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Lai Group Holding Company Limited

禮建德集團控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8455)

DISCLOSEABLE AND CONNECTED TRANSACTION DISPOSAL OF SUBSIDIARIES

THE DISPOSAL

The Board announces that on 7 February 2024 (after trading hours), the Vendor, a direct wholly-owned subsidiary of the Company, and the Purchaser entered into the Agreement, pursuant to which, the Vendor has agreed to sell and the Purchaser has agreed to acquire the Sale Share, representing the entire issued share capital of the Target Company, at the Consideration of HK\$1,050,000. As at the date of this announcement, the major assets held by the Target Group is the Hang Seng Life Insurance. Upon the Completion, the Company will no longer have any interest in the Target Company and the Target Group will cease to be the subsidiaries of the Company. Hence, the assets, liabilities and the financial results of the Target Group will not be consolidated into the consolidated financial statements of the Company upon the Completion.

GEM LISTING RULES IMPLICATIONS

As at the date of this announcement, Dr. Chan, the Purchaser, is the chairman of the Board, an executive Director and a controlling shareholder of the Company, and is therefore a connected person of the Company. As such, the Disposal constitutes a connected transaction of the Company under Chapter 20 of the GEM Listing Rules.

As the highest of the applicable percentage ratios (as defined under Rule 19.06 of the GEM Listing Rules) in respect of the Disposal exceeds 5% but is less than 25%, and the Consideration is less than HK\$10 million, the Disposal constitutes a discloseable and connected transaction of the Company under Chapter 19 and Chapter 20 of the GEM Listing Rules, which is subject to the reporting and announcement requirements but exempt from the circular (including independent financial advice) and shareholders' approval requirements pursuant to the GEM Listing Rules.

INTRODUCTION

The Board announces that on 7 February 2024 (after trading hours), the Vendor, a direct wholly-owned subsidiary of the Company, and the Purchaser entered into the Agreement, pursuant to which, the Vendor has agreed to sell and the Purchaser has agreed to acquire the Sale Share at the Consideration of HK\$1,050,000.

THE AGREEMENT

The principal term of the Agreement are set out below:

Date

7 February 2024

Parties

- (1) Kingsky Group Limited as the Vendor; and
- (2) Dr. Chan as the Purchaser.

As at the date of this announcement, Dr. Chan is the chairman of the Board, an executive Director and a controlling shareholder of the Company, and is therefore a connected person of the Company under Chapter 20 of the GEM Listing Rules.

Subject of the Disposal

Pursuant to the Agreement, the Vendor has agreed to sell and the Purchaser has agreed to acquire the Sale Share, representing the entire issued share capital of the Target Company as at the date of this announcement.

Consideration

The Consideration is HK\$1,050,000, which shall be paid in cash by the Purchaser to the Vendor upon the Completion.

The Consideration was determined after arm's length negotiation between the Vendor and the Purchaser with reference to the unaudited net asset value of the Target Group of approximately HK\$1,046,000 as at 31 December 2023 and the factors set out in the section headed "Reasons for and benefits of the Disposal".

The Directors consider that the terms and conditions of the Disposal are fair and reasonable and are in the interests of the Company and the Shareholders.

Completion

Completion shall take place immediately after signing of the Agreement.

INFORMATION ON THE TARGET GROUP

The Target Group consists of the Target Company and its subsidiary, namely the Target HK Subsidiary. The Target HK Subsidiary is principally engaged in investment holding and is wholly-owned by the Target Company.

As at the date of this announcement, the major assets held by the Target HK Subsidiary is the Hang Seng Life Insurance, a life insurance with Dr. Chan as the insured person and the Target HK Subsidiary as the beneficial policyholder. For the details of the Hang Seng Life Insurance, please refer to the announcement of the Company dated 21 October 2022.

Based on the unaudited management accounts of the Target Group for the years ended 31 March 2022 and 2023 and the nine months ended 31 December 2023, the revenue and the net loss (before and after taxation) of the Target Group are as follows:

	For the nine months ended 31 December 2023	For the year ended 31 March	
	(Unaudited)	2023	2022
	<i>HK\$'000</i>	(Unaudited)	(Unaudited)
		<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue	–	–	–
Net loss before tax	232	1,095	–
Net loss after tax	232	1,095	–

As at 31 December 2023, the unaudited net asset value of the Target Group was approximately HK\$1,046,000 based on the unaudited financial statements of the Target Group.

INFORMATION ON THE PARTIES

The Vendor and the Group

The Vendor is a direct wholly-owned subsidiary of the Company, and is principally engaged in investment holding.

The Group is principally engaged in the provision of interior design and fit-out services in Hong Kong.

The Purchaser

Dr. Chan, the chairman of the Board, an executive Director and a controlling shareholder of the Company, and is therefore a connected person of the Company under Chapter 20 of the GEM Listing Rules.

