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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)**

**ANNUAL RESULTS ANNOUNCEMENT  
FOR THE YEAR ENDED 31 MARCH 2021**

**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 in this announcement misleading.*

## FINAL RESULTS

The board of Directors (the “**Board**”) of the Company announces the consolidated results of the Group for the year ended 31 March 2021, together with the comparative figures for the year ended 31 March 2020. The financial information has been approved by the Board.

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

*For the year ended 31 March 2021*

	<i>Note</i>	<b>2021</b> <b>HK\$'000</b>	2020 HK\$'000
Revenue	3	<b>140,615</b>	108,659
Direct costs		<u>(111,173)</u>	<u>(80,691)</u>
Gross profit		<b>29,442</b>	27,968
Other income, other gains and losses, net	4	<b>1,808</b>	460
Administrative and other operating expenses		<u>(32,098)</u>	<u>(32,008)</u>
Operating loss	5	<b>(848)</b>	(3,580)
Finance costs	6	<u>(154)</u>	<u>(185)</u>
Loss before income tax		<b>(1,002)</b>	(3,765)
Income tax expense	7	<u>(334)</u>	<u>(56)</u>
<b>Loss for the year</b>		<b><u>(1,336)</u></b>	<b><u>(3,821)</u></b>
<b>Other comprehensive expense</b>			
<b><i>Item that may be reclassified subsequently to profit or loss:</i></b>			
Exchange differences arising on translation of foreign operations		<u>(2)</u>	<u>–</u>
<b>Other comprehensive expense for the year, net of income tax</b>		<u>(2)</u>	<u>–</u>
<b>Total comprehensive expense for the year</b>		<b><u>(1,338)</u></b>	<b><u>(3,821)</u></b>
<b>Loss for the year attributable to:</b>			
Owners of the Company		<b>(1,450)</b>	(3,747)
Non-controlling interests		<u>114</u>	<u>(74)</u>
		<b><u>(1,336)</u></b>	<b><u>(3,821)</u></b>

		2021	2020
	<i>Note</i>	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
<b>Total comprehensive expense for the year attributable to:</b>			
Owners of the Company		(1,452)	(3,747)
Non-controlling interests		<u>114</u>	<u>(74)</u>
		<b><u>(1,338)</u></b>	<b><u>(3,821)</u></b>
<b>Loss per share attributable to owners of the Company</b>			
– Basic and diluted loss per share (HK cent)	8	<b><u>(0.18)</u></b>	<b><u>(0.47)</u></b>

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2021

	<i>Note</i>	<b>2021</b> <b>HK\$'000</b>	2020 HK\$'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment		<b>9,925</b>	10,644
Right-of-use assets		<b>1,431</b>	2,083
Deferred tax assets		<b>259</b>	142
		<b>11,615</b>	12,869
<b>Current assets</b>			
Contract assets		<b>2,428</b>	431
Trade and other receivables	10	<b>2,628</b>	8,553
Amounts due from related companies		<b>24</b>	20
Current income tax recoverable		<b>48</b>	2,185
Cash and bank balances		<b>58,909</b>	41,738
		<b>64,037</b>	52,927
<b>Total assets</b>		<b>75,652</b>	65,796
<b>EQUITY</b>			
<b>Capital and reserves</b>			
Share capital		<b>8,000</b>	8,000
Reserves		<b>34,107</b>	35,559
Equity attributable to:			
Owners of the Company		<b>42,107</b>	43,559
Non-controlling interests		<b>761</b>	647
<b>Total equity</b>		<b>42,868</b>	44,206

		2021	2020
	<i>Note</i>	<b><i>HK\$'000</i></b>	<b><i>HK\$'000</i></b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Contract liabilities		<b>12,842</b>	13,060
Trade and other payables	<i>11</i>	<b>13,090</b>	5,636
Amount due to a related company		–	8
Amount due to a director		<b>80</b>	119
Provision for warranties		<b>1,362</b>	611
Bank borrowing		<b>1,144</b>	–
Lease liabilities		<b>731</b>	1,452
		<b>29,249</b>	20,886
<b>Non-current liabilities</b>			
Bank borrowing		<b>2,856</b>	–
Lease liabilities		<b>598</b>	580
Deferred tax liabilities		<b>81</b>	124
		<b>3,535</b>	704
<b>Total liabilities</b>		<b>32,784</b>	21,590
<b>Total equity and liabilities</b>		<b>75,652</b>	65,796
<b>Net current assets</b>		<b>34,788</b>	32,041
<b>Total assets less current liabilities</b>		<b>46,403</b>	44,910

