

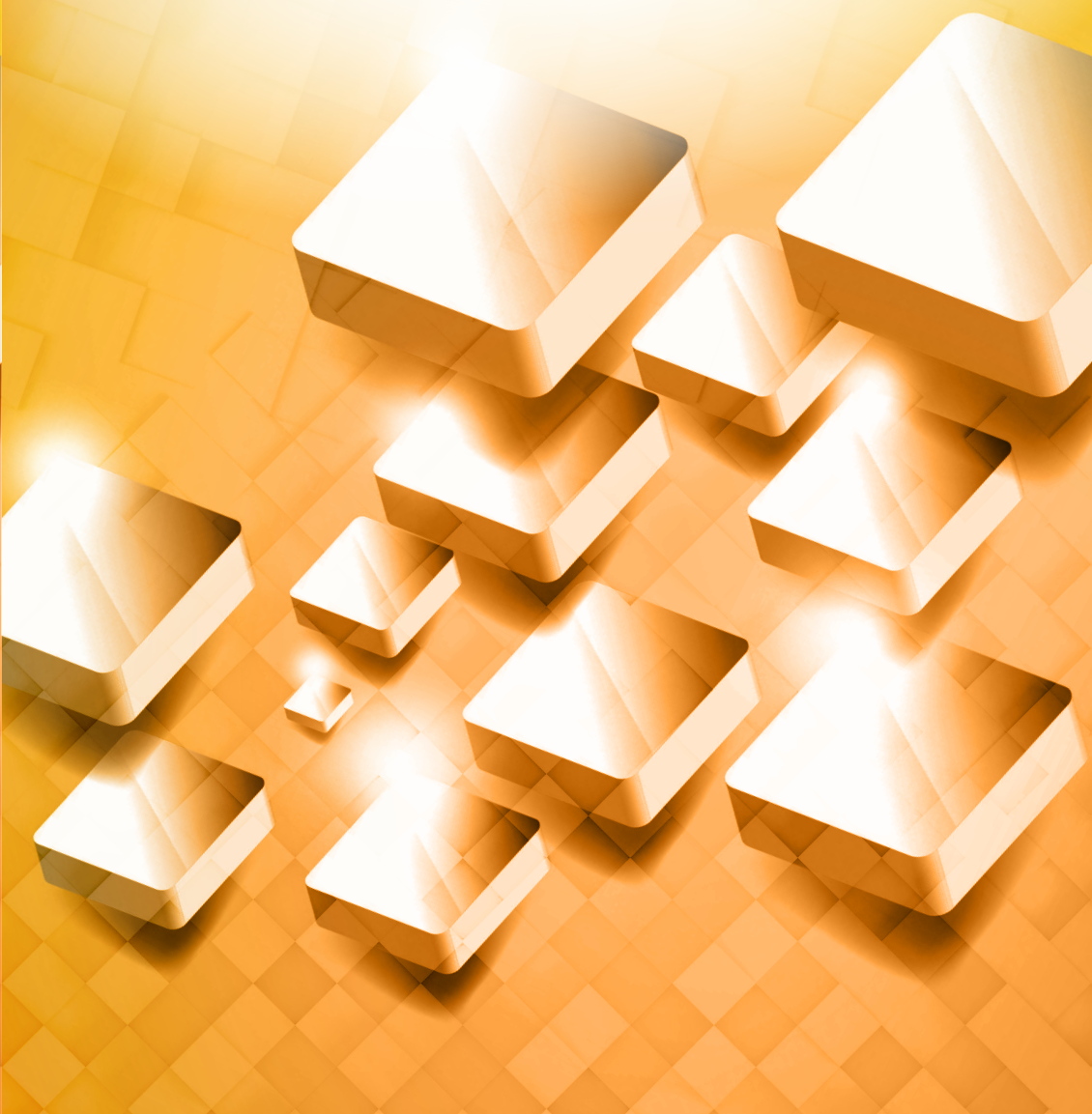
**LAI GROUP HOLDING COMPANY LIMITED**

**禮建德集團控股有限公司**

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

**Stock code: 8455**

Interim Report **2019**



## 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.

*Hong Kong Exchanges and Clearing Limited and the Stock Exchange take no responsibility for the contents of this report, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this report.*

*This report, 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 report is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this report misleading.*

## **CORPORATE INFORMATION**

### **BOARD OF DIRECTORS**

#### **Executive Directors**

Mr. Chan Lai Sin (*Chairman*)

Mr. Hung Lap Ka

(resigned on 9 September 2019)

Ms. Wan Pui Chi

(appointed on 20 September 2019)

#### **Independent non-executive Directors**

Mr. Kwan Ngai Kit

Ms. Lui Lai Chun

Mr. Wu Loong Cheong Paul

### **BOARD COMMITTEES**

#### **Audit Committee**

Mr. Kwan Ngai Kit (*Chairman*)

Ms. Lui Lai Chun

Mr. Wu Loong Cheong Paul

#### **Remuneration Committee**

Ms. Lui Lai Chun (*Chairman*)

Mr. Chan Lai Sin

Mr. Kwan Ngai Kit

Mr. Wu Loong Cheong Paul

#### **Nomination Committee**

Mr. Wu Loong Cheong Paul (*Chairman*)

Mr. Chan Lai Sin

Mr. Kwan Ngai Kit

Ms. Lui Lai Chun

### **COMPANY SECRETARY**

Ms. Ng Hoi Ying

### **AUTHORISED REPRESENTATIVES**

Mr. Chan Lai Sin

Ms. Ng Hoi Ying

### **COMPLIANCE OFFICER**

Mr. Chan Lai Sin

### **COMPLIANCE ADVISER**

Frontpage Capital Limited

26/F., Siu On Centre

188 Lockhart Road

Wan Chai

Hong Kong

### **AUDITORS**

HLB Hodgson Impey Cheng Limited

*Certified Public Accountants*

31/F, Gloucester Tower

The Landmark, 11 Pedder Street

Central, Hong Kong

### **LEGAL ADVISER AS TO HONG KONG LAWS**

CFN Lawyers in association with Broad and Bright

Room 4101-4104, 41/F

Sun Hung Kai Centre

30 Harbour Road

Wan Chai, Hong Kong

### **PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN CAYMAN ISLANDS**

Estera Trust (Cayman) Limited

PO Box 1350

Clifton House

75 Fort Street

Grand Cayman KY1-1108

Cayman Islands

## **CORPORATE INFORMATION**

### **BRANCH SHARE REGISTRAR AND TRANSFER OFFICE IN HONG KONG**

Tricor Investor Services Limited  
Level 54  
Hopewell Centre  
183 Queen's Road East  
Hong Kong

### **REGISTERED OFFICE IN THE CAYMAN ISLANDS**

PO Box 1350  
Clifton House  
75 Fort Street  
Grand Cayman KY1-1108  
Cayman Islands

### **HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG**

Office H, 19/F, Phase 01  
Kings Wing Plaza  
3 On Kwan Street  
Shek Mun  
Sha Tin  
New Territories  
Hong Kong

### **PRINCIPAL BANKS**

Bank of China  
DBS Bank (Hong Kong) Limited  
The Hongkong and Shanghai Banking  
Corporation Limited

### **STOCK CODE**

8455

### **COMPANY'S WEBSITE**

[www.dic.hk](http://www.dic.hk)

