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Lai Group Holding Company Limited

禮建德集團控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8455)

**ANNUAL RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED 31 MARCH 2025**

**CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED
(THE “STOCK EXCHANGE”)**

GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.

Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

*This announcement, for which the directors (the “**Directors**”) of Lai Group Holding Company Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the “**GEM Listing Rules**”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.*

FINAL RESULTS

The board of Directors (the “**Board**”) of the Company announces the consolidated results of the Group for the year ended 31 March 2025, together with the comparative figures for the year ended 31 March 2024. The financial information has been approved by the Board.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2025

	Notes	2025 HK\$'000	2024 HK\$'000
Revenue	4	93,689	102,076
Direct costs		<u>(78,759)</u>	<u>(81,092)</u>
Gross profit		14,930	20,984
Other income, other gains and losses, net	5	1,267	1,712
Impairment loss recognised, net	6	(764)	(537)
Administrative and other operating expenses		(28,203)	(33,724)
Loss on disposal of subsidiaries		–	(38)
Gain on investment in a life insurance contract		<u>–</u>	<u>89</u>
Operating loss	6	(12,770)	(11,514)
Finance costs	7	<u>(253)</u>	<u>(414)</u>
Loss before income tax		(13,023)	(11,928)
Income tax credit (expense)	8	<u>26</u>	<u>(163)</u>
Loss for the year		<u>(12,997)</u>	<u>(12,091)</u>
Other comprehensive expense			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange differences arising on translation of foreign operations		<u>(1)</u>	<u>(3)</u>
Other comprehensive expense for the year, net of income tax		<u>(1)</u>	<u>(3)</u>
Total comprehensive expense for the year		<u><u>(12,998)</u></u>	<u><u>(12,094)</u></u>
Loss per share	10		
– Basic (HK cents)		(1.62)	(1.51)
– Diluted		<u>N/A</u>	<u>N/A</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2025

	Notes	2025 HK\$'000	2024 HK\$'000
NON-CURRENT ASSETS			
Property, plant and equipment		7,900	8,549
Right-of-use assets		<u>100</u>	<u>–</u>
		<u>8,000</u>	<u>8,549</u>
CURRENT ASSETS			
Contract assets		782	1,113
Trade and other receivables	11	2,630	2,781
Tax recoverable		40	42
Cash and cash equivalents		<u>12,120</u>	<u>24,326</u>
		<u>15,572</u>	<u>28,262</u>
CURRENT LIABILITIES			
Contract liabilities		10,418	8,145
Trade and other payables	12	8,955	11,807
Amount due to a director		86	35
Provision for warranties		744	783
Bank borrowings		4,536	4,964
Lease liabilities		<u>1,016</u>	<u>1,683</u>
		<u>25,755</u>	<u>27,417</u>
NET CURRENT (LIABILITIES) ASSETS		<u>(10,183)</u>	<u>845</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>(2,183)</u>	<u>9,394</u>
NON-CURRENT LIABILITIES			
Lease liabilities		203	752
Loan from a director		2,000	–
Deferred tax liabilities		<u>9</u>	<u>39</u>
		<u>2,212</u>	<u>791</u>

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
NET (LIABILITIES) ASSETS	<u>(4,395)</u>	<u>8,603</u>
CAPITAL AND RESERVES		
Share capital	8,000	8,000
Reserves	<u>(12,395)</u>	<u>603</u>
TOTAL (DEFICITS) EQUITY	<u>(4,395)</u>	<u>8,603</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Lai Group Holding Company Limited (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 of Hong Kong Limited (the “**Stock Exchange**”). 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 in Hong Kong 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 Company and its subsidiaries (the “**Group**”) are provision of interior design and fit-out services in Hong Kong.

