including the executive Director, headquarters staff and operational staff in each outlet. For the two years ended 31 May 2015 and 2016, our staff costs amounted to approximately HK$7.7 million and HK$13.1 million, respectively, representing approximately 11.4% and 14.7% of our total revenue, respectively. For the four months ended 30 September 2015 and 2016, our staff costs amounted to approximately HK$3.5 million and HK$5.9 million, representing approximately 14.9% and 19.4% of our total revenue, respectively. Our Group believes that high-quality customer service is a key attribute of our success. Therefore, we need to offer competitive wages and other benefits to our employees in order to attract, motivate and retain a sufficient number of qualified employees.

Due to the increase in the statutory minimum wage, shortage of labour and the general increase in labour costs in Hong Kong, the salary level of employees in the clubbing and restaurant industry in Hong Kong has generally increased in recent years. We expect our staff costs will continue to increase as inflationary pressures in Hong Kong continue to drive up salary levels and we may not be able to increase our prices sufficiently to pass these increased staff costs onto our customers.

Seasonality

Our Group experiences seasonal fluctuation in the revenue. For our clubbing operations, we generally experience a higher level of revenue from December to January. Our Directors consider that there are more holiday gatherings and celebration activities from November to January with more festival days such as Christmas and New Year's Eve in these periods. For our restaurant operations, we generally experience a higher level of revenue from December to January and July to August. Our Directors consider that we are able to capture more expenditure from students during their school holidays. For both our clubbing and restaurant operations, we generally experience a lower level of revenue in February. Our Directors consider that our target customers become less keen about night entertainment and dining out with friends after the holidays in December and January and with the Chinese New Year, which usually falls in the month of February, is a busy travel period. Severe weather conditions (such as typhoon) may also impact the revenue. Because of the seasonality of the business, the results for any period in a year are not necessarily indicative of the results that may be achieved for the full year.

Market competition

We face intense competition from other night entertainment venues, various restaurant chains and individual restaurant operators which target the same or similar group of customers. There are numerous night entertainment venues in Hong Kong that serve alcoholic beverages in venues that open at night and restaurants in Hong Kong offering Japanese-style cuisine. These establishments compete with us in terms of, among other things, taste, quality, price, customer service, ambience, and the overall entertainment and dining experience. Some of our competitors may have longer operating history, larger customer bases, better brand recognition and reputation, and better financial position, marketing strategies and public relations resources. As we face intense competition from other competitors as well as new market entrants, our business and results of operations may be adversely affected in the event that we are not able to stay competitive in terms of our pricing, or there is deterioration in the quality of our products and services.

Availability of commercially attractive locations and ability to renew existing leases/licences of the leased/ licensed properties and market conditions of the retail rental market

All of our clubs and restaurants are located in prime areas in Hong Kong, such as Causeway Bay and Lan Kwai Fong and major shopping malls in Hong Kong such as Harbour City and Times Square. Our Directors believe that locations of our clubs and restaurants are vital for reaching target customers and the promotion of our brands and reputation and it is important that our clubs and restaurants are situated in commercially attractive locations. However, due to our stringent criteria on the club and restaurant locations, commercially viable choices are usually limited. In the event that there is a need for relocation due to whatever reasons or we intend to open new outlets, we cannot assure that we will be able to find suitable premises for our outlets with reasonable commercial terms, and accordingly our plan for relocation or expansion may be delayed or disrupted which in turn may have an adverse effect on our results of operations and financial conditions.

CRITICAL ACCOUNTING POLICIES, ESTIMATES AND JUDGEMENTS

Critical accounting policies and estimates refer to those accounting policies and estimates that entail significant uncertainty and judgement, and could yield materially different results under different conditions and/or assumptions. The preparation of our financial information in conformity with the HKFRSs requires our management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The methods and approach that we use in determining these items is based on our experience, the nature of our business operations, the relevant rules and regulations and the relevant circumstances. These underlying assumptions and estimates are reviewed regularly as they may have a significant impact on our operational results as reported in our consolidated financial information included elsewhere in this prospectus. Below is a summary of the significant accounting policies in accordance with HKFRSs that we believe are important to the presentation of our financial information and involve the need to make estimates and judgements about the effect of matters that are inherently uncertain. We also have other policies, judgements, estimates and assumptions that we consider as significant, which are set out in detail in notes 4 and 5 to the Accountant's Report.

Revenue recognition

During the Track Record Period, we recognised revenue from our clubbing operations when (i) sales of beverages were delivered; (ii) our services were provided or other products were delivered (including tips, cloakroom fees, photobooth income and rental income from leasing our club premises for event) to our customers and we recognised revenue from our restaurant operations when our catering services have been rendered.

For further details regarding our accounting policy relating to revenue recognition, see "note 5.14 revenue recognition" to the Accountant's Report.

Property, plant and equipment

As at 31 May 2015, 31 May 2016 and 30 September 2016, we had property, plant and equipment of approximately HK$10.9 million, HK$10.2 million and HK$9.2 million, respectively, representing our leasehold improvement, furniture, fixtures and equipment and motor vehicles.

For further details regarding our accounting policy relating to property, plant and equipment, see "note 5.4 property, plant and equipment" to the Accountant's Report.

Financial liabilities

Our financial liabilities during the Track Record Period mainly represented trade payables, accruals and other payables and amounts due to related parties.

For further details regarding our accounting policy relating to financial liabilities, see "note 5.5 financial instruments — (iii) financial liabilities" to the Accountant's Report.

Leasing

During the Track Record Period, we had operating lease commitments in respect of the head office, club premises and restaurant premises.

For further details regarding our accounting policy relating to leasing, see "note 5.8 leasing" to the the Accountant's Report.

SUMMARY RESULTS OF OPERATIONS

The following table presents the summary of our consolidated results for the Track Record Period, which are derived from, and should be read in conjunction with the consolidated financial information contained in the Accountant's Report.

	Year ended 31 May		**Four months ended 30 September**	
	2015	**2016**	**2015**	**2016**
	(HK$'000)	*(HK$'000)*	*(HK$'000)* *(Unaudited)*	*(HK$'000)*
Revenue	67,387	88,870	23,519	30,613
Cost of inventories sold	(13,300)	(18,172)	(4,905)	(5,910)
Other income and gains	432	557	144	72
Property rentals and related expenses	(16,066)	(20,919)	(6,274)	(7,748)
Advertising and marketing expenses	(11,278)	(11,709)	(3,363)	(3,684)
Employee benefits expenses	(7,656)	(13,068)	(3,514)	(5,929)
Depreciation	(3,472)	(4,199)	(1,294)	(1,436)
Listing expenses	—	—	—	(8,191)
Other expenses	(7,478)	(10,953)	(3,389)	(4,201)
Profit/(Loss) before income tax expense	8,569	10,407	924	(6,414)
Income tax expense	(1,470)	(2,023)	(293)	(361)
Profit/(Loss) and total comprehensive income/(expense) for the year/period	7,099	8,384	631	(6,775)

DESCRIPTION AND ANALYSIS OF PRINCIPAL COMPONENTS IN THE CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

Revenue

During the Track Record Period, we derived our revenue from our clubbing operations and restaurant operations. Revenue from our clubbing operations and restaurant operations during the Track Record Period were mainly generated from sales of beverages at our clubs and sales of food and beverages at our restaurants in Hong Kong, respectively. Our total revenue for the two years ended 31 May 2015 and 2016 amounted to approximately HK$67.4 million and HK$88.9 million, respectively and our total revenue for the four months ended 30 September 2015 and 2016 amounted to approximately HK$23.5 million and HK$30.6 million, respectively.

The table below sets forth the breakdown of our revenue by outlet for the Track Record Period.

	Year ended 31 May				Four months ended 30 September			
	2015		2016		2015		2016	
	(HK$'000)	*(% of total revenue)*	*(HK$'000)*	*(% of total revenue)*	*(HK$'000) (unaudited)*	*(% of total revenue)*	*(HK$'000)*	*(% of total revenue)*
Clubbing operations	**62,082**	**92.1**	**72,851**	**82.0**	**18,707**	**79.5**	**24,240**	**79.2**
Volar	62,082	92.1	62,748	70.6	18,707	79.5	19,726	64.4
Fly[(1)]	—	—	10,103	11.4	—	—	4,514	14.8
Restaurant operations	**5,305**	**7.9**	**16,019**	**18.0**	**4,812**	**20.5**	**6,373**	**20.8**
Tiger Curry	5,208	7.8	6,044	6.8	2,294	9.8	1,960	6.4
Tiger Curry Jr.[(2)]	97	0.1	4,982	5.6	1,548	6.6	2,003	6.5
Tiger Curry & Cafe[(3)]	—	—	4,993	5.6	970	4.1	2,410	7.9
Total	67,387	100.0	88,870	100.0	23,519	100.0	30,613	100.0

Notes:

1. Fly came under our operation through our acquisition of its operating company in November 2015. For details, see "History, Reorganisation and Corporate Structure — Corporate development — Our corporate history — Grand Diamond".

2. Commenced business on 20 May 2015.

3. Commenced business on 30 July 2015.

Our total revenue increased by approximately 31.9% from approximately HK$67.4 million for the year ended 31 May 2015 to approximately HK$88.9 million for the year ended 31 May 2016 and our total revenue increased by approximately 30.2% from approximately HK$23.5 million for the four months ended 30 September 2015 to approximately HK$30.6 million for the four months ended 30 September 2016. Such increase in the revenue was mainly due to the increase in revenue from our clubbing operations as well as our restaurant operations. The following is the analysis of our revenue generated from our clubbing operations and restaurant operations during the Track Record Period.

Our clubbing operations

Revenue from our clubbing operations mainly represents the sales of beverage, entrance fee income, sponsorship income, and sales of other products and services (including cloakroom income, photobooth income, tips income and rental income from leasing our club premises for events). For the two years ended 31 May 2015 and 2016, revenue generated from our clubbing operations amounted to approximately HK$62.1 million and HK$72.9 million, accounting for approximately 92.1% and 82.0% of our total revenue, respectively. Revenue from our clubbing operations increased by approximately HK$10.8 million or 17.3% from approximately HK$62.1 million for the year ended 31 May 2015 to approximately HK$72.9 million for the year ended 31 May 2016. Such increase was mainly due to the revenue contributed by Fly to our Group which came under our operation through acquisition of its operating company in November 2015 of approximately HK$10.1 million for the year ended 31 May 2016.

For the four months ended 30 September 2015 and 2016, our revenue generated from clubbing operations increased from approximately HK$18.7 million for the four months ended 30 September 2015 to approximately HK$24.2 million for the four months ended 30 September 2016, representing an increase of approximately HK$5.5 million or 29.6% and accounting for approximately 79.5% and 79.2% of our total revenue, respectively.

The increase in revenue from clubbing operations was mainly due to revenue contributed by Fly of approximately HK$4.5 million for the four months ended 30 September 2016. Excluding the contribution of Fly, the increase in revenue from clubbing operations was increased by approximately HK$1.0 million which was contributed by Volar from approximately HK$18.7 million for the four months ended 30 September 2015 to approximately HK$19.7 million, representing an increase of approximately 5.4%.

During the Track Record Period, we generated the majority of our revenue from net sales of beverage of our clubbing operations which amounted to approximately HK$55.7 million and HK$66.6 million for the two years ended 31 May 2015 and 2016 and amounted to approximately HK$17.3 million and HK$21.6 million for the four months ended 30 September 2015 and 2016, respectively, accounting for approximately 89.7% and 91.4% for the two years ended 31 May 2015 and 2016 and approximately 92.2% and 89.3% for the four months ended 30 September 2015 and 2016 of our revenue from clubbing operations.

The following tables sets forth a breakdown of revenue from our clubbing operations in terms of service category for the Track Record Period.

