

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

2024

REPORT

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.

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*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

Dr. Chan Lai Sin (*Chairman*)

Ms. Wan Pui Chi

Independent non-executive Directors

Ms. Lui Lai Chun

Dr. Chung Siu Kuen

Dr. Chu Kwan Siu Candace

BOARD COMMITTEES

Audit Committee

Ms. Lui Lai Chun (*Chairman*)

Dr. Chung Siu Kuen

Dr. Chu Kwan Siu Candace

Remuneration Committee

Ms. Lui Lai Chun (*Chairman*)

Dr. Chan Lai Sin

Dr. Chung Siu Kuen

Dr. Chu Kwan Siu Candace

Nomination Committee

Dr. Chu Kwan Siu Candace (*Chairman*)

Dr. Chan Lai Sin

Ms. Lui Lai Chun

Dr. Chung Siu Kuen

COMPANY SECRETARY

Ms. Ng Hoi Ying

AUTHORISED REPRESENTATIVES

Dr. Chan Lai Sin

Ms. Ng Hoi Ying

COMPLIANCE OFFICER

Dr. Chan Lai Sin

COMPLIANCE ADVISER

Frontpage Capital Limited

26/F., Siu On Centre

188 Lockhart Road

Wan Chai

Hong Kong

AUDITORS

Asian Alliance (HK) CPA Limited

Certified Public Accountants

Registered Public Interest Entity Auditor

8/F., Catic Plaza

8 Causeway Road

Causeway Bay

Hong Kong

LEGAL ADVISER AS TO HONG KONG LAWS

CFN Lawyers

Room Nos. 4101-4104, 41/F

Sun Hung Kai Centre

30 Harbour Road

Wan Chai, Hong Kong

CORPORATE INFORMATION

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN THE CAYMAN ISLANDS

Ocorian Trust (Cayman) Limited
Windward 3, Regatta Office Park
PO Box 1350
Grand Cayman KY1-1108
Cayman Islands

BRANCH SHARE REGISTRAR AND TRANSFER OFFICE IN HONG KONG

Tricor Investor Services Limited
17/F, Far East Finance Centre
16 Harcourt Road
Hong Kong

REGISTERED OFFICE IN THE CAYMAN ISLANDS

Windward 3, Regatta Office Park
PO Box 1350
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
Hang Seng Bank
The Hongkong and Shanghai Banking
Corporation Limited

STOCK CODE

8455

COMPANY'S WEBSITE

www.dic.hk

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

For the six months ended 30 September 2024

The unaudited condensed consolidated results of the Group for the six months ended 30 September 2024, together with the unaudited comparative figures for the corresponding periods in 2023, are as follows:

| | | Unaudited Six months ended 30 September | |
|---|------|--|------------------|
| | Note | 2024 HK\$'000 | 2023 HK\$'000 |
| Revenue | 5 | 51,195 | 53,006 |
| Direct costs | | (41,548) | (42,815) |
| Gross profit | | 9,647 | 10,191 |
| Other income and other gains | 5 | 619 | 721 |
| Administrative and other operating expenses | | (15,634) | (17,102) |
| Operating loss | | (5,368) | (6,190) |
| Finance costs | 7 | (139) | (230) |
| Loss before income tax | 6 | (5,507) | (6,420) |
| Income tax credit | 8 | 19 | 21 |
| Loss for the period attributable to the owners of the Company | | (5,488) | (6,399) |
| Other comprehensive income | | | |
| <i>Items that may be reclassified subsequently to profit or loss:</i> | | | |
| Exchange differences arising on translation of foreign operations | | (2) | – |
| Other comprehensive income for the period attributable to the owners of the Company, net of income tax | | – | – |
| Total comprehensive expense for the period attributable to the owners of the Company | | (5,490) | (6,399) |
| Loss per share attributable to the owners of the Company for the period | | | |
| – Basic and diluted loss per share | 9 | (HK0.69 cents) | (HK0.80 cents) |

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2024

| | | Unaudited As at 30 September 2024 HK\$'000 | Audited As at 31 March 2024 HK\$'000 |
|---------------------------------|------|--|--|
| | Note | | |
| ASSETS | | | |
| Non-current assets | | | |
| Property, plant and equipment | 11 | 8,436 | 8,549 |
| Right-of-use assets | | 103 | – |
| Deferred tax assets | | 22 | – |
| Total non-current assets | | 8,561 | 8,549 |
| Current assets | | | |
| Contract assets | | 1,309 | 1,113 |
| Trade and other receivables | 12 | 1,813 | 2,781 |
| Tax recoverable | | 42 | 42 |
| Cash and cash equivalent | 14 | 20,781 | 24,326 |
| Total current assets | | 23,945 | 28,262 |
| Total assets | | 32,506 | 36,811 |
| EQUITY | | | |
| Capital and reserves | | | |
| Share capital | 15 | 8,000 | 8,000 |
| Reserves | | (4,887) | 603 |
| Total equity | | 3,113 | 8,603 |

