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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 2022**

**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 2022, together with the comparative figures for the year ended 31 March 2021. 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 2022*

	<i>Notes</i>	<b>2022</b> <b>HK\$'000</b>	2021 <i>HK\$'000</i>
Revenue	3	<b>138,327</b>	140,615
Direct costs		<u><b>(108,122)</b></u>	<u>(111,173)</u>
Gross profit		<b>30,205</b>	29,442
Other income, other gains and losses, net	4	<b>1,304</b>	1,808
Administrative and other operating expenses		<u><b>(34,855)</b></u>	<u>(32,098)</u>
Operating loss	5	<b>(3,346)</b>	(848)
Finance costs	6	<u><b>(204)</b></u>	<u>(154)</u>
Loss before income tax		<b>(3,550)</b>	(1,002)
Income tax expense	7	<u><b>(63)</b></u>	<u>(334)</u>
<b>Loss for the year</b>		<u><b>(3,613)</b></u>	<u>(1,336)</u>
<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><b>(3)</b></u>	<u>(2)</u>
<b>Other comprehensive expense for the year, net of income tax</b>		<u><b>(3)</b></u>	<u>(2)</u>
<b>Total comprehensive expense for the year</b>		<u><b>(3,616)</b></u>	<u>(1,338)</u>
<b>Loss for the year attributable to:</b>			
Owners of the Company		<b>(3,572)</b>	(1,450)
Non-controlling interests		<u><b>(41)</b></u>	<u>114</u>
		<u><b>(3,613)</b></u>	<u>(1,336)</u>

	<i>Notes</i>	<b>2022</b> <b><i>HK\$'000</i></b>	2021 <i>HK\$'000</i>
<b>Total comprehensive expense for the year attributable to:</b>			
Owners of the Company		<b>(3,575)</b>	(1,452)
Non-controlling interests		<b>(41)</b>	114
		<u><b>(3,616)</b></u>	<u>(1,338)</u>
<b>Loss per share</b>			
	<i>8</i>		
– Basic (HK cents)		<b>(0.45)</b>	(0.18)
– Diluted		<b>N/A</b>	N/A
		<u><b>N/A</b></u>	<u>N/A</u>

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2022

	<i>Notes</i>	<b>2022</b> <b>HK\$'000</b>	2021 HK\$'000
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		9,807	9,925
Right-of-use assets		2,248	1,431
Deferred tax assets		155	259
		<u>12,210</u>	<u>11,615</u>
<b>CURRENT ASSETS</b>			
Contract assets		3,277	2,428
Trade and other receivables	10	1,557	2,628
Amounts due from related companies		25	24
Tax recoverable		56	48
Bank balances and cash		57,735	58,909
		<u>62,650</u>	<u>64,037</u>
<b>CURRENT LIABILITIES</b>			
Contract liabilities		12,251	12,842
Trade and other payables	11	17,898	13,090
Amount due to a director		58	80
Provision for warranties		881	1,362
Bank borrowing		2,856	4,000
Lease liabilities		1,850	731
		<u>35,794</u>	<u>32,105</u>
<b>NET CURRENT ASSETS</b>		<u>26,856</u>	<u>31,932</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>39,066</u>	<u>43,547</u>
<b>NON-CURRENT LIABILITIES</b>			
Lease liabilities		434	598
Deferred tax liabilities		30	81
		<u>464</u>	<u>679</u>
<b>NET ASSETS</b>		<u>38,602</u>	<u>42,868</u>

	<b>2022</b>	2021
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
<b>CAPITAL AND RESERVES</b>		
Share capital	<b>8,000</b>	8,000
Reserves	<b>30,602</b>	34,107
	<hr/>	<hr/>
Equity attributable to:		
Owners of the Company	<b>38,602</b>	42,107
Non-controlling interests	<b>–</b>	761
	<hr/>	<hr/>
<b>TOTAL EQUITY</b>	<b>38,602</b>	42,868
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# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 1. GENERAL INFORMATION

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, a company incorporated in the Republic of Seychelles. Its ultimate controlling party is Dr. Chan Lai Sin (“**Dr. Chan**”), who is also the chairman and executive Director. 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 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 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 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 periods beginning on or after 1 April 2021 for the preparation of the consolidated financial statements:

Amendment to <b>HKFRS</b> 16	COVID-19-Related Rent Concessions
Amendment to <b>HKFRS</b> 16	COVID-19-Related Rent Concessions beyond 30 June 2021
Amendments to <b>HKFRS</b> 9, Hong Kong Accounting Standards (“ <b>HKAS</b> ”) 39, <b>HKFRS</b> 7, <b>HKFRS</b> 4 and <b>HKFRS</b> 16	Interest Rate Benchmark Reform – Phase 2

In addition, the Group applied the agenda decision of the IFRS Interpretations Committee (the “**Committee**”) of the International Accounting Standards Board issued in June 2021 which clarified the costs an entity should include as “estimated costs necessary to make the sale” when determining the net realisable value of inventories.