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

2. APPLICATION OF NEW AND AMENDMENTS TO HKFRS ACCOUNTING STANDARDS

Amendments to HKFRS Accounting Standards that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to HKFRS Accounting Standards issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) for the first time, which are mandatorily effective for the Group’s annual period beginning on 1 April 2024 for the preparation of the consolidated financial statements:

Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback
Amendments to Hong Kong Accounting Standards (“ HKAS ”) 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements

Except as described below, the application of the amendments to HKFRS Accounting Standards in the current year has had no material impact on the Group’s financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

Impacts on application of Amendments to HKAS 1 Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) (the “**2020 Amendments**”) and Amendments to HKAS 1 Non-current Liabilities with Covenants (the “**2022 Amendments**”)

The Group has applied the amendments for the first time in the current year.

The 2020 Amendments provide clarification and additional guidance on the assessment of right to defer settlement for at least twelve months from reporting date for classification of liabilities as current or non-current, which:

- specify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period. Specifically, the classification should not be affected by management intentions or expectations to settle the liability within 12 months.

- clarify that the settlement of a liability can be a transfer of cash, goods or services, or the entity's own equity instruments to the counterparty. If a liability has terms that could, at the option of the counterparty, result in its settlement by the transfer of the entity's own equity instruments, these terms do not affect its classification as current or non-current only if the entity recognises the option separately as an equity instrument applying HKAS 32 *Financial Instruments: Presentation*.
- For rights to defer settlement for at least twelve months from reporting date which are conditional on the compliance with covenants, the 2022 Amendments specifically clarify that only covenants that an entity is required to comply with on or before the end of the reporting period affect the entity's right to defer settlement of a liability for at least twelve months after the reporting date, even if compliance with the covenant is assessed only after the reporting date. The 2022 Amendments also specify that covenants with which an entity must comply after the reporting date (i.e. future covenants) do not affect the classification of a liability as current or non-current at the reporting date. However, if the entity's right to defer settlement of a liability is subject to the entity complying with covenants within twelve months after the reporting period, an entity discloses information that enables users of financial statements to understand the risk of the liabilities becoming repayable within twelve months after the reporting period. This would include information about the covenants, the carrying amount of related liabilities and facts and circumstances, if any, that indicate that the entity may have difficulties complying with the covenants.

In accordance with the transition provision, the Group has applied the new accounting policy to the classification of liability as current or non-current retrospectively. The application of the amendments in the current year had no material impact on the consolidated financial statements.

New and amendments to HKFRS Accounting Standards in issue but not yet effective

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

Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments ³
Amendments to HKFRS 9 and HKFRS 7	Contracts Referencing Nature dependent Electricity ³
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ¹
Amendments to HKFRS Accounting Standards	Annual Improvements to HKFRS Accounting Standards – Volume 11 ³
Amendments to HKAS 21	Lack of Exchangeability ²
HKFRS 18	Presentation and Disclosure in Financial Statements ⁴
HKFRS 19	Subsidiaries without Public Accountability Disclosures ⁴

¹ Effective for annual periods beginning on or after a date to be determined.

² Effective for annual periods beginning on or after 1 January 2025.

³ Effective for annual periods beginning on or after 1 January 2026.

⁴ Effective for annual periods beginning on or after 1 January 2027.

Except for the new and amendments to HKFRS Accounting Standards mentioned in the annual report, the directors of the Company (the “**Directors**”) anticipate that the application of all other new and amendments to HKFRS Accounting Standards will have no material impact on the consolidated financial statements in the foreseeable future.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements have been prepared in accordance with HKFRS Accounting Standards issued by the HKICPA. For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on GEM of the Stock Exchange of Hong Kong Limited (the “**GEM Listing Rules**”) and by the Hong Kong Companies Ordinance (“**CO**”).

The Directors have, at the time of approving the consolidated financial statements, a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the consolidated financial statements.

During the year ended 31 March 2025, the Group incurred a net loss of approximately HK\$12,997,000 and, as of that date, the Group’s current liabilities exceeded its current assets by approximately HK\$10,183,000 and the Group has net liabilities of approximately HK\$4,395,000. These events and conditions indicate the existence of material uncertainties which may cast significant doubt about the Group’s ability to continue as a going concern, and thus, the Group may not be able to realise its assets and discharge its liabilities in the normal course of business.