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2024

| | | Unaudited As at 30 September 2024 HK\$'000 | Audited As at 31 March 2024 HK\$'000 |
|--------------------------------------|------|--|--|
| | Note | | |
| LIABILITIES | | | |
| Non-current liabilities | | | |
| Lease liabilities | | 255 | 752 |
| Deferred tax liabilities | | 41 | 39 |
| Total non-current liabilities | | 296 | 791 |
| Current liabilities | | | |
| Contract liabilities | | 7,171 | 8,145 |
| Trade and other payables | 16 | 14,656 | 11,807 |
| Amount due to a director | 13 | 100 | 35 |
| Provision for warranties | | 916 | 783 |
| Bank borrowing | 17 | 4,755 | 4,964 |
| Lease liabilities | | 1,499 | 1,683 |
| Total current liabilities | | 29,097 | 27,417 |
| Total liabilities | | 29,393 | 28,208 |
| Total equity and liabilities | | 32,506 | 36,811 |

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2024

| | Attributable to owners of the Company | | | | | Total equity HK\$'000 |
|--|---------------------------------------|---------------------------|----------------------------------|--|--------------------------------|--------------------------|
| | Share capital HK\$'000 | Share premium HK\$'000 | Translation reserves HK\$'000 | Other reserves HK\$'000 (Note i) | Accumulated losses HK\$'000 | |
| Balance as at 1 April 2023 (Audited) | 8,000 | 44,419 | (2) | (5,829) | (25,891) | 20,697 |
| Loss for the period | - | - | - | - | (6,399) | (6,399) |
| Other comprehensive income for the period | - | - | - | - | - | - |
| Total comprehensive expense for the period | - | - | - | - | (6,399) | (6,399) |
| Balance at 30 September 2023 (Unaudited) | <u>8,000</u> | <u>44,419</u> | <u>(2)</u> | <u>(5,829)</u> | <u>(32,290)</u> | <u>14,298</u> |
| Balance at 1 April 2024 (Audited) | 8,000 | 44,419 | (5) | (5,829) | (37,982) | 8,603 |
| Loss for the period | - | - | - | - | (5,488) | (5,488) |
| Other comprehensive expense for the period | - | - | (2) | - | - | (2) |
| Total comprehensive expense for the period | - | - | (2) | - | (5,488) | (5,490) |
| Balance at 30 September 2024 (Unaudited) | <u>8,000</u> | <u>44,419</u> | <u>(7)</u> | <u>(5,829)</u> | <u>(43,470)</u> | <u>3,113</u> |

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 2024

| | Unaudited Six months ended 30 September | |
|---|---|-----------------------------|
| | 2024 | 2023 |
| | HK\$'000 | HK\$'000 |
| Cash flows from operating activities | | |
| Cash used in operations | (2,593) | (5,431) |
| Tax refunded | — | 24 |
| Net cash used in operating activities | <u>(2,593)</u> | <u>(5,407)</u> |
| Cash flows from investing activities | | |
| Proceeds from disposal of property, plant and equipment | 4 | — |
| Interest received | 176 | 43 |
| Purchases of property, plant and equipment | — | (63) |
| Net cash generated from/(used in) investing activities | <u>180</u> | <u>(20)</u> |
| Cash flows from financing activities | | |
| Interest paid on bank borrowing | (89) | (158) |
| Repayment of lease liabilities | (833) | (765) |
| Repayment of bank borrowings | (210) | (852) |
| Net cash used in financing activities | <u>(1,132)</u> | <u>(1,775)</u> |
| Net decrease in cash and cash equivalents | (3,545) | (7,202) |
| Cash and cash equivalents at the beginning of period | <u>24,326</u> | <u>24,312</u> |
| Cash and cash equivalents at the end of period | <u><u>20,781</u></u> | <u><u>17,110</u></u> |

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 (“**Chun Wah**”), a company incorporated in the Republic of Seychelles. Its ultimate controlling party is Dr. Chan Lai Sin (“**Dr. Chan**”), who is also the chairman of the board of Directors (the “**Board**”) and an 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.

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

2 BASIS OF PREPARATION

The unaudited condensed consolidated financial statements for the six months ended 30 September 2024 has been prepared in accordance with the HKAS 34 “Interim Financial Reporting” and the applicable disclosure provisions of the GEM Listing Rules.

The unaudited condensed consolidated financial statements for the six months ended 30 September 2024 should be read in conjunction with the audited consolidated financial statements for the year ended 31 March 2024 and the notes thereto (the “**2024 Audited Consolidated Financial Statements**”). The significant accounting policies adopted in the preparation of the unaudited condensed consolidated financial statements are consistent with those followed in the preparation of the 2024 Audited Consolidated Financial Statements except for the new and revised standards, amendments and interpretations issued by the Hong Kong Institute of Certified Public Accountants that are adopted for the first time for the current period’s financial statements. It should be noted that accounting estimates and assumptions were adopted in the preparation of the unaudited condensed consolidated financial statements. Although the estimates are based on the management’s best knowledge of and judgement on the present events and actions, the actual results may eventually differ from those estimates.