The application of the amendments to **HKFRSs** in the current year has 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>2</sup>
Amendments to HKFRS 3	Reference to the Conceptual Framework <sup>1</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 HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) <sup>2</sup>
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies <sup>2</sup>
Amendments to HKAS 8	Definition of Accounting Estimates <sup>2</sup>
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction <sup>2</sup>
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use <sup>1</sup>
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract <sup>1</sup>
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018-2020 <sup>1</sup>

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

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2023.

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

Except for the new and amendments to HKFRSs mentioned below, the Directors 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 HKFRS 3 Reference to the Conceptual Framework***

The amendments:

- update a reference in HKFRS 3 *Business Combinations* so that it refers to the *Conceptual Framework for Financial Reporting 2018* issued in June 2018 (the “**Conceptual Framework**”) instead of *Framework for the Preparation and Presentation of Financial Statements* (replaced by the *Conceptual Framework for Financial Reporting 2010* issued in October 2010);
- add a requirement that, for transactions and other events within the scope of HKAS 37 *Provisions, Contingent Liabilities and Contingent Assets* or HK(IFRIC)-Int 21 *Levies*, an acquirer applies HKAS 37 or HK(IFRIC)-Int 21 instead of the Conceptual Framework to identify the liabilities it has assumed in a business combination; and
- add an explicit statement that an acquirer does not recognise contingent assets acquired in a business combination.

The application of the amendments is not expected to have significant impact on the financial position and performance of the Group.

## ***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 2022, the application of the amendments will not result in reclassification of the Group's liabilities.

## ***Amendments to HKAS 1 and HKFRS Practice Statement 2 Disclosure of Accounting Policies***

HKAS 1 is amended to replace all instances of the term "significant accounting policies" with "material accounting policy information". Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The amendments also clarify that accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material. If an entity chooses to disclose immaterial accounting policy information, such information must not obscure material accounting policy information.

HKFRS Practice Statement 2 *Making Materiality Judgements* (the "**Practice Statement**") is also amended to illustrate how an entity applies the "four-step materiality process" to accounting policy disclosures and to judge whether information about an accounting policy is material to its financial statements. Guidance and examples are added to the Practice Statement.

The application of the amendments is not expected to have significant impact on the financial position or performance of the Group but may affect the disclosures of the Group's significant accounting policies. The impacts of application, if any, will be disclosed in the Group's future consolidated financial statements.

### ***Amendments to HKAS 8 Definition of Accounting Estimates***

The amendments define accounting estimates as “monetary amounts in financial statements that are subject to measurement uncertainty”. An accounting policy may require items in financial statements to be measured in a way that involves measurement uncertainty – that is, the accounting policy may require such items to be measured at monetary amounts that cannot be observed directly and must instead be estimated. In such a case, an entity develops an accounting estimate to achieve the objective set out by the accounting policy. Developing accounting estimates involves the use of judgements or assumptions based on the latest available, reliable information.

In addition, the concept of changes in accounting estimates in HKAS 8 is retained with additional clarifications.

The application of the amendments is not expected to have significant impact on the Group’s consolidated financial statements.

### ***Amendments to HKAS 12 Deferred Tax related to Assets and Liabilities arising from a Single Transaction***

The amendments narrow the scope of the recognition exemption of deferred tax liabilities and deferred tax assets in paragraphs 15 and 24 of HKAS 12 *Income Taxes* so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies HKAS 12 requirements to the relevant assets and liabilities separately. Temporary differences on initial recognition of the relevant assets and liabilities are not recognised due to the application of the initial recognition exemption.

Upon the application of the amendments, the Group will recognise a deferred tax asset (to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised) and a deferred tax liability for all deductible and taxable temporary differences associated with the right-of-use assets and the lease liabilities.

