



# AL GROUP LIMITED 利駿集團(香港)有限公司

Incorporated in the Cayman Islands with limited liability  
於開曼群島註冊成立的有限公司

Stock Code 股份代號：8360

INTERIM REPORT 2018  
中 期 報 告



## **CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "EXCHANGE")**

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**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 AL Group Limited (the "Company") collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the GEM of The Stock Exchange of Hong Kong Limited (the "GEM Listing Rules") for the purpose of giving information with regard to the Company and its subsidiaries (together, the "Group"). 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 aspects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this report misleading.*

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# MANAGEMENT DISCUSSION AND ANALYSIS

## Business Overview

The Group's business was established since 1999 under the name of AL Design, which is a well-established interior design and fit out solutions provider in Hong Kong. The Group believes that its success is firmly rooted in its extensive experience and portfolio in interior design and fit out works as well as project management. The Group's services can be broadly categorized as (i) design and fit out and (ii) design only. In addition, the Group also provides maintenance and aftersales services which could cater for its customers' different requirements.

Excluding projects relating to maintenance and aftersales service, during the six months ended 30 June 2018, the total revenue increased by approximately 48.5% and the number of projects increased by 75.0% over the same period in 2017. The average revenue per project decreased by approximately 18.8% from same period in 2017 to approximately HK\$1.3 million, mainly attributable to the fact that more smaller-scaled projects (with individual contract sum under HK\$1 million) were contributed by the performance of the non-wholly owned subsidiary, which was acquired in November 2017.

The tables below summarized the number of on-going and completed projects and revenue, by type of service and customer, and the average revenue per project during the six months ended 30 June 2018 respectively and their comparative figures:

### In terms of number of Projects\*

	For the six months ended 30 June		
	2018	2017	Change
Design and fit out/Design only			
Office	35	21	66.7%
Commercial	7	1	600.0%
Residential	7	6	16.7%
Total	49	28	75.0%

## MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

In terms of Revenue\*

In HK\$' million	For the six months ended 30 June		
	2018	2017	Change
Design and fit out/Design only			
Office	57.7	34.1	69.2%
Commercial	0.7	4.6	(84.8%)
Residential	7.1	5.4	31.5%
Total	65.5	44.1	48.5%

Average Revenue per Project\*

In HK\$' million	For the six months ended 30 June		
	2018	2017	Change
Revenue	65.5	44.1	48.5%
Number of projects	49	28	75.0%
Average revenue per project	1.3	1.6	(18.8%)

\* excluding those relating to maintenance and aftersales service

The Group continued to be awarded projects in 2018 by existing and new customers who valued the Group's reputation, proven track record and experience in the industry. The Group has a number of projects in the pipeline that were built up since 2016 which will come online and contribute to the total revenue in the second half of 2018 and beyond. As at the date of this report, our Group has secured project contracts with a total contract sum of over HK\$37.6 million, for some of the works will commence in the third quarter of 2018.

## MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

### Financial Overview

In HK\$' million	For the six months ended 30 June	
	2018	2017
Revenue	66.5	45.0
Gross Profit (Note 1)	16.1	13.1
Gross Profit Margin	24.2%	29.1%
EBITDA (Note 2)	1.5	1.4
Profit for the period attributable to owners of the Company	0.3	0.7

Note 1: The Group's gross profit represents revenue less subcontracting and material costs.

Note 2: The Group's EBITDA represents earnings before finance interest income and cost, income tax, depreciation of property, plant and equipment and share of profit of associate. While EBITDA is commonly used in the interior design industry worldwide as an indicator of operating performance, leverage and liquidity, it is not presented as a measure of operating performance in accordance with Hong Kong Financial Reporting Standards and should not be considered as representing net cash flows from operating activities. The computation of the Group's EBITDA may not be comparable to similarly-titled measures of other companies.

For the six months ended 30 June 2018, the Group's revenue increased significantly when compared to the same period in 2017. The Group's revenue amounted to approximately HK\$66.5 million, representing an increase of approximately 47.9% from the same period in 2017, mainly driven by the additional revenue from the non-wholly owned subsidiary.