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

For the three months and six months ended 30 September 2019

The unaudited condensed consolidated results of the Group for the three months and six months ended 30 September 2019, together with the unaudited comparative figures for the corresponding periods in 2018, are as follows:

|  | Note | Unaudited<br>Three months ended<br>30 September |                  | Unaudited<br>Six months ended<br>30 September |                  |
|--|------|---|------------------|---|------------------|
|  |      | 2019<br>HK\$'000                                | 2018<br>HK\$'000 | 2019<br>HK\$'000                              | 2018<br>HK\$'000 |
| Revenue  | 5    | 34,002  | 38,229           | 68,099  | 72,414           |
| Direct costs   |      | (25,349)  | (28,341)         | (52,400)                                      | (51,826)         |
| <b>Gross profit</b>  |      | <b>8,653</b>                                    | <b>9,888</b>     | <b>15,699</b>                                 | <b>20,588</b>    |
| Other income and gains   | 5    | 87  | 25               | 170   | 60               |
| Administrative and other operating expenses  |      | (7,841)   | (9,434)          | (16,951)                                      | (17,969)         |
| <b>Operating (loss)/profit</b>   |      | <b>899</b>                                      | <b>479</b>       | <b>(1,082)</b>                                | <b>2,679</b>     |
| Finance costs  | 7    | (34)  | (22)             | (69)  | (37)             |
| <b>(Loss)/profit before income tax</b>   | 6    | <b>865</b>                                      | <b>457</b>       | <b>(1,151)</b>                                | <b>2,642</b>     |
| Income tax credit/(expense)  | 8    | 80  | (167)            | 49  | (421)            |
| <b>(Loss)/profit and total comprehensive<br/>(expense)/income for the period</b>                   |      | <b>945</b>                                      | <b>290</b>       | <b>(1,102)</b>                                | <b>2,221</b>     |
| <b>(Loss)/profit and total comprehensive (expense)/<br/>income for the period attributable to:</b> |      |   |                  |   |                  |
| Owners of the Company  |      | 1,187   | 205              | (962)   | 1,999            |
| Non-controlling interests  |      | (242)   | 85               | (140)   | 222              |
|  |      | <b>945</b>                                      | <b>290</b>       | <b>(1,102)</b>                                | <b>2,221</b>     |
| <b>(Loss)/earnings per share attributable to<br/>owners of the Company for the period</b>          |      |   |                  |   |                  |
| – Basic and diluted (loss)/earnings per share  | 9    | <b>HK 0.15 cents</b>                            | HK 0.03 cents    | <b>(HK 0.12 cents)</b>                        | HK 0.25 cents    |

# UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2019

|                                   |             | <b>Unaudited<br/>30 September<br/>2019<br/>HK\$'000</b> | Audited<br>31 March<br>2019<br>HK\$'000     |
|-----------------------------------|-------------|---|---|
|                                   | <i>Note</i> |   |   |
| <b>ASSETS</b>                     |             |   |   |
| <b>Non-current assets</b>         |             |   |   |
| Property, plant and equipment     | <i>11</i>   | <b>11,989</b>   | 12,748                                      |
| Right-of-use assets               |             | <b>2,417</b>  | –   |
| Deferred tax assets               |             | <b>268</b>  | 232   |
|                                   |             | <hr/>   | <hr/>                                       |
| <b>Total non-current assets</b>   |             | <b>14,674</b>   | 12,980                                      |
|                                   |             | <hr style="border-top: 1px dashed black;"/>             | <hr style="border-top: 1px dashed black;"/> |
| <b>Current assets</b>             |             |   |   |
| Contract assets                   |             | <b>792</b>  | 568   |
| Trade and other receivables       | <i>12</i>   | <b>8,597</b>  | 8,985                                       |
| Amount due from a director        |             | –   | 96  |
| Amount due from a related company | <i>13</i>   | <b>2</b>  | –   |
| Current income tax recoverable    |             | <b>2,152</b>  | 2,149                                       |
| Cash and bank balances            | <i>14</i>   | <b>48,263</b>   | 53,106                                      |
|                                   |             | <hr/>   | <hr/>                                       |
| <b>Total current assets</b>       |             | <b>59,806</b>   | 64,904                                      |
|                                   |             | <hr style="border-top: 1px dashed black;"/>             | <hr style="border-top: 1px dashed black;"/> |
| <b>Total assets</b>               |             | <b>74,480</b>   | 77,884                                      |
|                                   |             | <hr style="border-top: 3px double black;"/>             | <hr style="border-top: 3px double black;"/> |
| <b>EQUITY</b>                     |             |   |   |
| <b>Capital and reserves</b>       |             |   |   |
| Share capital                     | <i>15</i>   | <b>8,000</b>  | 8,000                                       |
| Reserves                          |             | <b>38,344</b>   | 39,306                                      |
|                                   |             | <hr/>   | <hr/>                                       |
| Equity attributable to:           |             |   |   |
| Owners of the Company             |             | <b>46,344</b>   | 47,306                                      |
| Non-controlling interests         |             | <b>581</b>  | 721   |
|                                   |             | <hr/>   | <hr/>                                       |
| <b>Total equity</b>               |             | <b>46,925</b>   | 48,027                                      |
|                                   |             | <hr style="border-top: 3px double black;"/>             | <hr style="border-top: 3px double black;"/> |

# UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2019

|                                      | <i>Note</i> | <b>Unaudited<br/>30 September<br/>2019<br/>HK\$'000</b> | Audited<br>31 March<br>2019<br>HK\$'000 |
|--------------------------------------|-------------|---|---|
| <b>LIABILITIES</b>                   |             |   |   |
| <b>Non-current liabilities</b>       |             |   |   |
| Finance lease liabilities            | 18          | 508   | 775                                     |
| Lease liabilities                    |             | 849   | –                                       |
| Deferred tax liabilities             |             | 142   | 155                                     |
|                                      |             | <u>1,499</u>  | <u>930</u>                              |
| <b>Total non-current liabilities</b> |             | <b>1,499</b>  | <b>930</b>                              |
| <b>Current liabilities</b>           |             |   |   |
| Contract liabilities                 |             | 11,126  | 17,940                                  |
| Trade and other payables             | 16          | 11,292  | 9,154                                   |
| Amount due to a related company      | 17          | 8   | 8                                       |
| Provision for warranties             |             | 1,447   | 1,229                                   |
| Finance lease liabilities            | 18          | 570   | 596                                     |
| Lease liabilities                    |             | 1,613   | –                                       |
|                                      |             | <u>26,056</u>   | <u>28,927</u>                           |
| <b>Total current liabilities</b>     |             | <b>26,056</b>   | <b>28,927</b>                           |
| <b>Total liabilities</b>             |             | <b>27,555</b>   | <b>29,857</b>                           |
| <b>Total equity and liabilities</b>  |             | <b>74,480</b>   | <b>77,884</b>                           |

# UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2019

|   | Attributable to owners of the Company |                              |  |  | Sub-total<br>HK\$'000 | Attributable<br>to non-<br>controlling<br>interests<br>HK\$'000 | Total<br>HK\$'000 |
|---|---------------------------------------|------------------------------|--|--|-----------------------|---|-------------------|
|   | Share<br>capital<br>HK\$'000          | Share<br>premium<br>HK\$'000 | Other<br>reserves<br>HK\$'000<br><i>(Note i)</i> | (Accumulated<br>losses)/<br>retained<br>earnings<br>HK\$'000 |                       |   |                   |
| Balance at 31 March 2018 (Audited)                      | 8,000                                 | 44,419                       | (5,899)  | 3,815  | 50,335                | 596   | 50,931            |
| Effect on initial application of HKFRS9                 | —                                     | —                            | —  | (39)   | (39)                  | —   | (39)              |
| Balance as at 1 April 2018 (Audited)                    | 8,000                                 | 44,419                       | (5,899)  | 3,776  | 50,296                | 596   | 50,892            |
| Profit and total comprehensive income<br>for the period | —                                     | —                            | —  | 1,999  | 1,999                 | 222   | 2,221             |
| Balance at 30 September 2018<br>(Unaudited)             | 8,000                                 | 44,419                       | (5,899)  | 5,775  | 52,295                | 818   | 53,113            |
| Balance at 1 April 2019 (Audited)                       | 8,000                                 | 44,419                       | (5,899)  | 786  | 47,306                | 721   | 48,027            |
| Loss and total comprehensive<br>expense for the period  | —                                     | —                            | —  | (962)  | (962)                 | (140)   | (1,102)           |
| Balance at 30 September 2019<br>(Unaudited)             | 8,000                                 | 44,419                       | (5,899)  | (176)  | 46,344                | 581   | 46,925            |

Note:

- i) Other reserve represents the difference between the nominal value of the shares issued by the Company in exchange for the nominal value of the share capital of its subsidiaries arising from the corporate reorganisation.



## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2019

|  | Unaudited<br>Six months ended<br>30 September |               |
|--|---|---------------|
|  | 2019  | 2018          |
|  | HK\$'000                                      | HK\$'000      |
| <b>Cash flows from operating activities</b>                    |   |               |
| Cash (used in)/generated from operations                       | (4,766)                                       | 4,066         |
| Tax paid   | (3)   | (575)         |
| <b>Net cash (used in)/generated from operating activities</b>  | <b>(4,769)</b>                                | <b>3,491</b>  |
| <b>Cash flows from investing activities</b>                    |   |               |
| Interest received  | 62  | 52            |
| Purchases of property, plant and equipment                     | –   | (328)         |
| Proceeds from disposal of property, plant and equipment        | 180   | –             |
| <b>Net cash generated from /(used in) investing activities</b> | <b>242</b>                                    | <b>(276)</b>  |
| <b>Cash flows from financing activities</b>                    |   |               |
| Interest paid  | (23)  | (37)          |
| Repayment of finance lease liabilities                         | (293)   | (229)         |
| <b>Net cash used in financing activities</b>                   | <b>(316)</b>                                  | <b>(266)</b>  |
| <b>Net (decrease)/increase in cash and cash equivalents</b>    | <b>(4,843)</b>                                | <b>2,949</b>  |
| <b>Cash and cash equivalents at the beginning of period</b>    | <b>53,106</b>                                 | <b>48,678</b> |
| <b>Cash and cash equivalents at the end of period</b>          | <b>48,263</b>                                 | <b>51,627</b> |

## 1 GENERAL INFORMATION

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

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

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

## 2 BASIS OF PREPARATION

The unaudited condensed consolidated financial statements of the Group have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”). The unaudited condensed consolidated financial statements also include applicable disclosures required by the GEM Listing Rules and by the Hong Kong Companies Ordinance (Cap. 622 of the laws of Hong Kong). The unaudited condensed consolidated financial statements have been prepared under the historical cost convention.

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

(a) **Adoption of amendments to standards**

The Group has adopted the following amendments to existing standards which are mandatory for the financial year beginning on or after 1 January 2019:

|                       |  |
|-----------------------|--|
| HKFRS 16              | Leases   |
| HK(IFRIC)-Int 23      | Uncertainty over Income Tax Treatments               |
| Amendments to HKFRS 9 | Prepayment Features with Negative Compensation       |
| Amendments to HKAS 19 | Plan Amendment, Curtailment or Settlement            |
| Amendments to HKAS 28 | Long-term interests in Associates and Joint Ventures |
| Amendments to HKFRS   | Annual Improvements to HKFRS 2015-2017 Cycle         |

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

***HKFRS 16 Leases***

The Group has applied HKFRS 16 for the first time in the current period. HKFRS 16 introduces a comprehensive model for the identification of lease arrangements and accounting treatments for both lessors and lessees which superseded HKAS 17 “Leases” and the related interpretations.

HKFRS 16 distinguishes lease and service contracts on the basis of whether an identified asset is controlled by a customer. In addition, HKFRS 16 requires sales and leaseback transactions to be determined based on the requirements of HKFRS 15 as to whether the transfer of the relevant asset should be accounted as a sale. HKFRS 16 also includes requirements relating to subleases and lease modifications.

Distinctions of operating leases and finance leases are removed for lessee accounting and are replaced by a model where a right-of-use asset and a corresponding liability have to be recognised for all leases by lessees, except for short-term leases and leases of low value assets.

The right-of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions) less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at that date. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications, amongst others. For the classification of cash flows, the Group currently presents operating lease payments as operating cash flows. Upon application of HKFRS 16, lease payments in relation to lease liability will be allocated into a principal and an interest portion which will be presented as financing cash flows by the Group.

Under HKAS 17, the Group has already recognised assets and related finance lease liabilities for finance lease arrangements where the Group is a lessee. The application of HKFRS 16 may result in potential changes in classification of these assets depending on whether the Group presents right-of-use assets separately or within the same line item at which the corresponding underlying assets would be presented if they were owned.

Other than certain requirements which are also applicable to lessor, HKFRS 16 substantially carries forward the lessor accounting requirements in HKAS 17, and continues to require a lessor to classify a lease either as an operating lease or a finance lease.

The Group has adopted the modified retrospective application permitted by HKFRS 16 upon adoption of the new standard. Accordingly, the standard has been applied for the period beginning on 1 April 2019 (i.e. the initial application period). Modified retrospective application requires the recognition of the cumulative impact of adoption of HKFRS 16 on all contracts as at 1 April 2019 in equity.

Modified retrospective application of HKFRS 16 also requires the Group to recognise a lease liability at the date of initial application for leases previously classified as an operating lease under the superseded HKAS 17 measured at the present value of the remaining lease payments, discounted using the Group's incremental borrowing rate at the date of initial application. The Group has elected the practical expedient to apply HKFRS 16 to contracts that were previously identified as lease applying HKAS 17 and HK(IFRIC) – Int 4 “Determining whether an Arrangement contains a Lease” and not apply this standard to contracts that were not previously identified as containing a lease applying HKAS 17 and HK(IFRIC) – Int 4. Therefore, the Group will not reassess

whether the contracts are, or contain a lease which already existed prior to the date of initial application, i.e. 1 April 2019.

The Group has applied a single discount rate to a portfolio of leases with reasonably similar characteristics for determination of present value of the remaining lease payments. The right-of-use assets have been recognised, on a lease-by-lease basis, and discounted using the Group's incremental borrowing rate at the date of initial application. The Group's weighted average incremental borrowing rate applied to the lease liabilities on 1 April 2019 was 2.0%.

Based on the allowed practical expedients under HKFRS 16, the Group has elected not to apply the requirements of HKFRS 16 in respect of recognition of lease liabilities and right-of-use assets to leases for which the lease term ends within twelve months of the date of initial application.

The remeasurements to the lease liabilities were recognised as adjustments to the related right-of-use assets immediately after the date of initial application.

|   | <b>Unaudited</b><br>HK\$'000 |
|---|------------------------------|
| Operating lease commitments as at 31 March 2019 (Audited) | <b>4,928</b>                 |
| Less: Lease of short-term and low-value assets            | <u>(1,471)</u>               |
| Gross lease liabilities at 1 April 2019 (Unaudited)       | <b>3,457</b>                 |
| Discounted operating lease commitments as at 1 April 2019 | <u>(103)</u>                 |
| Lease liabilities as at 1 April 2019 (Unaudited)          | <u><b>3,354</b></u>          |
| Of which are:   |                              |
| Current lease liabilities                                 | <b>1,863</b>                 |
| Non-current lease liabilities                             | <u><b>1,491</b></u>          |
|   | <u><b>3,354</b></u>          |

## NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL INFORMATION

The adjustments resulted from the initial application of HKFRS 16 at 1 April 2019 are set out below. The prior period amounts were not adjusted.

|                                | <b>Audited<br/>At 31 March<br/>2019<br/>HK\$'000</b> | <b>Impact on initial<br/>application of<br/>HKFRS 16<br/>HK\$'000</b> | <b>Unaudited<br/>At 1 April<br/>2019<br/>HK\$'000</b> |
|--------------------------------|--|---|---|
| <b>Non-current assets</b>      |  |   |   |
| Right-of-use assets            | –  | 3,354   | 3,354   |
| <b>Non-current liabilities</b> |  |   |   |
| Lease liabilities              | –  | 1,491   | 1,491   |
| <b>Current liabilities</b>     |  |   |   |
| Lease liabilities              | –  | 1,863   | 1,863   |

The impacts of HKFRS 16 on the unaudited condensed consolidated statement of profit or loss and other comprehensive income of the Group are set out as below.

|                     | <b>Unaudited<br/>Six months ended 30 September 2019</b> |   |  |
|---------------------|---|---|--|
|                     | <b>As per<br/>HKAS 17<br/>HK\$'000</b>                  | <b>As per<br/>HKFRS 16<br/>HK\$'000</b> | <b>Impact due<br/>to change<br/>HK\$'000</b> |
| Rental expenses     | <u>(1,931)</u>  | <u>(973)</u>                            | <u>958</u>                                   |
| Depreciation        | <u>(626)</u>  | <u>(1,583)</u>                          | <u>(957)</u>                                 |
| Finance costs       | <u>(23)</u>   | <u>(69)</u>                             | <u>(46)</u>                                  |
| Loss for the period | <u>(1,057)</u>  | <u>(1,102)</u>                          | <u>(45)</u>                                  |

The Directors anticipate that the application of other new and amendments to HKFRSs will have no material impact on the consolidated financial statements of the Group in the future.

