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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)**

**THIRD QUARTERLY RESULTS ANNOUNCEMENT  
FOR THE NINE MONTHS ENDED 31 DECEMBER 2018**

**CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED  
(THE “STOCK EXCHANGE”)**

**GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher 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.**

**Given that the companies listed on GEM are generally small and mid-sized companies, 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 of the Stock Exchange (the “**GEM Listing Rules**”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.*

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

*For the three months and nine months ended 31 December 2018*

The unaudited condensed consolidated results of the Group for the three months and nine months ended 31 December 2018, together with the unaudited comparative figures for the corresponding period in 2017, are as follows:

	Note	Unaudited Three months ended 31 December		Unaudited Nine months ended 31 December	
		2018 HK\$'000	2017 HK\$'000	2018 HK\$'000	2017 HK\$'000
Revenue	3	36,624	30,400	109,038	101,617
Direct costs		<u>(27,350)</u>	<u>(22,713)</u>	<u>(79,176)</u>	<u>(72,517)</u>
<b>Gross profit</b>		<b>9,274</b>	<b>7,687</b>	<b>29,862</b>	<b>29,100</b>
Other income and gains	3	52	34	112	82
Administrative and other operating expenses		<u>(9,091)</u>	<u>(8,071)</u>	<u>(27,060)</u>	<u>(24,814)</u>
<b>Operating profit/(loss)</b>		<b>235</b>	<b>(350)</b>	<b>2,914</b>	<b>4,368</b>
Finance costs		<u>(16)</u>	<u>(17)</u>	<u>(53)</u>	<u>(83)</u>
<b>Profit/(Loss) before income tax</b>		<b>219</b>	<b>(367)</b>	<b>2,861</b>	<b>4,285</b>
Income tax expense	4	<u>(179)</u>	<u>(32)</u>	<u>(600)</u>	<u>(1,182)</u>
<b>Profit/(Loss) and total comprehensive income/(expense) for the period</b>		<b><u>40</u></b>	<b><u>(399)</u></b>	<b><u>2,261</u></b>	<b><u>3,103</u></b>
<b>Profit/(Loss) and total comprehensive income/(expense) for the period attributable to:</b>					
Owners of the Company		130	(579)	2,129	2,481
Non-controlling interests		<u>(90)</u>	<u>180</u>	<u>132</u>	<u>622</u>
		<b><u>40</u></b>	<b><u>(399)</u></b>	<b><u>2,261</u></b>	<b><u>3,103</u></b>
<b>Earnings/(Loss) per share attributable to owners of the Company for the period</b>					
– Basic and diluted earnings/(loss) per share	5	<b><u>HK\$0.02 cents</u></b>	<b><u>HK\$(0.07) cents</u></b>	<b><u>HK\$0.27 cents</u></b>	<b><u>HK\$0.31 cents</u></b>

# UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the nine months ended 31 December 2018

	Attributable to owners of the Company					Attributable to non- controlling interests	Total
	Share capital	Share premium	Other reserve	Retained earnings	Sub-total		
	HK\$'000	HK\$'000	HK\$'000 (Note i)	HK\$'000	HK\$'000	HK\$'000	HK\$'000
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	–	–	–	2,481	2,481	622	3,103
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 31 December 2017 (Unaudited)</b>	<b>8,000</b>	<b>44,419</b>	<b>(5,899)</b>	<b>6,147</b>	<b>52,667</b>	<b>1,052</b>	<b>53,719</b>
Balance at 1 April 2018 (Audited)	8,000	44,419	(5,899)	3,815	50,335	596	50,931
Profit and total comprehensive income for the period	–	–	–	2,129	2,129	132	2,261
<b>Balance at 31 December 2018 (Unaudited)</b>	<b>8,000</b>	<b>44,419</b>	<b>(5,899)</b>	<b>5,944</b>	<b>52,464</b>	<b>728</b>	<b>53,192</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.

# NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## 1. GENERAL INFORMATION AND BASIS OF PRESENTATION

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 PO Box 1350, Clifton House, 75 Fort Street, Grand Cayman KY1-1108, Cayman Islands. The principal place of business of the Company 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.