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 1. GENERAL INFORMATION AND BASIS OF PRESENTATION

The Company is a public exempted company with limited liability incorporated in Cayman Islands and its shares are listed on the GEM of the Stock Exchange. Its parent and ultimate holding company is Chun Wah Limited (“**Chun Wah**”), a company incorporated in the Republic of Seychelles. Its ultimate controlling party is Mr. Chan Lai Sin (“**Mr. Chan**”), who is also the chairman and executive director of the Company. The address of the registered office is Windward 3, Regatta Office Park, PO Box 1350, 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 shares of the Company have been listed on the GEM of the Stock Exchange with effect from 12 April 2017.

The Company is an investment holding company. The principal activities of the Group are provision of interior design and fit-out services in Hong Kong.

The consolidated financial statements are presented in Hong Kong dollars (“**HK\$**”), which is also the functional currency of the Company.

## 2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“**HKFRSs**”)

### *Amendments to HKFRSs that are mandatorily effective for the current year*

In the current year, the Group has applied the *Amendments to References to the Conceptual Framework in HKFRS Standards* and the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) for the first time, which are mandatorily effective for the annual period beginning on or after 1 April 2020 for the preparation of the consolidated financial statements:

Amendments to HKAS 1 and HKAS 8	Definition of Material
Amendments to HKFRS 3	Definition of a Business
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform

The application of the *Amendments to References to the Conceptual Framework in HKFRS Standards* and the amendments to HKFRSs in the current year had no material impact on the Group’s financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

***New and amendments to HKFRSs in issue but not yet effective***

The Group has not early applied the following new and amendments to HKFRSs that have been issued but are not yet effective:

HKFRS 17	Insurance Contracts and the related Amendments <sup>1</sup>
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) <sup>1</sup>
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies <sup>1</sup>
Amendments to HKAS 8	Definition of Accounting Estimates <sup>1</sup>
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction <sup>1</sup>
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use <sup>2</sup>
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract <sup>2</sup>
Amendment to HKFRS 16	Covid-19-Related Rent Concessions <sup>4</sup>
Amendment to HKFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021 <sup>6</sup>
Amendments to HKFRS 3	Reference to the Conceptual Framework <sup>2</sup>
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2 <sup>5</sup>
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>3</sup>
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018-2020 <sup>2</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2023.

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2022.

<sup>3</sup> Effective for annual periods beginning on or after a date to be determined.

<sup>4</sup> Effective for annual periods beginning on or after 1 June 2020.

<sup>5</sup> Effective for annual periods beginning on or after 1 January 2021.

<sup>6</sup> Effective for annual periods beginning on or after 1 April 2021.

Except for the new and amendments to HKFRSs mentioned below, the directors of the Company anticipate that the application of all other new and amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

**Amendments to HKAS 1 *Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)***

The amendments provide clarification and additional guidance on the assessment of right to defer settlement for at least twelve months from reporting date for classification of liabilities as current or non-current, which:

- specify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period. Specifically, the amendments clarify that:
  - (i) the classification should not be affected by management intentions or expectations to settle the liability within 12 months; and
  - (ii) if the right is conditional on the compliance with covenants, the right exists if the conditions are met at the end of the reporting period, even if the lender does not test compliance until a later date; and
- clarify that if a liability has terms that could, at the option of the counterparty, result in its settlement by the transfer of the entity's own equity instruments, these terms do not affect its classification as current or non-current only if the entity recognises the option separately as an equity instrument applying HKAS 32 *Financial Instruments: Presentation*.

In addition, Hong Kong Interpretation 5 was revised as a consequence of the Amendments to HKAS 1 to align the corresponding wordings with no change in conclusion.

Based on the Group's outstanding liabilities as at 31 March 2021, the application of the amendments will not result in reclassification of the Group's liabilities.