	Year ended 31 May							
	2015				2016			
	Volar		Fly		Volar		Fly	
	(HK$'000)	*(%)*	*(HK$'000)*	*(%)*	*(HK$'000)*	*(%)*	*(HK$'000)*	*(%)*
Gross sales of beverage	65,341	105.2	—	—	67,008	106.8	11,180	110.7
Less: sales discount	(9,654)	(15.5)	—	—	(9,025)	(14.4)	(2,543)	(25.2)
Net sales of beverage*(Note)*	55,687	89.7	—	—	57,983	92.4	8,637	85.5
Entrance fee income	4,503	7.3	—	—	2,249	3.6	971	9.6
Sponsorship income	896	1.4	—	—	1,303	2.1	349	3.5
Others	996	1.6	—	—	1,213	1.9	146	1.4
Total clubbing revenue	**62,082**	**100.0**	**—**	**—**	**62,748**	**100.0**	**10,103**	**100.0**

	Four months ended 30 September							
	2015				2016			
	Volar		Fly		Volar		Fly	
	(HK$'000) *(Unaudited)*	*(%)*	*(HK$'000)*	*(%)*	*(HK$'000)*	*(%)*	*(HK$'000)*	*(%)*
Gross sales of beverage	20,645	110.3	—	—	20,718	105.0	5,313	117.7
Less: sales discount	(3,389)	(18.1)	—	—	(2,970)	(15.0)	(1,412)	(31.3)
Net sales of beverage*(Note)*	17,256	92.2	—	—	17,748	90.0	3,901	86.4
Entrance fee income	649	3.5	—	—	671	3.4	453	10.0
Sponsorship income	502	2.7	—	—	965	4.9	104	2.3
Others	300	1.6	—	—	342	1.7	56	1.3
Total clubbing revenue	**18,707**	**100.0**	**—**	**—**	**19,726**	**100.0**	**4,514**	**100.0**

Note: According to the Hong Kong Accounting Standard ("HKAS") 18 — Revenue, the amount of the revenue is measured at the fair value of the consideration received or receivable taking into account the amount of any trade discounts and volume rebates allowed by the entity. Therefore, sales of beverage of our Group were accounted for net of sales discounts.

Sales of beverage

During the Track Record Period, we generated most of our revenue from sales of beverage at our clubs, which comprised different alcoholic and non-alcoholic beverage products. The table below sets forth the breakdown of the beverage categories sold for the Track Record Period.

	Year ended 31 May				Four months ended 30 September			
Type of beverages	**2015**		**2016**		**2015**		**2016**	
	Gross sales of beverage	**% of total gross sales of beverage**	**Gross sales of beverage**	**% of total gross sales of beverage**	**Gross sales of beverage**	**% of total gross sales of beverage**	**Gross sales of beverage**	**% of total gross sales of beverage**
	(HK$'000)	*(%)*	*(HK$'000)*	*(%)*	*(HK$'000) (Unaudited)*	*(%)*	*(HK$'000)*	*(%)*
Champagne	29,088	44.5	35,777	45.8	10,297	49.9	10,975	42.2
Spirits(1)	20,819	31.9	25,029	32.0	5,755	27.9	9,106	35.0
Cocktails and liqueurs(2)	5,396	8.3	5,434	6.9	1,546	7.5	1,795	6.9
Soft drinks and other(3)	3,260	5.0	3,153	4.0	901	4.4	1,066	4.1
Beer	1,230	1.9	1,746	2.2	388	1.9	670	2.6
Wine	330	0.5	584	0.7	76	0.3	322	1.2
Service charge	5,218	7.9	6,465	8.4	1,682	8.1	2,097	8.0
Total	**65,341**	**100.0**	**78,188**	**100.0**	**20,645**	**100.0**	**26,031**	**100.0**

Notes:

1. Include mainly whisky, vodka, brandy, gin, rum, tequila, Schnapps etc.

2. Generally refers to an alcoholic beverage served by glass and prepared by bartenders mixing different alcoholic and non-alcoholic ingredients.

3. Others generally include mineral water, juices and condiments.

During the Track Record Period, Champagne was the best-selling category of beverages which accounted for approximately 44.5% and 45.8% of the total gross sales of beverage for each of the two years ended 31 May 2015 and 2016 and approximately 49.9% and 42.2% for the four months ended 30 September 2015 and 2016, respectively. Revenue generated from our sales of Champagne increased by approximately HK$6.7 million from approximately HK$29.1 million for the year ended 31 May 2015 to approximately HK$35.8 million for the year ended 31 May 2016, representing an increase of approximately 23.0% and revenue generated from our sales of Champagne slightly increased by approximately HK$0.7 million from approximately HK$10.3 million for the four months ended 30 September 2015 to approximately HK$11.0 million for the four months ended 30 September 2016, representing an increase of approximately 6.8%. Revenue generated from sales of spirits, which is the second best-selling category among all types of beverages, accounted for approximately 31.9% and 32.0% of the total gross sales of beverage for each the two years ended 31 May 2015 and 2016 and approximately 27.9% and 35.0% for the four months ended 30 September 2015 and 2016, respectively. Revenue generated from our sales of spirits increased by approximately HK$4.2 million from approximately HK$20.8 million for the year ended 31 May 2015 to approximately HK$25.0 million for the year ended 31 May 2016, representing an increase of approximately 20.2% and revenue generated from our sales of spirits increased by approximately HK$3.3 million from approximately HK$5.8 million for the four months ended 30 September 2015 to approximately HK$9.1 million for the four months ended 30 September 2016, representing an increase of approximately 56.9%. The aforesaid increases in the sales of Champagne and spirits during the Track Record Period were mainly due to an increase of gross sales of beverages generated from Volar and Fly by approximately HK$1.7 million and HK$11.2 million for the year ended 31 May 2016 and approximately HK$0.1 million and HK$5.3 million for the four months ended 30 September 2016, respectively, primarily due to the acquisition of Grand Diamond, the operating company of Fly, in November 2015 while no sales were contributed by Fly in the prior financial year/period.

Entrance fee income

Our entrance fee income comprised cover charges and pre-event sales. Cover charge refers to the fee we charge for attending our clubs (whether on a regular operating day or on a day with featured events) and ranges from HK$150 to HK$600 per customer. The cover charge generally entitles our customers to a few complimentary beverages. Pre-event sales refer to the ticket income we charge for featured events generated from sales of tickets through an independent online ticketing agent which generally receives a fee from us based on the amount of gross ticket revenue from purchases through their website.

The table below sets forth the breakdown of our entrance fee income for the Track Record Period.

	Year ended 31 May				Four months ended 30 September			
	2015		2016		2015		2016	
	Entrance fee income	% of total entrance fee income	Entrance fee income	% of total entrance fee income	Entrance fee income	% of total entrance fee income	Entrance fee income	% of total entrance fee income
	(HK$'000)	*(%)*	*(HK$'000)*	*(%)*	*(HK$'000)* *(Unaudited)*	*(%)*	*(HK$'000)*	*(%)*
Cover charges	4,292	95.3	3,028	94.0	592	91.2	1,087	96.7
Pre-event sales	211	4.7	192	6.0	57	8.8	37	3.3
Total	4,503	100.0	3,220	100.0	649	100.0	1,124	100.0

Revenue generated from our entrance fee income decreased by approximately HK$1.3 million from approximately HK$4.5 million for the year ended 31 May 2015 to approximately HK$3.2 million for the year ended 31 May 2016, representing a decrease of approximately 28.5%. The decrease was principally attributable to the decrease of cover charges of approximately HK$1.3 million as a result of the increase in the number of our customers who joined our prepaid beverage package during the year ended 31 May 2016 in which those customers were not required to pay the cover charge as such charges were waived.

Revenue generated from our entrance fee income increased by approximately HK$0.5 million from approximately HK$0.6 million for the four months ended 30 September 2015 to approximately HK$1.1 million for the four months ended 30 September 2016, representing an increase of 73.2%. Such increase was primarily due to an increase in cover charges of approximately HK$0.5 million as a result of our servicing of an enlarged customer base after the opening of Fly (which came under our operation in November 2015).

Sponsorship income

Our sponsorship income mainly covers (i) the sponsorship fees we receive from beverage suppliers for displaying logos or products and other promotions in our clubs; and (ii) beverage products equivalent to a certain value we receive from beverage suppliers according to the number and type of events promoting specified beverages. We enter into purchasing and sponsorship agreements mainly with beverage suppliers including MHD. These agreements are mainly for a term of one year and set out the selling prices of beverages during the contract period and the sponsorship fees we are entitled to for conducting the specified promotional activities for designated beverages, and do not impose supply or purchase obligations. As at the Latest Practicable Date, among our five largest suppliers during the Track Record Period, we entered into purchasing and sponsorship agreements with MHD and Supplier A, details of which are set out in "Business — Suppliers".

The table below sets forth the breakdown of our sponsorship income for the Track Record Period.

	Year ended 31 May				Four months ended 30 September			
	2015		2016		2015		2016	
	Sponsorship income	% of total sponsorship income	Sponsorship income	% of total sponsorship income	Sponsorship income	% of total sponsorship income	Sponsorship income	% of total sponsorship income
	(HK$'000)	*(%)*	*(HK$'000)*	*(%)*	*(HK$'000) (Unaudited)*	*(%)*	*(HK$'000)*	*(%)*
Sponsorship fees	482	53.8	1,068	64.6	312	62.2	891	83.3
Beverage products equivalent to certain value*(Note)*	414	46.2	584	35.4	190	37.8	178	16.7
Total	896	100.0	1,652	100.0	502	100.0	1,069	100.0

Note: For accounting purpose, these figures (i) include beverage products we receive based on the promotional activities we conduct; and (ii) exclude beverage products we receive based on our purchase volume which are recorded on our stock record as normal stock.

Revenue generated from our sponsorship income increased by approximately HK$0.8 million from approximately HK$0.9 million for the year ended 31 May 2015 to approximately HK$1.7 million for the year ended 31 May 2016, representing an increase of approximately 84.4%. The increase was mainly due to the increase in sponsorship fees generated from Volar and Fly (which came under our operation in November 2015) by approximately HK$0.4 million and HK$0.3 million for the year ended 31 May 2016 as compared to the last financial year.

Revenue generated from our sponsorship income increased by approximately HK$0.6 million from approximately HK$0.5 million for the four months ended 30 September 2015 to approximately HK$1.1 million for the four months ended 30 September 2016, representing an increase of approximately 112.9%. The increase was mainly due to an increase in sponsorship fees generated from Volar and Fly (which came under our operation in November 2015) by approximately HK$0.5 million and HK$0.1 million for the four months ended 30 September 2016, respectively, as compared to the four months ended 30 September 2015.

Others

Revenue generated from others mainly consists of cloakroom income, photobooth income, tips income and rental income from leasing our club premises for events. Revenue generated from others increased by approximately HK$0.4 million from approximately HK$1.0 million for the year ended 31 May 2015 to approximately HK$1.4 million for the year ended 31 May 2016, representing an increase of approximately 36.4%. The increase was mainly as a result of (i) the increase in event rental income generated from Volar by approximately HK$0.1 million; and (ii) the increase in tips income generated from our clubbing operations of approximately HK$0.2 million, as compared to the corresponding period in 2015.

Revenue generated from others remained relatively stable at approximately HK$0.4 million for the four months ended 30 September 2016 as compared to approximately HK$0.3 million for the four months ended 30 September 2015.

Our restaurant operations

Revenue generated from our restaurant operations mainly represents the net sales of food and beverage and others. During the Track Record Period, we generated the majority of our revenue from the sales of food and beverage which amounted to approximately HK$5.3 million and HK$16.0 million for the two years ended 31 May 2015 and 2016 and approximately HK$4.8 million and HK$6.4 million for the four months ended 30 September 2015 and 2016, respectively, accounting for approximately 7.9% and 18.0% of our total revenue for the two years ended 31 May 2015 and 2016 and approximately 20.5% and 20.8% of our total revenue for the four months ended 30 September 2015 and 2016, respectively.

The tables below sets forth the breakdown of our revenue from our restaurant operations in terms of service category for the Track Record Period.