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

## 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 Chapter 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) Adoption of new and amendments to standards

Annual Improvements Project (Amendments) – HKFRS 1 and HKAS 28	Annual Improvements 2014-2016 Cycle
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts
HKFRS 9	Financial Instruments
HKFRS 15	Revenue from Contracts with Customers
Amendments to HKFRS 15	Clarifications to HKFRS 15
HK(IFRIC)-Int 22	Foreign Currency Transactions and Advance Consideration
Amendments to HKAS 28	Investments in Associates and Joint Ventures
Amendments to HKAS 40	Transfers of Investment Property

The adoption of the above new and amendments to standards did not have any significant financial impact on the unaudited condensed consolidated financial statements.

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

		Effective for accounting year beginning on or after
Amendments to HKFRS 9	Prepayment Features with Negative Compensation	1 January 2019
HKFRS 16	Leases	1 January 2019
HK(IFRIC)-Int 23	Uncertainty over Income Tax Treatments	1 January 2019
Annual Improvements Project (Amendments)	Annual Improvements 2015-2017 Cycle	1 January 2019
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement	1 January 2019
Amendments to HKAS 28	Long-term interests in associates and joint ventures	1 January 2019
HKFRS 17	Insurance Contracts	1 January 2021
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined

The Group will apply the above new standards, amendments to standards and interpretation when they become effective. The Group is in the process of making an assessment of the impact of these new standards, amendments to standards and interpretations.

### 3. REVENUE, OTHER INCOME AND GAINS

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

	Unaudited Three months ended 31 December 2018		Unaudited Nine months ended 31 December 2018	
	2018	2017	2018	2017
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>Revenue</b>				
Residential interior design and fit-out services	29,847	24,610	89,480	87,132
Commercial interior design and fit-out services	6,732	5,224	19,384	13,749
Others	45	566	174	736
	<u>36,624</u>	<u>30,400</u>	<u>109,038</u>	<u>101,617</u>
	Unaudited Three months ended 31 December 2018		Unaudited Nine months ended 31 December 2018	
	2018	2017	2018	2017
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>Other income and gains</b>				
Gain on disposal of property, plant and equipment	–	–	–	14
Interest income	33	34	85	68
Others	19	–	27	–
	<u>52</u>	<u>34</u>	<u>112</u>	<u>82</u>

#### 4. INCOME TAX EXPENSE

On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the “**Bill**”) which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day.

For the period ended 31 December 2018, Hong Kong profits tax is calculated in accordance with the two-tiered profits tax rates regime. Under the two-tiered profits tax rates regime, the first HK\$2 million of profits of qualifying corporation will be taxed at 8.25%, and profits above HK\$2 million will be taxed at 16.5%. The profits of corporations not qualifying for the two-tiered profits tax rates regime will continue to be taxed at 16.5% on the estimated assessable profits.

Hong Kong profits tax is provided at 16.5% on the estimated assessable profits for the period ended 31 December 2017.

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

	<b>Unaudited Three months ended 31 December</b>		<b>Unaudited Nine months ended 31 December</b>	
	<b>2018</b>	2017	<b>2018</b>	2017
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
Current income tax				
– Hong Kong profits tax	<b>202</b>	57	<b>632</b>	1,132
Deferred income tax	<b>(23)</b>	(25)	<b>(32)</b>	50
	<b>179</b>	32	<b>600</b>	1,182

**5. EARNINGS/LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY FOR THE PERIOD – BASIC AND DILUTED**

**(a) Basic**

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

	<b>Unaudited</b>		<b>Unaudited</b>	
	<b>Three months</b>		<b>Nine months</b>	
	<b>ended 31 December</b>		<b>ended 31 December</b>	
	<b>2018</b>	2017	<b>2018</b>	2017
	<b>HK\$'000</b>	<i>HK\$'000</i>	<b>HK\$'000</b>	<i>HK\$'000</i>
Profit/(Loss) for the period attributable to owners of the Company (HK\$'000)	<b>130</b>	(579)	<b>2,129</b>	2,481
Weighted average number of ordinary shares in issue ('000)	<b>800,000</b>	800,000	<b>800,000</b>	792,000
Basic earnings/(loss) per Share (HK cents per share)	<b><u>0.02</u></b>	<u>(0.07)</u>	<b><u>0.27</u></b>	<u>0.31</u>

The weighted average number of ordinary shares for the purpose of calculating basic earnings/loss per share for the period ended 31 December 2017 was derived from 600,000,000 ordinary shares in issue and the effect of the share offer (200,000,000 shares) by the Company.