**3. REVENUE AND SEGMENT INFORMATION**

Revenue recognised during the reporting period are as follows:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Residential interior design and fit-out services	137,100	105,744
Commercial interior design and fit-out services	3,515	2,915
	<u>140,615</u>	<u>108,659</u>



## Disaggregation of revenue from contracts with customers

	2021 HK\$'000	2020 HK\$'000
<b>Timing of revenue recognition</b>		
Over-time	<u>140,615</u>	<u>108,659</u>
<b>Types of goods and services</b>		
Interior design and fit-out services	<u>140,615</u>	<u>108,659</u>

## Performance obligations for contracts with customers

The Group provides interior design and fit-out services to customers. Such services are recognised as a performance obligation satisfied over time as the Group creates or enhances an asset that the customer controls as the asset is created or enhanced. Revenue for these works is therefore recognised over time using input method. The Directors consider that input method would faithfully depict the Group's performance towards complete satisfaction of these performance obligations in these contracts under HKFRS 15.

The chief operating decision maker has been identified as the Board. The Board regards the Group's business as a single operating segment. The information provided to the chief operating decision maker is the same as those described in these consolidated financial statements. Also, the Group only engages its business in Hong Kong. Therefore, no segment information is presented.

No geographical analysis is shown as less than 10% of the Group's revenue, operating loss and assets were derived from activities outside Hong Kong.

As no revenue derived from sales to a single customer of the Group has individually accounted for over 10% of the Group's total revenue during the year ended 31 March 2021 (2020: Nil), no information about major customers is presented.

All of the transaction prices allocated to the remaining performance obligations for interior design and fit-out services are expected to be recognised within one year.

#### 4. OTHER INCOME, OTHER GAINS AND LOSSES, NET

	2021 HK\$'000	2020 HK\$'000
<b>Other income</b>		
Interest income	89	118
Government grants ( <i>Note</i> )	1,802	–
Others	7	217
	<u>1,898</u>	<u>335</u>
<b>Other gains and losses, net</b>		
(Loss)/gain on disposal of property, plant and equipment	(119)	125
Gain on early termination of leases	21	–
Others	8	–
	<u>(90)</u>	<u>125</u>
	<u><u>1,808</u></u>	<u><u>460</u></u>

*Note:* During the year ended 31 March 2021, the Group recognised government grants of approximately HK\$1,802,000 in respect of Covid-19 related subsidies related to Employment Support Scheme and one-off subsidy provided by the Hong Kong government.

#### 5. OPERATING LOSS

	2021 HK\$'000	2020 HK\$'000
Operating loss has been arrived at after charging:		
Employee benefits expenses		
Salaries and other benefits in kind	15,390	15,037
Contributions to retirement benefit scheme	522	503
	<u>15,912</u>	<u>15,540</u>
Total employee benefits expenses, including directors' emoluments ( <i>Note</i> )	<u><u>15,912</u></u>	<u><u>15,540</u></u>
Auditors' remuneration	480	480
Depreciation of property, plant and equipment	749	858
Depreciation of right-of-use assets	1,662	2,294
Warranty expenses	1,104	11
Lease payments relating to short-term leases in respect of:		
– premises	1,057	1,423
Lease payments relating to leases of low-value assets, excluding short-term leases of low-value assets:		
– office equipment	12	6
	<u><u>12</u></u>	<u><u>6</u></u>

*Note:* During the year ended 31 March 2021, employee benefits expenses of approximately HK\$6,818,000 (2020: HK\$6,613,000) was included in direct costs and approximately HK\$9,094,000 (2020: HK\$8,927,000) was included in administrative and other operating expenses.

## 6. FINANCE COSTS

	2021 HK\$'000	2020 HK\$'000
Interest on bank borrowing	63	—
Interest on lease liabilities	91	185
	<u>154</u>	<u>185</u>

## 7. INCOME TAX EXPENSE

	2021 HK\$'000	2020 HK\$'000
<b>Current income tax</b>		
Hong Kong Profits Tax	—	—
Adjustment in respect of prior years	494	(3)
	<u>494</u>	<u>(3)</u>
Total current income tax	494	(3)
Deferred income tax	(160)	59
	<u>334</u>	<u>56</u>

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. Under the two-tiered profits tax rates regime, the first HK\$2,000,000 of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK\$2,000,000 will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

Accordingly, the Hong Kong Profits Tax for one of the subsidiaries of the Company is calculated at 8.25% on the first HK\$2,000,000 of the estimated assessable profits and at 16.5% on the estimated assessable profits above HK\$2,000,000. Hong Kong Profits Tax for other subsidiaries is calculated at 16.5% on the estimated assessable profits arising in or derived from Hong Kong for the years ended 31 March 2021 and 2020.