	Year ended 31 May						Four months ended 30 September					
	2015			2016			2015			2016		
	Tiger Curry	Tiger Curry & Cafe	Tiger Curry Jr.	Tiger Curry	Tiger Curry & Cafe	Tiger Curry Jr.	Tiger Curry	Tiger Curry & Cafe	Tiger Curry Jr.	Tiger Curry	Tiger Curry & Cafe	Tiger Curry Jr.
	(HK$'000)	*(HK$'000)*	*(HK$'000)*	*(HK$'000)*	*(HK$'000)*	*(HK$'000)*	*(HK$'000) (Unaudited)*	*(HK$'000) (Unaudited)*	*(HK$'000) (Unaudited)*	*(HK$'000)*	*(HK$'000)*	*(HK$'000)*
Net sales of food and beverage	**5,199**	—	**97**	**6,036**	**4,986**	**4,982**	**2,291**	**968**	**1,548**	**1,958**	**2,407**	**2,003**
Others	9	—	—	8	7	—	3	2	—	2	3	—
Total restaurant revenue	**5,208**	—	**97**	**6,044**	**4,993**	**4,982**	**2,294**	**970**	**1,548**	**1,960**	**2,410**	**2,003**

Revenue generated from our net sales of food and beverage increased by approximately HK$10.7 million from approximately HK$5.3 million for the year ended 31 May 2015 to approximately HK$16.0 million for the year ended 31 May 2016, representing an increase of approximately 202.2%. The substantial increase was mainly due to (i) the commencement of operation of Tiger Curry Jr. and Tiger Curry & Cafe in May 2015 and July 2015, respectively, which generated revenue of approximately HK$5.0 million and HK$5.0 million for the year ended 31 May 2016, respectively; and (ii) the growth in revenue generated from Tiger Curry by approximately HK$0.8 million or 16.1% for year ended 31 May 2016 as compared to the year ended 31 May 2015.

Revenue generated from our net sales of food and beverage increased by approximately HK$1.6 million from approximately HK$4.8 million for the four months ended 30 September 2015 to approximately HK$6.4 million for the four months ended 30 September 2016, representing an increase of approximately 32.5%. The increase was mainly due to the growth in revenue from Tiger Curry & Cafe, which commenced business on 30 July 2015, of approximately HK$1.4 million as a result of our full-period of operation for the four months ended 30 September 2016.

Costs of inventories sold

Our costs of inventories sold mainly represents the cost of beverage and food ingredients used in our operations. The major beverage and food ingredients purchased by our Group includes, but is not limited to, Champagne, frozen food, dried food, etc.. Cost of inventories sold is one of the major components of our operating expenses which amounted to approximately HK$13.3 million and HK$18.2 million for the two years ended 31 May 2015 and 2016 and approximately HK$4.9 million and HK$5.9 million for the four months ended 30 September 2015 and 2016, respectively, representing approximately 19.7% and 20.4% of our Group's total revenue for the two years ended 31 May 2015 and 2016 and approximately 20.9% and 19.3% of our total revenue for the four months ended 30 September 2015 and 2016, respectively.

The tables below sets forth the breakdown of our costs of inventories sold for the Track Record Period.

	Year ended 31 May				Four months ended 30 September			
	2015		2016		2015		2016	
	(HK$'000)	*(%)*	*(HK$'000)*	*(%)*	*(HK$'000) (unaudited)*	*(%)*	*(HK$'000)*	*(%)*
Beverage	11,556	86.9	14,165	77.9	3,552	72.4	4,422	74.8
Food	1,591	12.0	3,840	21.1	1,311	26.7	1,433	24.3
Other	153	1.1	167	1.0	42	0.9	55	0.9
Total	13,300	100.0	18,172	100	4,905	100.0	5,910	100.0

During the Track Record Period, our costs of inventories sold increased by approximately HK$4.9 million from approximately HK$13.3 million for the year ended 31 May 2015 to approximately HK$18.2 million for the year ended 31 May 2016, representing an increase of approximately 36.6%. The increase was generally in line with our revenue growth rate for the year ended 31 May 2016 of approximately 31.9%. The increase was primarily a result of the increases in the costs of beverages and food ingredients amounting to approximately

HK$2.6 million and HK$2.2 million for the year ended 31 May 2016, respectively, which is mainly due to our expansion of (i) the clubbing operations by acquiring Grand Diamond, the operating company of Fly, in November 2015, and (ii) the restaurant operations by opening Tiger Curry Jr. and Tiger Curry & Cafe in May 2015 and July 2015, respectively.

Our costs of inventories sold increased by approximately HK$1.0 million from approximately HK$4.9 million for the four months ended 30 September 2015 to approximately HK$5.9 million for the four months ended 30 September 2016, representing an increase of approximately 20.5%. The increase was generally in line with our revenue growth rate for the four months ended 30 September 2016 of approximately 30.2%. Such increase was mainly due to a surge in the costs of beverages and food ingredients amounting to approximately HK$0.9 million and HK$0.1 million, respectively, for the four months ended 30 September 2016 as a result of the expansion of our clubbing operations and restaurant operations mentioned above.

See "— Sensitivity and breakeven analysis" for the impact of hypothetical fluctuations in costs of inventories sold on our profit before taxation and profit for the year during the Track Record Period.

Other income and gains

Our other income and gains mainly represents the gain on disposal of property, plant and equipment, management fee income and bank interest income.

The tables below sets forth the breakdown of our other income and gains for the Track Record Period.

	Year ended 31 May		Four months ended 30 September	
	2015	2016	2015	2016
	(HK$'000)	*(HK$'000)*	*(HK$'000)* *(Unaudited)*	*(HK$'000)*
Gain on disposal of property, plant and equipment	—	125	—	—
Management fee income	432	432	144	72
Total	432	557	144	72

During the Track Record Period, our other income and gains increased by approximately 28.9% from approximately HK$0.4 million for the year ended 31 May 2015 to approximately HK$0.6 million for the year ended 31 May 2016. The increase was mainly due to the disposal of a motor vehicle during the year ended 31 May 2016 which amounted to approximately HK$125,000.

Our other income and gains remained relatively stable at approximately HK$0.1 million for the four months ended 30 September 2015 and 2016.

Property rentals and related expenses

Our property rentals and related expenses primarily represent the rental payments under operating leases and property management fee paid for our club premises, restaurants and office premises. The property rentals and related expenses were the largest component of our operating expenses which amounted to approximately HK$16.1 million and HK$20.9 million for the two years ended 31 May 2015 and 2016 and approximately HK$6.3 million and HK$7.7 million for the four months ended 30 September 2015 and 2016, respectively, accounting for approximately 23.8% and 23.5% of our total revenue for the two years ended 31 May 2015 and 2016 and approximately 26.7% and 25.3% of our total revenue for the four months ended 30 September 2015 and 2016, respectively. The rental type of our current lease agreements of our club premises and restaurants are either (i) a fixed rent; (ii) a fixed rent or turnover rent whichever is the greater; and (iii) an aggregate of fixed rent and turnover rent.

The tables below sets forth the breakdown of our property rentals and related expenses for the Track Record Period.

	Year ended 31 May		Four months ended 30 September	
	2015	2016	2015	2016
	(HK$'000)	*(HK$'000)*	*(HK$'000)* *(Unaudited)*	*(HK$'000)*
Clubbing operations	14,469	16,208	4,787	5,776
Restaurant operations	1,491	4,546	1,454	1,600
Others	106	165	33	372
Total	16,066	20,919	6,274	7,748

During the Track Record Period, our property rentals and related expenses increased by approximately HK$4.8 million from approximately HK$16.1 million for the year ended 31 May 2015 to approximately HK$20.9 million for the year ended 31 May 2016, representing an increase of approximately 30.2%. The increase was mainly due to (i) the property rentals and related expenses amounting to approximately HK$1.7 million incurred by Fly, which came under our operation through our acquisition of its operating company in November 2015; and (ii) the property rentals and related expenses incurred by Tiger Curry Jr. and Tiger Curry & Cafe which commenced operation in May 2015 and July 2015, respectively, amounting to approximately HK$1.4 million and HK$1.7 million, respectively.

Our property rentals and related expenses increased by approximately HK$1.4 million from approximately HK$6.3 million for the four months ended 30 September 2015 to approximately HK$7.7 million for the four months ended 30 September 2016, representing an increase of approximately 23.5%. The increase was mainly due to (i) the property rentals and related expenses amounting to approximately HK$0.9 million incurred by Fly; and (ii) the property rentals and related expenses amounting to approximately HK$0.4 million incurred by our head office, the term of which commenced in April 2016 under the tenancy agreement.

See "— Sensitivity and breakeven analysis" for the impact of hypothetical fluctuations in property rentals and related expenses on our profit before taxation and profit for the year during the Track Record Period.

Advertising and marketing expenses

Our advertising and marketing expenses primarily consist of advertising and promotional expense such as the cost of engaging resident and guest DJs and the expenses we incurred for engaging Model Genesis for the provision of marketing and promotion services to our clubbing operations. Our advertising and marketing expenses remained relatively stable at approximately HK$11.3 million and HK$11.7 million for the two years ended 31 May 2015 and 2016, respectively, representing approximately 16.7% and 13.2% of our total revenue, respectively.

Our advertising and marketing expenses increased by approximately HK$0.3 million from approximately HK$3.4 million for the four months ended 30 September 2015 to approximately HK$3.7 million for the four months ended 30 September 2016, representing an increase of approximately 9.5%. The increase was primarily due to the marketing expenses incurred for Fly, which came under our operation in November 2015.

Employee benefits expenses

During the Track Record Period, our employee benefits expenses represented one of the major components of our operating expenses, which primarily consisted of salaries, discretionary bonuses, membership commission, tips from customers allocated to staff and other benefits including retirement benefit scheme contribution and other allowances and benefits payable to the permanent staff and part time staff. Our employee benefits expenses amounted to approximately HK$7.7 million and HK$13.1 million for the two years ended 31 May 2015 and 2016 and approximately HK$3.5 million and HK$5.9 million for the four months ended 30 September 2015 and 2016, respectively, representing approximately 11.4% and 14.7% of our total revenue for the two years ended 31 May

2015 and 2016 and approximately 14.9% and 19.4% of our total revenue for the four months ended 30 September 2015 and 2016, respectively.

The tables below sets forth the breakdown of our employee benefits expenses for the Track Record Period.

	Year ended 31 May,		Four months ended 30 September	
	2015	2016	2015	2016
	(HK$'000)	*(HK$'000)*	*(HK$'000)* *(Unaudited)*	*(HK$'000)*
Salaries and other benefits	7,128	12,273	3,298	5,470
Directors' remuneration	240	240	80	199
Retirement benefit scheme contribution	288	555	136	260
Total	7,656	13,068	3,514	5,929

During the Track Record Period, our employee benefits expenses increased by approximately HK$5.4 million from approximately HK$7.7 million for the year ended 31 May 2015 to approximately HK$13.1 million for the year ended 31 May 2016, representing an increase of approximately 70.7%. The increase was mainly due to (i) the staff costs attributable to Fly (which came under our operation through our acquisition of its operating company in November 2015) of approximately HK$1.2 million; and (ii) the staff costs attributable to Tiger Curry Jr. and Tiger Curry & Cafe of approximately HK$1.1 million and HK$2.0 million, which commenced business in May 2015 and July 2015, respectively .

Our employee benefits expenses increased by approximately HK$2.4 million from approximately HK$3.5 million for the four months ended 30 September 2015 to approximately HK$5.9 million for the four months ended 30 September 2016, representing an increase of approximately 68.7%. The increase was mainly due to (i) the staff cost incurred for Fly and Tiger Curry & Cafe of approximately HK$0.7 million and HK$0.3 million, respectively; and (ii) the increase in head office staff costs of approximately HK$0.9 million as a result the expansion of our clubbing and restaurant operations.

Depreciation

Our depreciation represents the depreciation charge for property, plant and equipment, including, among others, leasehold improvements, furniture, fixtures and equipment and motor vehicles. Our depreciation amounted to approximately HK$3.5 million and HK$4.2 million for the two years ended 31 May 2015 and 2016 and approximately HK$1.3 million and HK$1.4 million for the four months ended 30 September 2015 and 2016, respectively, representing approximately 5.2% and 4.7% of our total revenue for the two years ended 31 May 2015 and 2016 and approximately 5.5% and 4.7% of our total revenue for the four months ended 30 September 2015 and 2016, respectively.