The unaudited condensed consolidated financial statements for the six months ended 30 September 2024 has not been audited or reviewed by the Company’s external auditors, but has been reviewed by the audit committee of the Company (the “**Audit Committee**”).

Going concern

The unaudited condensed consolidated financial statements have been prepared on a going concern basis as the Directors are of the opinion that the Group would have sufficient working capital to finance its operations and meet its financial obligations as and when they fall due within the next twelve months from the end of the reporting period taking into account various plans and measures. Measures that the Group has taken and is taking to manage its liquidity needs and improve its financial position include, but are not limited to, the followings:

- (i) The Directors are of the view that based on past experience and the nature of the loan financing are not expected to be payable on demand before the maturities;
- (ii) The Directors will continue to implement stronger measures and other comprehensive policies aiming at improving the working capital and cash flows of the Group, including closely monitoring incurrence of operating expenses; and
- (iii) The Directors will consider other financing arrangements and fund-raising alternatives with a view to increasing the Group’s capitalisation/equity and to support the continuing growth of the Company.

3 ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

Certain new and revised Hong Kong Financial Reporting Standards (“**HKFRS(s)**”) have been issued. The Directors considered that the adoption of those new HKFRSs which are effective for the accounting periods beginning on 1 April 2024 will not have any material impact on the preparation and presentation of the results and financial conditions of the current period and previous periods. For the HKFRSs that are not yet effective nor have not been early adopted, the Group is in the process of making an assessment of the potential impact of the newly issued HKFRSs.

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 2024 Audited Consolidated Financial Statements.

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 2024.

4.3 Fair value estimation

As at 31 March 2024 and 30 September 2024, 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 OTHER GAINS

| Unaudited Six months ended 30 September 2024 | | 2023 |
|---|--|-----------------|
| HK\$'000 | | HK\$'000 |

| | | |
|---|---------------|---------------|
| Residential interior design and fit-out services | 50,565 | 47,662 |
| Commercial interior design and fit-out services | 630 | 5,344 |
| | <u>51,195</u> | <u>53,006</u> |

| Unaudited Six months ended 30 September 2024 | | 2023 |
|---|--|-----------------|
| HK\$'000 | | HK\$'000 |

| | | |
|---|------------|------------|
| Referral income | 439 | 539 |
| Interest income | 176 | 43 |
| Gain on disposal of property, plant and equipment | 4 | — |
| Others | — | 139 |
| | <u>619</u> | <u>721</u> |

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL INFORMATION

Disaggregation of revenue from contracts with customers

| | Unaudited Six months ended 30 September 2024 | | 2023 |
|--------------------------------------|---|---------------|----------|
| | HK\$'000 | | HK\$'000 |
| Timing of revenue recognition | | | |
| Over-time | <u>51,195</u> | <u>53,006</u> | |
| Type of goods and services | | | |
| Interior design and fit-out services | <u>51,195</u> | <u>53,006</u> | |

6 LOSS BEFORE INCOME TAX

Loss before income tax is stated after charging the following items:

| | Unaudited Six months ended 30 September 2024 | | 2023 |
|--|---|--------------|----------|
| | HK\$'000 | | HK\$'000 |
| Depreciation of property, plant and equipment (<i>Note 11</i>) | 113 | 116 | |
| Depreciation of right-of-use assets | 2 | – | |
| Legal and professional fee | 1,223 | 1,253 | |
| Materials | 7,150 | 5,965 | |
| Lease payments relating to short-term leases in respect of premises | 128 | 424 | |
| Lease payments relating to leases of low-value assets, excluding short term leases of low-value assets: | | | |
| – office equipment | 18 | 14 | |
| Subcontracting charges | 31,958 | 32,569 | |
| Staff costs, including directors' emoluments | <u>7,076</u> | <u>8,800</u> | |

7 FINANCE COSTS

| | Unaudited Six months ended 30 September | |
|--------------------------------|---|------------|
| | 2024 | 2023 |
| | HK\$'000 | HK\$'000 |
| Interest on bank borrowing | 89 | 158 |
| Interest on leases liabilities | 50 | 72 |
| | <u>139</u> | <u>230</u> |

8 INCOME TAX CREDIT

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 (the "PRC") on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% for the six months ended 30 September 2024 and 2023.

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

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL INFORMATION

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

| | Unaudited | |
|--|-------------------------|--------------------|
| | Six months ended | |
| | 30 September | |
| | 2024 | 2023 |
| | HK\$'000 | HK\$'000 |
| Current income tax – Hong Kong Profits Tax | – | – |
| Deferred income tax | <u>(19)</u> | <u>(21)</u> |
| Income tax credit | <u>(19)</u> | <u>(21)</u> |

9 LOSS PER SHARE ATTRIBUTABLE TO THE OWNERS OF THE COMPANY FOR THE PERIOD – BASIC AND DILUTED

(a) Basic

Basic loss per share is calculated by dividing the loss 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 Six months ended 30 September 2024 | | 2023 |
|---|---|--|---------------|
| Loss for the period attributable to the owners of the Company (<i>HK\$'000</i>) | (5,488) | | (6,399) |
| Weighted average number of ordinary shares in issue ('000) | 800,000 | | 800,000 |
| Basic loss per share (<i>expressed in HK cents per share</i>) | <u>(0.69)</u> | | <u>(0.80)</u> |

The weighted average number of ordinary shares for the six months ended 30 September 2024 and 2023 were derived from 800,000,000 ordinary shares in issue by the Company.