## 8. LOSS PER SHARE

The calculation of the basic and diluted loss per share attributable to the owners of the Company is based on the following data:

### Loss

	2021 HK\$'000	2020 HK\$'000
Loss for the year attributable to owners of the Company	<u>(1,450)</u>	<u>(3,747)</u>

### Number of shares

	2021 '000	2020 '000
Weighted average number of ordinary shares for the purpose of basic loss per share	<u>800,000</u>	<u>800,000</u>

The weighted average number of ordinary shares for the years ended 31 March 2021 and 2020 were derived from 800,000,000 ordinary shares in issue by the Company.

No diluted loss per share for the years ended 31 March 2021 and 2020 were presented as there were no potential ordinary shares in issue for the years ended 31 March 2021 and 2020.

## 9. DIVIDENDS

No dividend was paid or proposed for ordinary shareholders of the Company during the year ended 31 March 2021 (2020: Nil), nor has any dividend been proposed since the end of the reporting period.

## 10. TRADE AND OTHER RECEIVABLES

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Trade receivables	219	548
Less: allowance for credit losses	(79)	(118)
	<u>140</u>	<u>430</u>
Other receivables, deposits and prepayments	2,488	8,250
Less: allowance for credit losses	–	(127)
	<u>2,488</u>	<u>8,123</u>
Total trade and other receivables	<u><u>2,628</u></u>	<u><u>8,553</u></u>

*Notes:*

- (a) No credit period was granted to customers (2020: Nil) generally. Trade receivables are denominated in HK\$.
- (b) The following is an aged analysis of trade receivables presented based on the invoice dates.

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
0-30 days	112	20
31-60 days	–	405
61-90 days	–	7
Over 90 days	<u>107</u>	<u>116</u>
	<u><u>219</u></u>	<u><u>548</u></u>

- (c) The Group does not hold any collateral as security.

## 11. TRADE AND OTHER PAYABLES

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Trade payables	10,254	3,674
Other payables and accruals	<u>2,836</u>	<u>1,962</u>
	<u><b>13,090</b></u>	<u><b>5,636</b></u>

### *Notes:*

- (a) Payment terms granted by suppliers and subcontractors are generally 30 days (2020: 30 days) from the invoice date of the relevant purchases and services provided.

The following is an aged analysis of trade payables presented based on the invoice date.

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
0-30 days	2,188	1,551
31-60 days	1,040	–
61-90 days	1,739	142
Over 90 days	<u>5,287</u>	<u>1,981</u>
	<u><b>10,254</b></u>	<u><b>3,674</b></u>

- (b) Trade and other payables are mainly denominated in HK\$.

## **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 including interior design provided by the Group's in-house design team, providing 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\$140.6 million and HK\$108.7 million, of which approximately HK\$137.1 million and HK\$105.7 million, representing 97.5% and 97.3% of the Group's total revenue, were generated from residential interior design and fit-out services for the years ended 31 March 2021 and 2020, respectively. Approximately HK\$3.5 million and HK\$2.9 million, representing 2.5% and 2.7% of the Group's total revenue, were generated from commercial interior design and fit-out services for the years ended 31 March 2021 and 2020, respectively.

For the year ended 31 March 2021, the Group recorded a net loss of approximately HK\$1.3 million as compared with approximately HK\$3.8 million for the same period in 2020. The Directors are of the view that the decrease in net loss was mainly attributable to the increase in revenue generated from both residential and commercial interior design and fit-out services and the government grants received in relation to the outbreak of COVID-19 pandemic.

### **OUTLOOK**

Despite the impact of COVID-19 pandemic, the Company is of the view that the property prices in Hong Kong will continue to rise in the future mainly because of buoyant housing demand, a chronic shortage of land and housing supply, as well as a consistently low interest rate environment nowadays. In the meantime, property developers in Hong Kong continue to build small residential units as they are more affordable to the public.

The Company is of the view that the high property prices 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 Company will continue to build upon its marketing and promotional strategy 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 the 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 of more branches to serve more potential customers in areas previously not covered by the Group.

