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## **Lai Group Holding Company Limited**

**禮建德集團控股有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 8455)**

### **INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2017**

#### **CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (“GEM”) OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)**

**GEM has been positioned as a market designed to accommodate companies to which a high investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.**

**Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.**

*This announcement, for which the directors (the “**Directors**”) of Lai Group Holding Company Limited (the “**Company**”) and together with its subsidiaries, the “**Group**”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM (the “**GEM Listing Rules**”) of the Stock Exchange for the purpose of giving information with regard to the company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement in this announcement misleading.*

## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the three months and six months ended 30 September 2017

The unaudited condensed consolidated results of the Group for the three months and six months ended 30 September 2017, together with the unaudited comparative figures for the corresponding periods in 2016, are as follows:

	Note	Unaudited Three months ended 30 September		Unaudited Six months ended 30 September	
		2017	2016	2017	2016
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue	5	38,071	37,166	71,217	67,979
Direct costs	6	(26,584)	(27,926)	(49,804)	(49,995)
<b>Gross profit</b>		<b>11,487</b>	9,240	<b>21,413</b>	17,984
Other income and gains	5	48	–	48	–
Administrative and other operating expenses	6	(7,539)	(4,560)	(16,743)	(13,503)
<b>Operating profit</b>		<b>3,996</b>	4,680	<b>4,718</b>	4,481
Finance costs	7	(50)	(3)	(66)	(23)
<b>Profit before income tax</b>	6	<b>3,946</b>	4,677	<b>4,652</b>	4,458
Income tax expense	8	(801)	(867)	(1,150)	(1,217)
<b>Profit and total comprehensive income for the period</b>		<b>3,145</b>	3,810	<b>3,502</b>	3,241
<b>Profit and total comprehensive income for the period attributable to:</b>					
Owners of the Company		2,812	3,575	3,060	2,954
Non-controlling interests		333	235	442	287
		<b>3,145</b>	3,810	<b>3,502</b>	3,241
<b>Earnings per share attributable to owners of the Company for the period</b>					
– Basic and diluted earnings per share	9	<b>HK 0.35 cents</b>	HK 0.60 cents	<b>HK 0.39 cents</b>	HK 0.49 cents

# UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2017

	<i>Note</i>	<b>Unaudited 30 September 2017 HK\$'000</b>	Audited 31 March 2017 HK\$'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	11	<b>13,677</b>	12,288
Deferred tax assets		<b>70</b>	103
		<hr/>	<hr/>
<b>Total non-current assets</b>		<b>13,747</b>	12,391
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<b>Current assets</b>			
Gross amounts due from customers for contract work		<b>1,472</b>	619
Trade and other receivables	12	<b>2,275</b>	6,826
Amount due from a director		<b>–</b>	5,891
Cash and bank balances	13	<b>61,467</b>	12,104
		<hr/>	<hr/>
<b>Total current assets</b>		<b>65,214</b>	25,440
		<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>
<b>Total assets</b>		<b>78,961</b>	37,831
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<b>EQUITY</b>			
<b>Capital and reserves</b>			
Share capital	14	<b>8,000</b>	6,000
Reserves		<b>45,246</b>	(2,233)
		<hr/>	<hr/>
Equity attributable to:			
Owners of the Company		<b>53,246</b>	3,767
Non-controlling interests		<b>872</b>	430
		<hr/>	<hr/>
<b>Total equity</b>		<b>54,118</b>	4,197
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## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

As at 30 September 2017

	<i>Note</i>	<b>Unaudited 30 September 2017 HK\$'000</b>	Audited 31 March 2017 HK\$'000
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Finance lease liabilities	17	<b>1,088</b>	427
Deferred tax liabilities		<b>140</b>	97
		<hr/>	<hr/>
<b>Total non-current liabilities</b>		<b>1,228</b>	524
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<b>Current liabilities</b>			
Gross amounts due to customers for contract work		<b>8,536</b>	8,665
Trade and other payables	15	<b>12,755</b>	22,891
Amount due to a director		<b>141</b>	–
Amount due to a related company	16	<b>8</b>	8
Provision for warranties		<b>802</b>	622
Finance lease liabilities	17	<b>342</b>	323
Current income tax liabilities		<b>1,031</b>	601
		<hr/>	<hr/>
<b>Total current liabilities</b>		<b>23,615</b>	33,110
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<b>Total liabilities</b>		<b>24,843</b>	33,634
		<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>
<b>Total equity and liabilities</b>		<b>78,961</b>	37,831
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# UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2017

	Attributable to owners of the Company				Attributable to non-controlling interests		Total HK\$'000
	Share capital HK\$'000	Share premium HK\$'000	Other reserves HK\$'000 <i>(Note i)</i>	Retained earnings HK\$'000	Sub-total HK\$'000	HK\$'000	
Balance at 1 April 2016 (Audited)	101	-	-	16,921	17,022	181	17,203
Reorganisation	(100)	-	100	-	-	-	-
Profit and total comprehensive income for the period	-	-	-	2,954	2,954	287	3,241
Dividends	-	-	-	(16,000)	(16,000)	-	(16,000)
<b>Balance at 30 September 2016 (Unaudited)</b>	<b>1</b>	<b>-</b>	<b>100</b>	<b>3,875</b>	<b>3,976</b>	<b>468</b>	<b>4,444</b>
Balance at 1 April 2017 (Audited)	6,000	-	(5,899)	3,666	3,767	430	4,197
Profit and total comprehensive income for the period	-	-	-	3,060	3,060	442	3,502
Share issued pursuant to the share offer	2,000	50,000	-	-	52,000	-	52,000
Share issuance costs	-	(5,581)	-	-	(5,581)	-	(5,581)
<b>Balance at 30 September 2017 (Unaudited)</b>	<b>8,000</b>	<b>44,419</b>	<b>(5,899)</b>	<b>6,726</b>	<b>53,246</b>	<b>872</b>	<b>54,118</b>

Note:

- i) Other reserve represents the difference between the nominal value of the shares issued by the Company in exchange for the nominal value of the share capital of its subsidiaries arising from the corporate reorganisation undertaken in the preparation for the listing of the Company's share (the "Shares") on GEM of the Stock Exchange (the "Reorganisation").

## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2017

	Unaudited Six months ended 30 September	
	2017	2016
	HK\$'000	HK\$'000
<b>Cash flows from operating activities</b>		
Cash generated from operations	4,835	8,166
Tax paid	(645)	(555)
	<hr/>	<hr/>
<b>Net cash generated from operating activities</b>	<b>4,190</b>	<b>7,611</b>
<b>Cash flows from investing activities</b>		
Interest received	34	–
Purchases of property, plant and equipment	(509)	(1,595)
Proceeds from disposal of property, plant and equipment	14	–
	<hr/>	<hr/>
<b>Net cash used in investing activities</b>	<b>(461)</b>	<b>(1,595)</b>
<b>Cash flows from financing activities</b>		
Interest paid	(66)	(23)
Repayment of finance lease liabilities	(719)	(152)
Net proceeds from shares issuances	46,419	–
	<hr/>	<hr/>
<b>Net cash generated from/(used in) financing activities</b>	<b>45,634</b>	<b>(175)</b>
	<hr/>	<hr/>
<b>Net increase in cash and cash equivalents</b>	<b>49,363</b>	<b>5,841</b>
<b>Cash and cash equivalents at the beginning of period</b>	<b>12,104</b>	<b>2,449</b>
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<b>Cash and cash equivalents at the end of period</b>	<b>61,467</b>	<b>8,290</b>
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# NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL INFORMATION

## 1 GENERAL INFORMATION

The Company was incorporated in the Cayman Islands on 17 February 2016 as an exempted company with limited liability. The Shares have been listed on GEM of the Stock Exchange (the “**Listing**”) on 12 April 2017 (the “**Listing Date**”). Its parent and ultimate holding company is Chun Wah Limited (“**Chun Wah**”), a company incorporated in the Republic of Seychelles and owned as to 100% by Mr. Chan Lai Sin (“**Mr. Chan**”), the controlling shareholder, an executive Director and the chairman of the Company.

The address of its registered office in the Cayman Islands is P.O. Box 1350, Clifton House, 75 Fort Street, Grand Cayman KY1-1108, Cayman Islands. The address of its principal place of business is Office H, 19/F, Phase 01, Kings Wing Plaza, 3 On Kwan Street, Shek Mun, Sha Tin, New Territories, Hong Kong. The Company is an investment holding company. The principal activities of the Group are the provision of interior design and fit-out services in Hong Kong.

Prior to the Reorganisation, the group entities were under the control of Mr. Chan. Pursuant to the Reorganisation, the Company became the holding company of the companies now comprising the Group on 24 March 2017. Accordingly, for the purpose of preparing the unaudited condensed consolidated financial statements of the Group, the Company has been considered as the holding company of the companies now comprising the Group throughout the six months ended 30 September 2017 presented. The Group comprising the Company and its subsidiaries resulting from the Reorganisation is regarded as a continuing entity. The Group was under the control of Mr. Chan prior to and after the Reorganisation.

The unaudited condensed consolidated financial statements have been prepared in accordance with Accounting Guideline 5 “Merger Accounting for Common Control Combinations” issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”). The unaudited condensed consolidated statement of profit or loss and other comprehensive income and unaudited condensed consolidated statement of changes in equity for the period presented, which include the results and changes in equity of the companies now comprising the Group, have been prepared as if the current group structure had been in existence throughout the period.

This unaudited condensed consolidated financial statements are presented in Hong Kong dollars (“**HK\$**”), which is the same as the functional currency of the Company.

## NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL INFORMATION

### 2 BASIS OF PREPARATION

The unaudited condensed consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“**HKFRSs**”) and the disclosure requirements of the Hong Kong Companies Ordinance Cap. 622. The unaudited condensed consolidated financial statements have been prepared under the historical cost convention.

The preparation of unaudited condensed consolidated financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group’s accounting policies.

**(a) The following new and amended standards have been adopted by the Group for the first time for the financial period beginning on or before 1 January 2017:**

Annual Improvements Project (Amendments) – HKFRS 12	Annual Improvements 2014-2016 Cycle
HKAS 7 (Amendments)	Disclosure Initiative
HKAS 12 (Amendments)	Recognition of Deferred Tax Assets for Unrealised Losses

The adoption of the above HKFRSs did not have any significant financial impact on the unaudited condensed consolidated financial statements.

## NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL INFORMATION

**(b) The following new standards and revisions to standards have been issued, but are not effective and have not been early adopted by the Group:**

		<b>Effective for accounting year beginning on or after</b>
Annual Improvements Project (Amendments) – HKFRS 1 and HKAS 28	Annual Improvements 2014-2016 Cycle	1 January 2018
HKFRS 2 (Amendments)	Classification and Measurement of Share-based Payment Transactions	1 January 2018
HKFRS 4 (Amendments)	Applying HKFRS 9 Financial instruments with HKFRS 4 Insurance contracts	1 January 2018
HKFRS 9	Financial Instruments	1 January 2018
HKFRS 15	Revenue from Contracts with Customers	1 January 2018
HKFRS 15 (Amendments)	Clarifications to HKFRS 15	1 January 2018
HKAS 40 (Amendments)	Transfers of Investment Property	1 January 2018
HK(IFRIC)-Int 22	Foreign Currency Transactions and Advance Consideration	1 January 2018
HKFRS 16	Leases	1 January 2019
HKFRS 10 and HKAS 28 (Amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined

The Group will apply the above HKFRSs when they become effective. The Group is in the process of making an assessment of the impact of the above HKFRSs.

## **NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL INFORMATION**

### **3 ESTIMATES**

The preparation of interim financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing the interim condensed consolidated financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 March 2017.

### **4 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS**

#### **4.1 Financial risk factors**

The Group's activities expose it to a variety of financial risks: interest rate risk, credit risk and liquidity risk. The interim condensed consolidated financial information do not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's consolidated financial statements as at 31 March 2017.

There have been no changes in the risk management policies since year end.