(b) Diluted

Diluted loss per share is equal to the basic loss per share as there were no dilutive potential ordinary shares in issue during the six months ended 30 September 2024 and 2023.

10 DIVIDENDS

The Board does not recommend a payment of an interim dividend for the six months ended 30 September 2024 (2023: Nil).

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL INFORMATION

11 PROPERTY, PLANT AND EQUIPMENT

| | Land and Building HK\$'000 | Computer equipment HK\$'000 | Leasehold improvements HK\$'000 | Furniture and fixtures HK\$'000 | Office equipment HK\$'000 | Motor vehicles HK\$'000 | Total HK\$'000 |
|---|----------------------------------|-----------------------------------|---------------------------------------|---------------------------------------|---------------------------------|-------------------------------|-------------------|
| Audited | | | | | | | |
| Cost | | | | | | | |
| As at 1 April 2023 | 10,320 | 2,998 | 795 | 507 | 698 | 4,043 | 19,361 |
| Additions | - | 63 | - | - | - | - | 63 |
| Disposal | - | - | - | - | - | (430) | (430) |
| As at 31 March 2024 | 10,320 | 3,061 | 795 | 507 | 698 | 3,613 | 18,994 |
| Accumulated depreciation | | | | | | | |
| As at 1 April 2023 | 1,545 | 2,998 | 795 | 507 | 698 | 4,043 | 10,586 |
| Charge for the year | 226 | 9 | - | - | - | - | 235 |
| Impairment loss recognised in profit or loss | - | 54 | - | - | - | - | 54 |
| Disposal | - | - | - | - | - | (430) | (430) |
| As at 31 March 2024 | 1,771 | 3,061 | 795 | 507 | 698 | 3,613 | 10,445 |
| Net book value | | | | | | | |
| As at 31 March 2024 | 8,549 | - | - | - | - | - | 8,549 |
| Unaudited | | | | | | | |
| Cost | | | | | | | |
| As at 1 April 2024 | 10,320 | 3,061 | 795 | 507 | 698 | 3,613 | 18,994 |
| Additions | - | - | - | - | - | - | - |
| Disposal | - | - | - | - | - | (226) | (226) |
| As at 30 September 2024 | 10,320 | 3,061 | 795 | 507 | 698 | 3,387 | 18,768 |
| Accumulated depreciation | | | | | | | |
| As at 1 April 2024 | 1,771 | 3,061 | 795 | 507 | 698 | 3,613 | 10,445 |
| Charge for the period/(Note 6) | 113 | - | - | - | - | - | 113 |
| Disposal | - | - | - | - | - | (226) | (226) |
| As at 30 September 2024 | 1,884 | 3,061 | 795 | 507 | 698 | 3,387 | 10,332 |
| Net book value | | | | | | | |
| As at 30 September 2024 | 8,436 | - | - | - | - | - | 8,436 |

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL INFORMATION

12 TRADE AND OTHER RECEIVABLES

| | Unaudited As at 30 September 2024 HK\$'000 | Audited As at 31 March 2024 HK\$'000 |
|---|--|--|
| Trade receivables | 409 | 296 |
| Less: Allowance for credit losses | <u>(23)</u> | <u>(23)</u> |
| | <u>386</u> | <u>273</u> |
| Other receivables, deposits and prepayments | 1,443 | 2,524 |
| Less: Allowance for credit losses | <u>(16)</u> | <u>(16)</u> |
| | <u>1,427</u> | <u>2,508</u> |
| Total trade and other receivables | <u><u>1,813</u></u> | <u><u>2,781</u></u> |

Notes:

- (a) No credit period was granted to customers (31 March 2024: Nil) generally. Trade receivables are denominated in HK\$.
- (b) The ageing analysis of the trade receivables based on invoice date is as follows:

| | Unaudited As at 30 September 2024 HK\$'000 | Audited As at 31 March 2024 HK\$'000 |
|--------------|--|--|
| 0-30 days | 356 | 243 |
| 31-60 days | – | 30 |
| 61-90 days | – | – |
| Over 90 days | <u>53</u> | <u>–</u> |
| | <u><u>409</u></u> | <u><u>273</u></u> |

- (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 TO A DIRECTOR

| | Unaudited As at 30 September 2024 HK\$'000 | Audited As at 31 March 2024 HK\$'000 |
|-------------------------|--|--|
| Name of Director | | |
| Dr. Chan | <u>100</u> | <u>35</u> |

Dr. Chan is an executive Director and the chairman of the Board. The balance is denominated in HK\$. The amounts due to a director is non-trade in nature, unsecured, interest-free and repayable on demand (Note 18).