- (b) **The following new standards and revisions to standards have been issued, but are not effective for the financial year beginning on 1 January 2019 and have not been early adopted by the Group:**

|                                       |   | <b>Effective for<br/>accounting<br/>year beginning<br/>on or after</b> |
|---------------------------------------|---|--|
| HKFRS 17                              | Insurance Contracts   | 1 January 2021   |
| Amendments to HKFRS 10<br>and HKAS 28 | Sale or Contribution of Assets<br>between an Investor and<br>its Associate or Joint Venture | To be determined   |
| Amendments to HKAS 1 and<br>HKAS 8    | Definition of Material  | 1 January 2020   |
| Amendments to HKFRS 3                 | Definition of a Business  | <i>(Note)</i>  |

*Note:* Effective for business combination and asset acquisitions for which the acquisition date is on or after the beginning of the first annual period beginning on or after 1 January 2020.

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

### **3 ESTIMATES**

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

In preparing the interim condensed consolidated financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 March 2019.

## 4 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

### 4.1 Financial risk factors

The Group's activities expose it to a variety of financial risks which include interest rate risk, credit risk and liquidity risk. The interim condensed consolidated financial information do not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's consolidated financial statements as at 31 March 2019.

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

### 4.2 Liquidity risk

Compared to year end, there have been no material changes to the policies and practices for the Group's liquidity and funding risks management as described in the consolidated financial statements for the year ended 31 March 2019.

### 4.3 Fair value estimation

As at 31 March 2019 and 30 September 2019, the Group did not have any financial assets or financial liabilities that are measured at fair value.

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



5 REVENUE, OTHER INCOME AND GAINS

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

|  | Unaudited             |               | Unaudited           |               |
|--|-----------------------|---------------|---------------------|---------------|
|  | Three months ended 30 |               | Six months ended 30 |               |
|  | September             |               | September           |               |
|  | 2019                  | 2018          | 2019                | 2018          |
|  | HK\$'000              | HK\$'000      | HK\$'000            | HK\$'000      |
| <b>Revenue</b>                                   |                       |               |                     |               |
| Residential interior design and fit-out services | 32,812                | 34,710        | 65,123              | 59,633        |
| Commercial interior design and fit-out services  | 1,190                 | 3,443         | 2,976               | 12,652        |
| Others   | —                     | 76            | —                   | 129           |
|  | <u>34,002</u>         | <u>38,229</u> | <u>68,099</u>       | <u>72,414</u> |

|   | Unaudited             |           | Unaudited           |           |
|---|-----------------------|-----------|---------------------|-----------|
|   | Three months ended 30 |           | Six months ended 30 |           |
|   | September             |           | September           |           |
|   | 2019                  | 2018      | 2019                | 2018      |
|   | HK\$'000              | HK\$'000  | HK\$'000            | HK\$'000  |
| <b>Other income and gains</b>                     |                       |           |                     |           |
| Gain on disposal of property, plant and equipment | 47                    | —         | 47                  | —         |
| Interest income                                   | 34                    | 17        | 62                  | 52        |
| Others  | 6                     | 8         | 61                  | 8         |
|   | <u>87</u>             | <u>25</u> | <u>170</u>          | <u>60</u> |

## NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL INFORMATION

Disaggregation of revenue from contracts with customers

|   | Unaudited<br>Three months ended 30<br>September |                  | Unaudited<br>Six months ended 30<br>September |                  |
|---|---|------------------|---|------------------|
|   | 2019<br>HK\$'000                                | 2018<br>HK\$'000 | 2019<br>HK\$'000                              | 2018<br>HK\$'000 |
| <b>Timing of revenue recognition</b>    |   |                  |   |                  |
| Over-time                               | <u>34,002</u>                                   | <u>38,229</u>    | <u>68,099</u>                                 | <u>72,414</u>    |
| <b>Types of goods and services</b>      |   |                  |   |                  |
| Interior design and fit-out<br>services | <u>34,002</u>                                   | <u>38,229</u>    | <u>68,099</u>                                 | <u>72,414</u>    |

### 6 (LOSS)/PROFIT BEFORE INCOME TAX

(Loss)/profit before income tax is stated after charging the following items:

|  | Unaudited<br>Three months ended 30<br>September |                  | Unaudited<br>Six months ended 30<br>September |                  |
|--|---|------------------|---|------------------|
|  | 2019<br>HK\$'000                                | 2018<br>HK\$'000 | 2019<br>HK\$'000                              | 2018<br>HK\$'000 |
| Depreciation of owned assets<br>(Note 11)                | 186   | 226              | 418   | 442              |
| Depreciation of assets under<br>finance leases (Note 11) | 104   | 125              | 208   | 228              |
| Depreciation of right-of-use<br>assets                   | 478   | –                | 957   | –                |
| Legal and professional fee                               | 753   | 734              | 1,398   | 1,232            |
| Materials  | 6,480   | 6,158            | 11,990  | 9,926            |
| Operating lease rental<br>on premises                    | 420   | 890              | 935   | 1,702            |
| Operating lease rental on<br>office equipment            | 10  | 35               | 38  | 71               |
| Subcontracting charges                                   | 16,972  | 20,315           | 36,319  | 38,065           |
| Staff costs, including directors'<br>emoluments          | <u>4,032</u>                                    | <u>4,562</u>     | <u>8,601</u>                                  | <u>9,077</u>     |

7 FINANCE COSTS

|                                | Unaudited             |           | Unaudited           |           |
|--------------------------------|-----------------------|-----------|---------------------|-----------|
|                                | Three months ended 30 |           | Six months ended 30 |           |
|                                | September             |           | September           |           |
|                                | 2019                  | 2018      | 2019                | 2018      |
|                                | HK\$'000              | HK\$'000  | HK\$'000            | HK\$'000  |
| Interest on finance lease      | 12                    | 22        | 23                  | 37        |
| Interest on leases liabilities | 22                    | –         | 46                  | –         |
|                                | <u>34</u>             | <u>22</u> | <u>69</u>           | <u>37</u> |

8 INCOME TAX (CREDIT)/EXPENSE

The Company is incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law of the Cayman Islands and accordingly, is exempted from Cayman Islands income tax.

On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the “**Bill**”) which introduced 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 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK\$2 million 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%.

For the periods ended 30 September 2019 and 2018, the Hong Kong Profits Tax for one of the subsidiaries of the Company is calculated at 8.25% on the first HK\$2 million of the assessable profits and at 16.5% on the estimated assessable profits above HK\$2 million. The Hong Kong Profits Tax for the remaining subsidiaries are calculated at 16.5% of the estimated assessable profits arising in or derived from Hong Kong.

## NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL INFORMATION

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

|                                | Unaudited<br>Three months ended 30<br>September |                  | Unaudited<br>Six months ended 30<br>September |                  |
|--------------------------------|---|------------------|---|------------------|
|                                | 2019<br>HK\$'000                                | 2018<br>HK\$'000 | 2019<br>HK\$'000                              | 2018<br>HK\$'000 |
| Current income tax – Hong Kong |   |                  |   |                  |
| Profits Tax                    | (42)  | 185              | –   | 430              |
| Deferred income tax            | <u>(38)</u>                                     | <u>(18)</u>      | <u>(49)</u>                                   | <u>(9)</u>       |
| Income tax (credit)/expense    | <u><b>(80)</b></u>                              | <u>167</u>       | <u><b>(49)</b></u>                            | <u>421</u>       |

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

#### (a) Basic

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

## NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL INFORMATION

|   | Unaudited<br>Three months ended 30<br>September |             | Unaudited<br>Six months ended 30<br>September |             |
|---|---|-------------|---|-------------|
|   | 2019  | 2018        | 2019  | 2018        |
| (Loss)/profit for the period attributable to the owners of the Company (HK\$'000) | 1,187   | 205         | (962)   | 1,999       |
| Weighted number of ordinary shares in issue ('000)                                | 800,000   | 800,000     | 800,000                                       | 800,000     |
| Basic (loss)/earnings per share (expressed in HK cents per share)                 | <u>0.15</u>                                     | <u>0.03</u> | <u>(0.12)</u>                                 | <u>0.25</u> |

The weighted average number of ordinary shares for the periods ended 30 September 2019 and 2018 were derived from 800,000,000 ordinary shares in issue by the Company.

### (b) Diluted

Diluted (loss)/earnings per share is equal to the basic (loss)/earnings per share as there were no dilutive potential ordinary shares in issue during the periods ended 30 September 2019 and 2018.

## 10 DIVIDENDS

The board of Directors (the “**Board**”) does not recommend a payment of an interim dividend in respect of the period ended 30 September 2019 (2018: Nil).

11 PROPERTY, PLANT AND EQUIPMENT

|                                | Building<br>HK\$'000 | Computer<br>equipment<br>HK\$'000 | Leasehold<br>improvements<br>HK\$'000 | Furniture and<br>fixtures<br>HK\$'000 | Office<br>equipment<br>HK\$'000 | Motor<br>vehicles<br>HK\$'000 | Total<br>HK\$'000 |
|--------------------------------|----------------------|-----------------------------------|---------------------------------------|---------------------------------------|---------------------------------|-------------------------------|-------------------|
| <b>Audited</b>                 |                      |                                   |                                       |                                       |                                 |                               |                   |
| Cost                           |                      |                                   |                                       |                                       |                                 |                               |                   |
| As at 1 April 2018             | 10,320               | 2,508                             | 1,007                                 | 648                                   | 601                             | 3,479                         | 18,563            |
| Additions                      | -                    | 121                               | 58                                    | 118                                   | 37                              | 686                           | 1,020             |
| Disposals                      | -                    | -                                 | -                                     | -                                     | -                               | (43)                          | (43)              |
| As at 31 March 2019            | <u>10,320</u>        | <u>2,629</u>                      | <u>1,065</u>                          | <u>766</u>                            | <u>638</u>                      | <u>4,122</u>                  | <u>19,540</u>     |
| Accumulated depreciation       |                      |                                   |                                       |                                       |                                 |                               |                   |
| As at 1 April 2018             | 415                  | 2,092                             | 671                                   | 411                                   | 527                             | 1,315                         | 5,431             |
| Charge for the year            | 226                  | 191                               | 113                                   | 98                                    | 29                              | 717                           | 1,374             |
| Disposals                      | -                    | -                                 | -                                     | -                                     | -                               | (13)                          | (13)              |
| As at 31 March 2019            | <u>641</u>           | <u>2,283</u>                      | <u>784</u>                            | <u>509</u>                            | <u>556</u>                      | <u>2,019</u>                  | <u>6,792</u>      |
| Net book value                 |                      |                                   |                                       |                                       |                                 |                               |                   |
| As at 31 March 2019            | <u>9,679</u>         | <u>346</u>                        | <u>281</u>                            | <u>257</u>                            | <u>82</u>                       | <u>2,103</u>                  | <u>12,748</u>     |
| <b>Unaudited</b>               |                      |                                   |                                       |                                       |                                 |                               |                   |
| Cost                           |                      |                                   |                                       |                                       |                                 |                               |                   |
| As at 1 April 2019             | 10,320               | 2,629                             | 1,065                                 | 766                                   | 638                             | 4,122                         | 19,540            |
| Additions                      | -                    | -                                 | -                                     | -                                     | -                               | -                             | -                 |
| Disposals                      | -                    | -                                 | (189)                                 | -                                     | -                               | (423)                         | (612)             |
| As at 30 September 2019        | <u>10,320</u>        | <u>2,629</u>                      | <u>876</u>                            | <u>766</u>                            | <u>638</u>                      | <u>3,699</u>                  | <u>18,928</u>     |
| Accumulated depreciation       |                      |                                   |                                       |                                       |                                 |                               |                   |
| As at 1 April 2019             | 641                  | 2,283                             | 784                                   | 509                                   | 556                             | 2,019                         | 6,792             |
| Charge for the period (Note 6) | 113                  | 60                                | 55                                    | 54                                    | 16                              | 328                           | 626               |
| Disposals                      | -                    | -                                 | (167)                                 | -                                     | -                               | (312)                         | (479)             |
| As at 30 September 2019        | <u>754</u>           | <u>2,343</u>                      | <u>672</u>                            | <u>563</u>                            | <u>572</u>                      | <u>2,035</u>                  | <u>6,939</u>      |
| Net book value                 |                      |                                   |                                       |                                       |                                 |                               |                   |
| As at 30 September 2019        | <u>9,566</u>         | <u>286</u>                        | <u>204</u>                            | <u>203</u>                            | <u>66</u>                       | <u>1,664</u>                  | <u>11,989</u>     |

## NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL INFORMATION

### 12 TRADE AND OTHER RECEIVABLES

|   | <b>Unaudited<br/>30 September<br/>2019<br/>HK\$'000</b> | Audited<br>31 March<br>2019<br>HK\$'000 |
|---|---|---|
| Trade receivables                           | 764   | 971                                     |
| Less: allowance for credit losses           | <u>(67)</u>   | <u>(67)</u>                             |
|   | <u>697</u>  | <u>904</u>                              |
| Other receivables, deposits and prepayments | 8,007   | 8,188                                   |
| Less: allowance for credit losses           | <u>(107)</u>  | <u>(107)</u>                            |
|   | <u>7,900</u>  | <u>8,081</u>                            |
|   | <b><u>8,597</u></b>                                     | <b><u>8,985</u></b>                     |

*Notes:*

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

|              | <b>Unaudited<br/>30 September<br/>2019<br/>HK\$'000</b> | Audited<br>31 March<br>2019<br>HK\$'000 |
|--------------|---|---|
| 0-30 days    | 153   | 407                                     |
| 31-60 days   | 300   | –                                       |
| 61-90 days   | –   | –                                       |
| Over 90 days | <u>311</u>  | <u>564</u>                              |
|              | <b><u>764</u></b>                                       | <b><u>971</u></b>                       |

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

## NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL INFORMATION

### 13 AMOUNT DUE FROM A RELATED COMPANY

|  | <b>Unaudited</b>    | Audited  |
|--|---------------------|----------|
|  | <b>30 September</b> | 31 March |
|  | <b>2019</b>         | 2019     |
|  | <b>HK\$'000</b>     | HK\$'000 |
| <b>Name of related company</b>                           |                     |          |
| Rising Wing Enterprises Limited (“ <b>Rising Wing</b> ”) | <u>2</u>            | <u>–</u> |

The balance is denominated in HK\$. The amount due to a related company is unsecured, interest-free and repayable on demand (Note 20).