#### **4.2 Liquidity risk**

Compared to year end, there have been no material changes to the policies and practices for the Group's liquidity and funding risks management as described in the consolidated financial statements for the year ended 31 March 2017.

#### **4.3 Fair value estimation**

As at 31 March 2017 and 30 September 2017, the Group did not have any financial assets or financial liabilities that are measured at fair value.

The carrying values of receivables and payables are a reasonable approximation of their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Company for similar financial instruments.

## NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL INFORMATION

### 5 REVENUE, OTHER INCOME AND GAINS

Revenue, other income and gains recognised during the reporting periods are as follows:

	Unaudited		Unaudited	
	Three months ended		Six months ended	
	30 September		30 September	
	2017	2016	2017	2016
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>Revenue</b>				
Residential interior design and fit-out services	<b>32,094</b>	31,402	<b>62,522</b>	56,911
Commercial interior design and fit-out services	<b>5,843</b>	5,599	<b>8,525</b>	10,506
Others	<b>134</b>	165	<b>170</b>	562
	<b>38,071</b>	37,166	<b>71,217</b>	67,979
	<b>38,071</b>	37,166	<b>71,217</b>	67,979
	Unaudited		Unaudited	
	Three months ended		Six months ended	
	30 September		30 September	
	2017	2016	2017	2016
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>Other income and gains</b>				
Gain on disposal of property, plant and equipment	<b>14</b>	–	<b>14</b>	–
Interest income	<b>34</b>	–	<b>34</b>	–
	<b>48</b>	–	<b>48</b>	–
	<b>48</b>	–	<b>48</b>	–

## NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL INFORMATION

### 6 PROFIT BEFORE INCOME TAX

Profit before income tax is stated after charging the following items:

	Unaudited		Unaudited	
	Three months ended		Six months ended	
	30 September		30 September	
	2017	2016	2017	2016
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Depreciation of owned assets ( <i>Note 11</i> )	<b>224</b>	162	<b>429</b>	256
Depreciation of assets under finance leases ( <i>Note 11</i> )	<b>68</b>	80	<b>90</b>	161
Legal and professional fee	<b>590</b>	265	<b>1,560</b>	518
Materials	<b>7,948</b>	6,434	<b>14,005</b>	10,753
Operating lease rental on premises	<b>677</b>	545	<b>1,406</b>	1,332
Operating lease rental on office equipment	<b>32</b>	42	<b>65</b>	84
Subcontracting charges	<b>16,037</b>	19,380	<b>30,907</b>	34,940
Staff costs, including directors' emoluments	<b>5,211</b>	4,092	<b>9,904</b>	8,043
Listing expenses	<b>-</b>	300	<b>281</b>	2,491
	<b>=====</b>	<b>=====</b>	<b>=====</b>	<b>=====</b>

## NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL INFORMATION

### 7 FINANCE COSTS

	Unaudited		Unaudited	
	Three months ended		Six months ended	
	30 September		30 September	
	2017	2016	2017	2016
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Interest on finance leases	<b>50</b>	3	<b>66</b>	23

### 8 INCOME TAX EXPENSE

Hong Kong profits tax has been provided at the rate of 16.5% on the estimated assessable profit during the six months ended 30 September 2017.

The amount of income tax expense charged to the unaudited condensed consolidated statement of profit or loss and other comprehensive income represents:

	Unaudited		Unaudited	
	Three months ended		Six months ended	
	30 September		30 September	
	2017	2016	2017	2016
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Current income tax – current period	<b>726</b>	851	<b>1,075</b>	1,201
Deferred income tax	<b>75</b>	16	<b>75</b>	16
Income tax expense	<b>801</b>	867	<b>1,150</b>	1,217

## NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL INFORMATION

### 9 EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY FOR THE PERIOD – BASIC AND DILUTED

#### (a) Basic

Basic earnings per share is calculated by dividing the profit attributable to the owners of the Company by the weighted average number of ordinary shares in issue during the respective periods.

	Unaudited Three months ended 30 September		Unaudited Six months ended 30 September	
	2017	2016	2017	2016
Profit for the period attributable to the owners of the Company (HK\$'000)	<b>2,812</b>	3,575	<b>3,060</b>	2,954
Weighted number of ordinary shares in issue ('000)	<b>800,000</b>	600,000	<b>787,978</b>	600,000
Basic earnings per share (HK cents per share)	<b>0.35</b>	0.60	<b>0.39</b>	0.49

The weighted average number of ordinary shares for the purpose of calculating basic earnings per share for the period ended 30 September 2017 was derived from 600,000,000 ordinary shares in issue and the effect of share offer (200,000,000 shares issued pursuant to the share offer) by the Company as set out in Note 14.

The weighted average number of ordinary shares for the purpose of calculating basic earnings per share for the period ended 30 September 2016 was derived from 600,000,000 ordinary shares (comprising 1 Share in issue and 599,999,999 shares issued to the Controlling Shareholders during the reorganisation) as if these 600,000,000 ordinary shares were outstanding throughout the period.

## NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL INFORMATION

### (b) Diluted

Diluted earnings per share is the same as basic earnings per share due to the absence of dilutive potential ordinary shares during the respective periods.

## 10 DIVIDENDS

	Unaudited		Unaudited	
	Three months ended		Six months ended	
	30 September		30 September	
	2017	2016	2017	2016
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Dividends	<u>-</u>	<u>-</u>	<u>-</u>	<u>16,000</u>

During the six months ended 30 September 2016, a dividend of HK\$16,000,000 was declared by Smart Will Engineering Limited, a wholly-owned subsidiary of the Company, to their equity owners prior to the Reorganisation.

The board of Directors (the "**Board**") does not recommend a payment of an interim dividend in respect of the six months ended 30 September 2017.

# NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL INFORMATION

## 11 PROPERTY, PLANT AND EQUIPMENT

	Building HK\$'000	Computer equipment HK\$'000	Leasehold improvements HK\$'000	Furniture and fixtures HK\$'000	Office equipment HK\$'000	Motor vehicles HK\$'000	Total HK\$'000
<b>Audited</b>							
Cost							
As at 1 April 2016	-	2,321	852	375	512	1,779	5,839
Additions	10,320	50	474	253	89	43	11,229
Disposals	-	-	(347)	-	-	(50)	(397)
	<u>10,320</u>	<u>2,371</u>	<u>979</u>	<u>628</u>	<u>601</u>	<u>1,772</u>	<u>16,671</u>
As at 31 March 2017	10,320	2,371	979	628	601	1,772	16,671
Accumulated depreciation							
As at 1 April 2016	-	1,747	833	262	485	553	3,880
Charge for the year	189	179	85	70	17	355	895
Disposals	-	-	(347)	-	-	(45)	(392)
	<u>189</u>	<u>1,926</u>	<u>571</u>	<u>332</u>	<u>502</u>	<u>863</u>	<u>4,383</u>
As at 31 March 2017	189	1,926	571	332	502	863	4,383
Net book value							
As at 31 March 2017	<u>10,131</u>	<u>445</u>	<u>408</u>	<u>296</u>	<u>99</u>	<u>909</u>	<u>12,288</u>
<b>Unaudited</b>							
Cost							
As at 1 April 2017	10,320	2,371	979	628	601	1,772	16,671
Additions	-	79	-	-	-	1,829	1,908
Disposals	-	-	-	-	-	(122)	(122)
	<u>10,320</u>	<u>2,450</u>	<u>979</u>	<u>628</u>	<u>601</u>	<u>3,479</u>	<u>18,457</u>
As at 30 September 2017	10,320	2,450	979	628	601	3,479	18,457
Accumulated depreciation							
As at 1 April 2017	189	1,926	571	332	502	863	4,383
Charge for the period (Note 6)	113	79	50	39	12	226	519
Disposals	-	-	-	-	-	(122)	(122)
	<u>302</u>	<u>2,005</u>	<u>621</u>	<u>371</u>	<u>514</u>	<u>967</u>	<u>4,780</u>
As at 30 September 2017	302	2,005	621	371	514	967	4,780
Net book value							
As at 30 September 2017	<u>10,018</u>	<u>445</u>	<u>358</u>	<u>257</u>	<u>87</u>	<u>2,512</u>	<u>13,677</u>

## NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL INFORMATION

### 12 TRADE AND OTHER RECEIVABLES

	<b>Unaudited</b> <b>30 September 2017</b> <b>HK\$'000</b>	Audited 31 March 2017 HK\$'000
Trade receivables	<b>539</b>	641
Other receivables, deposits and prepayments	<b>1,736</b>	6,185
	<b>2,275</b>	6,826

Notes:

- (a) The credit period granted to customers is 0-30 days generally. Trade receivables are denominated in HK\$.
- (b) The ageing analysis of the trade receivables based on invoice date is as follows:

	<b>Unaudited</b> <b>30 September 2017</b> <b>HK\$'000</b>	Audited 31 March 2017 HK\$'000
0-30 days	<b>355</b>	336
31-60 days	<b>59</b>	20
61-90 days	<b>5</b>	9
Over 90 days	<b>120</b>	276
	<b>539</b>	641

- (c) The other classes within trade and other receivables do not contain impaired assets. The Group does not hold any collateral as security.

## NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL INFORMATION

### 13 CASH AND BANK BALANCES

	<b>Unaudited</b> <b>30 September 2017</b> <b>HK\$'000</b>	Audited 31 March 2017 HK\$'000
Cash at banks	<b>61,264</b>	11,736
Cash on hand	<b>203</b>	368
	<hr/>	<hr/>
Cash and cash equivalents	<b>61,467</b>	12,104
	<hr/> <hr/>	<hr/> <hr/>

Notes:

- (a) The carrying amounts of cash and cash equivalents are denominated in HK\$.
- (b) Cash at banks earns interest at floating rates based on daily bank deposit rates.

### 14 SHARE CAPITAL

The share capital balance as at 30 September 2017 in the unaudited condensed consolidated statement of financial position represented the issued share capital of the Company. Details of the authorised and issued and fully paid share capital of the Company are summarised as follows:

	<b>Number of</b> <b>shares</b> <b>(in thousand)</b>	<b>Share</b> <b>capital</b> <b>HK\$000</b>	<b>Share</b> <b>premium</b> <b>HK\$000</b>
<b>Ordinary shares of HK\$0.01 each</b>			
<b>Authorised:</b>			
As at 31 March 2017 and 30 September 2017	1,000,000	10,000	–
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
<b>Issued and fully paid:</b>			
As at 31 March 2017	600,000	6,000	–
Share issued pursuant to the share offer, net of share issuance costs	200,000	2,000	44,419
	<hr/>	<hr/>	<hr/>
As at 30 September 2017	<b>800,000</b>	<b>8,000</b>	<b>44,419</b>
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

## NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL INFORMATION

### 15 TRADE AND OTHER PAYABLES

	<b>Unaudited</b> <b>30 September 2017</b> <b>HK\$'000</b>	Audited 31 March 2017 HK\$'000
Trade payables	<b>8,219</b>	10,381
Other payables, deposits received in advance and accruals	<b>4,536</b>	12,510
	<b>12,755</b>	22,891

Notes:

(a) Payment terms granted by suppliers are generally 0-30 days from the invoice date of the relevant purchases.

The ageing analysis of trade payables based on the invoice date is as follows:

	<b>Unaudited</b> <b>30 September 2017</b> <b>HK\$'000</b>	Audited 31 March 2017 HK\$'000
0-30 days	<b>6,511</b>	7,658
31-60 days	<b>1,015</b>	804
61-90 days	<b>267</b>	225
Over 90 days	<b>426</b>	1,694
	<b>8,219</b>	10,381

(b) All trade and other payables are denominated in HK\$.

### 16 AMOUNT DUE TO A RELATED COMPANY

<b>Name of related company</b>	<b>Unaudited</b> <b>30 September 2017</b> <b>HK\$'000</b>	Audited 31 March 2017 HK\$'000
Hong Kong Famous Designers Association Limited ("HKFDA")	<b>8</b>	8

The balance is denominated in HK\$. The amount due to a related company is unsecured, interest-free and repayable on demand (Note 19).

## NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL INFORMATION

### 17 FINANCE LEASE LIABILITIES

	<b>Unaudited</b> <b>30 September 2017</b> <b>HK\$'000</b>	Audited 31 March 2017 HK\$'000
<b>Non-current, secured</b>		
Finance lease liabilities	<b>1,088</b>	427
<b>Current, secured</b>		
Finance lease liabilities	<b>342</b>	323
<b>Total</b>	<b>1,430</b>	750

*Notes:*

- (a) As at 31 March 2017, finance leases of the Group were secured by the unlimited personal guarantee granted by Mr. Chan and Mr. Lui Tun Yun who is the director of New Base Enterprises Limited.
- (b) The Group had committed finance lease facilities which bore interest at 2.5% per annum as at 30 September 2017 (31 March 2017: ranged from approximately 1.8% to 2.5% per annum).
- (c) The carrying amounts of all finance lease liabilities are denominated in HK\$.
- (d) The personal guarantees granted by Mr. Chan and Mr. Lui Tun Yun were released in April 2017.

## NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL INFORMATION

### 18 COMMITMENTS

#### Operating Lease commitments – Group as lessee

At the end of the reporting period, the Group had commitments for future minimum lease payments under non-cancellable operating leases were payable as follows:

	<b>Unaudited 30 September 2017 HK\$'000</b>	Audited 31 March 2017 HK\$'000
Within one year	<b>1,936</b>	2,144
In the second to fifth years inclusive	<b>715</b>	776
	<b>2,651</b>	2,920

The Group is the lessee in respect of office premises and office equipment under operating leases. The leases typically run for initial periods ranging from 6 months to 5 years.

### 19 RELATED PARTY TRANSACTIONS

Related parties are those parties that have the ability to control, jointly control or exert significant influence over the other party in making financial or operational decisions. Parties are also considered to be related if they are subject to common control or joint control. Related parties may be individuals or other entities.

Save as disclosed in Notes 16 and 17 to the unaudited condensed consolidated financial statements, the Group entered into the following material transactions with related parties during the period:

**(a) The directors of the Company are of the view that the following companies that had transactions or balances with the Group are related parties:**

<b>Name of entities</b>	<b>Relationship with the Group</b>
Happy Field Corporation Limited (“ <b>Happy Field</b> ”)	A related company is owned by Mr. Chan.
Rising Wing Enterprises Limited (“ <b>Rising Wing</b> ”)	A related company is owned by Mr. Chan.
HKFDA	A related company is controlled by Mr. Chan.

## NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL INFORMATION

### (b) Transactions with related parties

	Note	Unaudited Three months ended 30 September		Unaudited Six months ended 30 September	
		2017	2016	2017	2016
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
Rental of offices paid to:					
Happy Field	(i) & (iii)	126	154	280	308
Rising Wing	(i) & (iii)	80	110	160	478
Purchase of property	(ii)	-	-	-	9,600
		<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

Notes:

- (i) The rental expenses for premises paid to the above related parties are based on the agreements entered into between the parties involved.
- (ii) On 23 May 2016, Fame Protector Limited purchased a property from Mr. Chan at a consideration of HK\$9,600,000. The directors of the Company considered that the consideration was determined on normal commercial terms, and fair and reasonable after taking into consideration the original purchase price. The aforesaid consideration of HK\$9,600,000 was used to partially offset the amount due from Mr. Chan.
- (iii) These related party transactions will constitute connected transactions or continuing connected transactions as defined in Chapter 20 of the GEM Listing Rules.

### (c) Directors' and chief executive's emoluments

The remuneration of each director and the chief executive for the reporting period are as follows:

	Unaudited Three months ended 30 September		Unaudited Six months ended 30 September	
	2017	2016	2017	2016
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Salaries and other benefits	959	722	1,888	1,442
Retirement scheme contributions	18	18	35	35
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
	<u>977</u>	<u>740</u>	<u>1,923</u>	<u>1,477</u>

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **BUSINESS REVIEW**

The Group is principally engaged in the provision of interior design and fit-out services in Hong Kong. The Group offers a full suite of services ranging from interior design provided by the Group's in-house design team, which provides the Group's customers with creative and innovative designs that synergise with the latest market and design trends. The Group relies on the high quality of fittings, furnishings and the implementation of the designs performed by its subcontractors to complete the projects.

The Group's business can be classified into (i) residential interior design and fit-out services; and (ii) commercial interior design and fit-out services. The Group generated revenue of approximately HK\$71.2 million and HK\$68.0 million, of which approximately HK\$62.5 million and HK\$56.9 million representing approximately 87.8% and 83.7% of the Group's total revenue were generated from residential interior design and fit-out services for the six months ended 30 September 2017 and 2016, respectively. Approximately HK\$8.5 million and HK\$10.5 million, representing approximately 12.0% and 15.5% of the Group's total revenue were generated from commercial interior design and fit-out services for the six months ended 30 September 2017 and 2016, respectively.

For the six months ended 30 September 2017, the Group recorded a net profit of approximately HK\$3.5 million as compared to net profit of approximately HK\$3.2 million for the same period in 2016. The Directors are of the view that the increase of the Group's net profit during the six months ended 30 September 2017 was mainly attributable to (i) the increase of the Group gross profit resulted from the increase in the revenue; (ii) the non-recurring listing expenses during the six months ended 30 September 2017 was lower than that for the same period in 2016, which was partially offset by the post-listing expenses and the implementation on the expansion plan. In view of the steady revenue growth for the six months ended 30 September 2017 as compared to the same period in 2016 and the latest negotiations with existing and potential new customers, the Directors are of the view that there has been no fundamental deterioration in the commercial and operational viability of the Group's business.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **OUTLOOK**

The Shares were listed on GEM on the Listing Date by way of share offer. The Directors believe that Listing on GEM could enhance the Group's profile and recognition which will enhance the customers' confidence to the Group. In addition, the net proceeds from the share offer will provide additional resources to the Group to expand its business and improve its capital base.