The Group's gross profit for the six months ended 30 June 2018 amounted to approximately HK\$16.1 million, representing an increase of approximately 22.9% over the same period in 2017. Gross profit margin decreased from approximately 29.1% to approximately 24.2%, which was mainly due to the larger-scaled projects (with individual contract sum over HK\$5 million) continued to contribute revenue in 2018, while the projects had incurred more costs than anticipated and resulted in a lower profit margin. The larger-scaled projects enhanced the Group's reputation and achieved our business growth. The Group will take in-depth analysis in the future in order to better control our costs.

## MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

The Group's total operating expenses (Note 3) for the six months ended 30 June 2018 were approximately HK\$15.3 million when compared to approximately HK\$12.4 million for the same period in 2017. The increase in total operating expenses was mainly due to additional staff costs, rental expenses and depreciation expenses from the non-wholly owned subsidiary.

Note 3: The Group's total operating expenses represented the aggregate of employee benefit expenses, rental expenses and other expenses as shown in the unaudited condensed consolidated statement of comprehensive income.

For the six months ended 30 June 2018, the Group's EBITDA amounted to approximately HK\$1.5 million as compared to approximately HK\$1.4 million for the same period in 2017. The Group's net profit slightly decreased to approximately HK\$0.3 million for the six months ended 30 June 2018 when compared to approximately HK\$0.7 million for the same period in 2017. The decrease in net profit during the six months ended 30 June 2018 was mainly due to the loss on early redemption of promissory note, fair value losses and disposal losses on the financial assets at fair value through profit or loss.

### Liquidity, Financial Resources and Capital Structure

The Group practiced prudent financial management and maintained a strong and sound financial position during the six months ended 30 June 2018. As of 30 June 2018, the Group had cash and cash equivalents of approximately HK\$35.6 million (31 December 2017: approximately HK\$57.9 million). The current ratio, being the ratio of current assets to current liabilities, was approximately 3.9 times as at 30 June 2018 (31 December 2017: approximately 2.9 times).

As at 30 June 2018, the Group had total liabilities of approximately HK\$78.8 million (31 December 2017: approximately HK\$40.6 million) which mainly comprise of trade and other payables, amounts due to customers for contract work and income tax liabilities amounting to approximately HK\$26.0 million (31 December 2017: approximately HK\$40.6 million) and promissory note payables of approximately HK\$52.8 million (31 December 2017: Nil).

As at 30 June 2018, the gearing ratio, expressed as a percentage of non-current debt over net assets was approximately 49.7% (31 December 2017: Nil). The change in gearing ratio was mainly resulted by the issue of promissory note for the acquisition of Primo Group (BVI) Limited ("Primo").

As at 30 June 2018, the Company's total number of issued shares was 595,000,000 (31 December 2017: 480,000,000) at HK\$0.01 each. The Company's capital comprises ordinary shares and capital reserves. The Group finances its working capital requirements through a combination our cash and cash equivalents and cash flows generated from operations.

## MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

### Foreign Exchange Exposure

The Group is not exposed to any significant foreign exchange risk as the majority of our business transactions are denominated in Hong Kong Dollar, the functional currency of our Group and there were only insignificant balances of financial assets that were denominated in foreign currency as at 30 June 2018.

The Group does not have a foreign currency hedging policy and will continue to monitor its foreign exchange exposure. The Group will consider hedging significant foreign currency exposure should the need arises.

### Pledge of Assets

As at 30 June 2018, the Group did not have any pledged assets (31 December 2017: Nil).

### Contingent Liabilities and Capital Commitments

The Group did not have any significant contingent liabilities and capital commitments as at 30 June 2018 (31 December 2017: Nil).

### Interim Dividend

The board of the Directors of the Company (the "Board") does not declare any interim dividend for the six months ended 30 June 2018 (2017: Nil).

### Future Plans for Material Investment and Capital Assets

The Group did not have any other plans for material investment and capital assets as at 30 June 2018.