14 CASH AND CASH EQUIVALENTS

| | Unaudited As at 30 September 2024 HK\$'000 | Audited As at 31 March 2024 HK\$'000 |
|---------------------------|--|--|
| Cash at banks | 20,490 | 24,034 |
| Cash on hand | <u>291</u> | <u>292</u> |
| Cash and cash equivalents | <u>20,781</u> | <u>24,326</u> |

Notes:

- (a) The carrying amounts of cash and cash equivalents are mainly denominated in HK\$.
- (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 2024 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 shares (in thousand) | Share capital HK\$'000 |
|--|--------------------------------------|------------------------------|
| Ordinary shares of HK\$0.01 each | | |
| Authorised: | | |
| As at 1 April 2023, 31 March 2024 and 30 September 2024 | <u>1,000,000</u> | <u>10,000</u> |
| Issued and fully paid: | | |
| As at 1 April 2023, 31 March 2024 and 30 September 2024 | <u>800,000</u> | <u>8,000</u> |

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL INFORMATION

16 TRADE AND OTHER PAYABLES

| | Unaudited As at 30 September 2024 HK\$'000 | Audited As at 31 March 2024 HK\$'000 |
|-----------------------------|--|--|
| Trade payables | 12,415 | 9,122 |
| Other payables and accruals | 2,241 | 2,685 |
| | <u>14,656</u> | <u>11,807</u> |

Notes:

- (a) Payment terms granted by suppliers and subcontractors are generally 30 days (31 March 2024: 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:

| | Unaudited As at 30 September 2024 HK\$'000 | Audited As at 31 March 2024 HK\$'000 |
|--------------|--|--|
| 0-30 days | 8,393 | 5,007 |
| 31-60 days | 642 | 167 |
| 61-90 days | 1,891 | 1,681 |
| Over 90 days | 1,489 | 2,267 |
| | <u>12,415</u> | <u>9,122</u> |

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

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL INFORMATION

17 BANK BORROWING

| | | Unaudited As at 30 September 2024 HK\$'000 | Audited As at 31 March 2024 HK\$'000 |
|---|------|--|--|
| | Note | | |
| Unsecured | (a) | 4,755 | 4,964 |
| | | <u>4,755</u> | <u>4,964</u> |
| | | Unaudited As at 30 September 2024 HK\$'000 | Audited As at 31 March 2024 HK\$'000 |
| The carrying amount of the above bank loans that contain a repayment on demand clause (shown under current liabilities) but repayable: Within one year | | 4,755 | 4,964 |
| | | <u>4,755</u> | <u>4,964</u> |

Note:

- (a) The unsecured bank loan is denominated in HK\$, interest-bearing at Hong Kong Dollars Best Lending Rate quoted by the bank ("Prime Rate") minus 2.25% per annum. The bank loan is secured by personal guarantee given by Dr. Chan, being the chairman of the Board, an executive Director and substantial shareholder of the Company. The effective interest rate during the six months ended 30 September 2024 was 3.63% per annum (2023: between 0.30% to 1.07% per annum).

As at 30 September 2024, the Group has unutilised credit facilities of approximately HK\$14,000,000 from a financial institution (31 March 2024: approximately HK\$14,000,000).

18 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 Note 13 to the unaudited condensed consolidated financial statements, the Group entered into the following material transactions with related parties during the period:

- (a) **The Directors are of the view that the following party that had transactions or balances with the Group are related parties:**

| Name of related party | Relationship with the Group |
|-----------------------|--|
| Dr. Chan | An executive Director and the chairman of the Board. |

- (b) **Directors' and chief executive's emoluments**

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

| | Unaudited Six months ended 30 September | |
|---------------------------------|---|--------------|
| | 2024 | 2023 |
| | HK\$'000 | HK\$'000 |
| Salaries and other benefits | 2,429 | 2,416 |
| Retirement scheme contributions | 18 | 18 |
| | <u>2,447</u> | <u>2,434</u> |

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 the provision of interior design services by the Group's in-house design team. The Group's customers are provided 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\$51.2 million and HK\$53.0 million, of which approximately HK\$50.6 million and HK\$47.7 million representing approximately 98.8% and 89.9% of the Group's total revenue were generated from residential interior design and fit-out services for the six months ended 30 September 2024 and 2023, respectively. Approximately HK\$0.6 million and HK\$5.3 million, representing approximately 1.2% and 10.1% of the Group's total revenue were generated from commercial interior design and fit-out services for the six months ended 30 September 2024 and 2023, respectively.

For the six months ended 30 September 2024, the Group recorded a net loss of approximately HK\$5.5 million as compared to approximately HK\$6.4 million for the same period in 2023. The Directors are of the view that the decrease in net loss was primarily attributable to the decrease in administrative and other operating expenses due to effective cost control measures implemented for the six months ended 30 September 2024.

OUTLOOK

Owing to the general worsening economic environment, the Directors are of the view that the property market in Hong Kong will remain uncertain in the near future.