Looking forward, it is expected that the current year is a challenging year under the outbreak of COVID-19 as it has already negatively affected and would continue to affect the economy of Hong Kong. Under the outbreak of COVID-19, many fitting-out works were forced to halt. This pandemic made workers at the same site or unit work separately to prevent from getting infected or spreading the virus, which in turn has slowed down the work progress. While the industry was hard hit by the outbreak of COVID-19, competitors have adopted a more competitive project pricing strategy and bear higher operating costs due to the project delays. In view of such poor business environment, the Board will remain cautious in expanding its business and will continue to control its operating costs, as well as monitoring the current market trend to anticipate any downturn or changes in the current property market trend.

## FINANCIAL REVIEW

### Revenue

The Group's revenue is primarily generated from the 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. During the reporting year, the Group's revenue increased by approximately 29.3% to approximately HK\$140.6 million (2020: HK\$108.7 million). Such increase was mainly due to the increase in revenue generated from both residential and commercial interior design and fit-out services.

Revenue by business nature	For the year ended 31 March			
	2021		2020	
	HK\$'000	%	HK\$'000	%
Residential interior design and fit-out services	137,100	97.5	105,744	97.3
Commercial interior design and fit-out services	3,515	2.5	2,915	2.7
Total	<u>140,615</u>	<u>100.0</u>	<u>108,659</u>	<u>100.0</u>

### Direct costs

The Group's direct costs consist primarily of (i) materials; (ii) subcontracting charges; (iii) staff costs; and (iv) warranty expenses. The table below sets forth a breakdown of components of direct costs for the years ended 31 March 2021 and 2020:

Components of direct costs	For the year ended 31 March			
	2021		2020	
	HK\$'000	%	HK\$'000	%
Materials	17,667	15.9	17,843	22.1
Subcontracting charges	85,584	77.0	56,224	69.7
Staff costs	6,818	6.1	6,613	8.2
Warranty expenses	1,104	1.0	11	—
Total	<u>111,173</u>	<u>100.0</u>	<u>80,691</u>	<u>100.0</u>

The Group's direct costs increased by approximately 37.8% from approximately HK\$80.7 million for the year ended 31 March 2020 to HK\$111.2 million for the year ended 31 March 2021. Such increase was mainly due to the increase in subcontracting charges during current year.

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

Gross profit represents revenue less direct costs. The Group's gross profit increased by approximately HK\$1.4 million, or 5.0%, from approximately HK\$28.0 million for the year ended 31 March 2020 to approximately HK\$29.4 million for the year ended 31 March 2021. The Group's gross profit margin was approximately 20.9% for the year ended 31 March 2021, representing a decrease of approximately 4.8 percentage points as compared to approximately 25.7% for the year ended 31 March 2020. The increase in gross profit was mainly due to the increase in revenue as mentioned above. The decrease in gross profit margin was mainly due to the increase in direct costs as mentioned above.

### **Other income, other gains and losses, net**

Other income, other gains and losses, net mainly comprised of interest income, government grants, loss/gain on disposal of property, plant and equipment, gain on termination of leases and other miscellaneous income. Other income, other gains and losses, net increased from approximately HK\$0.5 million for the year ended 31 March 2020 to approximately HK\$1.8 million for the year ended 31 March 2021. Such increase was primarily resulted from the government grants received by the Group in relation to the outbreak of COVID-19 of approximately HK\$1.8 million.

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

The Group's administrative and other operating expenses for the year ended 31 March 2021 were approximately HK\$32.1 million, representing an increase of approximately 0.3% from approximately HK\$32.0 million for the year ended 31 March 2020. The administrative and other operating expenses remained relatively stable for both years.

### **Finance costs**

Finance costs of the Group decreased by approximately 16.8% from approximately HK\$185,000 for the year ended 31 March 2020 to approximately HK\$154,000 for the year ended 31 March 2021. The decrease in finance costs was mainly attributable to the decrease in interest on lease liabilities for the year ended 31 March 2021.

### **Income tax expense**

The Group's income tax expense for the year ended 31 March 2021 was approximately HK\$334,000, representing an increase of approximately 496.4% from approximately HK\$56,000 for the year ended 31 March 2020. The increase was mainly due to adjustment of current income tax in respect of prior years.