REASONS FOR AND BENEFITS OF THE DISPOSAL

The Directors consider that the financial performance of the Group has been worsening in recent years due to the competitive market condition of the industry the Group engaged in and the high interest rate market environment. Taking into account (i) the expected increasing challenging operating environment in the future and (ii) the uncertainty for the period where high interest rate condition remains, the Board is of the view that the Disposal serves as a good opportunity for the Group to reduce cost and enhance the Group's working capital and financial position to better allocate its resources in pursuing other business opportunities.

In view of the above, the Directors, including the independent non-executive Directors, consider that the terms of the Agreement are on normal commercial terms, fair and reasonable and the Disposal is in the interests of the Company and the Shareholders as a whole.

Dr. Chan is considered to have a material interest in the Disposal and he has abstained from voting on the Board resolutions to approve the Agreement and the transactions contemplated thereunder. Save and except for the aforesaid, none of the Directors has any material interest in the Disposal and the Agreement and was required to abstain from voting on the Board resolutions in relation to the Disposal and the Agreement.

POSSIBLE FINANCIAL EFFECTS OF THE DISPOSAL AND USE OF PROCEEDS

Upon the Completion, the Company will no longer have any interest in the Target Company and the Target Group will cease to be the subsidiaries of the Company. Hence, the assets, liabilities and the financial results of the Target Group will not be consolidated into the consolidated financial statements of the Company upon Completion.

The net proceeds arising from the Disposal of approximately HK\$1,050,000 will be applied as general working capital of the Group.

Based on, inter alia, the Consideration and the unaudited net asset value of the Target Group of approximately HK\$1,046,000 as at 31 December 2023, the Group currently expects to record a gain from the Disposal of approximately HK\$4,000 upon the Completion.

Shareholders and potential investors of the Company should note that the above figures are for illustrative purpose only. The actual gain may be different from the above and will be determined based on the financial position of the Target Group on the date of the Completion and the review by the Company's auditor.

GEM LISTING RULES IMPLICATIONS

As at the date of this announcement, Dr. Chan, the Purchaser, is the chairman of the Board, an executive Director and a controlling shareholder of the Company, and is therefore a connected person of the Company. As such, the Disposal constitutes a connected transaction of the Company under Chapter 20 of the GEM Listing Rules.

As the highest of the applicable percentage ratios (as defined under Rule 19.06 of the GEM Listing Rules) in respect of the Disposal exceeds 5% but is less than 25%, and the Consideration is less than HK\$10 million, the Disposal constitutes a discloseable and connected transaction of the Company under Chapter 19 and Chapter 20 of the GEM Listing Rules, which is subject to the reporting and announcement requirements but exempt the circular (including independent financial advice) and from shareholders' approval requirements pursuant to the GEM Listing Rules.

DEFINITIONS

In this announcement, the following expressions shall have the meanings set out below unless the context requires otherwise:

“Agreement” the sale and purchase agreement dated 7 February 2024 entered into between the Vendor and the Purchaser in relation to the Disposal;

“Board”	the board of Directors;
“Company”	Lai Group Holding Company Limited, an exempted company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the GEM of the Stock Exchange (Stock Code: 8455);
“Completion”	completion of the Disposal;
“connected person(s)”	has the meaning ascribed to it under the GEM Listing Rules;
“Consideration”	the cash consideration for the Disposal, being HK\$1,050,000;
“controlling shareholder”	has the meaning ascribed to it under the GEM Listing Rules;
“Director(s)”	director(s) of the Company;
“Disposal”	the disposal of the Sale Share by the Vendor to the Purchaser;
“GEM”	GEM operated by the Stock Exchange;
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM of the Stock Exchange;
“Group”	the Company and its subsidiaries;
“Hang Seng Life Insurance”	a life insurance policy taken out with Hang Seng Insurance Company Limited on 18 August 2022;
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;
“Purchaser” or “Dr. Chan”	Dr. Chan Lai Sin, the chairman of the Board, an executive Director and a controlling shareholder of the Company;
“Sale Share”	1 ordinary share of US\$1 each in the capital of the Target Company, representing the entire issued share capital of the Target Company;
“Shareholder(s)”	holder(s) of the shares(s) in the share capital of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;

“Target Company”	Golden Catch Group Limited, a company incorporated in the British Virgin Islands with limited liability and is a direct wholly-owned subsidiary of the Vendor;
“Target Group”	the Target Company and its subsidiary, namely the Target HK Subsidiary;
“Target HK Subsidiary”	Faith Flying Limited, a company incorporated in Hong Kong with limited liability and is a direct wholly-owned subsidiary of the Target Company;
“Vendor”	Kingsky Group Limited, a company incorporated in the Republic of Seychelles with limited liability and is a direct wholly-owned subsidiary of the Company; and
“%”	per cent.

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

Hong Kong, 7 February 2024

As at the date of this announcement, 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.

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

This announcement will remain on the website of the Stock Exchange at www.hkexnews.hk on the “Latest Listed Company Information” page for at least 7 days from the date of its posting and will be published on the Company’s website at www.dic.hk.