In view of such circumstances, the Directors have given careful consideration to the future liquidity and performance of the Group and its available sources of financing in assessing whether the Group will have sufficient financial resources to continue as a going concern after taking into consideration the followings:

- The Group obtained new borrowing of HK\$2,000,000 from a shareholder of the Company, Dr. Chan Lai Sin (“**Dr. Chan**”) for daily operation on 7 March 2025. Pursuant to the loan agreement, the new borrowing is interest free and would be repayable on 6 March 2027 or the Company may, at its discretion and subject to its financial circumstances, make early repayment;
- On 26 May 2025, the Company entered into a placing agreement with the placing agent, on a best effort basis, placing of 160,000,000 new shares at the placing price of HK\$0.045 per placing share (the “**Placing**”). The Placing has been completed on 19 June 2025. The net proceeds from the Placing, after deduction of all relevant expenses (after deduction of placing commission and other relevant costs and expenses of the Placing) amounted to approximately HK\$7,000,000;
- Subsequent to the reporting date, the Group has obtained a loan facilities of HK\$15,000,000 from a financial institution. The loan facilities is valid till December 2027;
- The management have been implementing various strategies to broaden the customer base and revenue of the Group;
- The Group has undertaken a comprehensive review of its operational structure, to aim at improving cash flow and profitability. These measures include downsizing or disposing non-profitable business units, renegotiating supplier contracts to reduce procurement costs, and optimizing overhead expenditures; and
- The Directors have actively located potential investor to improve capital structure of the Group. This would provide the Group with additional liquidity to meet short-term obligations and continue its operations without significant disruption.

The Directors have reviewed the Group’s cash flow projections prepared by the management, which covers a period of not less than twelve months from 31 March 2025, on the basis that the Group’s aforementioned plans and measures will be successful, the Directors believe that the Group will have sufficient cash resources to satisfy its future working capital and other financing requirements as and when they fall due in the next twelve months from the end of the reporting period. Accordingly, the Directors believe that the Group will continue as a going concern and therefore consider it is appropriate to adopt a going concern basis in preparing its consolidated financial statements.

The consolidated financial statements do not include any adjustments that would result from the failure of the Group to obtain sufficient future funding. Should the Group be unable to continue to operate as a going concern, adjustments would have to be made to write-down the carrying values of the assets of the Group to their recoverable amounts, to provide for any further liabilities which might arise and to reclassify non-current assets and liabilities as current assets and liabilities, respectively.

4. REVENUE AND SEGMENT INFORMATION

(i) Disaggregation of revenue from contracts with customers

	2025 HK\$'000	2024 HK\$'000
Types of goods and services		
Interior design and fit-out services		
Residential interior design and fit-out services	90,880	95,755
Commercial interior design and fit-out services	2,809	6,321
	<u>93,689</u>	<u>102,076</u>
Total	<u>93,689</u>	<u>102,076</u>
Timing of revenue recognition		
Over-time	<u>93,689</u>	<u>102,076</u>

(ii) Performance obligations for contracts with customers

The Group provides interior design and fit-out services to customers. Such services are recognised as a performance obligation satisfied over time as the Group creates or enhances an asset that the customer controls as the asset is created or enhanced. Revenue for these works is recognised based on the stage of completion of the contract using input method.

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

A contract asset, net of contract liability related to the same contract, is recognised over the period in which the services are performed representing the Group's right to consideration for the services performed because the rights are conditioned on the Group's future performance in achieving specified milestones. The Group typically bills the customers when the specified milestones are reached (i.e. when the rights become unconditional) and the contract assets will be transferred to trade receivables. The normal credit term is 0 to 30 days upon service provided.