### 14 CASH AND BANK BALANCES

|                           | <b>Unaudited</b>     | Audited       |
|---------------------------|----------------------|---------------|
|                           | <b>30 September</b>  | 31 March      |
|                           | <b>2019</b>          | 2019          |
|                           | <b>HK\$'000</b>      | HK\$'000      |
| Cash at banks             | <b>48,016</b>        | 52,676        |
| Cash on hand              | <u>247</u>           | <u>430</u>    |
| Cash and cash equivalents | <u><b>48,263</b></u> | <u>53,106</u> |

*Notes:*

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



15 SHARE CAPITAL

The share capital balance as at 30 September 2019 in the unaudited condensed consolidated statement of financial position represented the issued share capital of the Company. Details of the authorised and issued and fully paid share capital of the Company are summarised as follows:

|   | Number of<br>shares<br>(in thousand) | Share<br>capital<br>HK\$'000 |
|---|--------------------------------------|------------------------------|
| <b>Ordinary shares of HK\$0.01 each</b>                 |                                      |                              |
| <b>Authorised:</b>                                      |                                      |                              |
| As at 1 April 2018, 31 March 2019 and 30 September 2019 | <u>1,000,000</u>                     | <u>10,000</u>                |
| <b>Issued and fully paid:</b>                           |                                      |                              |
| As at 1 April 2018, 31 March 2019 and 30 September 2019 | <u>800,000</u>                       | <u>8,000</u>                 |

16 TRADE AND OTHER PAYABLES

|   | Unaudited<br>30 September<br>2019<br>HK\$'000 | Audited<br>31 March<br>2019<br>HK\$'000 |
|---|---|---|
| Trade payables  | 9,931   | 6,164                                   |
| Other payables, deposits received in advance and accruals | <u>1,361</u>                                  | <u>2,990</u>                            |
|   | <u>11,292</u>                                 | <u>9,154</u>                            |

## NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL INFORMATION

Notes:

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

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

|              | <b>Unaudited<br/>30 September<br/>2019<br/>HK\$'000</b> | Audited<br>31 March<br>2019<br>HK\$'000 |
|--------------|---|---|
| 0-30 days    | 3,229   | 2,351                                   |
| 31-60 days   | 2,064   | 922                                     |
| 61-90 days   | 2,012   | 1,137                                   |
| Over 90 days | 2,626   | 1,754                                   |
|              | <u>9,931</u>  | <u>6,164</u>                            |

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

### 17 AMOUNT DUE TO A RELATED COMPANY

| <b>Name of related company</b>                              | <b>Unaudited<br/>30 September<br/>2019<br/>HK\$'000</b> | Audited<br>31 March<br>2019<br>HK\$'000 |
|---|---|---|
| Hong Kong Famous Designers<br>Association Limited (“HKFDA”) | <u>8</u>  | <u>8</u>                                |

The balance is denominated in HK\$. The amount due to a related company is unsecured, interest-free and payable on demand (Note 20).

18 FINANCE LEASE LIABILITIES

|   | Unaudited<br>30 September 2019                                      |   | Audited<br>31 March 2019  |   |
|---|---|---|---|---|
|   | Present<br>value of the<br>minimum<br>lease<br>payments<br>HK\$'000 | Total<br>minimum<br>lease<br>payments<br>HK\$'000 | Present<br>value of the<br>minimum<br>lease<br>payments<br>HK\$'000 | Total<br>minimum<br>lease<br>payments<br>HK\$'000 |
| Within one year                                     | 570   | 608   | 596   | 644   |
| More than one year but not more<br>than two years   | 404   | 418   | 518   | 541   |
| More than two years but not more<br>than five years | 104   | 105   | 257   | 262   |
|   | <u>1,078</u>  | <u>1,131</u>                                      | <u>1,371</u>  | 1,447   |
| Less: total future interest expenses                |   | <u>(53)</u>                                       |   | <u>(76)</u>                                       |
| Present value of lease obligations                  |   | <u>1,078</u>                                      |   | <u>1,371</u>                                      |

Notes:

- (a) The Group had committed finance lease facilities which bore interest ranged from approximately 2.0% to 2.5% per annum as at 30 September 2019 (31 March 2019: approximately 2.0% to 2.5% per annum).
- (b) The carrying amounts of all finance lease liabilities are denominated in HK\$.

**19 COMMITMENTS**

**Operating Lease commitments – Group as lessee**

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

|  | <b>Unaudited</b>    | Audited  |
|--|---------------------|----------|
|  | <b>30 September</b> | 31 March |
|  | <b>2019</b>         | 2019     |
|  | <b>HK\$'000</b>     | HK\$'000 |
| Within one year                        | <b>532</b>          | 3,426    |
| In the second to fifth years inclusive | <b>9</b>            | 1,502    |
|  | <b>541</b>          | 4,928    |

The Group is the lessee in respect of office premises and office equipment under operating leases. The leases typically run for initial periods ranging from 2 to 5 years.

**20 RELATED PARTY TRANSACTIONS**

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

Save as disclosed in Notes 13 and 17 to the unaudited condensed consolidated financial statements, the Group entered into the following material transactions with related parties during the period:

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

| Name of related parties | Relationship with the Group               |
|-------------------------|---|
| Rising Wing             | A related company owned by Mr. Chan.      |
| HKFDA                   | A related company controlled by Mr. Chan. |

- (b) Transactions with related parties

|                            | <i>Note</i> | Unaudited<br>Three months ended<br>30 September |           | Unaudited<br>Six months ended<br>30 September |            |
|----------------------------|-------------|---|-----------|---|------------|
|                            |             | 2019  | 2018      | 2019  | 2018       |
|                            |             | HK\$'000  | HK\$'000  | HK\$'000                                      | HK\$'000   |
| Rental of offices paid to: |             |   |           |   |            |
| Rising Wing                | (i) & (ii)  | <u>84</u>                                       | <u>80</u> | <u>165</u>                                    | <u>161</u> |

Notes:

- (i) The rental expenses for premises paid to the above related parties are based on the agreements entered into between the parties involved.
- (ii) These related party transactions will constitute connected transactions or continuing connected transactions as defined in Chapter 20 of the GEM Listing Rules.

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

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

|                                 | <b>Unaudited</b>          |                 | <b>Unaudited</b>        |                 |
|---------------------------------|---------------------------|-----------------|-------------------------|-----------------|
|                                 | <b>Three months ended</b> |                 | <b>Six months ended</b> |                 |
|                                 | <b>30 September</b>       |                 | <b>30 September</b>     |                 |
|                                 | <b>2019</b>               | <b>2018</b>     | <b>2019</b>             | <b>2018</b>     |
|                                 | <b>HK\$'000</b>           | <b>HK\$'000</b> | <b>HK\$'000</b>         | <b>HK\$'000</b> |
| Salaries and other benefits     | <b>923</b>                | 931             | <b>1,805</b>            | 1,938           |
| Retirement scheme contributions | <b>14</b>                 | 13              | <b>27</b>               | 31              |
|                                 | <b>937</b>                | 944             | <b>1,832</b>            | 1,969           |

## 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\$68.1 million and HK\$72.4 million, of which approximately HK\$65.1 million and HK\$59.6 million representing approximately 95.6% and 82.3% of the Group's total revenue were generated from residential interior design and fit-out services for the six months ended 30 September 2019 and 2018, respectively. Approximately HK\$3.0 million and HK\$12.7 million, representing approximately 4.4% and 17.5% of the Group's total revenue were generated from commercial interior design and fit-out services for the six months ended 30 September 2019 and 2018, respectively.

For the six months ended 30 September 2019, the Group recorded a net loss of approximately HK\$1.1 million as compared to net profit of approximately HK\$2.2 million for the same period in 2018. The Directors are of the view that the Group's net loss was mainly attributable to the decrease in revenue generated from commercial interior design and fit-out services and the increase in direct costs mainly due to the rising costs of materials. In view of the steady revenue generated for the six months ended 30 September 2019 as compared to the same period in 2018 and the latest negotiations with existing and potential new customers, the Directors are of the view that there is no fundamental deterioration in the commercial and operational viability of the Group's business.