The Group is still in the process of assessing the full impact of the application of the amendments. The cumulative effect of initially applying the amendments will be recognised as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of the earliest comparative period presented.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023, with early application permitted. As at 31 March 2022, the carrying amounts of right-of-use assets and lease liabilities which are subject to the amendments amounted to approximately HK\$2,248,000 and approximately HK\$2,284,000, respectively. The Group is still in the process of assessing the full impact of the application of the amendments.

## ***Amendments to HKFRSs Annual Improvements to HKFRSs 2018-2020***

The annual improvements make amendments to the following standards:

### ***HKFRS 9 Financial Instruments***

The amendment clarifies that for the purpose of assessing whether modification of terms of original financial liability constitutes substantial modification under the “10 per cent” test, a borrower includes only fees paid or received between the borrower and the lender, including fees paid or received by either the borrower or the lender on the other’s behalf.

### ***HKFRS 16 Leases***

The amendment to Illustrative Example 13 accompanying HKFRS 16 removes from the example the illustration of reimbursement relating to leasehold improvements by the lessor in order to remove any potential confusion.

### ***HKAS 41 Agriculture***

The amendment ensures consistency with the requirements in HKFRS 13 *Fair Value Measurement* by removing the requirement in paragraph 22 of HKAS 41 to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique.

The application of the amendments is not expected to have significant impact on the financial position and performance of the Group.

## **3. REVENUE AND SEGMENT INFORMATION**

### **(i) Disaggregation of revenue from contracts with customers**

	<b>2022</b>	2021
	<b><i>HK\$’000</i></b>	<i>HK\$’000</i>
<b>Types of goods and services:</b>		
Interior design and fit-out services		
Residential interior design and fit-out services	<b>135,298</b>	137,100
Commercial interior design and fit-out services	<b>3,029</b>	3,515
	<hr/>	<hr/>
Total	<b>138,327</b>	140,615
	<hr/> <hr/>	<hr/> <hr/>
<b>Timing of revenue recognition</b>		
Over-time	<b>138,327</b>	140,615
	<hr/> <hr/>	<hr/> <hr/>

### **(ii) 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 recognised based on the stage of completion of the contract using input method.

The Group's services contracts include payment schedules which require stage payments over the services period once certain specified milestones are reached. The Group typically requires customers to provide non-refundable upfront deposits range from 60% to 70% of total contract sum, when the Group receives a deposit before service commences, this will give rise to contract liabilities at the start of a contract, until the revenue recognised on the specific contract exceeds the amount of the deposit.

A contract asset, net of contract liability related to the same contract, is recognised over the period in which the services are performed representing the Group's right to consideration for the services performed because the rights are conditioned on the Group's future performance in achieving specified milestones. The Group typically bills the customers when the specified milestones are reached (i.e. when the rights become unconditional) and the contract assets will be transferred to trade receivables.

**(iii) Transaction price allocated to the remaining performance obligation for contracts with customers**

All contracts with customers are for periods of one year or less. As permitted under HKFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

Information reported to the Board, being the chief operating decision maker ("CODM"), for the purpose of resources allocation and assessment of segment performance focuses on types of goods or services delivered or provided. No operating segments identified by the CODM have been aggregated in arriving at the reportable segments of the Group.

Specifically, the Group's reportable and operating segment under HKFRS 8 *Operating Segments* is provision of interior design and fit-out services in Hong Kong.

Since this is the only reportable and operating segment of the Group, no further analysis thereof is presented. All the revenue of the Group are generated from provision of interior design and fit-out services for the years ended 31 March 2022 and 2021.

**Geographical information**

The Group's operation is located in Hong Kong. All the non-current assets of the Group are located in Hong Kong.

**Information about major customers**

For the years ended 31 March 2022 and 2021, as no revenue derived from an individual customer of the Group has accounted for over 10% of the Group's total revenues, no information about major customers is presented.

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

	<b>2022</b> <b>HK\$'000</b>	2021 HK\$'000
<b>Other income</b>		
Interest income	66	89
Government grants ( <i>Note</i> )	–	1,802
Referral income	992	–
Others	<u>6</u>	<u>7</u>
	<b>1,064</b>	1,898
<b>Other gains and losses, net</b>		
Loss on disposal of property, plant and equipment	–	(119)
Gain on early termination of leases	–	21
Insurance claims	230	–
Others	<u>10</u>	<u>8</u>
	<b>240</b>	(90)
	<b>1,304</b>	1,808

*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, which related to Employment Support Scheme provided by the Hong Kong government.