It is expected that the current year remains challenging in the midst of the uncertain property market and business environment of Hong Kong. Under such uncertain conditions of the industry, the Group expects the competitors will continue to adopt a more competitive pricing strategy in the near future. In view of such competitive market condition, the Board will remain cautious in expanding its business and will strive to control its operating costs, as well as monitoring the current market trend to anticipate any downturn or changes in the current market.

MANAGEMENT DISCUSSION AND ANALYSIS

Looking forward, the Directors are of the view that as the number of housing transactions increases and the general economic activities gradually recovers, the Board expects the general demand for the Group's services will increase in long run. As such, the Company will continue to build upon its marketing and promotional strategy to increase the Group's brand awareness in the renovation and interior design and fit-out market. In view of the potential expansion of the Group's market share in Hong Kong, the Group will strive to expand its business coverage throughout Hong Kong to extend its reach to more potential customers.

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. The Group's revenue decreased by approximately 3.4% from approximately HK\$53.0 million for the six months ended 30 September 2023 to approximately HK\$51.2 million for the six months ended 30 September 2024. Such decrease was mainly due to the decrease in the number of projects undertaken by the Group during the period as a result of the continued adverse market conditions.

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 decreased by approximately 3.0% from approximately HK\$42.8 million for the six months ended 30 September 2023 to approximately HK\$41.5 million for the six months ended 30 September 2024. Such decrease was generally in line with the decrease in revenue for the same 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\$0.6 million, or approximately 5.3%, from approximately HK\$10.2 million for the six months ended 30 September 2023 to approximately HK\$9.6 million for the six months ended 30 September 2024. The decrease in gross profit was mainly due to the decrease in revenue as mentioned above.

The Group's gross profit margin was approximately 18.8% for the six months ended 30 September 2024, representing a decrease of approximately 0.4 percentage points as compared to approximately 19.2% for the six months ended 30 September 2023. The Group's gross profit margin remained relatively stable for the period, as compared to that of 2023.

Administrative and other operating expenses

The Group's administrative and other operating expenses for the six months ended 30 September 2024 was approximately HK\$15.6 million, representing a decrease of approximately 8.6% from approximately HK\$17.1 million for the six months ended 30 September 2023, primarily due to the effective cost control measures implemented for the six months ended 30 September 2024.

Loss attributable to the owners of the Company

As a result of the foregoing, the Group's loss attributable to the owners of the Company for the six months ended 30 September 2024 amounted to approximately HK\$5.5 million, representing a decrease in loss of approximately HK\$0.9 million as compared with the loss attributable to the owners of the Company of approximately HK\$6.4 million for the six months ended 30 September 2023. It was mainly due to the decrease in administrative and other operating expenses, partially offset by the decrease in gross profit as disclosed above.

MANAGEMENT DISCUSSION AND ANALYSIS

USE OF NET PROCEEDS FROM LISTING

The net proceeds from the listing of shares of the Company on GEM of the Stock Exchange 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 “**Net Proceeds**”). The Net Proceeds were applied in the manner as described in the prospectus of the Company dated 31 March 2017 (the “**Prospectus**”) and the announcement of the Company dated 7 March 2023 in relation to the change in use of net proceeds (the “**Announcement**”).

The below table sets out the proposed applications of the Net Proceeds from the Listing Date to 30 September 2024:

| Planned use of Net Proceeds as disclosed in the Prospectus and as amended in the Announcement | Unutilised Net Proceeds as at 31 March 2024 | Utilised Net Proceeds during the reporting period | Utilised Net Proceeds up to 30 September 2024 | Unutilised Net Proceeds up to 30 September 2024 | Expected timeline of full utilisation of the unutilised Net Proceeds |
|---|---|--|--|--|--|
| HK\$ million (Note) | HK\$ million | HK\$ million | HK\$ million | HK\$ million | |
| Expansion of market coverage in Hong Kong | – | – | – | – | N/A |
| Strengthen sales and marketing efforts | 4.0 | – | – | 4.0 | N/A |
| Recruiting high caliber talent and enhance internal training to support future growth | 4.7 | – | – | 4.7 | N/A |
| Upgrading information systems | 1.9 | 0.3 | 0.1 | 1.7 | by March 2025 |
| Development of fleet of vehicles | 2.6 | – | – | 2.6 | N/A |
| General working capital | 21.6 | 5.0 | 5.0 | 21.6 | N/A |
| | <u>34.8</u> | <u>5.3</u> | <u>5.1</u> | <u>34.6</u> | <u>0.2</u> |

Note: On 7 March 2023, the Board resolved to change the outstanding Net Proceeds from the issue of new shares of the Company at the time of its listing on Listing Date, being approximately HK\$20,300,000 as at 7 March 2023 as follows: (i) as to approximately HK\$500,000, to upgrade information systems of the Company; and (ii) as to the remaining balance of approximately HK\$19,800,000, for general working capital.