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

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

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

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

Since this is the only reportable and operating segment of the Group, no further analysis thereof is presented. All the revenue of the Group are generated from provision of interior design and fit-out services for the years ended 31 March 2025 and 2024.

Geographical information

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

Information about major customers

For the years ended 31 March 2025 and 2024, as no revenue derived from an individual customer of the Group has accounted for over 10% of the Group’s total revenues, no information about major customers is presented.

5. OTHER INCOME, OTHER GAINS AND LOSSES, NET

	2025 <i>HK\$’000</i>	2024 <i>HK\$’000</i>
Other income		
Interest income	244	634
Management fee income	987	1,003
Gain on disposal of property, plant and equipment	4	79
Others	32	20
	<u>1,267</u>	<u>1,736</u>
Other gains and losses, net		
Exchange difference in respect of investment in a life insurance contract	–	(24)
	<u><u>1,267</u></u>	<u><u>1,712</u></u>

6. OPERATING LOSS

	2025 HK\$'000	2024 HK\$'000
Operating loss has been arrived at after charging (crediting):		
Staff costs (including directors' emoluments)		
Salaries and other benefits in kind	13,568	17,177
Contributions to retirement benefit scheme	348	454
Total staff costs (<i>Note</i>)	13,916	17,631
Impairment losses recognised on:		
– property, plant and equipment	420	54
– right-of-use assets	369	505
	789	559
Impairment loss recognised under expected credit loss model, net of reversal, on:		
– trade receivables	(23)	(19)
– other receivables	(2)	(3)
	(25)	(22)
Total impairment losses recognised, net	764	537
Auditor's remuneration	480	565
Cost of inventories recognised as an expense	14,994	14,676
Depreciation of property, plant and equipment	229	235
Depreciation of right-of-use assets	49	437

Note: Staff costs amounted to approximately HK\$4,871,000 (2024: approximately HK\$7,126,000) was included in direct costs and approximately HK\$9,045,000 (2024: approximately HK\$10,505,000) was included in administrative and other operating expenses

7. FINANCE COSTS

	2025 HK\$'000	2024 HK\$'000
Interest on bank borrowings	163	255
Interest on lease liabilities	90	159
	253	414

8. INCOME TAX (CREDIT) EXPENSE

	2025 HK\$'000	2024 HK\$'000
Hong Kong Profits tax:		
Current tax	4	3
Deferred income tax (credit) expense	<u>(30)</u>	<u>160</u>
Income tax (credit) expense	<u><u>(26)</u></u>	<u><u>163</u></u>

9. DIVIDENDS

No dividend was paid or proposed for ordinary shareholders of the Company during the year ended 31 March 2025, nor has any dividend been proposed since the end of the reporting period (2024: Nil).

10. LOSS PER SHARE

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

Loss

	2025 HK\$'000	2024 HK\$'000
Loss for the year attributable to owners of the Company for the purpose of basic and diluted loss per share	<u><u>(12,997)</u></u>	<u><u>(12,091)</u></u>

Number of shares

	2025 '000	2024 '000
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	<u><u>800,000</u></u>	<u><u>800,000</u></u>

No diluted loss per share for the years ended 31 March 2025 and 2024 were presented as there were no potential ordinary shares in issue for the years ended 31 March 2025 and 2024.

11. TRADE AND OTHER RECEIVABLES

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Trade receivables	490	296
Less: Allowance for credit losses	<u>—</u>	<u>(23)</u>
	<u>490</u>	<u>273</u>
Other receivables, deposits and prepayments	2,154	2,524
Less: Allowance for credit losses	<u>(14)</u>	<u>(16)</u>
	<u>2,140</u>	<u>2,508</u>
Total trade and other receivables	<u><u>2,630</u></u>	<u><u>2,781</u></u>

Note:

The following is an ageing analysis of trade receivables, net of allowance of credit losses presented based on the invoice dates:

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
0-30 days	156	243
31-60 days	303	30
61-90 days	<u>31</u>	<u>—</u>
	<u><u>490</u></u>	<u><u>273</u></u>

12. TRADE AND OTHER PAYABLES

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Trade payables	6,712	9,122
Other payables and accruals	<u>2,243</u>	<u>2,685</u>
	<u>8,955</u>	<u>11,807</u>

Notes:

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

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
0-30 days	1,724	5,007
31-60 days	1,555	167
61-90 days	2,142	1,681
Over 90 days	<u>1,291</u>	<u>2,267</u>
	<u>6,712</u>	<u>9,122</u>

- (b) Payment terms granted by suppliers and subcontractors are generally 30 days (2024: 30 days) from the invoice date of the relevant purchases and services provided.

EXTRACT OF THE INDEPENDENT AUDITOR’S REPORT

The following is an extract of the independent auditor’s report on the Group’s consolidated financial statements for the year ended 31 March 2025.

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 March 2025, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with HKFRS Accounting Standards issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”) and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

MATERIAL UNCERTAINTY RELATED TO GOING CONCERN

We draw attention to Note 3.1 to the consolidated financial statements, the Group incurred a net loss of approximately HK\$12,997,000 for the year ended 31 March 2025 and, as of that date, the Group’s current liabilities exceeded its current assets by approximately HK\$10,183,000 and the Group has net liabilities of approximately HK\$4,395,000. These events and conditions, along with other matters as set forth in Note 3.1 to the consolidated financial statements, indicate that a material uncertainty exists that may cast significant doubt on the Group’s ability to continue as a going concern. Our opinion is not modified in respect of this matter.

The aforesaid “Note 3.1 to the consolidated financial statements” extracted from the independent auditor’s report is disclosed in Note 3 to this announcement.

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\$93.7 million and approximately HK\$102.1 million, of which approximately HK\$90.9 million and approximately HK\$95.8 million, representing 97.0% and 93.8% of the Group’s total revenue, were generated from residential interior design and fit-out services for the years ended 31 March 2025 and 2024, respectively. Approximately HK\$2.8 million and approximately HK\$6.3 million, representing approximately 3.0% and approximately 6.2% of the Group’s total revenue, were generated from commercial interior design and fit-out services for the years ended 31 March 2025 and 2024, respectively.

For the year ended 31 March 2025, the Group recorded a net loss of approximately HK\$13.0 million as compared with approximately HK\$12.1 million for the same period in 2024. The Directors are of the view that the increase in net loss was primarily attributable to (i) the decrease in revenue from approximately HK\$102.1 million for the year ended 31 March 2024 to approximately HK\$93.7 million for the year ended 31 March 2025; and (ii) the decrease in gross profit margin from approximately 20.6% for the year ended 31 March 2024 to approximately 15.9% for the year ended 31 March 2025.

OUTLOOK

The Company is of the view that the property market in Hong Kong will remain uncertain in the near future because of the economic uncertainty. In the meantime, property developers in Hong Kong continue to construct small residential units, making them more affordable to the public.

It is expected that the current year is a challenging year in the midst of the uncertain property market of Hong Kong as it has already negatively affected and is expected to continue to affect the economy of Hong Kong. Under such uncertain conditions of the industry, the Group expects the competitors will continue to adopt a more competitive project pricing strategy and bear higher operating costs in the near future. In view of such poor business environment, the Board will remain cautious in expanding its business and focusing on cost control and closely monitoring market trends to anticipate any downturn or changes in the current property market sector.

Looking forward, the Company is of the view that as the housing becomes more affordable to the public, 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 fit-out market. In view of the potential expansion of the Group's market size in Hong Kong, the Group remains committed to broaden 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. For the year ended 31 March 2025, the Group's revenue decreased by approximately 8.2% to approximately HK\$93.7 million (2024: approximately HK\$102.1 million). Such decrease was mainly due to a decrease in revenue generated from both residential and commercial interior design and fit out services as a result of the continuing adverse and competitive market conditions for the period in Hong Kong.