## 5. OPERATING LOSS

	<b>2022</b>	2021
	<b>HK\$'000</b>	HK\$'000
Operating loss has been arrived at after charging (crediting):		
Staff costs (including directors' emoluments)		
Salaries and other benefits in kind	<b>16,745</b>	15,390
Contributions to retirement benefit scheme	<b>482</b>	522
	<hr/>	<hr/>
Total staff costs ( <i>Note</i> )	<b>17,227</b>	15,912
	<hr/>	<hr/>
Auditors' remuneration	<b>550</b>	480
Cost of inventories recognised as an expense	<b>19,694</b>	17,667
Impairment loss recognised (reversed) under expected credit loss model on:		
– trade receivables	–	(39)
– other receivables	<b>3</b>	(127)
– contract assets	<b>(18)</b>	35
Depreciation of property, plant and equipment	<b>645</b>	749
Depreciation of right-of-use assets	<b>2,144</b>	1,662
	<hr/> <hr/>	<hr/> <hr/>

*Note:* Staff costs amounted to approximately HK\$7,012,000 (2021: approximately HK\$6,818,000) was included in direct costs and approximately HK\$10,215,000 (2021: approximately HK\$9,094,000) was included in administrative and other operating expenses.

## 6. FINANCE COSTS

	<b>2022</b>	2021
	<b>HK\$'000</b>	HK\$'000
Interest on bank borrowing	<b>102</b>	63
Interest on lease liabilities	<b>102</b>	91
	<hr/>	<hr/>
	<b>204</b>	154
	<hr/> <hr/>	<hr/> <hr/>

## 7. INCOME TAX EXPENSE

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Current tax:		
Hong Kong Profits Tax		
– Under-provision in prior years	<u>10</u>	<u>494</u>
Deferred tax	<u>53</u>	<u>(160)</u>
Income tax expense	<u><u>63</u></u>	<u><u>334</u></u>

Under the two-tiered profits tax rates regime of Hong Kong Profits Tax, 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 of the qualifying group entity 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.

Under the Law of the People's Republic of China on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% for both years.

Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

## 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

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Loss for the year attributable to owners of the Company	<u><u>(3,572)</u></u>	<u><u>(1,450)</u></u>

### Number of shares

	2022 <i>'000</i>	2021 <i>'000</i>
Weighted average number of ordinary shares for the purpose of basic loss per share	<u><u>800,000</u></u>	<u><u>800,000</u></u>

No diluted loss per share for the years ended 31 March 2022 and 2021 were presented as there were no potential ordinary shares in issue for the years ended 31 March 2022 and 2021.

## 9. DIVIDENDS

No dividend was paid or proposed for ordinary shareholders of the Company during the year ended 31 March 2022, nor has any dividend been proposed since the end of the reporting period (2021: Nil).

## 10. TRADE AND OTHER RECEIVABLES

	<b>2022</b> <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Trade receivables	256	219
Less: allowance for credit losses	<u>(79)</u>	<u>(79)</u>
	<u>177</u>	<u>140</u>
Other receivables, deposits and prepayments	1,383	2,488
Less: allowance for credit losses	<u>(3)</u>	<u>–</u>
	<u>1,380</u>	<u>2,488</u>
Total trade and other receivables	<u><b>1,557</b></u>	<u><b>2,628</b></u>

### Notes:

- (a) As at 1 April 2020, trade receivables from contracts with customers amounted to approximately HK\$430,000 (net of allowance for credit losses of approximately HK\$118,000).
- (b) The following is an aged analysis of trade receivables presented based on the invoice dates.

	<b>2022</b> <i>HK\$'000</i>	2021 <i>HK\$'000</i>
0-30 days	42	110
31-60 days	–	–
61-90 days	–	–
Over 90 days	<u>135</u>	<u>30</u>
	<u><b>177</b></u>	<u><b>140</b></u>

## 11. TRADE AND OTHER PAYABLES

	<b>2022</b> <b>HK\$'000</b>	2021 <i>HK\$'000</i>
Trade payables	<b>15,313</b>	10,254
Other payables and accruals	<b>2,585</b>	2,836
	<b>17,898</b>	13,090

### *Notes:*

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

	<b>2022</b> <b>HK\$'000</b>	2021 <i>HK\$'000</i>
0-30 days	<b>5,805</b>	2,188
31-60 days	<b>41</b>	1,040
61-90 days	<b>322</b>	1,739
Over 90 days	<b>9,145</b>	5,287
	<b>15,313</b>	10,254

(b) Payment terms granted by suppliers and subcontractors are generally 30 days (2021: 30 days) from the invoice date of the relevant purchases and services provided.

