

# TARGET

## Intelligence Report

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**DOMINATE GROUP HOLDINGS COMPANY LTD:**

**MANAGEMENT KNEW FROM THE START**

**THAT IT WAS FLOGGING A DEAD HORSE**

**The Hongkong Police Force Is Called In ...**

**For The Second Time !**

The Hongkong Police Force is, presumably, cooperating with the Management of Dominate Group Holdings Company Ltd (Code: 8537, The **G**rowth **E**nterprise **M**arket [the **GEM**], The Stock Exchange of Hongkong Ltd) in order to ascertain who were the culprit(s), responsible for the unauthorised access to this publicly listed company's **I**nformation **T**echnology (**IT**) and the **P**oint of **S**ale (**POS**) System.

In a Company announcement, dated April 2, 2019, Dominate Group Holdings Company Ltd informed its shareholders that '*certain financial records and data have been lost as a result*' of the unauthorised access of the Company's financial records.

The following are three paragraphs, copied from this Company's (shocking!) announcement:

*'On 2 April 2019, the Group discovered an unauthorised access to its IT system and its POS system, while certain financial records and data have been lost as a result of the*

*unauthorised access (the “Issue”). The Group outsourced the maintenance of its IT and POS systems to an independent contractor. After the discovery of the Issue, the Group has made a report to the Hong Kong Police Force and will assist in the investigation. The Group has also worked with the contractor to recover the Group’s IT system and POS system and the same have resumed full operation.*

*‘With regard to the Issue and in order to recover the financial records and data, the management is actively cooperating with the Group’s IT contractor for possible recovery from its backup database, while the Group’s accounting department will also retrieve financial records and data from physical copies of financial records and books. It is expected that a reasonable amount of time will be needed for the full recovery of the financial records and data.*

*‘The Directors believe that the Issue is an isolated event and it will not have any material adverse impact on the Group’s operations and financial conditions. The Directors currently do not foresee that the Issue will affect the Company’s compliance with the relevant financial reporting requirements for the forthcoming publication of annual results of the Group under the GEM Listing Rules.’*

One might take umbrage with the above-copied, third paragraph because, at Page 146 of the Company’s Share Offer Prospectus, dated March 15, 2019, it was stated that, in December 2011, it had been discovered that an employee of the Company ‘*had kept a portion of the proceeds of a sale personally after the sale transaction.*’

This incident had, also, been reported to The Hongkong Police Force ‘*immediately upon the discovery of the employee’s action.*’

At Page 135 of the Share Offer Prospectus, in respect of the Company’s Information Technology, it was stated:

*‘The Group has one main IT platform that supports its business operations, namely POS system. The IT platform was developed by Independent Third Party contractors to suit the Group’s requirements and it is continually refined and upgraded to meet the Group’s business needs.*

*‘The Group’s POS system records sales and inventory movements as it is linked to every retail store. The Group’s management is able to manage effectively the retail stores through the POS system which provides them with the performance of each retail store and its inventory status. With the ability of the Group’s POS system to track the inventory movements in each retail store, the Directors are in a better position to assess what type of products are more popular in each retail store, which in turn enables the Group to respond more swiftly to market demands.’*

**The Business Of Dominate Group Holdings Company Ltd**

The business of Dominate Group Holdings Company Ltd is given in one paragraph at Page 97 of the Share Offer Prospectus:

*‘The Group is a vertically integrated jeweller based in Hong Kong. The Group is primarily engaged in the retail of its own products through its network of seven retail stores under the brand name of “Chong Fai Jewellery ()” strategically located in Kowloon and the New Territories. Being vertically integrated, the Group possesses the means to control the diversity, quality and pricing of its own jewellery designs produced in-house at its production facility in Shenzhen, Guangdong Province, the PRC. The Group’s principal products are jewellery products, including gem-set jewellery and pure gold products. According to the Frost & Sullivan Report, for the year ended 31 March 2018, in terms of revenue, the Group ranked 12th of the jewellery retail and wholesale market in Hong Kong. The Group also engages in the wholesale of its jewellery products to other jewellery retailers, and the trading of recycled gold products from the general public to customers such as Customer A, who purchase recycled gold products from the Group.’*

On ... [CLICK TO ORDER FULL ARTICLE](#)

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