Revenue by business segment	For the year ended 31 March			
	2025		2024	
	HK\$'000	%	HK\$'000	%
Residential interior design and fit-out services	90,880	97.0	95,755	93.8
Commercial interior design and fit-out services	2,809	3.0	6,321	6.2
Total	<u>93,689</u>	<u>100.0</u>	<u>102,076</u>	<u>100.0</u>

Direct costs

The Group's direct costs consist primarily of (i) materials; (ii) subcontracting charges; (iii) staff costs; and (iv) warranty expenses. The table below sets forth a breakdown of components of direct costs for the years ended 31 March 2025 and 2024:

Components of direct costs	For the year ended 31 March			
	2025		2024	
	HK\$'000	%	HK\$'000	%
Materials	14,994	19.0	14,676	18.1
Subcontracting charges	58,933	74.8	59,385	73.2
Staff costs	4,871	6.2	7,126	8.8
Reversal of provision for warranties	(39)	0.0	(95)	(0.1)
Total	<u>78,759</u>	<u>100.0</u>	<u>81,092</u>	<u>100.0</u>

The Group's direct costs decreased by approximately 2.8% from approximately HK\$81.1 million for the year ended 31 March 2024 to approximately HK\$78.8 million for the year ended 31 March 2025. Such decrease was mainly driven by the decrease in staff costs and the corresponding decrease in revenue.

Gross profit and gross profit margin

Gross profit represents revenue less direct costs. The Group's gross profit decreased by approximately HK\$6.1 million, or approximately 28.9%, from approximately HK\$21.0 million for the year ended 31 March 2024 to approximately HK\$14.9 million for the year ended 31 March 2025. The Group's gross profit margin was approximately 15.9% for the year ended 31 March 2025, representing an decrease of approximately 4.7 percentage points as compared to approximately 20.6% for the year ended 31 March 2024. While project revenue has declined, the costs of materials and subcontracting charges remained relatively stable and exerted pressure on the gross profit margin.

Other income, other gains and losses, net

Other income, other gains and losses, net decreased from approximately HK\$1.7 million for the year ended 31 March 2024 to approximately HK\$1.3 million for the year ended 31 March 2025. Such decrease was primarily resulted from the decrease in interest income.

Administrative and other operating expenses

The Group's administrative and other operating expenses decreased by approximately 16.4% from approximately HK\$33.7 million for the year ended 31 March 2024 to approximately HK\$28.2 million for the year ended 31 March 2025. Such decrease was mainly driven by the effective cost control measures adopted by the Group.

Impairment loss recognised, net

In view of the deteriorating performance of the Group resulted from the challenging business environment in Hong Kong throughout the year ended 31 March 2025 and 2024, the Group, with the assistance of independent professional valuer, assessed if any impairment loss should be recognised for the non-current assets of the Group including property, plant and equipment and right-to-use assets.

Impairment loss of approximately HK\$0.4 million (2024: HK\$0.1 million) and HK\$0.4 million (2024: HK\$0.5 million) were recognised for property, plant and equipment and right-of-use assets, respectively, for the year ended 31 March 2025.

Finance costs

Finance costs of the Group decreased by approximately 38.9% from approximately HK\$414,000 for the year ended 31 March 2024 to approximately HK\$253,000 for the year ended 31 March 2025. The decrease in finance costs was mainly attributable to a decrease in interest on bank borrowing and lease liabilities for the year ended 31 March 2025.

Income tax credit (expense)

The Group's income tax credit for the year ended 31 March 2025 was approximately HK\$26,000, as compared to an income tax expense of approximately HK\$163,000 for the year ended 31 March 2024.

Loss attributable to owners of the Company

As a result of the foregoing, the Group recorded a loss attributable to owners of the Company of approximately HK\$13.0 million and approximately HK\$12.1 million for the years ended 31 March 2025 and 2024, respectively.