### OUTLOOK

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

## MANAGEMENT DISCUSSION AND ANALYSIS

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

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

### FINANCIAL REVIEW

#### Revenue

The Group’s revenue is primarily generated from provision of interior design and fit-out services in Hong Kong which includes two main categories namely (i) residential interior design and fit-out services; and (ii) commercial interior design and fit-out services. The Group’s revenue decreased by approximately 5.9% from approximately HK\$72.4 million for the six months ended 30 September 2018 to approximately HK\$68.1 million for the six months ended 30 September 2019. Such decrease was mainly due to the decrease in revenue generated from commercial interior design and fit-out services, which partially offset by the increase in revenue generated from residential interior design and fit-out services.

#### Direct costs

The Group’s direct costs consist primarily of (i) materials; (ii) subcontracting charges; (iii) staff costs; and (iv) warranty expenses. The Group’s direct costs increased by approximately 1.2% from approximately HK\$51.8 million for the six months ended 30 September 2018 to approximately HK\$52.4 million for the six months ended 30 September 2019. Such increase was mainly due to the rising costs of materials for the current period.



## MANAGEMENT DISCUSSION AND ANALYSIS

### Gross profit and gross profit margin

Gross profit represents revenue less direct costs. The Group's gross profit decreased by approximately HK\$4.9 million, or approximately 23.8%, from approximately HK\$20.6 million for the six months ended 30 September 2018 to approximately HK\$15.7 million for the six months ended 30 September 2019. The Group's gross profit margin was approximately 23.1% for the six months ended 30 September 2019, representing a decrease of approximately 5.4 percentage points as compared to approximately 28.5% for the six months ended 30 September 2018. The decrease in gross profit was mainly due to the decrease in revenue as mentioned above and the decrease in gross profit margin. The decrease in gross profit margin was mainly due to the increase in direct costs as mentioned above.

### Administrative and other operating expenses

The Group's administrative and other operating expenses for the six months 30 September 2019 was approximately HK\$17.0 million, representing an decrease of approximately 5.6% from approximately HK\$18.0 million for the six months ended 30 September 2018, primarily due to the decrease in administrative staff costs for the six months ended 30 September 2019.

### Loss/profit attributable to owners of the Company

As a result of the foregoing, the Group's loss attributable to owners of the Company for the six months ended 30 September 2019 amounted to approximately HK\$1.0 million, representing a decrease of profit for approximately HK\$3.0 million as compared with profit of approximately HK\$2.0 million for the six months ended 30 September 2018. It was mainly due to the decrease in revenue and increase in direct costs as mentioned above.

## MANAGEMENT DISCUSSION AND ANALYSIS

### COMPARISON OF BUSINESS OBJECTIVES WITH ACTUAL BUSINESS PROGRESS

The following is a comparison of the Group's business plan as set out in the Prospectus with actual business progress up to 30 September 2019.

#### **Business strategy as stated in the Prospectus**      **Progress up to 30 September 2019**

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

- To acquire a new office in Tsuen Wan through mortgage financing and the related fees due to the acquisition of the new office, fit-out and refurbishment costs and fit out new offices due to relocation on refurbish office design  
In view of 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
- 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  
In view of 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

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

- To increase advertising frequency on traditional media such as weekly magazine and billboards  
The Group has found suitable media channels for engaging in an informative advertising campaign
- To increase online advertisement  
The Group has increased the frequency of online advertisement during the period
- To engage a celebrity to market and endorse our services  
The Group has engaged a celebrity as our spokesperson

## MANAGEMENT DISCUSSION AND ANALYSIS

### Business strategy as stated in the Prospectus

### Progress up to 30 September 2019

#### 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 vehicle and pay the related fees due to the purchase of the vehicle

The Group has purchased three vehicles and paid the relevant fees

## MANAGEMENT DISCUSSION AND ANALYSIS

### USE OF NET PROCEEDS FROM LISTING

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

The below table sets out the proposed applications of the net proceeds from the Listing Date to 30 September 2019:

|  | <b>Planned use<br/>of proceeds from<br/>Listing Date to<br/>30 September 2019<br/>HK\$ million</b> | <b>Actual use<br/>of proceeds from<br/>Listing Date to<br/>30 September 2019<br/>HK\$ million</b> | <b>Unutilised use<br/>of proceeds from<br/>Listing Date to<br/>30 September 2019<br/>HK\$ million</b> |
|--|--|---|---|
| Expansion of market coverage in<br>Hong Kong   | 19.8   | –   | 19.8  |
| Strengthen sales and marketing efforts   | 4.0  | 4.0   | –   |
| Recruiting high caliber talent and enhance<br>internal training to support future growth | 4.7  | 4.2   | 0.5   |
| Upgrading information systems  | 1.9  | 0.1   | 1.8   |
| Development of fleet of vehicles   | 2.6  | 1.4   | 1.2   |
| General working capital  | 1.8  | 1.8   | –   |
| Total  | <u>34.8</u>  | <u>11.5</u>   | <u>23.3</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. Compounding the risky situation is the trade war between the United States of America and China that has created even more market uncertainties. In any event, the Company is still on the lookout for 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 2020.

## MANAGEMENT DISCUSSION AND ANALYSIS

For the upgrading information systems, the existence of unutilised use of proceeds of approximately HK\$1.8 million from the Listing Date to 30 September 2019 was due to the information systems vendors are unable to provide a satisfactory proposal to the needs of the Company. As such, the Company is now considering alternative vendors and/or proposals to meet the information system needs of the Company. Therefore, the Company expects to utilise this unused portion of the proceeds during the year ending 31 March 2020 to meet their goals of an upgraded information system.

As at 30 September 2019, the unutilised use of proceeds of approximately HK\$23.3 million has been placed as deposits into licensed banks in Hong Kong and will be expected to be used according to the intentions previously disclosed in the Prospectus. Such amounts are expected to be fully utilised by 31 March 2020.

The 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 the Listing Date and up to the date of this report. 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 finance lease.

As at 30 September 2019, the Group had finance lease liabilities of approximately HK\$1.1 million which was denominated in Hong Kong dollars (31 March 2019: HK\$1.4 million). The Group's finance lease obligations were for the acquisition of motor vehicles to support its operations.

As at 30 September 2019, the Group had approximately HK\$48.3 million in cash and bank balances (31 March 2019: HK\$53.1 million). The Directors believe that the Group is in a healthy financial position to expand its core business and to achieve its business objectives.

## MANAGEMENT DISCUSSION AND ANALYSIS

### GEARING RATIO

As at 30 September 2019, the gearing ratio of the Group was approximately 7.5% (31 March 2019: 2.9%). The increase in gearing ratio was mainly due to the increase in lease liabilities for right-of-use assets recognised under HKFRS 16 in current period. Gearing ratio is calculated as total interest-bearing liabilities divided by total capital. Total interest-bearing liabilities is calculated as total finance lease liabilities and lease liabilities. Total capital is calculated as total equity as shown in the consolidated statement of financial position.

### CHARGE ON GROUP ASSETS

As at 30 September 2019, the Group has pledged its motor vehicle with net book value amount of approximately HK\$1.3 million (31 March 2019: HK\$1.6 million), under finance lease agreements.

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

Save as disclosed herein, there was no significant investment held, material acquisition and disposal of subsidiaries and associated companies by the Company during the six months ended 30 September 2019. There are no other plans for material investments or capital assets as at 30 September 2019.

### FOREIGN EXCHANGE EXPOSURE

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

### TREASURY POLICY

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

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **CONTINGENT LIABILITIES**

The Group did not have any material contingent liabilities as at 30 September 2019 (31 March 2019: Nil).

### **COMMITMENTS**

The Group did not have any material capital commitment as at 30 September 2019 (31 March 2019: Nil).

The contractual commitments mainly involve rental payable by the Group in respect of office premises and office equipment under non-cancellable operating leases. As at 30 September 2019, the Group's operating lease commitments were approximately HK\$0.5 million (31 March 2019: HK\$4.9 million).