During the Track Record Period, our depreciation increased by approximately HK$0.7 million from approximately HK$3.5 million for the year ended 31 May 2015 to approximately HK$4.2 million for the year ended 31 May 2016, representing an increase of approximately 20.9%. The increase was mainly as a result of the opening of Tiger Curry Jr. and Tiger Curry & Cafe during the year ended 31 May 2016.

Our depreciation remained relatively stable at approximately HK$1.4 million for the four months ended 30 September 2016 as compared to approximately HK$1.3 million for the four months ended 30 September 2015.

Other expenses and Listing expenses

Our other operating expenses mainly represents security expenses for our clubs, credit card commissions, repairs and maintenance costs and cleaning expenses. For the two years ended 31 May 2015 and 2016, our other expenses amounted to approximately HK$7.5 million and HK$11.0 million, respectively, which accounted for approximately 11.1% and 12.3% of our total revenue, respectively. For the four months ended 30 September 2015 and 2016, our other expenses amounted to approximately HK$3.4 million and HK$4.2 million, respectively, which accounted for approximately 14.4% and 13.7% of our total revenue, respectively.

The tables below sets forth the breakdown of our other expenses for the Track Record Period.

	Year ended 31 May		Four months ended 30 September	
	2015	2016	2015	2016
	(HK$'000)	*(HK$'000)*	*(HK$'000)* *(Unaudited)*	*(HK$'000)*
Security expenses	2,222	2,870	807	1,044
Credit card commissions	1,061	1,271	351	476
Repair and maintenance expenses	711	1,208	306	365
Cleaning expense	647	1,506	381	664
Utilities expenses	644	970	312	417
Legal and professional fee	390	375	169	198
Utensils expenses	389	314	172	95
Licence fee	348	416	115	270
Insurance	315	429	125	157
Other expenses*(Note)*	751	1,594	651	515
Total	7,478	10,953	3,389	4,201
Listing expenses	—	—	—	8,191

Note: Other expenses refers to motor car maintenance expenses, travelling expenses and other miscellaneous expenses.

During the Track Record Period, our other expenses increased by approximately HK$3.5 million from approximately HK$7.5 million for the year ended 31 May 2015 to approximately HK$11.0 million for the year ended 31 May 2016. Such increase was mainly due to the increase in security expenses, credit card commissions, repair and maintenance expenses and cleaning expenses incurred for our clubbing operations and restaurant operations, which were in line with our business expansion during the year ended 31 May 2016.

Our other expenses increased by approximately HK$0.8 million from approximately HK$3.4 million for the four months ended 30 September 2015 to approximately HK$4.2 million for the four months ended 30 September 2016, representing an increase of approximately 24.0%. Such increase was mainly due to an increase in security expenses, credit card commissions and cleaning expense.

Listing expenses of approximately HK$8.2 million were recognised for the four months ended 30 September 2016. No such expenses were incurred for the four months ended 30 September 2015 and the two years ended 31 May 2015 and 2016.

Profit/(loss) before income tax expense

As a result of the foregoing, our profit before income tax expense increased by approximately HK$1.8 million from approximately HK$8.6 million for the year ended 31 May 2015 to approximately HK$10.4 million for the year ended 31 May 2016, representing an increase of approximately 21.4%, and we changed from profit before income tax expense of approximately HK$0.9 million for the four months ended 30 September 2015 to loss before income tax expenses of approximately HK$6.4 million for the four months ended 30 September 2016. Excluding the non-recurring Listing expenses of approximately HK$8.2 million incurred during the four months ended 30 September 2016, we would have recorded a profit before income tax expenses of approximately HK$1.8 million for the four months ended 30 September 2016.

Income tax expense

Our operations in Hong Kong are subject to Hong Kong profits tax of 16.5% on estimated assessable profit arising in Hong Kong and we have no tax obligation arising from other jurisdictions during the Track Record Period. For details, see "note 5.10 impairment of assets (other than financial assets)" to the Accountant's Report.

For the two years ended 31 May 2015 and 2016, our income tax expense amounted to approximately HK$1.5 million and HK$2.0 million, respectively. Such increase was in line with the increase in the profit before taxation for the year ended 31 May 2016. The effective income tax rate increased from approximately 17.2% in the year ended 31 May 2015 to 19.4% in the year ended 31 May 2016.

Our income tax expense remained relatively stable at approximately HK$0.4 million for the four months ended 30 September 2016 as compared to approximately HK$0.3 million for the four months ended 30 September 2015.

Profit and total comprehensive income/(expense) for the year

As a result of the cumulative factors discussed above, the profit and total comprehensive income for the year increased by approximately HK$1.3 million, or 18.1%, from approximately HK$7.1 million for the year ended 31 May 2015 to approximately HK$8.4 million for the year ended 31 May 2016. We changed from profit and total comprehensive income of approximately HK$0.6 million for the four months ended 30 September 2015 to loss position of approximately HK$6.8 million for the four months ended 30 September 2016. Excluding the non-recurring Listing expenses of approximately HK$8.2 million incurred during the four months ended 30 September 2016, we would have recorded a profit of approximately HK$1.4 million for the four months ended 30 September 2016.

Our net profit margins were approximately 10.5% and 9.4% for the two years ended 31 May 2015 and 2016, respectively. The slight decrease was mainly due to the fact that our Group has experienced rising operating expenses (including property rentals and related expenses and employee benefits expenses) as a result of the operations of Fly, Tiger Curry Jr. and Tiger Curry & Cafe during the year ended 31 May 2016.

For the four months ended 30 September 2015 and 2016, excluding the non-recurring Listing expenses incurred for the period, our net profit margins were approximately 2.7% and 4.6%, respectively. The lower net profit margin for the four months ended 30 September 2015 was mainly due to (i) the seasonal factor from clubbing operations as we generally experienced a higher level of revenue from December to January; and (ii) the pre-opening costs incurred for Tiger Curry Jr. and Tiger Curry & Cafe which commenced operation in May 2015 and July 2015, respectively.

LISTING EXPENSES

Our Directors are of the view that our financial results for the year ending 31 May 2017 are expected to be adversely affected by, among others, the Listing expenses in relation to the Share Offer, the nature of which is non-recurring. The total Listing fee in relation to the Share Offer, primarily consisting of fees paid or payable to professional parties and underwriting fees and commission, are estimated to be approximately HK$21.2 million (based on the mid-point of the indicative Offer Price range of HK$0.30 per Share). Among the estimated total Listing fees, (i) approximately HK$7.9 million is expected to be accounted for as a deduction from equity upon Listing; and (ii) approximately HK$13.3 million is expected to be recognised as expenses in our consolidated statements of comprehensive income, of which approximately HK$8.2 million had been recognised as expenses during the four months ended 30 September 2016, and the remaining of approximately HK$5.1 million is expected to be recognised for the eight months ending 31 May 2017.

Our Directors would like to emphasise that the amount of the Listing expense is a current estimate for reference only and the final amount to be recognised in our consolidated financial statements for the year ending 31 May 2017 is subject to adjustment based on audit and the then changes in variables and assumptions.

Prospective investors should note that we expect the estimated non-recurring Listing expenses mentioned above to adversely affect our financial performance for the year ending 31 May 2017, and may or may not be comparable to our financial performance in the past.

LIQUIDITY AND CAPITAL RESOURCES

Our principal liquidity and working capital requirements primarily relate to our operating expenses. Historically, we have met our working capital and other liquidity requirements principally through a combination of cash generated from our operating activities and advance from related parties. As at 31 May 2015, 31 May 2016 and 30 September 2016, we had cash and cash equivalents of approximately HK$2.4 million, HK$17.0 million and HK$8.8 million, respectively, which were substantially held in Hong Kong dollars.

Our working capital requirements mainly represent the payments for food ingredients and beverages, staff costs, property rentals and related expenses and other operating expenses incurred for our business operations. Going forward, we expect to fund our working capital and other capital requirements with a combination of various sources including, but not limited to, cash generated from our operations and the net proceeds from the Share Offer as well as other possible equity and debt financings as and when appropriate.

CASH FLOWS

The following table sets forth the condensed summary of our consolidated statements of cash flows for the Track Record Period.

	Year ended 31 May		Four months ended 30 September	
	2015	2016	2015	2016
	(HK$'000)	*(HK$'000)*	*(HK$'000)* *(Unaudited)*	*(HK$'000)*
Net cash generated from/(used in) operating activities	11,137	15,198	1,947	(7,601)
Net cash (used in)/generated from investing activities	(8,299)	1,938	(4,350)	(517)
Net cash (used in)/generated from financing activities	(1,629)	(2,558)	2,020	(99)
Net increase/(decrease) in cash and cash equivalents	1,209	14,578	(383)	(8,217)
Cash and cash equivalents at beginning of the year	1,234	2,443	2,443	17,021
Cash and cash equivalents at end of the year	2,443	17,021	2,060	8,804

Cash flows in operating activities

We derive the cash flow from operating activities principally from our of clubbing and restaurant operations and our cash used in operating activities is mainly included payments of the purchases of food ingredients and beverages, property rentals and related expenses, advertising and marketing expenses, staff costs and other operating expenses.

For the year ended 31 May 2015, we recorded net cash inflows from operating activities of approximately HK$11.1 million. Operating cash inflow before changes in working capital was approximately HK$12.0 million, primarily attributable to profit before tax for the year of approximately HK$8.6 million, as adjusted by depreciation of property, plant and equipment of approximately HK$3.5 million. Changes in working capital contributed to a cash outflow of approximately HK$1.0 million consisting primarily of the decrease in trade and other payables of approximately HK$1.6 million and partially offset by the decrease in trade receivables, deposits and other receivables of approximately HK$0.7 million.

For the year ended 31 May 2016, we recorded net cash inflows from operating activities of approximately HK$15.2 million. Operating cash inflow before changes in working capital was approximately HK$14.5 million, primarily attributable to profit before tax for the year of approximately HK$10.4 million, as adjusted by depreciation of property, plant and equipment of approximately HK$4.2 million and gain on disposal of property, plant and equipment of approximately HK$0.1 million mainly due to the disposal of a motor vehicle during the year. Changes in working capital contributed to a cash inflow of approximately HK$0.7 million primarily consisting of the decrease in trade receivable, deposits and other receivables of approximately HK$0.1 million and increase in trade and other payables of approximately HK$0.7 million mainly due to increases in purchase of our inventories of beverages as reflected in the increase in cost of inventories sold.

For the four months ended 30 September 2016, we recorded net cash outflows in operating activities of approximately HK$7.6 million. Operating cash outflow before changes in working capital was approximately HK$5.0 million, primarily due to loss before tax for the period of approximately HK$6.4 million, as adjusted by depreciation of property, plant and equipment of approximately HK$1.4 million. Changes in working capital caused a cash outflow of approximately HK$2.6 million primarily consisting of an increase in trade receivable, deposits and other receivables of approximately HK$4.4 million and an increase in inventory of approximately HK$0.2 million, which was mitigated by an increase in trade and other payables of approximately HK$1.9 million due to an increase in the purchase of inventories of beverages as reflected in the increase in cost of inventories sold.

The increase in our net cash inflows from operating activities for the year ended 31 May 2016 as compared to the year ended 31 May 2015 was mainly due to (i) the increase in our profit before income tax expense of approximately HK$1.8 million; and (ii) the increase in trade and other payables of approximately HK$0.7 million mainly as a result of the increase in purchase of our inventories of beverages as mentioned above.

The net cash outflows from operating activities for the four months ended 30 September 2016 of approximately HK$7.6 million as compared to the net cash inflows of approximately HK$1.9 million for the four months ended 30 September 2015 was mainly due to the loss before income tax expense for the period of approximately HK$6.4 million and an increase in trade receivables, deposits and other receivables of approximately HK$4.4 million primarily attributable to (i) the prepayment of Listing expenses of approximately HK$2.7 million; (ii) the prepayment for operating expenses for Fly of approximately HK$0.6 million; (iii) the sponsorship fee and incentive receivables from beverage suppliers of approximately HK$0.5 million for the four months ended 30 September 2016; and (iv) the deposit paid for a new standalone restaurant to be opened in Tsing Yi of approximately HK$0.5 million.