BUSINESS OBJECTIVES AND STRATEGIES

The Group will endeavor to achieve the following business objectives:

Business strategy

Progress up to 31 March 2025

Strengthen sales and marketing efforts

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

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

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

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

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

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

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

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

Portion of proceeds were used for hiring additional employees and talents

Upgrade the information systems

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

The Group has upgraded and maintained its customer relationship management systems, office systems and design softwares.

Development of fleet of vehicles

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

The Group has purchased four vehicles and paid the relevant fees

USE OF NET PROCEEDS FROM LISTING

The net proceeds from the issue of new shares of the Company at the time of its listing on 12 April 2017 (the “**Listing Date**”) through the share offer of 200,000,000 shares of HK\$0.01 each in the share capital of the Company at the price of HK\$0.26 per share, after deduction of the underwriting commission and actual expenses paid by the Group in connection thereto, were approximately HK\$34.8 million (the “**Net Proceeds**”). These 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 proceeds (the “**Announcement**”).

The below table sets out the proposed applications of the Net Proceeds from the Listing Date to 31 March 2025:

	Planned use of Net Proceeds as amended in the Announcement <i>HK\$ million</i> <i>(Note)</i>	Unutilised Net Proceeds as at 31 March 2024 <i>HK\$ million</i>	Utilised Net Proceeds for the year ended 31 March 2025 <i>HK\$ million</i>	Utilised Net Proceeds up to 31 March 2025 <i>HK\$ million</i>	Unutilised Net Proceeds up to 31 March 2025 <i>HK\$ million</i>
Expansion of market coverage in Hong Kong	–	–	–	–	–
Strengthen sales and marketing efforts	4.0	–	–	4.0	–
Recruiting high caliber talent and enhance internal training to support future growth	4.7	–	–	4.7	–
Upgrading information systems	1.9	0.3	0.3	1.9	–
Development of fleet of vehicles	2.6	–	–	2.6	–
General working capital	21.6	5.0	5.0	21.6	–
	<u>34.8</u>	<u>5.3</u>	<u>5.3</u>	<u>34.8</u>	<u>–</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 the 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.

For upgrading information systems, the Company has upgraded and maintained its customer relationship management systems, office systems and design softwares for the year ended 31 March 2025. As general working capital, the Company has maintained part of the direct staff costs and marketing expenses for the year ended 31 March 2025.

CAPITAL STRUCTURE

The capital of the Group consists only of ordinary shares.

As of 31 March 2025, the issued share capital of the Company was HK\$8.0 million, and the number of its issued ordinary shares was 800,000,000, with a par value of HK\$0.01 per share.

LIQUIDITY AND FINANCIAL RESOURCES

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

As at 31 March 2025, the Group had total debts, comprising bank borrowing, loan from a director and lease liabilities, of approximately HK\$7.8 million which was denominated in Hong Kong Dollars (2024: approximately HK\$7.4 million).

As at 31 March 2025, the Group had approximately HK\$12.1 million in cash and bank balance and time deposits (2024: approximately HK\$24.3 million).

GEARING RATIO

As at 31 March 2025, the gearing ratio of the Group was approximately -176.5% (2024: approximately 86.0%). Gearing ratio is calculated as total debts divided by total equity. The negative gearing ratio was primarily attributable to the total deficits recorded as at 31 March 2025.

CHARGE ON GROUP ASSETS

As at 31 March 2025, no asset of the Group was pledged as a security for bank borrowing or any other financing facilities (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 in this announcement, there was no significant investments held, material acquisitions and disposals of subsidiaries, associates and joint ventures by the Company during the year ended 31 March 2025. The Group did not have other plan for material investments or capital assets as at 31 March 2025.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the year ended 31 March 2025, neither the Company, nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

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.

TREASURY POLICIES

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

CONTINGENT LIABILITIES

The Group did not have any material contingent liabilities as at 31 March 2025 (2024: Nil).