Looking forward, the Group will continue to devote more resources towards the development of interior design and fit-out services in Hong Kong. The Group will focus on the following business strategies: (i) to strengthen the Group's market position in Hong Kong by improving its coverage; (ii) to promote the Group's brand, to improve brand recognition and to strengthen the Group's marketing efforts; and (iii) to enhance the Group's internal training and to recruit talents to support the Group's future growth. Details of the business strategies have been disclosed in the prospectus of the Company dated 31 March 2017 ("**Prospectus**").

### **FINANCIAL REVIEW**

#### **Revenue**

The Group's revenue is primarily generated from provision of interior design and fit-out services in Hong Kong which includes two main categories namely (i) residential interior design and fit-out services; and (ii) commercial interior design and fit-out services. The Group's revenue increased by approximately 4.8% from approximately HK\$68.0 million for the six months ended 30 September 2016 to approximately HK\$71.2 million for the six months ended 30 September 2017. Such increase was primarily attributable to the increase in revenue from residential interior design and fit-out services.

#### **Direct costs**

The Group's direct costs consist primarily of (i) materials; (ii) subcontracting charges; (iii) staff costs; and (iv) warranty expenses. The Group's direct costs decreased by approximately 0.4% from approximately HK\$50.0 million for the six months ended 30 September 2016 to approximately HK\$49.8 million for the six months ended 30 September 2017. The decrease in direct costs was mainly due to the effective cost control on the subcontracting charges.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Gross profit and gross profit margin

Gross profit represents revenue less direct costs. The Group's gross profit increased by approximately HK\$3.4 million, or approximately 19.1%, from approximately HK\$18.0 million for the six months ended 30 September 2016 to approximately HK\$21.4 million for the six months ended 30 September 2017. The Group's gross profit margin was approximately 30.1% for the six months ended 30 September 2017, representing an increase of approximately 3.6 percentage points as compared to approximately 26.5% for the six months ended 30 September 2016. The increase in gross profit is mainly due to the increase in number of residential interior design and fit-out projects, which contribute to a higher profit margin and the effective cost control on the subcontracting charges.

### Administrative and other operating expenses

The Group's administrative and other operating expenses for the six months 30 September 2017 were approximately HK\$16.7 million, representing an increase of approximately 24.0% from approximately HK\$13.5 million for the six months ended 30 September 2016, primarily due to (i) the implementation on the expansion plan to support the business growth and (ii) the legal and professional fees incurred after the Listing for the services of compliance adviser, legal adviser and share registrars which was partially offset by the lower listing expenses for the six months ended 30 September 2017.

### Profit attributable to owners of the Company

Profit attributable to owners of the Company for the six months ended 30 September 2017 amounted to approximately HK\$3.1 million as compared with profit of approximately HK\$3.0 million for the six months ended 30 September 2016, which are at similar level for the same period in 2017 and 2016.

## COMPARISON OF BUSINESS OBJECTIVES WITH ACTUAL BUSINESS PROGRESS

The following is a comparison of the Group's business plan as set out in the Prospectus with actual business progress up to 30 September 2017.

### Business plan as set in the Prospectus

#### Expansion of market coverage in Hong Kong

- To acquire a new office in Tsuen Wan through mortgage financing and the related fees due to the acquisition of the new office, and the new office fit-out and refurbishment costs

### Progress up to 30 September 2017

The Group is looking for a new office with reasonable price and fit for the Group's operations

## MANAGEMENT DISCUSSION AND ANALYSIS

### Business plan as set in the Prospectus

### Progress up to 30 September 2017

#### Strengthen sales and marketing efforts

- To engage in an informative advertising campaign by providing design and renovation information as a television programme  
The Group is in the progress of finding suitable media channel
- To increase advertising frequency on traditional media such as weekly magazine and billboards  
The Group is in the progress of finding suitable media channel
- To increase online advertisement  
The Group has increased the online advertisement during the period
- To engage a celebrity to market and endorse the Group's services  
The Group is in the progress of finding suitable celebrity

#### Recruiting high caliber talents and enhance internal training to support future growth

- To hire additional employees and talents  
The Group has hired five project supervisors, five draftsman and two designer assistants to facilitate the business development
- To organise internal training and seminar  
The Group has provided internal training to existing and new hiring staff

#### Upgrade the Group's information systems

- To pay deposit for system design  
The Group is in the progress to migrate the data to new system

#### Development of fleet of vehicles

- To purchase a vehicle and the related fees due to the purchase of the vehicle  
The Group has purchased a vehicle and paid the relevant fees

## MANAGEMENT DISCUSSION AND ANALYSIS

### USE OF NET PROCEEDS FROM LISTING

The net proceeds from the issue of new shares of the Group at the time of its listing on GEM on the Listing Date through the share offer of 200,000,000 shares of HK\$0.01 each in the share capital of the Group at the price of HK\$0.26 per share, after deduction of the underwriting commission and actual expenses paid by the Group in connection thereto, were approximately HK\$34.8 million.

The below table sets out the proposed applications of the net proceeds from the Listing Date to 30 September 2017:

	Planned use of proceeds up to 30 September 2017 HK\$ million	Actual use of proceeds balance up to 30 September 2017 HK\$ million
Expansion of market coverage in Hong Kong	7.7	–
Strengthen sales and marketing efforts	1.0	0.8
Recruiting high caliber talent and enhance internal training to support future growth	0.7	0.5
Upgrading information systems	0.2	–
Development of fleet of vehicles	0.5	0.5
General working capital	0.4	0.4
	<hr/>	<hr/>
Total	10.5	2.2
	<hr/> <hr/>	<hr/> <hr/>

The business objectives, future plans and planned use of proceeds as stated in the Prospectus were based on the best estimation and assumption of future market conditions made by the Group at the time of preparing the Prospectus while the proceeds were applied based on the actual development of the Group's business and the industry.

### CAPITAL STRUCTURE

The Group's shares were successfully listed on GEM on the Listing Date. There has been no change in the capital structure of the Group since the Listing Date and up to date of this announcement. The capital of the Group only comprises of ordinary shares.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **LIQUIDITY AND FINANCIAL RESOURCES**

The Group has funded the liquidity and capital requirements principally from cash generated from operations and finance lease liabilities.