Cash flows in investing activities

We recorded net cash outflows in investing activities of approximately HK$8.3 million for the year ended 31 May 2015 and net cash inflows of approximately HK$1.9 million for the year ended 31 May 2016. During the Track Record Period, our cash flows in investing activities primarily consisted of purchase of property, plant and equipment, advances to and repayments from related parties.

For the year ended 31 May 2015, we recorded net cash outflows in investing activities of approximately HK$8.3 million, which was the combined results of (i) purchase of property, plant and equipment of approximately HK$1.6 million which mainly related to the renovation of tiger curry and the opening of new restaurant, Tiger Curry Jr., for the year ended 31 May 2015; and (ii) the increase in advances to related parties of approximately HK$6.7 million.

For the year ended 31 May 2016, we recorded net cash inflows from investing activities of approximately HK$1.9 million, which was mainly due to the repayment from related companies amounted to approximately HK$6.0 million, the effect of which was partially offset by the acquisition of Grand Diamond (the operating company of Fly), net of cash acquired, amounted to approximately HK$1.4 million and the purchase of property, plant and equipment of approximately HK$2.8 million, which mainly related to the opening of Tiger Curry & Cafe for the year ended 31 May 2016.

For the four months ended 30 September 2016, we recorded net cash outflows in investing activities of approximately HK$0.5 million, which was mainly due to the purchase of property, plant and equipment of approximately HK$0.4 million related to the minor refurbishment at and adding new equipment for Volar and Fly.

Cash flows in financing activities

We recorded net cash outflows in financing activities of approximately HK$1.6 million and HK$2.6 million for each of the years ended 31 May 2015 and 2016, respectively. During the Track Record Period, our cash flows in financing activities primarily consisted of the advances from and repayments to related parties and repayments on other borrowing.

For the year ended 31 May 2015, we recorded net cash outflows in financing activities of approximately HK$1.6 million, which primarily consisted of the repayments on other borrowing to a third party of approximately HK$2.0 million, partially offset by the advances from the related parties of approximately HK$0.4 million.

For the year ended 31 May 2016, the net cash outflows in financing activities of approximately HK$2.6 million was mainly due to the repayment to related parties of approximately HK$2.6 million.

For the four months ended 30 September 2016, we recorded net cash outflows in financing activities of approximately HK$0.1 million, which was mainly due to the repayment to a Shareholder, namely Mr. Kester Ng, of approximately HK$5.2 million which was mitigated by the proceeds from the Pre-IPO Investments of approximately HK$5.1 million.

WORKING CAPITAL

After taking into account the following financial resources available to us:

- the amounts of net cash generated from our operating activities during the Track Record Period;
- our cash and cash equivalent of approximately HK$8.8 million as at 30 September 2016 and approximately HK$5.0 million as at 31 January 2017 based on our unaudited management accounts;
- the unutilised banking facility of HK$10.0 million as at the Latest Practicable Date; and
- the estimated net proceeds from the Share Offer of approximately HK$38.8 million (assuming an Offer Price of HK$0.30 per Offer Share, being the mid-point of the indicative Offer Price range of HK$0.25 per Offer Share and 0.35 per Offer Share) to be received by us,

our Directors are of the opinion that we have sufficient working capital to meet our present requirement for at least the next 12 months from the date of this prospectus.

NET CURRENT LIABILITIES

The table below set forth our current assets, current liabilities and net current liabilities of for the dates indicated. As at 31 May 2015, 31 May 2016, 30 September 2016 and 31 January 2017, we had net current liabilities of approximately HK$8.4 million, HK$4.8 million, HK$6.0 million and HK$0.7 million, respectively. Details of the components are set out as follows:

	As at 31 May		As at 30 September	As at 31 January
	2015	2016	2016	2017
	(HK$'000)	*(HK$'000)*	*(HK$'000)*	*(HK$'000)* *(Unaudited)*
Current assets				
Inventories	195	354	507	660
Trade and other receivables	5,919	3,302	6,691	9,288
Amounts due from related companies	8,846	—	—	—
Cash and cash equivalents	2,443	17,021	8,804	4,993
	17,403	**20,677**	**16,002**	**14,941**
Current liabilities				
Trade and other payables	12,373	13,953	15,265	11,823
Amounts due to related parties	13,273	9,313	4,114	2,063
Current tax liabilities	147	2,253	2,651	1,718
	25,793	**25,519**	**22,030**	**15,604**
Net current liabilities	**8,390**	**4,842**	**6,028**	**663**

Our current assets as at 31 May 2015, 31 May 2016, 30 September 2016 and 31 January 2017 amounted to approximately HK$17.4 million, HK$20.7 million, HK$16.0 million and HK$14.9 million, respectively, with inventories, trade and other receivables, amounts due from related companies and cash and cash equivalents being the major components. Our current liabilities as at 31 May 2015, 31 May 2016, 30 September 2016 and 31 January 2017 amounted to approximately HK$25.8 million, HK$25.5 million, HK$22.0 million and HK$15.6 million, respectively, with trade and other payables, amounts due to related parties and current tax liabilities being the major components.

Our net current liabilities position decreased by approximately HK$3.6 million from approximately HK$8.4 million as at 31 May 2015 to approximately HK$4.8 million as at 31 May 2016. Such decrease was mainly due to an increase in our current asset portion by approximately HK$3.3 million while the current liabilities as at 31 May 2016 remained relatively stable as compared to 31 May 2015. The decrease in our net current liabilities position was mainly attributable to the combined effect of the increase in cash and cash equivalents as a result of the profit generated from our operation activities of approximately HK$15.2 million and settlements from our related companies of approximately HK$8.8 million during the year ended 31 May 2016.

Our net current liabilities position increased by approximately HK$1.2 million from approximately HK$4.8 million as at 31 May 2016 to approximately HK$6.0 million as at 30 September 2016. Such increase was mainly due to (i) a decrease in the cash and cash equivalents of approximately HK$8.2 million mainly as a result of the payment of non-recurring Listing expenses; and (ii) an increase in trade and other payables of approximately HK$1.3 million resulting from accruals for Listing expenses of approximately HK$2.0 million which was mitigated by (i) an increase in trade and other receivables of approximately HK$3.4 million mainly due to the combined effect of the prepaid Listing expenses of approximately HK$2.7 million and sponsorship fee and incentives receivables of approximately HK$0.5 million; and (ii) a decrease in the amounts due to related parties of approximately HK$5.2 million as a result of the repayment to a Shareholder, namely Mr. Kester Ng, of approximately HK$5.2 million during the four months ended 30 September 2016.

Our net current liabilities position decreased by approximately HK$5.4 million from approximately HK$6.0 million as at 30 September 2016 to approximately HK$0.7 million as at 31 January 2017. Such decrease was mainly due to a decrease in our current liabilities portion by approximately HK$6.4 million while the current assets as at 31 January 2017 decrease slightly by approximately HK$1.1 million as compared to 30 September 2016, which was in turn mainly due to the net cash generated from operating activities during the four months ended 31 January 2017 and the decrease in other payables (mainly due to payment of accrued Listing expense) and repayment to our Shareholders (i.e. Phoenix Year and Mr. Kester Ng).

DISCUSSION OF CERTAIN STATEMENTS OF FINANCIAL POSITION ITEMS

Current assets

Inventories

During the Track Record Period, our inventories mainly comprised beverages used in our operations. As at 31 May 2015, 31 May 2016 and 30 September 2016, we had inventories of approximately HK$0.2 million, HK$0.4 million and HK$0.5 million, respectively. The following table sets forth the inventory balances and inventory turnover days as at the dates indicated.

	As at 31 May		As at 30 September
	2015	2016	2016
	(HK$'000)	*(HK$'000)*	*(HK$'000)*
Beverage	195	354	507
Inventory turnover days*(Note)*	5.4	5.5	8.9

Note: Inventory turnover days are calculated by dividing the average inventory balance by cost of inventories sold for the year/period multiplied by the number of days during the year/period (i.e. 365 days for the year ended 31 May 2015, 366 days for the year ended 31 May 2016 and 122 days for the four months ended 30 September 2016). Average inventory balance is the average of the beginning and ending inventory balances for the relevant year/period.

As at 31 May 2015 and 31 May 2016, our inventory balance amounted to approximately HK$0.2 million and HK$0.4 million, respectively. Such increase of our inventory balance was mainly due to the increase in purchase after the acquisition of Grand Diamond, the operating company of Fly, for its operation since November 2015.

Our inventory balance slightly increased from approximately HK$0.4 million as at 31 May 2016 to approximately HK$0.5 million as at 30 September 2016. Such increase was mainly due to a relatively higher inventory level of beverages products as at 30 September 2016 in anticipation of the upcoming holidays and festivals in October 2016.

Our inventory turnover days were approximately 5.4 days and 5.5 days, respectively, for the year ended 31 May 2015 and 2016. The turnover days were considered stable as we aim at maintaining our inventory level at a minimum level.

Our inventory turnover days increased by approximately 3.4 days from approximately 5.5 days for the year ended 31 May 2016 to approximately 8.9 days for the four months ended 30 September 2016. Such increase was mainly due to a relatively higher inventory level as at 30 September 2016 as mentioned above.

As at the Latest Practicable Date, approximately 87.5% of our inventories as at 30 September 2016 had been subsequently utilised.

Trade receivables

During the Track Record Period, our trade receivables primarily comprised (i) receivables from credit card companies arising from credit card sales; (ii) receivables from our certain valued customers who entitled complimentary beverage package (the "Complimentary Package Customers") and (iii) receivables from food court operator for Tiger Curry Jr.. The receivables from the Complimentary Package Customers represented the over-consumption portion to the complimentary quota granted to them in exchange for customer traffic flow to our clubs. The credit card companies usually settle their payments within seven days after the credit card transaction was approved and there was no credit term granted to the customers (including the Complimentary Package Customers).

As at 31 May 2015 and 31 May 2016, our trade receivables amounted to approximately HK$1.4 million and HK$1.0 million, respectively. The relatively higher balance of trade receivables as at 31 May 2015 was primarily due to the fact that 31 May 2015 was Sunday, while 31 May 2016 was Tuesday and hence, there was two additional business days for the credit card companies for processing the credit card transactions which took place during the weekend prior to 31 May 2016 as compared to 31 May 2015.

Our trade receivables increased by approximately HK$0.5 million from approximately HK$1.0 million as at 31 May 2016 to approximately HK$1.5 million as at 30 September 2016. Such increase was mainly due to a receivables balance attributable to Volar and Fly from the credit card companies of approximately HK$0.5 million as at 30 September 2016 (Friday), whereas no such receivables balance was maintained as at 31 May 2016 since Volar and Fly are generally closed for business on Sunday and Monday (may open on Sunday/Monday if the next day is a public holiday) and the credit card transactions which took place during the weekend prior to 31 May 2016 were already processed by the relevant credit card companies, hence the receivables balance as at 31 May 2016 (Tuesday) did not include credit card receivables from Volar and Fly.

The following table sets forth an ageing analysis of our trade receivables based on the invoice date as at the dates indicated.

	As at 31 May		**As at 30 September**
	2015	**2016**	**2016**
	(HK$'000)	*(HK$'000)*	*(HK$'000)*
Within 30 days	1,051	642	1,193
31 – 60 days	49	66	108
61 – 90 days	55	103	111
Over 90 days	262	146	68
Total	1,417	957	1,480

The following table sets forth the ageing analysis of the trade receivables based on due date as at the dates indicated.

	As at 31 May		**As at 30 September**
	2015	**2016**	**2016**
	(HK$'000)	*(HK$'000)*	*(HK$'000)*
1 – 30 days	1,051	642	1,193
31 – 90 days	104	169	219
Over 90 days	262	146	68
Total	1,417	957	1,480

As at 31 May 2015, 31 May 2016 and 30 September 2016, approximately HK$1.4 million, HK$1.0 million and HK$1.5 million of our trade receivables were past due for which we had not provided for impairment loss. Such amounts were not impaired as there are no indication of change in credit quality of our trade receivables and the outstanding amounts from which were considered subsequently recoverable.

As at the Latest Practicable Date, all of our trade receivables as at 30 September 2016 had been subsequently settled.