CAPITAL COMMITMENTS

As at 31 March 2025, the Group had approximately HK\$10,000 of capital commitment in relation to the unpaid registered capital of a subsidiary (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.

FINAL DIVIDENDS

The Directors do not recommend the payment of final dividend for the year ended 31 March 2025 (2024: Nil).

INFORMATION ON EMPLOYEES

As at 31 March 2025, the Group had 22 employees working in Hong Kong (2024: 26). Employees are remunerated based on their qualifications, position and performance. The remuneration offered to employees generally includes salaries, allowances and discretionary bonus. Share options may also be granted to eligible employees and persons of the Group. Various types of trainings were provided to the employees. The total staff cost (including remuneration of Directors and mandatory provident funds contributions) for the year ended 31 March 2025 amounted to approximately HK\$13.9 million (2024: approximately HK\$17.6 million).

CORPORATE GOVERNANCE PRACTICES

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

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

The Company has applied the principles and code provisions in the Corporate Governance Code and Corporate Governance Report (the “**CG Code**”) as set out in Appendix C1 to the GEM Listing Rules. In the opinion of the Board, the Company has complied with the CG Code for the year ended 31 March 2025.

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 “**Code of Conduct**”). Based on specific enquiry with the Directors, all Directors confirmed that they had fully complied with the required standard of dealings and there was no event of non-compliance throughout the year.

AUDIT COMMITTEE

The audit committee of the Company (the “**Audit Committee**”) was established on 24 March 2017. The chairman of the Audit Committee is Ms. Lui Lai Chun and other members included Dr. Chung Siu Kuen and Ms. Ma Yufei, all of them are independent non-executive Directors. The written terms of reference of the Audit Committee are posted on the website of the Stock Exchange and on the Company’s website.

The primary duties of the Audit Committee are mainly to review the financial information, oversee the financial controls, internal control procedures and risk management systems and relationship with the 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 Audit Committee has reviewed the accounting principles and practices adopted by the Group and the consolidated financial statements for the year ended 31 March 2025.

REVIEW OF THIS FINAL RESULTS ANNOUNCEMENT

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 March 2025 as set out in the preliminary announcement have been agreed by the Group's auditors, Asian Alliance (HK) CPA Limited, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Asian Alliance (HK) CPA Limited in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by Asian Alliance (HK) CPA Limited on the preliminary announcement.

The Group's annual results for the year ended 31 March 2025 has been reviewed by the Audit Committee.

EVENT AFTER THE REPORTING PERIOD

On 26 May 2025 (after trading hours), the Company and Pinestone Securities Limited (the **"Placing Agent"**), entered into the placing agreement (**"Placing Agreement"**), pursuant to which the Company has conditionally agreed to place through the Placing Agent, on a best effort basis, a maximum of 160,000,000 placing shares to no less than six placees who and whose ultimate beneficial owners are third parties independent of the Company and its connected persons. (the **"Placing"**).

The completion of the Placing took place on 19 June 2025 in accordance with the terms and conditions of the Placing Agreement (the **"Completion"**). An aggregate of 160,000,000 placing shares, representing approximately 16.67% of the issued share capital of the Company immediately after the Completion, have been successfully placed to no less than six placees at the placing price of HK\$0.045 per placing share. As a result, as at the date of this announcement, the number of issued share capital of the Company increased to 960,000,000 shares. For details of the Placing, please refer to the announcements of the Company dated 26 May 2025 and 19 June 2025.

By order of the Board
Lai Group Holding Company Limited
Wang Guoping
Chairman and Executive Director

Hong Kong, 24 June 2025

As at the date of this announcement, the Board comprises Mr. Wang Guoping and Dr. Chan Lai Sin as executive Directors; Ms. Liu Lihui as a non-executive Director; and Ms. Lui Lai Chun, Dr. Chung Siu Kuen and Ms. Ma Yufei as independent non-executive Directors.

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.