As at 30 September 2017, the Group had finance lease liabilities of approximately HK\$1.4 million which was denominated in Hong Kong Dollars (31 March 2017: HK\$0.8 million). The Group's finance lease obligations were for the acquisition of motor vehicles to support its operations.

As at 30 September 2017, the Group had approximately HK\$61.5 million in cash and bank balances (31 March 2017: approximately HK\$12.1 million). The Directors believe that the Group is in a healthy financial position to expand its core business and to achieve its business objectives.

### **BORROWINGS AND GEARING RATIO**

As at 30 September 2017, the gearing ratio of the Group was approximately 2.6% (31 March 2017: 17.9%). The decrease in gearing ratio was mainly due to strengthening of the Group's capital structure through the fund raised in the IPO of the Company. Gearing ratio is calculated as total interest-bearing liabilities divided by total capital. Total interest-bearing liabilities is calculated as total finance lease liabilities. Total capital is calculated as total equity as shown in the consolidated statement of financial position.

### **CHARGE ON GROUP ASSETS**

As at 30 September 2017, the Group has pledged its motor vehicle with net book value amounted to approximately HK\$1.6 million (31 March 2017: HK\$0.9 million), under non-cancellable finance lease agreements.

### **SIGNIFICANT INVESTMENTS HELD, MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES, AND PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS**

Save as disclosed herein, there was no significant investment held, material acquisition and disposal of subsidiaries and associated companies by the Company during the six months ended 30 September 2017. The Group does not have any concrete plans for material investments or capital assets as at 30 September 2017.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **FOREIGN EXCHANGE EXPOSURE**

Foreign currency risk refers to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. All of the Group's business operations were conducted in Hong Kong. The transactions, monetary assets and liabilities of the Group were mainly denominated in Hong Kong dollars. As such, the Directors are of the view that the Group did not have significant exposure to foreign exchange risk. The Group currently does not have a foreign currency hedging policy.

### **TREASURY POLICY**

The Directors will continue to follow a prudent policy in managing the Group's cash balances and maintain a strong and healthy liquidity to ensure that the Group is well placed to take advantage of future growth opportunities.

### **CONTINGENT LIABILITIES**

The Group did not have any material contingent liabilities as at 30 September 2017 (31 March 2017: Nil).

### **COMMITMENTS**

The Group did not have any material capital commitment as at 30 September 2017 (31 March 2017: Nil).

The contractual commitments mainly involve rental payable by the Group in respect of office premises and office equipment under non-cancellable operating leases. As at 30 September 2017, the Group's operating lease commitments were approximately HK\$2.7 million (31 March 2017: HK\$2.9 million).

### **SEGMENT INFORMATION**

The Group principally operates in one business segment, which is providing interior design and fit-out services in Hong Kong.

### **DIVIDEND**

The Board does not recommend the payment of an interim dividend for the six months ended 30 September 2017.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **INFORMATION ON EMPLOYEES**

As at 30 September 2017, the Group had 79 employees working in Hong Kong (31 March 2017: 65). Employees are remunerated based on their qualifications, position and performance. The remuneration offered to employees generally includes salaries, allowances and discretionary bonus. Various types of trainings were provided to the employees. The total staff cost (including remuneration of Directors and mandatory provident funds contributions) for the period ended 30 September 2017 amounted to approximately HK\$9.9 million (30 September 2016: HK\$8.0 million).

## OTHER INFORMATION

### DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITION IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 September 2017, the interests or short positions of the Directors or chief executives of the Company in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of Securities and Futures Ordinance (“SFO”) which are required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions in which they are taken or deemed to have under such provisions), or which are required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein or which are required to be notified to the Company and the Stock Exchange pursuant to the Rules 5.46 to 5.67 of GEM Listing Rules, are as follows:

#### Long positions in ordinary Shares and underlying Shares of the Company

Name	Capacity/Nature of interest	Number of underlying Shares	Approximate percentage of shareholding
Mr. Chan ( <i>Note 1</i> )	Interest of a controlled corporation	600,000,000	75%

*Note:*

1. Mr. Chan beneficially owns the entire issued share capital of Chun Wah. Therefore, Mr. Chan is deemed, or taken to be, interested in all the Shares held by Chun Wah for the purpose of the SFO. Mr. Chan is the sole director of Chun Wah.

Save as disclosed above, as at 30 September 2017, none of the Directors and chief executives of the Company had any interests or short positions in any Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or which were required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange.

## OTHER INFORMATION

### SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

So far as known to the Directors or chief executive of the Company, as at 30 September 2017, the following persons/entities (other than the Directors and chief executives of the Company) had or were deemed to have an interest or a short position in the Shares or the underlying Shares which would be required to be disclosed to the Company and the Stock Exchange under the provisions of Division 2 and 3 of Part XV of the SFO, or which were recorded in the register of the Company required to be kept under Section 336 of the SFO, or who were directly or indirectly, to be interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company or any other member of the Group:

#### Long positions in ordinary Shares and underlying Shares of the Company

Name	Capacity/Nature of interest	Number of underlying Shares	Approximate percentage of shareholding
Chun Wah ( <i>Note 1</i> )	Beneficial owner	600,000,000	75%
Ms. Wong Ting Nuen ( <i>Note 2</i> )	Interest of Spouse	600,000,000	75%

*Notes:*

1. These 600,000,000 Shares are held by Chun Wah. Mr. Chan beneficially owns the entire issued share capital of Chun Wah. Therefore, Mr. Chan is deemed, or taken to be, interested in all the Shares held by Chun Wah for the purpose of the SFO. Mr. Chan is the sole director of Chun Wah.
2. Ms. Wong Ting Nuen ("**Ms. Wong**") is the spouse of Mr. Chan. Under the SFO, Ms. Wong is deemed to be interested in the same number of Shares in which Mr. Chan is interested.

Save as disclosed above, as at 30 September 2017, there was no person or corporation, other than the Directors and chief executives of the Company whose interests are set out in the section "Other information – Directors' and chief executives' interests and short positions in Shares, underlying Shares and debentures" above, had any interest or a short position in the Shares or underlying Shares of the Company as recorded in the register required to be kept by the Company under Section 336 of the SFO.