The following table sets out the trade receivable turnover days of our Group for the Track Record Period:

	Year ended 31 May		Four months ended 30 September
	2015	2016	2016
	(Days)	*(Days)*	*(Days)*
Trade receivable turnover days*(Note)*	9.0	4.9	4.9

Note: Trade receivable turnover days are calculated by dividing the average trade receivables balance by revenue for the relevant year/period multiplied by the number of days during the period (i.e. 365 days for the year ended 31 May 2015, 366 days for the year ended 31 May 2016 and 122 days for the four months ended 30 September 2016). Average trade receivables balance is the average of the beginning and ending trade receivables balances for the relevant year/period.

For the two years ended 31 May 2015 and 2016, our trade receivables turnover days were approximately 9.0 days and 4.9 days, respectively, which were generally in line with the settlement period from credit card companies.

For the four months ended 30 September 2016, our trade receivables turnover days were approximately 4.9 days, which were stable as compared to the year ended 31 May 2016.

Other receivables

Our other receivables as at 31 May 2015, 31 May 2016 and 30 September 2016 amounted to approximately HK$4.5 million, HK$2.3 million and HK$5.2 million, respectively. The following table sets out the other receivables, deposits and prepayment as at the dates indicated.

	As at 31 May		As at 30 September
	2015	2016	2016
	(HK$'000)	*(HK$'000)*	*(HK$'000)*
Other receivables	22	375	745
Prepayments	603	1,055	4,015
Deposits	3,877	915	451
	4,502	2,345	5,211
Long-term deposits	1,053	5,203	6,185

During the Track Record Period, our other receivables mainly represented sponsorship income receivables from beverage suppliers, in return for brand displaying and promotions through different events held at our clubs. The other receivables increased by approximately HK$0.3 million from approximately HK$22,000 as at 31 May 2015 to approximately HK$375,000 as at 31 May 2016, mainly due to the increase in sponsorship income receivables from beverage suppliers.

Other receivables further increased by approximately HK$0.3 million from approximately HK$0.4 million as at 31 May 2016 to approximately HK$0.7 million as at 30 September 2016. Such increase was mainly due to the incentives receivables of approximately HK$0.5 million from beverage suppliers.

Our prepayments mainly represented the prepaid expenses in relation to licences, insurance and other expenses. The balance increased from approximately HK$0.6 million as at 31 May 2015 to approximately HK$1.0 million as at 31 May 2016 mainly as a result of the prepayments for renovation and insurance and other expenses for Fly.

Other prepayment further increased by approximately HK$3.0 million from approximately HK$1.0 million as at 31 May 2016 to approximately HK$4.0 million as at 30 September 2016. Such increase was mainly due to the prepayment of Listing expenses of approximately HK$2.7 million.

During the Track Record Period, our deposits consisted of current and non-current portion (i.e. long-term deposits). Our current portion of deposits consisted of rental deposits and utility deposits for the leasing of our leased properties. Our long-term deposits mainly represented the rental deposits paid for Volar and Fly.

Our current portion of deposits decreased by approximately HK$3.0 million from approximately HK$3.9 million as at 31 May 2015 to approximately HK$0.9 million as at 31 May 2016. Such decrease was mainly attributable to the reclassification of the deposits paid for a leased premises to long-term deposits after the renewal of the lease agreement which amounted to approximately HK$3.6 million which partially offset by the deposits paid for Tiger Curry Jr. and Tiger Curry & Cafe.

Our current portion of deposits further decreased by approximately HK$0.4 million from approximately HK$0.9 million as at 31 May 2016 to approximately HK$0.5 million as at 30 September 2016, representing a decrease of approximately 50.7%. Such decrease was primarily due to a reclassification of deposits paid for a lease premises to long term deposits after the renewal of the lease agreement which amounted to approximately HK$0.5 million.

Our long term deposits increased by approximately HK$4.1 million from approximately HK$1.1 million as at 31 May 2015 to approximately HK$5.2 million as at 31 May 2016. Such increase was mainly due to additional rental deposits paid for Fly, amounted to approximately HK$0.9 million as well as the reclassification of the rental deposits paid for Volar of approximately HK$3.6 million.

Our long-term deposits increased by approximately HK$1.0 million from approximately HK$5.2 million as at 31 May 2016 to approximately HK$6.2 million as at 30 September 2016, representing an increase of approximately 18.9%. Such increase was mainly due to the deposit paid in September 2016 for a new standalone restaurant to be opened in Tsing Yi of approximately HK$0.5 million and a reclassification of the deposits paid for a leased premises as mentioned above.

Amounts due from and to related companies

The following table sets out a summary of the amounts due from and to related parties, including related companies, and Shareholders as at the end of each reporting during the Track Record Period.

	As at 31 May		**As at 30 September**
	2015	**2016**	**2016**
	(HK$'000)	*(HK$'000)*	*(HK$'000)*
Amounts due from related companies	8,846	—	—
Amount due to a related company	—	52	—
Amounts due to Shareholders	13,273	9,261	4,114
Total	13,273	9,313	4,114

Except for the amounts due from Model Genesis International Management Limited ("Model Genesis") which represented the balance in connection with the continuing connected transactions (details of which are set out in "Connected Transactions"), which are trade in nature, unsecured, interest-free and have no fixed terms of repayment, the remaining balance of amounts due from related companies are non-trade in nature, unsecured, interest-free and have no fixed terms of repayment. The amounts due to Shareholders (Phoenix Year and Mr. Kester Ng) were mainly originated from the non-interest bearing advances provided by our related parties to our Group in meeting its capital expenditures for the opening of restaurants and the acquisition of Grand Diamond, the operating company of Fly, during the Track Record Period. The amount due to a related company, namely Model Genesis, is trade in nature, unsecured, interest-free and has no fixed terms of repayment.

All of the amounts due to our Shareholders will be settled prior to the Listing.

Trade payables

Our trade payables primarily related to the purchases of food ingredients and beverages for our clubbing and restaurant operations. During the Track Record Period, our suppliers generally granted us credit terms of 30 days.

The following table sets out the ageing analysis of our trade payable based on the invoice date as at the end of each reporting period during the Track Record Period.

	As at 31 May		As at 30 September
	2015	**2016**	**2016**
	(HK$'000)	*(HK$'000)*	*(HK$'000)*
Within 30 days	2,043	2,834	3,538
31 – 60 days	98	127	301
Over 60 days	—	8	23
Total	2,141	2,969	3,862

The following table sets out the trade payable turnover days of our Group for the Track Record Period:

	Year ended 31 May		Four months ended 30 September
	2015	**2016**	**2016**
	(Days)	*(Days)*	*(Days)*
Trade payable turnover days[(Note)]	55.3	51.5	70.5

Note: Trade payable turnover days are calculated by dividing the average trade payable balance by the total amount of cost of inventories sold for the relevant year/period multiplied by the number of days during the year/period (i.e. 365 days for the year ended 31 May 2015, 366 days for the year ended 31 May 2016 and 122 days for four months ended 30 September 2016). Average trade payable balance is the average of the beginning and ending trade payable balances for the relevant year/period.

As at 31 May 2015 and 2016, our trade payables amounted to approximately HK$2.1 million and HK$3.0 million, respectively. As at 31 May 2016, the increase in our trade payables was generally in line with the increase in our costs of inventories sold mainly as a result of the increase in purchase of food ingredients and beverages for Fly and Tiger Curry Jr. and Tiger Curry & Cafe.

As at 30 September 2016, our trade payables further increased by approximately HK$0.9 million from approximately HK$3.0 million as at 31 May 2016 to approximately HK$3.9 million as at 30 September 2016. Such increase was mainly due to purchases made towards the period ended 30 September 2016 to increase the level of inventories in anticipation of the upcoming holidays and festivals in October 2016.

For the two years ended 31 May 2015 and 2016, our trade payables turnover days were relatively stable at approximately 55.3 days and 51.5 days, respectively. The turnover days were in line with the payment terms of 30 days generally granted by our suppliers after the invoice date and the fact that our suppliers normally issues their invoices to our Group on a monthly basis for the purchases made by our Group in the last preceding month.

For the four months ended 30 September 2016, our trade payables turnover days were increased by approximately 19.0 days from 51.5 days for the year ended 31 March 2016 to 70.5 days for the four months ended 30 September 2016. Such increase was primarily due to an increase in payables balance as a result of purchases made towards the period ended 30 September 2016, our Company to increase the level of inventories in anticipation of the upcoming holidays and festivals in October 2016.

As at the Latest Practicable Date, all of our trade payables as at 30 September 2016 had been subsequently settled.

Our Directors confirm that we did not have any material default in payment of trade payables during the Track Record Period.

Accruals and other payables

Our accruals and other payables mainly comprised accruals for staff related costs, accruals for utilities, consumables and deferred rental. The increase in accruals and other payables of approximately HK$2.3 million, from approximately HK$7.0 million as at 31 May 2015 to HK$9.3 million as at 31 May 2016 was primarily due to the increase in payables for utilities, consumables and accrued staff cost after the opening of Tiger Curry Jr. and Tiger Curry & Cafe as well as Fly during the year ended 31 May 2016.

Our accruals and other payables remained relatively stable at approximately HK$9.5 million as at 30 September 2016 as compared to approximately HK$9.3 million as at 31 May 2016, which mainly comprised accruals for utilities, consumables and accrued staff cost.

Receipt in advance

During the Track Record Period, our receipt in advance mainly comprised prepaid beverage packages made by our customers of our clubs, which remained relatively stable at approximately HK$3.9 million, HK$3.9 million and HK$4.0 million as at 31 May 2015, 31 May 2016 and 30 September 2016.

INDEBTEDNESS

Borrowings

The following table sets out our borrowings as at 31 May 2015, 31 May 2016, 30 September 2016 and 31 January 2017, being the latest practicable date for the purpose of this statement of indebtedness:

	As at 31 May		As at 30 September	As at 31 January
	2015	2016	2016	2017
	(HK$'000)	*(HK$'000)*	*(HK$'000)*	*(HK$'000)* *(Unaudited)*
Amounts due to related companies	—	52	—	—
Amounts due to Shareholders	13,273	9,261	4,114	2,063
	13,273	9,313	4,114	2,063

As at 31 May 2015, 31 May 2016, 30 September 2016 and 31 January 2017, our borrowings mainly represented amounts due to related companies and amount due to Shareholders, namely Phoenix Year and Mr. Kester Ng, which in aggregate amounted to approximately HK$13.3 million, HK$9.3 million, HK$4.1 million and HK$2.1 million, respectively. Such borrowings are unsecured, interest-free and have no fixed term of repayment.

During the Track Record Period, we have financed our capital expenditure for the opening of restaurants and the acquisition of Grand Diamond (the operating company of Fly) primarily through the amount due to Shareholders. No financing from shareholders was required for the normal business operation of our Group and the running of our clubs and restaurants during the Track Record Period and up to the Latest Practicable Date.

Based on the unaudited management accounts of our Group for the eight months ended 31 January 2017, as at 31 January 2017, our Group has cash and cash equivalents of approximately HK$5.0 million and the amount due to Shareholders of approximately HK$2.1 million. In addition, our Group has generated positive cash flow from its operation for the two years ended 31 May 2016. Based on the above, our Directors are of the view that our Group has sufficient funds to settle the amount due to Shareholders through its internal resources prior to the Listing and that the settlement of such amount due to Shareholders does not constitute a material change in our Group's indebtedness subsequent to the Track Record Period.

Our Directors confirm that we had not had any material delay or default in payment with regard to any borrowings during the Track Record Period and up the Latest Practicable Date.

Apart from intra-group liabilities, we did not have any outstanding indebtedness or any loan capital issued and outstanding or agreed to be issued, bank overdrafts, loans or other similar indebtedness, liabilities under acceptances or acceptable credits, debentures, mortgages, charges, finance leases or hire purchases commitments, guarantees, material covenants, foreign exchange liabilities or other material contingent liabilities as at 31 January 2017, being the latest practicable date for the preparation of the indebtedness statement in this prospectus. As at the Latest Practicable Date, we have obtained an unutilised banking facility of HK$10.0 million granted from a commercial bank for our working capital.

Material indebtedness change

Our Directors confirm that, up to the Latest Practicable Date, there has been no material change in our indebtedness and capital commitment since 31 January 2017, being the latest practicable date for determining our indebtedness.