### **SEGMENT INFORMATION**

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

### **DIVIDEND**

The Board does not recommend the payment of an interim dividend for the six months ended 30 September 2019 (2018: Nil).

### **EVENT AFTER REPORTING PERIOD**

Saved as disclosed in this report, there is no other important event affecting the Group since 30 September 2019 and up to the date of this report.

### **INFORMATION ON EMPLOYEES**

As at 30 September 2019, the Group had 43 employees working in Hong Kong (31 March 2019: 51). Employees are remunerated based on their qualifications, position and performance. The remuneration offered to employees generally includes salaries, allowances and discretionary bonus. Various types of trainings were provided to the employees. The total staff cost (including remuneration of Directors and mandatory provident funds contributions) for the period ended 30 September 2019 amounted to approximately HK\$8.6 million (2018: HK\$9.1 million).

## OTHER INFORMATION

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

As at 30 September 2019, the interests or short positions of the Directors or chief executives of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of Securities and Futures Ordinance (the "SFO") which are required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions in which they are taken or deemed to have under such provisions), or which are required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein or which are required to be notified to the Company and the Stock Exchange pursuant to the Rules 5.46 to 5.68 of GEM Listing Rules, are as follows:

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

| Name                     | Capacity/Nature of interest          | Number of underlying shares | Approximate percentage of shareholding |
|--------------------------|--------------------------------------|-----------------------------|--|
| Mr. Chan ( <i>Note</i> ) | Interest of a controlled corporation | 408,370,000                 | 51.05%                                 |

*Note:* Mr. Chan legally and beneficially owns the entire issued share capital of Chun Wah. Therefore, Mr. Chan is deemed, or taken to be, interested in all the shares held by Chun Wah for the purpose of the SFO. Mr. Chan is the sole director of Chun Wah.

Save as disclosed above, as at 30 September 2019, none of the Directors and chief executives of the Company had any interests or short positions in any shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or which were required, pursuant to Rules 5.46 to 5.68 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange.



## OTHER INFORMATION

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

So far as known to the Directors or chief executive of the Company, as at 30 September 2019, the following persons/entities (other than the Directors and chief executives of the Company) had or were deemed to have an interest or a short position in the shares or the underlying shares which would be required to be disclosed to the Company and the Stock Exchange under the provisions of Division 2 and 3 of Part XV of the SFO, or which were recorded in the register of the Company required to be kept under Section 336 of the SFO, or who were directly or indirectly, to be interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company or any other member of the Group:

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

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

*Note:* Ms. Wong Ting Nuen (“**Ms. Wong**”) is the spouse of Mr. Chan. Ms. Wong is deemed, or taken to be, interested in the same number of shares in which Mr. Chan is interested for the purpose of the SFO.

Save as disclosed above, as at 30 September 2019, there was no person or corporation, other than the Directors and chief executives of the Company whose interests are set out in the section “Other information – Directors’ and chief executives’ interests and short positions in shares, underlying shares and debentures” above, had any interest or a short position in the shares or underlying shares of the Company which would be required to be disclosed to the Company and the Stock Exchange under the provisions of Division 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO, or who were directly or indirectly, to be interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meeting of the Company or any other member of the Group.

## OTHER INFORMATION

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

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 September 2019.

### COMPETITION AND CONFLICT OF INTERESTS

None of the Directors, the controlling shareholders or substantial shareholders of the Company or any of their respective associates (as defined in the GEM Listing Rules) engaged in any businesses that compete or may compete with the business of the Group or has any other conflict of interests with the Group for the six months ended 30 September 2019.

#### Non-Competition Undertaking

In order to avoid any possible future competition between the Group and the controlling shareholder of the Company, Mr. Chan and Chun Wah (each a **"Covenantor"** and collectively the **"Covenantors"**) have entered into the deed of non-competition (the **"Deed of Non-competition"**) with the Company (for itself and for the benefit of each other member of the Group) on 24 March 2017. Pursuant to the Deed of Non-competition, each of the Covenantors has irrevocably and unconditionally undertaken to the Company (for itself and as trustee for its subsidiaries) that, during the period that the Deed of Non-competition remains effective, he/she/it shall not, and shall procure that his/her/its associates (other than any member of the Group) not to develop, acquire, invest in, participate in, carry on or be engaged, concerned or interested or otherwise be involved, whether directly or indirectly, in any business in competition with or likely to be in competition with the existing business activity of any member of the Group.

Each of the Covenantors further undertakes that if any of he/it or his/its close associates other than any member of the Group is offered or becomes aware of any business opportunity which may compete with the business of the Group, he/it shall (and he/it shall procure his/its associates to) notify the Group in writing and the Group shall have a right of first refusal to take up such business opportunity. The Group shall, within 6 months after receipt of the written notice (or such longer period if the Group is required to complete any approval procedures as set out under the GEM Listing Rules from time to time), notify the Covenantor(s) whether the Group will exercise the right of first refusal or not.

## OTHER INFORMATION

The Group shall only exercise the right of first refusal upon the approval of all the independent non-executive Directors (who do not have any interest in such opportunity). The relevant Covenantor(s) and the other conflicting Directors (if any) shall abstain from participating in and voting at and shall not be counted as quorum at all meetings of the Board where there is a conflict of interest or potential conflict of interest including but not limited to the relevant meeting of the independent non-executive Directors for considering whether or not to exercise the right of first refusal.

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

## DIRECTORS’ SECURITIES TRANSACTIONS

The Company has 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 “**Required Standard of Dealing**”). Based on specific enquiry with the Directors, all Directors confirmed that they had fully complied with the Required Standard of Dealing and there was no event of non-compliance during the six months ended 30 September 2019.

## SHARE OPTION SCHEME

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

For the six months ended 30 September 2019, no share option was granted, exercised, expired or lapsed and there is no outstanding share option under the Share Option Scheme.

## OTHER INFORMATION

### INTERESTS OF THE COMPLIANCE ADVISER

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

### CORPORATE GOVERNANCE PRACTICE

We are committed to achieving and maintaining high standards of corporate governance, as our Board believes that good and effective corporate governance practices are key to obtaining and maintaining the trust of the shareholders of the Company and other stakeholders, and are essential for encouraging accountability and transparency so as to sustain the success of the Group and to promote the interests of its shareholders of the Company.

Accordingly, the Company has adopted sound corporate governance principles that emphasise a quality Board, effective internal control, stringent disclosure practices, transparency and accountability to all stakeholders.

The Company has applied the principles and code provisions in the Corporate Governance Code (the "**CG Code**") set out in Appendix 15 to the GEM Listing Rules. In the opinion of the Board, the Company has complied with the CG Code during the six months ended 30 September 2019 and up to the date of this report.

### 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 include Ms. Lui Lai Chun and Mr. Wu Loong Cheong Paul, the independent non-executive Directors. The written terms of reference of the Audit Committee are posted on the Stock Exchange's website and on the Company's website.

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

## OTHER INFORMATION

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

The Group's condensed consolidated financial statements for the six months ended 30 September 2019 are unaudited, but have been reviewed by the Audit Committee. The Audit Committee is of the opinion that the unaudited condensed consolidated financial statements of the Group for the six months ended 30 September 2019 comply with applicable accounting standards, the GEM Listing Rules and that adequate disclosures have been made.

### PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT

The interim results announcement and the interim report are published on the website of the Stock Exchange at ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company's website at ([www.dic.hk](http://www.dic.hk)). The interim report of the Company for the six months ended 30 September 2019 will be dispatched to the shareholders of the Company. Should the shareholders of the Company have any difficulties in accessing the corporate communications electronically, please request the printed interim report, free of charge, at any time by writing to the Company or the Company's registrar, Tricor Investor Services Limited.

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

Hong Kong, 8 November 2019

*As at the date of this report, the Board comprises Mr. Chan Lai Sin and Ms. Wan Pui Chi as executive Directors; and Mr. Kwan Ngai Kit, Ms. Lui Lai Chun and Mr. Wu Loong Cheong Paul as independent non-executive Directors.*