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

Loss attributable to owners of the Company for the year ended 31 March 2021 amounted to approximately HK\$1.5 million, representing a decrease in loss as compared with approximately HK\$3.7 million for the year ended 31 March 2020. It was mainly due to the increase in revenue as mentioned above and the government grants received in relation to the outbreak of COVID-19 pandemic.

## **BUSINESS OBJECTIVES AND STRATEGIES**

The Group will endeavor to achieve the following business objectives:

### **Business strategy as stated in the Prospectus**

#### **Expansion of market coverage in Hong Kong**

- To acquire a new office in Tsuen Wan through mortgages, financing and the related fees due to the acquisition of the new office, fit-out and refurbishment costs and fit out new offices due to relocation and refurbish office design
- To acquire a new office in Quarry Bay through mortgage financing to serve customers of Hong Kong Eastern area and the related fees due to the acquisition of the new office, and the new office fit-out and refurbishment costs

### **Progress up to 31 March 2021**

In view of the market uncertainties arising from the outbreak of COVID-19 and the rising property prices, the Board decided to take a cautious approach towards the acquisition of property by trying to locate a property at a reasonable price that is suitable for the operation of the Group's business. Therefore, the Board has entered into a lease to serve as its Tsuen Wan branch upon the expiration of tenancy of the existing Tsuen Wan branch until a suitable property is located

In view of the market uncertainties arising from the outbreak of COVID-19 and the rising property prices, the Board decided to take a cautious approach towards the acquisition of property by trying to locate a property at a reasonable price that is suitable for the operation of the Group's business

## **Business strategy as stated in the Prospectus**

## **Progress up to 31 March 2021**

### **Strengthen sales and marketing efforts**

- To increase advertising frequency on traditional media such as weekly magazine and billboards
- To increase online advertisement
- To engage a celebrity to market and endorse the services of the Company

The Group has found suitable media channels for engaging in an informative advertising campaign

The Group has increased the frequency of online advertisement during the period

The Group has engaged a celebrity as the spokesperson of the Company

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

- To hire additional employees and talents
- To organise internal training and seminar
- To offer incentive bonus to employees

The Group has hired additional project supervisors, draftsman and designer assistants to facilitate the business development

The Group has provided internal training to existing and new hiring staff

Portion of proceeds were used for hiring additional employees and talents

### **Upgrade the information systems**

- To pay the final stage payment for software development and upgrade office systems and design softwares

The Group is in the progress of developing online tracking system to monitor the project status

### **Development of fleet of vehicles**

- To purchase a vehicles and pay the related fees due to the purchase of the vehicles

The Group has purchased three vehicles and paid the relevant fees

## **USE OF NET PROCEEDS FROM LISTING**

The net proceeds from the issue of new shares of the Company at the time of its listing on 12 April 2017 (the “**Listing Date**”) through the share offer of 200,000,000 shares of HK\$0.01 each in the share capital of the Company 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 31 March 2021:

	<b>Planned use of proceeds from Listing Date to 31 March 2021 <i>HK\$ million</i></b>	<b>Actual use of proceeds from Listing Date to 31 March 2021 <i>HK\$ million</i></b>	<b>Unutilised proceeds from Listing Date to 31 March 2021 <i>HK\$ million</i></b>
Expansion of market coverage in Hong Kong	19.8	–	19.8
Strengthen sales and marketing efforts	4.0	4.0	–
Recruiting high caliber talent and enhance internal training to support future growth	4.7	4.7	–
Upgrading information systems	1.9	0.6	1.3
Development of fleet of vehicles	2.6	1.9	0.7
General working capital	1.8	1.8	–
<b>Total</b>	<b>34.8</b>	<b>13.0</b>	<b>21.8</b>

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. The outbreak of COVID-19 has created even more market uncertainties. In any event, the Company is still on the lookout for suitable locations to purchase over the next 12 months and hopefully could utilise the remaining proceeds of approximately HK\$19.8 million to acquire locations during the financial year ending 31 March 2022.

For upgrading information systems, the Company has identified a suitable information system vendor and is currently in the progress of developing online system for project management. Therefore, the Company expects to utilise this unused portion of the proceeds of approximately HK\$1.3 million during the year ending 31 March 2022 to upgrade the information system.

