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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)

**SUPPLEMENTAL ANNOUNCEMENT TO THE ANNUAL REPORT
FOR THE YEAR ENDED 31 MARCH 2018 AND 31 MARCH 2019**

Reference is made to the annual reports of Lai Group Holding Company Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) which were dated 14 June 2018 and 24 June 2019 in relation to the annual report of the Group for the year ended 31 March 2018 (the “**2018 Annual Report**”) and 31 March 2019 (the “**2019 Annual Report**”). Unless otherwise defined, terms used herein shall bear the same meanings as those defined in the 2018 Annual Report and 2019 Annual Report.

Based on the prospectus of the Company dated 31 March 2017 (the “**Prospectus**”), the net proceeds from the share offer of the Group at the time of its listing on 12 April 2017 (the “**Listing Date**”) was approximately HK\$34,800,000. Reference is made to the paragraphs headed “Use of Net Proceeds from Listing” of the 2018 Annual Report and 2019 Annual Report on the detailed usage of the aforesaid HK\$34,800,000. The board (the “**Board**”) of directors (the “**Directors**”) of the Company would like to provide additional information, including the timing of any unutilised portion, in the 2018 Annual Report and 2019 Annual Report as follows:

2018 Annual Report-Use of net proceeds from Listing

The below table sets out the proposed applications of the net proceeds from the Listing Date to 31 March 2018:

	Planned use of proceeds from the Listing Date to 31 March 2018	Actual use of proceeds from the Listing Date to 31 March 2018	Unutilised use of proceeds as at 31 March 2018
	<i>HK\$' million</i>	<i>HK\$' million</i>	<i>HK\$' million</i>
Expansion of market coverage in Hong Kong	7.7	–	7.7
Strengthen sales and marketing efforts	1.8	1.8	–
Recruiting high caliber talent and enhance internal training to support future growth	1.5	1.4	0.1
Upgrading information systems	0.5	–	0.5
Development of fleet of vehicles	1.0	0.5	0.5
General working capital	0.7	0.7	–
	<hr/>	<hr/>	<hr/>
Total	13.2	4.4	8.8
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

The unutilised portion of approximately HK\$8.8 million were expected to be utilised during the financial year ending 31 March 2019.

As for the expansion of market coverage in Hong Kong, the Board took a cautious approach by scouting for a property that is worth its value and would also withstand any downturn in the property market to ensure shareholders' value are adequately protected in view of the continuous rise in prices of properties in Hong Kong. The Company hoped it will locate a reasonably priced property over the next 12 months that will suit its business needs.

During the financial year ended 31 March 2018, the Company was still in discussion with various information system vendor on the various scopes of information system upgrade that could fit the needs of the Company in considering the information system upgrade.

2019 Annual Report-Use of net proceeds from Listing

The below table sets out the proposed applications of the net proceeds for the year ended 31 March 2019:

	Planned use of proceeds for the year ended 31 March 2019	Actual use of proceeds for the year ended 31 March 2019	Unutilised use of proceeds for the year ended 31 March 2019	Total unutilised use of proceeds from the Listing Date to 31 March 2019
	<i>HK\$' million</i>	<i>HK\$' million</i>	<i>HK\$' million</i>	<i>HK\$' million</i>
Expansion of market coverage in Hong Kong	1.8	-	1.8	9.5
Strengthen sales and marketing efforts	1.5	1.5	-	-
Recruiting high caliber talent and enhance internal training to support future growth	1.8	1.8	-	0.1
Upgrading information systems	1.1	-	1.1	1.6
Development of fleet of vehicles	1.1	0.8	0.3	0.8
General working capital	0.7	0.7	-	-
Total	8.0	4.8	3.2	12.0

For the expansion of market coverage in Hong Kong, the Company has yet to identify a suitable location that is worth acquiring in light of the continuously high property prices and potential downturn risk. Compounding the risky situation is the trade war between the United States of America and China that has created even more market uncertainties. In any event, the Company is still on the lookout for a suitable location to purchase over the next 12 months and hopefully could utilised the remaining proceeds of approximately HK\$9.5 million to acquire a location during the financial year ending 31 March 2020.

For the upgrading information systems, the existence of unutilised use of proceeds of approximately HK\$1.6 million from the Listing Date to 31 March 2019 was due to the information systems vendors are unable to provide a satisfactory proposal to the needs of the Company. As such, the Company is now considering alternative vendors and/or proposals to meet the information system needs of the Company. Therefore, the Company expects to utilise this unused portion of the proceeds during the year ending 31 March 2020 to meet their goals of an upgraded information system.

As at 31 March 2019, the unutilised use of proceeds of approximately HK\$12.0 million has been placed as deposits into licensed banks in Hong Kong and will be expected to be used according to the intentions previously disclosed in the Prospectus. Such amounts are expected to be fully utilised by 31 March 2020.

The supplementary information provided in this announcement does not affect other information contained in the 2018 Annual Report and the 2019 Annual Report and, save as disclosed above, the contents of the 2018 Annual Report and the 2019 Annual Report remain unchanged.

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

Hong Kong, 28 June 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, for which the Directors of the Company 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 of Hong Kong Limited for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

This announcement will remain on the website of The Stock Exchange of Hong Kong Limited at 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.