### Significant Investments Held

As at 30 June 2018, the Group had investments in the following:

- Financial assets at fair value through other comprehensive income amounting to approximately HK\$1.8 million (31 December 2017: approximately HK\$1.9 million under the classification of Available-for-sale financial assets);
- Interest in an associate amounting to approximately HK\$73.6 million (31 December 2017: Nil); and
- Financial assets at fair value through profit or loss amounting to approximately HK\$10.8 million (31 December 2017: approximately HK\$9.7 million).

Save as disclosed herein, the Group did not have any significant investment as at 30 June 2018.



### Material Acquisitions and Disposals of Subsidiaries, Associates and Joint Ventures

On 15 December 2017, the purchaser (being a wholly-owned subsidiary of the Company) entered into the acquisition agreement with the vendor in relation to the acquisition of the sale shares of Primo, which represented 49% of the entire issued share capital of the Primo, which is also principally engaged in the provision of interior design and fit out solutions, at the consideration of HK\$75,000,000. The acquisition was completed on 20 June 2018 and the consideration was satisfied by the allotment and issue of the consideration shares of the Company and issue of the promissory note by the Company to the vendor. Please refer to the Company's circular dated 25 May 2018 and poll results of the extraordinary general meeting announcement dated 12 June 2018 for details.

Save as disclosed herein, the Group did not have any material acquisitions and disposals of subsidiaries, associates and joint ventures during the six months ended 30 June 2018.

### Employees and Remuneration Policies

As at 30 June 2018, the Group had 41 employees (31 December 2017: 49 employees, 30 June 2017: 36 employees), including the Directors. Total staff costs (including Directors' emoluments) were approximately HK\$9.6 million for the six months ended 30 June 2018 as compared to approximately HK\$7.6 million for the six months ended 30 June 2017.

Remuneration is determined with reference to qualifications, duties, contributions and years of experience and performance of individual employees.

In addition to salaries, our remuneration to employees also include Mandatory provident fund scheme, medical insurance coverage and discretionary bonuses. Level of remuneration is reviewed annually.

## UNAUDITED INTERIM FINANCIAL INFORMATION

The board of Directors (the “Board”) of AL Group Limited (the “Company”) is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (the “Group”) for the three months and six months ended 30 June 2018 together with the comparative figures as follows:

### Interim Condensed Consolidated Statement of Comprehensive Income

	Notes	Three months ended 30 June		Six months ended 30 June	
		2018 HK\$ (Unaudited)	2017 HK\$ (Unaudited)	2018 HK\$ (Unaudited)	2017 HK\$ (Unaudited)
Revenue	4	32,920,757	26,759,021	66,499,543	44,961,138
Other income	5	93,320	101,340	169,339	137,336
Other (losses)/gains	6	(4,811,845)	4,423	(338,447)	(2,430)
Subcontracting and materials costs		(25,262,147)	(20,231,982)	(50,394,896)	(31,861,531)
Employee benefit expenses		(4,608,119)	(3,805,036)	(9,590,219)	(7,582,513)
Rental expenses		(587,153)	(469,846)	(1,188,178)	(979,346)
Other expenses	7	(2,305,631)	(2,032,829)	(4,529,644)	(3,828,176)
<b>Operating (loss)/profit</b>		<b>(4,560,818)</b>	325,091	<b>627,498</b>	844,478
Finance income	8	1,572	110,718	44,966	207,305
Finance costs		(84,597)	—	(84,597)	—
Share of profit of associate		144,147	—	144,147	—
<b>(Loss)/profit before tax</b>		<b>(4,499,696)</b>	435,809	<b>732,014</b>	1,051,783
Income tax credit/(expense)	9	450,654	(212,058)	(436,349)	(392,350)
<b>(Loss)/profit for the period</b>		<b>(4,049,042)</b>	223,751	<b>295,665</b>	659,433
<b>(Loss)/profit for the period attributable to:</b>					
Owners of the Company		(3,968,433)	223,751	285,370	659,433
Non-controlling interests		(80,609)	—	10,295	—
		<b>(4,049,042)</b>	223,751	<b>295,665</b>	659,433