MANAGEMENT DISCUSSION AND ANALYSIS

For upgrading information systems, the Company is currently in the progress of upgrading office systems and design softwares. Therefore, the Company expects to utilise these unutilised Net Proceeds of approximately HK\$0.2 million by 31 March 2025 to upgrade the information systems.

As at 30 September 2024, the unutilised Net Proceeds of approximately HK\$0.2 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 and the Announcement. Such amounts are expected to be fully utilised by 31 March 2025.

The business objectives, future plans and planned use of proceeds as stated in the Prospectus and the Announcement were based on the best estimation and assumption of future market conditions made by the Group at the time of preparing the Prospectus and the Announcement 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 consists only of ordinary shares.

LIQUIDITY AND FINANCIAL RESOURCES

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

As at 30 September 2024, the Group had total debts, comprising bank borrowing and lease liabilities, of approximately HK\$6.5 million which were denominated in Hong Kong dollars (31 March 2024: approximately HK\$7.4 million).

As at 30 September 2024, the Group had approximately HK\$20.8 million in cash and bank balances and time deposits (31 March 2024: approximately HK\$24.3 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 2024, the gearing ratio of the Group was approximately 209.1% (31 March 2024: approximately 86.0%). Gearing ratio is calculated as total interest-bearing liabilities and lease liabilities divided by total equity. The increase in gearing ratio was mainly attributable to the decrease in total equity of the Company as at 31 March 2024.

CHARGE ON GROUP ASSETS

The Group did not have any charge on Group's assets as at 30 September 2024 (31 March 2024: Nil).

SIGNIFICANT INVESTMENTS HELD, MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES, AND PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

Save as disclosed herein, there were no significant investments held, material acquisitions and disposals of subsidiaries, associates and joint ventures by the Company during the six months ended 30 September 2024. There were no other plans for material investments or capital assets as at 30 September 2024.

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. Most 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. The management will consider suitable hedging instruments against significant currency exposure should the need arises.

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 2024 (31 March 2024: Nil).

CAPITAL COMMITMENTS

As at 30 September 2024, the Group had approximately HK\$5.0 million of capital commitment in relation to the unpaid registered capital of a subsidiary (31 March 2024: approximately HK\$5.0 million).

SEGMENT INFORMATION

The Group principally operates in one business segment, which is the provision of 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 2024 (2023: Nil).

EVENT AFTER REPORTING PERIOD

Save as disclosed in this report, there is no other important event affecting the Group since 30 September 2024 and up to the date of this report.

INFORMATION ON EMPLOYEES

As at 30 September 2024, the Group had 21 employees working in Hong Kong (31 March 2024: 26). 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 six months ended 30 September 2024 amounted to approximately HK\$7.1 million (2023: approximately HK\$8.8 million).

OTHER INFORMATION

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES OR DEBENTURES OF THE COMPANY

As at 30 September 2024, the interests and short positions of the Directors or chief executives of the Company in the shares, underlying shares or 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 were taken or deemed to have under such provisions), or which are required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein or which are required to be notified to the Company and the Stock Exchange pursuant to the Rules 5.46 to 5.67 of GEM Listing Rules, are as follows:

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

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

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

Save as disclosed above, as at 30 September 2024, none of the Directors and chief executives of the Company had any interests or short positions in any shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or which were required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange.

OTHER INFORMATION

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES OF THE COMPANY

So far as known to the Directors or chief executives of the Company, as at 30 September 2024, 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 of the Company which would be required to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 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 the ordinary shares and the 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 Dr. Chan. Ms. Wong is deemed, or taken to be, interested in the same number of shares in which Dr. Chan is interested for the purpose of the SFO.

Save as disclosed above, as at 30 September 2024, 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 or debentures of the Company" 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 Divisions 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 a 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 (including any sale of treasury shares (as defined under the GEM Listing Rules)) during the six months ended 30 September 2024. As at 30 September 2024, there were no treasury shares held by the Company.

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, apart from the business of the Group, 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 2024.

Non-Competition Undertaking

In order to avoid any possible future competition between the Group and the controlling shareholders of the Company, Dr. 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/it shall not, and shall procure that his/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 or not the Group will exercise the right of first refusal.

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 Covenanter(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.

During the six months ended 30 September 2024, the Company had not received any information in writing from any of the controlling shareholders of the Company in respect of any new business opportunity which competed or might compete with the existing and future business of the Group which were offered to or came to be the knowledge of the controlling shareholders of the Company or their associates (other than any member of the Group).

DIRECTORS' SECURITIES TRANSACTIONS

The Company adopted the required standard of dealings set out in rules 5.48 to 5.67 of the GEM Listing Rules as the code of conduct regarding Directors' securities transactions in securities of the Company (the **"Required Standard of Dealing"**). Based on specific enquiry with the Directors, all Directors confirmed that they had fully complied with the Required Standard of Dealing and there was no event of non-compliance during the six months ended 30 September 2024.

SHARE OPTION SCHEME

The share option scheme of the Company (the **"Share Option Scheme"**) was conditionally adopted pursuant to the written resolution of the then sole shareholder of the Company passed on 24 March 2017.