## **OTHER INFORMATION**

### **PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES**

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 September 2017.

### **COMPETITION AND CONFLICT OF INTERESTS**

None of the Directors, the controlling shareholders or substantial shareholders of the Company or any of their respective associates has engaged in any businesses that competes or may compete with the business of the Group or has any other conflict of interests with the Group for the six months ended 30 September 2017.

#### **Non-Competition Undertaking**

In order to avoid any possible future competition between the Group and the controlling shareholder of the Company, Mr. Chan and Chun Wah (each a "**Covenantor**" and collectively the "**Covenantors**") have entered into the Deed of Non-competition with the Company (for itself and for the benefit of each other member of the Group). Pursuant to the Deed of Non-competition, each of the Covenantors has irrevocably and unconditionally undertaken to the Company (for itself and as trustee for its subsidiaries) that, during the period that the Deed of Non-competition remains effective, he/she/it shall not, and shall procure that his/her/its associates (other than any member of the Group) not to develop, acquire, invest in, participate in, carry on or be engaged, concerned or interested or otherwise be involved, whether directly or indirectly, in any business in competition with or likely to be in competition with the existing business activity of any member of the Group.

Each of the Covenantors also gave certain non-competition undertakings under the Deed of Non-Competition as set out in the paragraph headed "Relationship with our controlling shareholders – Non-competition undertakings" in the Prospectus.

### **DIRECTORS' SECURITIES TRANSACTIONS**

The Company adopted the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules as the code of conduct regarding Directors' securities transactions in securities of the Company (the "**Required Standard of Dealing**"). Based on specific enquiry with the Directors, all Directors confirmed that they had fully complied with the Required Standard of Dealings and there was no event of non-compliance from the date of listing, i.e. 12 April 2017, up to the date of this announcement.

## **OTHER INFORMATION**

### **SHARE OPTION SCHEME**

The Share Option Scheme was conditionally adopted pursuant to the written resolution of the sole Shareholder passed on 24 March 2017. The purpose of the Share Option Scheme is to enable the Company to grant options to selected participants as incentives or rewards for their contribution to it. The Directors consider the Share Option Scheme, with its broadened basis of participation, will enable the Group to reward the employees, the Directors and other selected participants for their contributions to the Group. The Company has adopted a Share Option Scheme on 24 March 2017. This will be in accordance with Chapter 23 of the GEM Listing Rules and other relevant rules and regulations. Further details of the Share Option Scheme are set forth in the section headed “Statutory and General Information – Share option scheme” in Appendix V to the Prospectus.

For the six months ended 30 September 2017, no share option was granted, exercised, expired or lapsed and there is no outstanding share option under the Share Option Scheme.

### **INTERESTS OF THE COMPLIANCE ADVISER**

As confirmed by the Group’s compliance adviser, Frontpage Capital Limited (the “**Compliance Adviser**”), save as the compliance adviser agreement entered into between the Company and the Compliance Adviser, none of the Compliance Adviser or its directors, employees or associates had any interest in the Group or in the share capital of any member of the Group which is required to be notified to the Company pursuant to Rule 6A.32 of the GEM Listing Rules.

### **CORPORATE GOVERNANCE PRACTICE**

The Board considers good corporate governance a key element in managing the business and affairs of the Group. The management of the Group periodically reviews and proposes amendments to its corporate governance practices for compliance with the Corporate Governance Code (the “**CG Code**”) as set out in Appendix 15 of the GEM Listing Rules. The Board is of the opinion that the Company has complied with the CG Code during the six months ended 30 September 2017 and up to the date of this announcement.

### **UPDATE OF DIRECTORS’ PARTICULARS**

An update of information of the Director is as follow:

Mr. Kwan Ngai Kit, an independent non-executive Director, has been appointed as an independent non-executive director of Leyou Technologies Holdings Limited, a company listed on the Main Board of the Stock Exchange (Stock Code: 1089), on 5 September 2017.

## **OTHER INFORMATION**

### **AUDIT COMMITTEE**

The Audit Committee was established with written terms of reference in compliance with Rules 5.28 and 5.29 of the GEM Listing Rules and code provision C.3.3 and C.3.7 of CG Code. The Audit Committee currently comprises three independent non-executive Directors and is chaired by Mr. Kwan Ngai Kit. The other members are Ms. Lui Lai Chun and Mr. Wu Loong Cheong Paul. The written terms of reference of the Audit Committee are posted on the website of the Stock Exchange and on the Company's website.

The primary duties of the Audit Committee are mainly to review the financial information and reporting process, internal control procedures and risk management system, audit plan and relationship with external auditors and arrangements to enable employees of the Company to raise, in confidence, concerns about possible improprieties in financial reporting, internal control or other matters of the Company.

The Company has complied with Rule 5.28 of the GEM Listing Rules in that at least one of the members of the Audit Committee (which must comprise a minimum of three members and must be chaired by an independent non-executive Director) is an independent non-executive Director who possesses appropriate professional qualifications or accounting related financial management expertise.

The Group's unaudited condensed consolidated financial statements for the six months ended 30 September 2017 have been reviewed by the Audit Committee. The Audit Committee is of the opinion that the unaudited condensed consolidated financial statements of the Group for the six months ended 30 September 2017 comply with applicable accounting standards, GEM Listing Rules and that adequate disclosures have been made.

By order of the Board  
**Lai Group Holding Company Limited**  
**Chan Lai Sin**  
*Chairman and Executive Director*

Hong Kong, 9 November 2017

*As at the date of this announcement, the Board comprises Mr. Chan Lai Sin, Mr. Hung Lap Ka and Ms. So Hiu Bik as executive Directors; Mr. Kwan Ngai Kit, Ms. Lui Lai Chun and Mr. Wu Loong Cheong Paul as independent non-executive Directors.*

*This announcement will remain on the website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) on the "Latest Information" page for at least 7 days from the date of its posting and will be published on the Company's website at [www.dic.hk](http://www.dic.hk).*