# UNAUDITED INTERIM FINANCIAL INFORMATION (CONTINUED)

## Interim Condensed Consolidated Statement of Comprehensive Income (Continued)

	Notes	Three months ended 30 June		Six months ended 30 June	
		2018 HK\$ (Unaudited)	2017 HK\$ (Unaudited)	2018 HK\$ (Unaudited)	2017 HK\$ (Unaudited)
<b>Other comprehensive (expenses)/income</b>					
Items that will not be reclassified to profit or loss					
Changes in the fair value of financial assets at the fair value through other comprehensive income		(11,825)	—	(151,341)	—
Items that may be reclassified to profit or loss:					
Fair value gains on available-for-sale financial assets		—	212,542	—	235,793
Other comprehensive (expenses)/income for the period, net of tax		(11,825)	212,542	(151,341)	235,793
<b>Total comprehensive (expenses)/income for the period</b>		<b>(4,060,867)</b>	436,293	<b>144,324</b>	895,226
<b>Total comprehensive (expenses)/income for the period attributable to:</b>					
<b>Owners of the Company</b>		<b>(3,980,258)</b>	436,293	<b>134,029</b>	895,226
<b>Non-controlling interests</b>		<b>(80,609)</b>	—	<b>10,295</b>	—
		<b>(4,060,867)</b>	436,293	<b>144,324</b>	895,226
<b>Basic and diluted (loss)/earnings per share attributable to owners of the Company (expressed in Hong Kong cents per share)</b>	11	<b>(0.80)</b>	0.05	<b>0.06</b>	0.14

The above condensed consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

# UNAUDITED INTERIM FINANCIAL INFORMATION (CONTINUED)

## Interim Condensed Consolidated Statement of Financial Position

	Notes	30 June 2018 HK\$ (Unaudited)	31 December 2017 HK\$ (Audited)
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	12	3,564,921	4,285,185
Intangible asset		2,436,155	2,436,155
Interest in an associate		73,631,685	—
Financial assets at fair value through other comprehensive income		1,761,910	—
Available-for-sale financial assets		—	1,874,668
Amount due from a related company		1,450,000	1,450,000
Rental deposits	13	532,355	482,355
		<b>83,377,026</b>	10,528,363
<b>Current assets</b>			
Trade and other receivables	13	29,685,151	29,994,839
Financial assets at fair value through profit or loss		10,793,288	9,680,268
Amounts due from customers for contract work	14	25,756,979	20,862,221
Amount due from a related company		43,734	10,070
Cash and bank balances		35,557,962	57,948,703
		<b>101,837,114</b>	118,496,101
<b>Total assets</b>		<b>185,214,140</b>	129,024,464

## UNAUDITED INTERIM FINANCIAL INFORMATION (CONTINUED)

### Interim Condensed Consolidated Statement of Financial Position (Continued)

	Notes	30 June 2018 HK\$ (Unaudited)	31 December 2017 HK\$ (Audited)
<b>EQUITY</b>			
Share capital	16	5,950,000	4,800,000
Share premium	16	82,011,977	65,336,977
Other reserve		5,921,989	5,921,989
Investment revaluation reserve		269,477	—
Available-for-sale financial assets revaluation reserve		—	420,818
Retained earnings		12,449,698	12,164,328
Equity attributable to the owners of the Company		106,603,141	88,644,112
Non-controlling interests		(243,198)	(253,493)
<b>Total equity</b>		<b>106,359,943</b>	88,390,619
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Promissory note payable	15	52,841,458	—
		52,841,458	—
<b>Current liabilities</b>			
Trade and other payables	17	22,951,825	36,606,631
Amounts due to customers for contract work	14	2,496,567	3,899,216
Deferred income tax liabilities		562	58,068
Current income tax liabilities		563,785	69,930
		26,012,739	40,633,845
<b>Total liabilities</b>		<b>78,854,197</b>	40,633,845
<b>Total equity and total liabilities</b>		<b>185,214,140</b>	129,024,464

The above condensed consolidated statement of financial position should be read in conjunction with the accompanying notes.