**(b) Diluted**

Diluted earnings/loss per share is equal to basic earnings/loss per share as there were no dilutive potential ordinary shares in issue during the periods ended 31 December 2018 and 2017.

**6. DIVIDENDS**

The board of Directors (the “**Board**”) does not recommend a payment of any dividend in respect of the nine months ended 31 December 2018 (2017: Nil).

## 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. In order to complete the projects, the Group relies on its subcontractors to implement the designs with high quality fittings and furnishings.

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\$109.0 million and HK\$101.6 million, of which approximately HK\$89.5 million and HK\$87.1 million representing approximately 82.1% and 85.7% of the Group's total revenue were generated from residential interior design and fit-out services for the nine months ended 31 December 2018 and 2017, respectively. Approximately HK\$19.4 million and HK\$13.7 million, representing approximately 17.8% and 13.5% of the Group's total revenue were generated from commercial interior design and fit-out services for the nine months ended 31 December 2018 and 2017, respectively.

For the nine months ended 31 December 2018, the Group recorded a net profit of approximately HK\$2.3 million as compared to approximately HK\$3.1 million for the same period in 2017. The Directors are of the view that the decrease of the Group's net profit during the nine months ended 31 December 2018 was mainly attributable to the increase in the Group's administrative and other operating expenses due to the implementation of the Group's expansion plan to support the business growth. In view of the steady revenue for the nine months ended 31 December 2018 as compared to the same period in 2017 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.

### OUTLOOK

Following the substantial rise in the Hong Kong home prices in recent years, residential properties are becoming less affordable to the mass market. Property developers continue to build smaller and smaller units to compensate for the rise in prices to make smaller homes more affordable. However, these smaller properties are still out of reach for some first time home buyers.

The Group is of the view that the current trend in the Hong Kong property market favors the business of the Group as home owners find it increasingly difficult to afford new homes and have to resort to renovating their existing property to improve their living environment. As such, the Group will continue to build on its marketing and promotional strategy, as outlined in the Company's prospectus dated 31 March 2017 (the "**Prospectus**") to increase the awareness of the Group's brand name in the renovation and interior fit-out market. In view of the possible increase in market size, the Group continues to expand its business coverage throughout Hong Kong in order to improve its reach to more potential customers. This involves opening more branches to serve more potential customers in areas previously not covered by the Group. Meanwhile, the Group is aware of the rising operating costs of its business in Hong Kong in the coming future, including the rising rental and staff costs following the rise in property price and

statutory minimum wage. In addition, as more projects are awarded to the Group, its current manpower may not be able to support its operation needs. When the Group is not able to recruit sufficient qualified individuals to fulfill the demand, it will consider to subcontract more projects to full range fit-out works providers, which may affect the overall profitability of the Group. The Board remains cautious in expanding and will continue to monitor its costs, as well as the changes in market trend of the property market.

## **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 7.3% from approximately HK\$101.6 million for the nine months ended 31 December 2017 to approximately HK\$109.0 million for the nine months ended 31 December 2018. Such increase was primarily attributable to the increase in revenue from the Group's business segment in providing commercial interior design and fit-out services.

### **Direct costs**

The Group's direct costs consist primarily of (i) materials; (ii) subcontracting charges; and (iii) staff costs. The Group's direct costs increased by approximately 9.2% from approximately HK\$72.5 million for the nine months ended 31 December 2017 to approximately HK\$79.2 million for the nine months ended 31 December 2018. Such increase was mainly due to the increase in revenue and the increase in subcontracting charges for the same period.