## **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\$138.3 million and approximately HK\$140.6 million, of which approximately HK\$135.3 million and approximately HK\$137.1 million, representing 97.8% and 97.5% of the Group's total revenue, were generated from residential interior design and fit-out services for the years ended 31 March 2022 and 2021, respectively. Approximately HK\$3.0 million and approximately HK\$3.5 million, representing approximately 2.2% and approximately 2.5% of the Group's total revenue, were generated from commercial interior design and fit-out services for the years ended 31 March 2022 and 2021, respectively.

For the year ended 31 March 2022, the Group recorded a net loss of approximately HK\$3.6 million as compared with approximately HK\$1.3 million for the same period in 2021. The Directors are of the view that the increase in net loss was primarily attributable to the decrease in revenue generated from interior design and fit-out services for the first quarter of 2022 mainly owing to the outbreak of the fifth wave of COVID-19 in Hong Kong and the increase in administrative staff costs.

### **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 remains challenging due to the outbreak of COVID-19 as it has 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 and as workers at the same site or unit were made to work separately to prevent infection from spreading, this in turn has also slowed down the work progress of our projects. While the industry was hard hit by the outbreak of COVID-19,

some 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.

## 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. For the year ended 31 March 2022, the Group's revenue decreased by approximately 1.6% to approximately HK\$138.3 million (2021: approximately HK\$140.6 million). Such decrease was mainly due to the decrease in revenue generated from both residential and commercial interior design and fit-out services for the first quarter of 2022 mainly owing to the outbreak of the fifth wave of COVID-19 in Hong Kong.

Revenue by business nature	For the year ended 31 March			
	2022		2021	
	HK\$'000	%	HK\$'000	%
Residential interior design and fit-out services	135,298	97.8	137,100	97.5
Commercial interior design and fit-out services	3,029	2.2	3,515	2.5
Total	<u>138,327</u>	<u>100.0</u>	<u>140,615</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 2022 and 2021:

Components of direct costs	For the year ended 31 March			
	2022		2021	
	HK\$'000	%	HK\$'000	%
Materials	19,694	18.2	17,667	15.9
Subcontracting charges	81,429	75.3	85,584	77.0
Staff costs	7,012	6.5	6,818	6.1
(Reversal of provision for warranties) warranty expenses	<u>(13)</u>	<u>0.0</u>	<u>1,104</u>	<u>1.0</u>
Total	<u>108,122</u>	<u>100.0</u>	<u>111,173</u>	<u>100.0</u>

The Group's direct costs decreased by approximately 2.7% from approximately HK\$111.2 million for the year ended 31 March 2021 to approximately HK\$108.1 million for the year ended 31 March 2022. Such decrease was mainly driven by the corresponding decrease in revenue.

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

Gross profit represents revenue less direct costs. The Group's gross profit increased by approximately HK\$0.8 million, or approximately 2.6%, from approximately HK\$29.4 million for the year ended 31 March 2021 to approximately HK\$30.2 million for the year ended 31 March 2022. The Group's gross profit margin was approximately 21.8% for the year ended 31 March 2022, representing an increase of approximately 0.9 percentage points as compared to approximately 20.9% for the year ended 31 March 2021. The increase in gross profit was mainly due to the decrease in direct costs as mentioned above. The increase in gross profit margin was mainly due to the higher profit margin contributed by recent commenced projects.

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

Other income, other gains and losses, net decreased from approximately HK\$1.8 million for the year ended 31 March 2021 to approximately HK\$1.3 million for the year ended 31 March 2022. Such decrease was primarily resulted from absence of the non-recurring government grants received by the Group in relation to the outbreak of COVID-19 of approximately HK\$1.8 million. Such decrease was partially offset by the referral income received by the Group of approximately 1.0 million for the year ended 31 March 2022.

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

The Group's administrative and other operating expenses for the year ended 31 March 2022 were approximately HK\$34.9 million, representing an increase of approximately 8.6% from approximately HK\$32.1 million for the year ended 31 March 2021. Such increase was mainly attributable to the increase in administrative staff costs.

### **Finance costs**

Finance costs of the Group increased by approximately 32.5% from approximately HK\$154,000 for the year ended 31 March 2021 to approximately HK\$204,000 for the year ended 31 March 2022. The increase in finance costs was mainly attributable to the increase in interest on bank borrowing for the year ended 31 March 2022.