OPERATING LEASE COMMITMENTS

As at 31 May 2015, 31 May 2016 and 30 September 2016, we had commitments for future minimum lease payments in respect of the leased properties for our clubs, restaurants and office premises under non-cancellable operating leases which fall due as follows:

	As at 31 May		As at 30 September
	2015	2016	2016
	(HK$'000)	*(HK$'000)*	*(HK$'000)*
Not later than one year	15,783	20,993	21,204
Later than one year and not later than five years	4,927	29,896	27,680
Total	20,710	50,889	48,884

In addition, the operating leases for Tiger Curry & Cafe and Tiger Curry Jr. are based on the relevant restaurants' turnover pursuant to the terms and conditions as set out in the respective agreements. As the future turnover of Tiger Curry & Cafe and Tiger Curry Jr. could not be reliably determined, the relevant contingent payments have not been included in the above table and only the minimum lease commitments have been included.

CAPITAL COMMITMENTS

As at 31 May 2015, 31 May 2016 and 30 September 2016, we had no material capital commitments.

CAPITAL EXPENDITURE

Historical capital expenditures

During the Track Record Period, our capital expenditure primarily related to expenditures on leasehold improvements for our new restaurants and purchase of furniture, fixtures and equipment used in our operations amounted to approximately HK$1.6 million, HK$2.8 million and HK$0.5 million for the two years ended 31 May 2015 and 2016 and for the four months ended 30 September 2016, respectively, and the acquisition of Grand Diamond (the operating company of Fly), net of cash acquired, of approximately HK$1.4 million. We principally funded our capital expenditures through a combination of advances from related parties and internally generated funds during the Track Record Period. During the Track Record Period, we financed our capital expenditures for opening new outlets by shareholders' loan and did not seek bank borrowings due to (i) we believe that the finance costs associated with the latter, including interest expenses, would be higher due to our relatively short business history; (ii) we were able to obtain shareholders' loan on favourable terms; and (iii) we did not require a substantial investment based on the pace of our business development at the time. At present, we aim to expand our scale of business and strengthen our market position in food and beverage and entertainment industry in Hong Kong. See "Business — Business strategies" for a detail description of our future plans and business strategies. Being a private entity with the current level of available financial resources, we would not be able to implement our expansion plan within the timeframe and will miss the business opportunities which are present under the current market conditions. If we were to seek bank borrowings for our expansion plan, the amount we require would entail substantial finance costs or we may only be able to secure a sum to implement a portion of our expansion plan. Following the Listing, with the net proceeds from the Share Offer and the flexibility and additional avenues to raise funds, we will be able to implement our expansion plan and expedite our growth. For further details on our need for additional avenues to raise funds, see "Future Plans and Use of Proceeds — Reasons for the Share Offer — Additional avenues to raise capital". Our Directors believe that had we sought to obtain external financing during the Track Record Period, we would not have had encountered substantial difficulties in doing so.

Planned capital expenditures

Save for the planned usage of the proceeds from the Share Offer as disclosed in "Future Plans and Use of Proceeds" and the additions of property, plant and equipment such as office equipments, furniture, fixtures and equipments and leasehold improvement necessary for our business operations which will be made by us from time to time, we had no material planned capital expenditures as at Latest Practicable Date.

PROPERTY INTERESTS

As at the Latest Practicable Date, we did not own any property and all of our places of operations are leased or licensed properties. See "Business — Properties" for details.

CONTINGENT LIABILITIES

As at the Latest Practicable Date, we were not involved in any legal proceedings pending or, to our knowledge, threatened against us which could have a material adverse effect on the business or operations. Our Directors confirm that, as at the Latest Practicable Date, we did not have any material contingent liabilities.

RELATED PARTY TRANSACTIONS

During the Track Record Period, we had entered into certain related party transactions, details of which are set out in note 26 to the Accountant's Report. Our Directors confirm that these related party transactions were conducted on arm's length basis, normal commercial terms and were no less favourable than terms available from Independent Third Parties which are considered fair and reasonable.

Having considered that the amounts of these related party transactions are relatively immaterial as compared to the revenue generated by us, our Directors are of the view that the aforesaid related party transactions did not distort our financial results during the Track Record Period or cause our Track Record Period results to be unreflective of our future performance.

For details of related party transactions that will continue after Listing, see "Connected Transactions".

OFF-BALANCE SHEET ARRANGEMENTS

During the Track Record Period and up to the Latest Practicable Date, save as disclosed herein, we had no other material off-balance sheet arrangements.

FINANCIAL RATIOS

The following table sets forth our key financial ratios over the periods indicated.

	Notes	Year ended 31 May 2015	Year ended 31 May 2016	Four months ended 30 September 2016
Net profit/(loss) margin before interest and tax (%)	1	12.7%	11.7%	(21.0)%
Net profit/(loss) margin (%)	2	10.5%	9.4%	(22.1)%
Return on equity (%)	3 and 8	197.7%	70.0%	N/A
Return on total assets (%)	4 and 8	23.7%	21.1%	N/A
Current ratio	5	0.7	0.8	0.7
Quick ratio	6	0.7	0.8	0.7
Gearing ratio (%)	7	369.7%	77.8%	37.7%

Notes:

1. Net profit margin before interest and tax is calculated based on the net profit attributable to owners of our Company netting off the interest and tax expenses for the financial year/period divided by total revenue for the financial year/period multiplied by 100%.

2. Net profit margin is calculated based on the net profit attributable to owners of our Company for the financial year/period divided by total revenue for the financial year/period and multiplied by 100%.

3. Return on equity is calculated based on the net profit attributable to owners of our Company for the financial year divided by total equity attributable to owners of our Company at the end of the financial year and multiplied by 100%.

4. Return on total assets is calculated based on the net profit attributable to owners of our Company for the financial year divided by total assets at the end of the financial year and multiplied by 100%.

5. Current ratio is calculated based on the total current assets at the end of the financial year/period divided by the total current liabilities at the end of the financial year/period.

6. Quick ratio is calculated based on the total current assets (excluding inventories) at the end of the financial year/period divided by the total current liabilities at the end of the financial year/period.

7. Gearing ratio is calculated based on total debt at the end of the financial year/period divided by total equity attributable to owners of our Company at the end of the financial year/period and multiplied by 100%.

8. Return on equity and return on total assets for the four months ended 30 September 2016 are not comparable to those for the years ended 31 March 2015 and 2016.

Net profit margin before interest and tax and net profit margin

Net profit margin before interest and tax slightly decreased from approximately 12.7% for the year ended 31 May 2015 to approximately 11.7% for the year ended 31 May 2016 and net profit margin slightly decreased from 10.5% for the year ended 31 May 2015 to approximately 9.4% for the year ended 31 May 2016. Such decrease was mainly due to the fact that our Group has experienced rising operating expenses (including property rentals and related expenses and employee benefits expenses) as a result of the operations of Fly, Tiger Curry Jr. and Tiger Curry & Cafe during the year ended 31 May 2016.

Our net loss margin before interest and tax and net loss margin were approximately 21.0% and 22.1%, respectively for the four months ended 30 September 2016. The decrease in our net profit margin before interest and tax and net profit margin as compared to the year ended 31 May 2016 was mainly due to the Listing expenses of approximately HK$8.2 million incurred during the period. Excluding the non-recurring Listing expenses, our net profit margin before interest and tax and net profit margin would be approximately 5.8% and 4.6%, respectively.

Return on equity

Return on equity decreased from approximately 197.7% for the year ended 31 May 2015 to approximately 70.0% for the year ended 31 May 2016. Such decrease was mainly attributable to the increase in our equity base as a result of the profit recognised for the year ended 31 May 2016.

Return on total assets

Return on total assets decreased from approximately 23.7% for the year ended 31 May 2015 to approximately 21.1% for the year ended 31 May 2016. Such decrease was mainly due to the increase in total assets as a result of our acquisition of Grand Diamond, the operating company of Fly, and the opening of Tiger Curry Jr. and Tiger Curry & Cafe during the year ended 31 May 2016.

Current ratio and quick ratio

Current ratio and quick ratio slightly increased from approximately 0.7 and 0.7 as at 31 May 2015 to approximately 0.8 and 0.8 as at 31 May 2016, respectively, primarily due to the increase in our current assets mainly as a result of the increase cash and cash equivalents which partially offset the decrease in amounts due from related parties and trade receivable. After excluding the inventory as at 31 May 2015 and 31 May 2016, the quick ratio remained stable at 0.7 as at 31 May 2015 and 0.8 as at 31 May 2016.

Our current ratio and quick ratio slightly decreased from approximately 0.8 and 0.8 as at 31 May 2016 to approximately 0.7 and 0.7 as at 30 September 2016, respectively, mainly due to a greater extent of decrease in current assets resulting from a decrease in cash and cash equivalents after repayment to a shareholder, namely Mr. Kester Ng, and the payment of non-recurring Listing expenses which partially offset the decrease in amounts due from related parties. After excluding the inventory, the quick ratio remained at 0.7 as at 30 September 2016.

Gearing ratio

Our gearing ratio was approximately 369.7% and 77.8% as at 31 May 2015 and 31 May 2016, respectively. Our gearing ratio significantly improved mainly attributable to the repayment to our related parties of approximately HK$4.0 million and the increase in our equity base as a result of the profit generated from the operation during the year ended 31 May 2016.

Our gearing ratio improved from approximately 77.8% as at 31 May 2016 to approximately 37.7% as at 30 September 2016, mainly attributable to a further decrease in amounts due to related parties from approximately HK$9.3 million as at 31 May 2016 to approximately HK$4.1 million as at 30 September 2016.

SENSITIVITY AND BREAKEVEN ANALYSIS

Sensitivity analysis

During the Track Record Period, our major operating costs of our operations included property rentals and related expenses, cost of inventories sold and employee benefits expenses. These three largest operating cost components amounted to (i) approximately HK$16.1 million, HK$13.3 million and HK$7.7 million for the year ended 31 May 2015 respectively, representing approximately 27.1%. 22.4% and 12.9% of our total operating expenses for the same financial year respectively; (ii) approximately HK$20.9 million, HK$18.2 million and HK$13.1 million for the year ended 31 May 2016 respectively, representing approximately 26.4%. 22.9% and 16.5% of our total operating expenses for the same financial year respectively; and (iii) approximately HK$7.7 million, HK$5.9 million and HK$5.9 million for the four months ended 30 September 2016, representing approximately 26.8%, 20.4% and 20.5% of our total operating expenses (excluding the non-recurring Listing expenses of approximately HK$8.2 million incurring during the four months ended 30 September 2016) for the same period respectively. The year on year/period on period fluctuation of our property rentals and related expenses, cost of inventory sold and employee benefits for the Track Record Period was approximately 30.2%, 36.6% and 70.7% respectively.