As at 31 March 2021, the unutilised proceeds of approximately HK\$21.8 million have been placed as deposits into licensed banks in Hong Kong and are expected to be used according to the intentions previously disclosed in the prospectus of the Company dated 31 March 2017 (the “**Prospectus**”). Such amounts are expected to be fully utilised by 31 March 2022.

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 Company's shares were successfully listed on GEM on the Listing Date. There has been no change in the capital structure of the Group since then. The capital of the Group only comprises of ordinary shares.

## **LIQUIDITY AND FINANCIAL RESOURCES**

The Group has funded the liquidity and capital requirements principally from cash generated from operations and bank loan.

As at 31 March 2021, the Group had total debts, comprising bank borrowing and lease liabilities, of approximately HK\$5.3 million which was denominated in Hong Kong Dollars (2020: approximately HK\$2.0 million). The Group's finance lease obligations were for the acquisition of motor vehicles to support its operations.

As at 31 March 2021, the Group had approximately HK\$58.9 million in cash and bank balance (2020: approximately HK\$41.7 million). The Directors believe that the Group is in a healthy financial position to expand its core business and to achieve its business objectives.

## **GEARING RATIO**

As at 31 March 2021, the gearing ratio of the Group was approximately 12.4% (2020: approximately 4.6%). Gearing ratio is calculated as total interest-bearing liabilities and lease liabilities divided by total capital. Total interest-bearing liabilities is calculated as bank borrowing. Total capital is calculated as total equity as shown in the consolidated statement of financial position.

## **CHARGE ON GROUP ASSETS**

As at 31 March 2021, the Group has pledged its motor vehicle with carrying amount amounted to approximately HK\$0.4 million (2020: approximately HK\$0.7 million), under finance lease agreement.

## **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 affiliated companies by the Company during the year ended 31 March 2021. There was no other plan for material investments or capital assets as at 31 March 2021.

## **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 POLICIES**

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 31 March 2021 (2020: Nil).

## **COMMITMENTS**

The Group did not have any material capital commitment as at 31 March 2021 (2020: Nil).

## **SEGMENT INFORMATION**

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

## **FINAL DIVIDENDS**

The Directors do not recommend the payment of final dividend for the year ended 31 March 2021 (2020: Nil).

## **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 year ended 31 March 2021.

## INFORMATION ON EMPLOYEES

As at 31 March 2021, the Group had 41 employees working in Hong Kong (2020: 38). 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 year ended 31 March 2021 amounted to approximately HK\$15.9 million (2020: approximately HK\$15.5 million).

## CORPORATE GOVERNANCE PRACTICES

The Group is committed to achieving and maintaining high standards of corporate governance, as the 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 and Corporate Governance Report (the “**CG Code**”) as set out in Appendix 15 to the GEM Listing Rules. In the opinion of the Board, the Company has complied with the CG Code since Listing Date and up to the date of this announcement.

## DIRECTORS’ SECURITIES TRANSACTIONS

The Company adopted the required standard of dealings set out in rules 5.48 to 5.68 of the GEM Listing Rules as the code of conduct regarding Directors’ securities transactions in securities of the Company (the “**Code of Conduct**”). 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 throughout the year.

## AUDIT COMMITTEE

The audit committee of the Company (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 included 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 website of the Stock Exchange and on the Company’s website.

The primary duties of the Audit Committee are 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 Audit Committee has reviewed the accounting principles and practices adopted by the Group and the consolidated financial statements for the year ended 31 March 2021.

## **REVIEW OF THIS FINAL RESULTS ANNOUNCEMENT**

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income, and the related notes thereto for the year ended 31 March 2021 as set out in the preliminary announcement have been agreed by the Group's auditors, HLB Hodgson Impey Cheng Limited, to the amounts set out in the Group's draft consolidated financial statements for the year ended 31 March 2021. The work performed by HLB Hodgson Impey Cheng Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by HLB Hodgson Impey Cheng Limited on this preliminary announcement.

The Group's annual results for the year ended 31 March 2021 has been reviewed by the Audit Committee.

## **EVENTS AFTER THE REPORTING PERIOD**

Save as disclosed in this announcement, there is no other important event affecting the Group since 31 March 2021 and up to the date of this announcement.

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

Hong Kong, 23 June 2021

*As at the date of this announcement, the Board comprises Mr. Chan Lai Sin and Ms. Wan Pui Chi 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).*