### **Gross profit and gross profit margin**

Gross profit represents revenue less direct costs. The Group's gross profit increased by approximately 2.7%, from approximately HK\$29.1 million for the nine months ended 31 December 2017 to approximately HK\$29.9 million for the nine months ended 31 December 2018. The Group's gross profit margin was approximately 27.4% for the nine months ended 31 December 2018, representing a slightly decrease of approximately 1.2 percentage points as compared to approximately 28.6% for the nine months ended 31 December 2017. The decrease was mainly due to (i) more projects were subcontracted to full range fit-out works providers which bear lower gross profit margin; and (ii) the increase in the revenue for the commercial interior design and fit-out projects which normally had a lower gross profit margin than residential interior design and fit-out projects.

### **Administrative and other operating expenses**

The Group's administrative and other operating expenses for the nine months ended 31 December 2018 were approximately HK\$27.1 million, representing an increase of approximately 9.3% from approximately HK\$24.8 million for the nine months ended 31 December 2017, primarily due to the implementation on the expansion plan to support the business growth for the nine months ended 31 December 2018.

## **Profit attributable to owners of the Company**

For the nine months ended 31 December 2018, the Group recorded profit attributable to the owners of the Company of approximately HK\$2.1 million as compared to profit for the nine months ended 31 December 2017 of approximately HK\$2.5 million. Such decrease was primarily due to the increase of administrative and other operating expenses.

## **DIVIDEND**

The Board does not recommend a payment of any dividend for the nine months ended 31 December 2018.

## **OTHER INFORMATION**

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

As at 31 December 2018, 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 the 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**

<b>Name</b>	<b>Capacity/nature of interest</b>	<b>Number of underlying Shares</b>	<b>Approximate percentage of shareholding</b>
Mr. Chan ( <i>Note 1</i> )	Interest of a controlled corporation	408,370,000	51.05%

*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 31 December 2018, 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.

## 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 31 December 2018, 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

Name	Capacity/nature of interest	Number of underlying Shares	Approximate percentage of shareholding
Chun Wah ( <i>Note 1</i> )	Beneficial owner	408,370,000	51.05%
Ms. Wong Ting Nuen ( <i>Note 2</i> )	Interest of Spouse	408,370,000	51.05%
Ms. Cai Hui Ting	Beneficial owner	84,230,000	10.53%
Mr. Sun Xincai	Beneficial owner	44,000,000	5.50%

#### Notes:

1. These 408,370,000 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 31 December 2018, 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 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 required to be kept by the Company 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 rate in all circumstances at general meetings of the Company or any other member of the Group.

## **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 nine months ended 31 December 2018.

## **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 nine months ended 31 December 2018.

### **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) on 24 March 2017. 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 during the nine months ended 31 December 2018.

## 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 – D. Share option scheme” in Appendix V to the Prospectus.

For the nine months ended 31 December 2018, 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 (as defined under the GEM listing Rules) 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

We are committed to achieving and maintaining high standards of corporate governance, as our Board believes that good and effective corporate governance practices are key to obtaining and maintaining the trust of the shareholders of the Company and other stakeholders, and are essential for encouraging accountability and transparency so as to sustain the success of the Group and to promote the interests of its shareholders of the Company. Accordingly, the Company has adopted sound corporate governance principles that emphasise a quality Board, effective internal control, stringent disclosure practices, transparency and accountability to all stakeholders. The Company has applied the principles and code provisions in the Corporate Governance Code (the “**CG Code**”) set out in Appendix 15 to the GEM Listing Rules. In the opinion of the Board, the Company has complied with the CG Code during the nine months ended 31 December 2018 and up to the date of this announcement.

However, the Company is also aware of the rising costs of operating business in Hong Kong, which is partly contributed by the rising property prices. Therefore, the Board remains cautious in expanding and will continue to monitor its costs, as well as the current market trend to anticipate any downturn or changes in the current property market trend.

## AUDIT COMMITTEE

The audit committee of our Board (the “**Audit Committee**”) was established on 24 March 2017. The chairman of the Audit Committee is Mr. Kwan Ngai Kit, the independent non-executive Director, and other members include Ms. Lui Lai Chun and Mr. Wu Loong Cheong Paul, the independent non-executive Directors. The written terms of reference of the Audit Committee are posted on the Stock Exchange’s website 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 nine months ended 31 December 2018 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 nine months ended 31 December 2018 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, 1 February 2019

*As at the date of this announcement, the Board comprises Mr. Chan Lai Sin and Mr. Hung Lap Ka 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 Listed Company 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).*