The sensitivity analysis illustrates the effect of the hypothetical fluctuation of 5% and 10% on our major operating cost components, namely property rentals and related expenses, cost of inventory sold and employee benefits expenses and their respective impact on our net profit for the two years ended 31 May 2015 and 2016:

Hypothetical Fluctuation	+5%	-5%	+10%	-10%

Impact on certain consolidated statements of profit or loss and other comprehensive income items for the year ended 31 May 2015

	(HK$'000)	*(HK$'000)*	*(HK$'000)*	*(HK$'000)*
Change in property rentals and related expenses	803.3	(803.3)	1,606.6	(1,606.6)
Change in profit before taxation	(803.3)	803.3	(1,606.6)	1,606.6
Change in profit after taxation	(670.8)	670.8	(1,341.5)	1,341.5

Impact on certain consolidated statements of profit or loss and other comprehensive income items for the year ended 31 May 2016

	(HK$'000)	*(HK$'000)*	*(HK$'000)*	*(HK$'000)*
Change in property rentals and related expenses	1,046.0	(1,046.0)	2,091.9	(2,091.9)
Change in profit before taxation	(1,046.0)	1,046.0	(2,091.9)	2,091.9
Change in profit after taxation	(873.4)	873.4	(1,746.7)	1,746.7

Impact on certain consolidated statements of profit and loss and other comprehensive income items for the four months ended 30 September 2016

	(HK$'000)	*(HK$'000)*	*(HK$'000)*	*(HK$'000)*
Change in property rentals and related expenses	387.4	(387.4)	774.8	(774.8)
Change in profit before taxation	(387.4)	387.4	(774.8)	774.8
Change in profit after taxation	(323.5)	323.5	(647.0)	647.0

Hypothetical Fluctuation	+5%	-5%	+10%	-10%

Impact on certain consolidated statements of profit or loss and other comprehensive income items for the year ended 31 May 2015

	(HK$'000)	*(HK$'000)*	*(HK$'000)*	*(HK$'000)*
Change in cost of inventories sold	665.0	(665.0)	1,330.0	(1,330.0)
Change in profit before taxation	(665.0)	665.0	(1,330.0)	1,330.0
Change in profit after taxation	(555.3)	555.3	(1,110.6)	1,110.6

Impact on certain consolidated statements of profit or loss and other comprehensive income items for the year ended 31 May 2016

	(HK$'000)	*(HK$'000)*	*(HK$'000)*	*(HK$'000)*
Change in cost of inventories sold	908.6	(908.6)	1,817.2	(1,817.2)
Change in profit before taxation	(908.6)	908.6	(1,817.2)	1,817.2
Change in profit after taxation	(758.7)	758.7	(1,517.4)	1,517.4

Impact on certain consolidated statements of profit and loss and other comprehensive income items for the four months ended 30 September 2016

	(HK$'000)	*(HK$'000)*	*(HK$'000)*	*(HK$'000)*
Change in cost of inventories sold	296.8	(296.8)	593.5	(593.5)
Change in profit before taxation	(296.8)	296.8	(593.5)	593.5
Change in profit after taxation	(247.8)	247.8	(495.6)	495.6

Hypothetical Fluctuation	+5%	-5%	+10%	-10%

Impact on certain consolidated statements of profit or loss and other comprehensive income items for the year ended 31 May 2015

	(HK$'000)	*(HK$'000)*	*(HK$'000)*	*(HK$'000)*
Change in employee benefits expenses	382.8	(382.8)	765.6	(765.6)
Change in profit before taxation	(382.8)	382.8	(765.6)	765.6
Change in profit after taxation	(319.6)	319.6	(639.3)	639.3

Impact on certain consolidated statements of profit or loss and other comprehensive income items for the year ended 31 May 2016

	(HK$'000)	*(HK$'000)*	*(HK$'000)*	*(HK$'000)*
Change in employee benefits expenses	653.4	(653.4)	1,306.8	(1,306.8)
Change in profit before taxation	(653.4)	653.4	(1,306.8)	1,306.8
Change in profit after taxation	(545.6)	545.6	(1,091.2)	1,091.2

Impact on certain consolidated statements of profit and loss and other comprehensive income items for the four months ended 30 September 2016

	(HK$'000)	*(HK$'000)*	*(HK$'000)*	*(HK$'000)*
Change in employee benefits expenses	296.5	(296.5)	592.9	(592.9)
Change in profit before taxation	(296.5)	296.5	(592.9)	592.9
Change in profit after taxation	(247.5)	247.5	(495.1)	495.1

Because a number of assumptions have been applied, the above sensitivity analysis is for illustrative purposes only.

Breakeven analysis

For the year ended 31 May 2015, it is estimated that holding all other variables constant, with an increase in (i) property rentals and related expenses by approximately 53.3%; (ii) cost of inventory sold by approximately 64.4% and (iii) employee benefits by approximately 111.9%, we would achieve breakeven.

For the year ended 31 May 2016, it is estimated that holding all other variables constant, with an increase in (i) property rentals and related expenses by approximately 49.7%; (ii) cost of inventory sold by approximately 57.3% and (iii) employee benefits by approximately 79.6%, we would achieve breakeven.

For the four months ended 30 September 2016, it is estimated that, excluding Listing expenses of HK$8.2 million incurred for the period, with an increase in (i) property rentals and related expenses by approximately 22.9% and holding all other variables constant; (ii) cost of inventory sold by approximately 30.1% and holding all other variables constant; and (iii) employee benefits by approximately 30.0% and holding all other variables constant, we would achieve breakeven.

FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES

Our major financial instrument include trade receivables, other receivables, deposits, amounts due from related parties, cash and cash equivalents, trade payables, accruals and other payables, and amounts due to related parties. Details of these financial instruments are disclosed in the respective notes. The risks associated with these financial instrument include interest rate risk, credit risk and liquidity risk. The policy on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Interest rate risk

Our exposure to interest rate risk relates principally to our bank deposits bear floating interest rates. We have no cash flow or fair value interest rate risk as there are no borrowings which bear fixed or floating interest rates. We monitor interest rate exposure on ongoing basis and will consider hedging any significant interest rate risk. No sensitivity analysis is presented since we consider that the exposure of cash flow interest rate risk arising from variable-rate bank balance is limited due to their short maturities.

Credit risk

Our maximum exposure to credit risk in the event of the counterparties' failure to perform their obligations at the end of the reporting period in relation to each class of recognised financial assets are the carrying amount of those assets as stated in the consolidated statements of financial position.

We have concentration of credit risk on trade and other receivables. Our concentration of credit risk by geographical location is in Hong Kong. To monitor the credit risk exposure, our Directors have reviewed the recoverability of these balances periodically and opined there was no significant credit risk. Cash and bank balances are deposits in banks with sound credit ratings. Given their high credit ratings, our Group does not expect to have high credit risk in this aspect. Also, management regularly assesses credit risk for amount due from a related company by reviewing financial information of related parties on a regular basis to minimise credit risk. Other than the above, we do not have other significant concentration of credit risk.

Liquidity risk

In the management of the liquidity risk, we monitor and maintain a level of cash and cash equivalent deemed adequate by us to finance our operations and mitigate the effects of fluctuations in the cash flows. We believe that we will have sufficient working capital for our future operational requirement.

See note 30(b) to the Accountant's Report for the details on the remaining contractual maturities of our non-derivative financial liabilities at the end of each reporting period during the Track Record Period.

DIVIDEND AND DIVIDEND POLICY

During the Track Record Period and up to the Latest Practicable Date, we did not declare an dividends.

Cash dividends on the Shares, if any, will be paid in Hong Kong dollars. Our Board has absolute discretion as to whether to declare any dividend for any year end and if any, the amount of dividend and the means of payment. Such discretion is subject to any applicable laws and regulations including the Companies Law and our Articles. Subject to the Companies Law and our Articles, our Company may in a general meeting declare dividends, but no dividends shall exceed the amount recommended by our Board. Our Board may, subject to our Articles, from time to time, pay to our Shareholders such interim dividends as appear to our Board to be justified by the financial conditions and the profits of our Company. Our Board may in addition from time to time declare and pay special dividends of such amounts and on such dates and out of such distributable funds of our Company as it thinks fit. The amount of any dividends to be declared and paid in the future will depend on, among other things, our dividend policy, results of operations, cash flows and financial conditions, operating and capital requirements and other relevant factors. There will be no assurance that our Company will be able to declare or distribute any dividend in the amount set out in any plan of our Board or at all. The dividend distribution record in the past may not be used as a reference or basis to determine the level of dividends that may be declared or paid by our Board in the future. Currently, we do not have any predetermined dividend distribution ratio.

DISTRIBUTABLE RESERVE

Under the Companies Law, we may pay dividends out of our profit or our share premium account in accordance with the provisions of our Articles of Association, provided that immediately following the date on which the dividend is proposed to be distributed, we remain able to pay our debts as and when they fall due in the ordinary course of business. Our Company was incorporated on 19 May 2016 and there was no distributable reserve as at 31 May 2015, 31 May 2016 and 30 September 2016, respectively.

DISCLOSURE UNDER CHAPTER 17 OF THE GEM LISTING RULES

Our Directors confirm that, except for otherwise disclosed in this prospectus, as the Latest Practicable Date, there was no circumstances that would give rise to a disclosure requirement under Rules 17.15 to 17.21 of the Listing Rules.

RECENT DEVELOPMENT OF OUR GROUP SUBSEQUENT TO THE TRACK RECORD PERIOD

Based on the unaudited financial information of our Group, our revenue for the eight months ended 31 January 2017 was higher than that for the corresponding period in 2016, which was mainly attributable to an increase in revenue from our clubbing operations and restaurant operations as a result of (i) the acquisition of Grand Diamond, the operating company of Fly, in November 2015; and (ii) our full-period operation of Tiger Curry & Cafe which commenced business on 30 July 2015. We recorded a loss before taxation for the eight months ended 31 January 2017, which was mainly due to the expenses incurred for the Listing. Without taking into account of such non-recurring Listing expenses, we would have recorded a profit before taxation for the eight months ended 31 January 2017 at a relatively stable level as compared to that for the corresponding period in 2016.

We currently expect that our financial results for the year ending 31 May 2017 will be negatively impacted by the non-recurring Listing expenses recognised and to be recognised as expenses in our consolidated statements of comprehensive income. For further details regarding our Listing expenses, see "— Listing expenses".

NO MATERIAL ADVERSE CHANGE

Save as disclosed above, our Directors confirm that, up to the date of this prospectus, there had been no material adverse change in our financial or trading position or prospects since 30 September 2016, being the date to which our latest audited financial information was prepared, and there had been no event since 30 September 2016 which would materially and adversely affect the information shown in our consolidated financial information included in the Accountant's Report.

UNAUDITED PRO FORMA NET TANGIBLE ASSETS

The following is an illustrative and unaudited pro forma statement of our Company's consolidated net tangible assets which has been prepared on the basis of the notes set out below for the purpose of illustrating the effect of the Share Offer on our consolidated net tangible assets attributable to owners of our Company as if the Share Offer had taken place on 30 September 2016. The unaudited pro forma statement of consolidated net tangible assets has been prepared for illustrative purposes only and because of its hypothetical nature, it may not give a true picture of our Company's consolidated net tangible assets attributable to owners of our Company had the Share Offer been completed as of 30 September 2016 or any future dates.

	Audited consolidated net tangible assets attributable to the owners of our Company as at 30 September 2016	Estimated net proceeds from the Share Offer	Unaudited pro forma consolidated net tangible assets attributable to the owners of our Company	Unaudited pro forma consolidated net tangible assets per Share attributable to owners of our Company
	HK$'000 *(note 1)*	*HK$'000* *(note 2)*	*HK$'000*	*HK$* *(note 3)*
Based on the Offer Price of HK$0.25 per Share	7,401	37,572	44,973	0.06
Based on the Offer Price of HK$0.35 per Share	7,401	56,432	63,833	0.08

Notes:

1. The audited consolidated net tangible assets of our Group attributable to owners of our Company as at 30 September 2016 is extracted from the Accountant's Report, which is based on the audited consolidated net assets of our Group attributable to owners of our Company of approximately HK$11,087,000 as at 30 September 2016 adjusted for intangible assets of approximately HK$3,686,000 as at 30 September 2016.

2. The estimated net proceeds from the Share Offer are based on 200,000,000 new Shares and the indicative Offer Price of new Shares pursuant to the Share Offer of HK$0.25 and HK$0.35 per Offer Share, being the lower end to higher end of the stated Offer Price range per Offer Share, after deduction of the underwriting fees and other related expenses of approximately of HK$12,278,000 and HK$13,358,000, respectively, taking into account the effect of Listing expenses of approximately HK$8,191,000 which have been accounted for prior to 30 September 2016, payable and borne by our Company in connection with the Share Offer.

3. The unaudited pro forma consolidated net tangible assets per Share attributable to the owners of our Company is calculated based on 800,000,000 Shares in issue immediately following the completion of the Capitalisation Issue and the Share Offer, including 200,000,000 new Shares issued upon the Share Offer as set out in "Share Capital" to this prospectus. It does not take into account or any Shares which may be allotted, issued or repurchase by our Company pursuant to the general mandates for the allotment and issue or repurchase of Shares referred to in Appendix IV to this prospectus otherwise.

4. No adjustment has been made to the unaudited pro forma consolidated net tangible assets to reflect any trading results or other transactions of our Group entered into subsequent to 30 September 2016.