### **Income tax expense**

The Group's income tax expense for the year ended 31 March 2022 was approximately HK\$63,000, representing a decrease of approximately 81.1% from approximately HK\$334,000 for the year ended 31 March 2021. The decrease was mainly due to the decrease in taxable profit for the year ended 31 March 2022.

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

As a result of the foregoing, the Group recorded a loss attributable to owners of the Company of approximately HK\$3.6 million and approximately HK\$1.5 million for the years ended 31 March 2022 and 2021, respectively.

## **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

#### **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

### **Progress up to 31 March 2022**

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.

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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

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

## **Progress up to 31 March 2022**

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

- To hire additional employees and talents

The Group has hired additional project supervisors, draftsman and 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

- To offer incentive bonus to employees

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 four 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 2022:

	<b>Planned use of proceeds from Listing Date to 31 March 2022</b> <i>HK\$ million</i>	<b>Actual use of proceeds from Listing Date to 31 March 2022</b> <i>HK\$ million</i>	<b>Unutilised proceeds from Listing Date to 31 March 2022</b> <i>HK\$ million</i>
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	1.2	0.7
Development of fleet of vehicles	2.6	2.6	–
General working capital	1.8	1.8	–
	<hr/>	<hr/>	<hr/>
Total	<u>34.8</u>	<u>14.3</u>	<u>20.5</u>

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 2023.

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\$0.7 million during the year ending 31 March 2023 to upgrade the information system.

As at 31 March 2022, the unutilised proceeds of approximately HK\$20.5 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 2023.

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 2022, the Group had total debts, comprising bank borrowing and lease liabilities, of approximately HK\$5.1 million which was denominated in Hong Kong Dollars (2021: approximately HK\$5.3 million). The Group's lease arrangement was for the acquisition of a motor vehicle to support its operations which has been completed during the year ended 31 March 2022.

As at 31 March 2022, the Group had approximately HK\$57.7 million in cash and bank balance (2021: approximately HK\$58.9 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 2022, the gearing ratio of the Group was approximately 13.3% (2021: approximately 12.4%). Gearing ratio is calculated as total interest-bearing liabilities and lease liabilities divided by total equity.

## **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 under the lease agreement. The lease arrangement has been completed during the year ended 31 March 2022.

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

On 31 March 2022, the Group acquired 25% of shareholding of New Base Enterprises Limited (“**New Base**”) from Lui Tun Yun, the non-controlling shareholder of New Base, at a consideration of HK\$25. This resulted in an increase in the Group's equity interest in New Base from 75% to 100%.

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 2022. There was no other plan for material investments or capital assets as at 31 March 2022.

## **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 bank 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 2022 (2021: Nil).

## **COMMITMENTS**

As at 31 March 2022, the Group had HK\$5.0 million of capital commitment in relation to the unpaid registered capital of a subsidiary (2021: HK\$5.0 million).

## **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 2022 (2021: 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 2022.

## **INFORMATION ON EMPLOYEES**

As at 31 March 2022, the Group had 38 employees working in Hong Kong (2021: 41). 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 2022 amounted to approximately HK\$17.2 million (2021: approximately HK\$15.9 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 Ms. Lui Lai Chun, the independent non-executive Director, and other members included Dr. Chung Siu Kuen and Dr. Chu Kwan Siu Candace, 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 2022.

## **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 2022 as set out in the preliminary announcement have been agreed by the Group's auditors, Asian Alliance (HK) CPA Limited, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Asian Alliance (HK) CPA 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 Asian Alliance (HK) CPA Limited on the preliminary announcement.

The Group's annual results for the year ended 31 March 2022 has been reviewed by the Audit Committee.

## **EVENTS AFTER THE REPORTING PERIOD**

Asian Alliance (HK) CPA Limited was appointed as the auditors of the Company on 7 April 2022 to fill the casual vacancy following the resignation of HLB Hodgson Impey Cheng Limited on 7 April 2022. Details of the change of auditors were set out in the announcement of the Company dated 7 April 2022.

Save as disclosed in this announcement, there is no other important event affecting the Group since 31 March 2022 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, 22 June 2022

*As at the date of this announcement, the Board comprises Dr. Chan Lai Sin and Ms. Wan Pui Chi as executive Directors; Ms. Lui Lai Chun, Dr. Chung Siu Kuen and Dr. Chu Kwan Siu Candace 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).*