The purpose of the Share Option Scheme is to enable the Company to grant options to selected participants as incentives or rewards for their contribution to the Group. 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.

The subscription price of a share in respect of any particular option granted under the Share Option Scheme shall be a price solely determined by the Board and notified to a participant and shall be at least the higher of: (i) the closing price of the shares as stated in the Stock Exchange's daily quotations sheet on the date of grant of the option, which must be a business day; (ii) the average of the closing prices of the shares as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the date of grant of the option; and (iii) the nominal value of a share on the date of grant of the option.

OTHER INFORMATION

The maximum number of shares issuable upon exercise of all options to be granted under the Share Option Scheme and any other share option schemes of the Company as from the adoption date (excluding, for this purpose, the shares issuable upon exercise of options which have been granted but which have lapsed in accordance with the terms of the Share Option Scheme or any other share option schemes of the Company) must not in aggregate exceed 10% of all the shares in issue as at the Listing Date. Therefore, it is expected that the Company may grant options in respect of up to 80,000,000 shares (or such numbers of shares as shall result from a sub-division or a consolidation of such 80,000,000 shares from time to time) to the participants under the Share Option Scheme.

The 10% limit as mentioned above may be refreshed at any time by obtaining approval of the shareholders in a general meeting provided that the total number of shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and any other share option schemes of the Company must not exceed 10% of the shares in issue as at the date of approval of the refreshed limit. Options previously granted under the Share Option Scheme and any other share option schemes of the Company (including those outstanding, cancelled or lapsed in accordance with the terms of the Share Option Scheme or any other share option schemes of the Company) will not be counted for the purpose of calculating the refreshed 10% limit. A circular must be sent to the shareholders containing the information as required under the GEM Listing Rules in this regard.

The Company may seek separate approval of the shareholders in a general meeting for granting options beyond the 10% limit provided the options in excess of the 10% limit are granted only to grantees specifically identified by the Company before such approval is sought. In such event, the Company must send a circular to the shareholders containing a generic description of such grantees, the number and terms of such options to be granted and the purpose of granting options to them with an explanation as to how the terms of the options will serve such purpose, and such other information required under the GEM Listing Rules.

The aggregate number of the shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option schemes of the Company must not exceed 30% of the shares in issue from time to time. No options may be granted under the Share Option Scheme or any other share option schemes of the Company if this will result in such 30% limit being exceeded.

OTHER INFORMATION

The total number of shares issued and to be issued upon exercise of options granted to any participant (including both exercised and outstanding options) under the Share Option Scheme or any other share option scheme of the Company, in any 12-month period up to the date of grant shall not exceed 1% of the shares in issue. Any further grant of options in excess of such limit must be separately approved by shareholders in a general meeting with such grantee and his associates abstaining from voting. In such event, the Company must send a circular to the shareholders containing the identity of the grantee, the number and terms of the options to be granted (and options previously granted to such grantee), and all other information required under the GEM Listing Rules. The number and terms (including the subscription price) of the options to be granted must be fixed before the approval of the shareholders and the date of the Board meeting proposing such further grant should be taken as the date of grant for the purpose of calculating the subscription price.

An option may be exercised in accordance with the terms of the Share Option Scheme at any time during a period as the Board may determine which shall not exceed ten years from the date of grant subject to the provisions of early termination thereof.

The Share Option Scheme is valid and effective for a period of ten years from 24 March 2017, after which no further options will be granted or offered. As at the date of this report, The Share Option Scheme had a remaining life of approximately two years and four months.

As at 1 April 2024 and 30 September 2024, the total number of share options available for grant under the Share Option Scheme was 80,000,000. For the six months ended 30 September 2024, no share option was granted, exercised, expired, lapsed or cancelled and there is no outstanding share option under the Share Option Scheme. The total number of shares of the Company that may be issued in respect of options granted and to be granted under all shares schemes of the Company during the six months ended 30 September 2024 is 80,000,000 shares, representing 10% of the Company's issued share capital as at the date of this report.

OTHER INFORMATION

CORPORATE GOVERNANCE PRACTICE

We are committed to achieving and maintaining high standards of corporate governance, as the Board believes that good and effective corporate governance practices are the key to obtaining and maintaining the trust of the shareholders of the Company and other stakeholders, and are essential for encouraging the 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 C1 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 2024 and up to the date of this report.

AUDIT COMMITTEE

The Audit Committee was established on 24 March 2017. The chairman of the Audit Committee is Ms. Lui Lai Chun, an independent non-executive Director, and other members include 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 Stock Exchange’s website and on the Company’s website.

OTHER INFORMATION

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

The Company 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 2024 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 2024 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 is published on the website of the Stock Exchange (www.hkexnews.hk) and the Company's website (www.dic.hk). The interim report of the Company for the six months ended 30 September 2024 will be despatched to the shareholders of the Company and published on the websites of the Stock Exchange and the Company on or about 27 November 2024. 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 branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited.

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

Hong Kong, 20 November 2024

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