# UNAUDITED INTERIM FINANCIAL INFORMATION (CONTINUED)

## Interim Condensed Consolidated Statement of Changes in Equity

	Attributable to owners of the Company							Total HK\$	Non- controlling interest HK\$	Total HK\$
	Share capital HK\$	Share premium HK\$	Other reserve HK\$	Available-for- sale financial assets revaluation reserve HK\$	Investment revaluation reserve HK\$	Retained earnings HK\$	Total HK\$			
<b>Balance at 1 January 2017</b>	4,800,000	65,336,977	5,921,989	22,081	—	9,714,000	85,795,047	—	85,795,047	
Profit for the period	—	—	—	—	—	659,433	659,433	—	659,433	
<b>Other comprehensive income</b>										
Gain on changes in fair value of available-for-sale financial assets	—	—	—	235,793	—	—	235,793	—	235,793	
Other comprehensive income, net of tax	—	—	—	235,793	—	—	235,793	—	235,793	
<b>Total comprehensive income</b>	—	—	—	235,793	—	659,433	895,226	—	895,226	
<b>Balance at 30 June 2017</b>	4,800,000	65,336,977	5,921,989	257,874	—	10,373,433	86,690,273	—	86,690,273	
<b>Balance at 31 December 2017, as originally presented</b>	4,800,000	65,336,977	5,921,989	420,818	—	12,164,328	88,644,112	(253,493)	88,390,619	
Change in accounting policy	—	—	—	(420,818)	420,818	—	—	—	—	
<b>Balance as at 1 January 2018, as restated</b>	4,800,000	65,336,977	5,921,989	—	420,818	12,164,328	88,644,112	(253,493)	88,390,619	
Profit for the period	—	—	—	—	—	285,370	285,370	10,295	295,665	
<b>Other comprehensive expenses</b>										
Loss on changes in fair value of financial assets at fair value through other comprehensive income	—	—	—	—	(151,341)	—	(151,341)	—	(151,341)	
Other comprehensive expenses, net of tax	—	—	—	—	(151,341)	—	(151,341)	—	(151,341)	
<b>Total comprehensive (expenses)/income</b>	—	—	—	—	(151,341)	285,370	134,029	10,295	144,324	
<b>Transaction with owners in their capacity as owners</b>										
Issuance of ordinary shares as consideration shares	1,150,000	16,675,000	—	—	—	—	17,825,000	—	17,825,000	
<b>Balance at 30 June 2018</b>	5,950,000	82,011,977	5,921,989	—	269,477	12,449,698	106,603,141	(243,198)	106,359,943	

The above condensed consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

# UNAUDITED INTERIM FINANCIAL INFORMATION (CONTINUED)

## Interim Condensed Consolidated Statement of Cash Flows

		Six months ended 30 June	
	Note	2018 HK\$ (Unaudited)	2017 HK\$ (Unaudited)
<b>Cash flows from operating activities</b>			
Net cash (used in)/generated from operations		(17,940,860)	16,265,985
<b>Net cash (used in)/generated from operating activities</b>		<b>(17,940,860)</b>	16,265,985
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	12	(142,699)	(137,155)
Acquisition costs of an associate		(752,538)	—
Purchase of financial assets at fair value through profit or loss		(12,767,570)	—
Proceeds from disposal of financial assets at fair value through profit or loss		11,417,920	—
Decrease in bank deposits with a maturity period over three months		30,000,000	10,000,000
Interest received		44,965	37,744
Dividend received		41	—
<b>Net cash generated from investing activities</b>		<b>27,800,119</b>	9,900,589
<b>Cash flow from financing activity</b>			
Repayment of promissory note		(2,250,000)	—
<b>Net cash used in financing activity</b>		<b>(2,250,000)</b>	—
<b>Net increase in cash and cash equivalents</b>		<b>7,609,259</b>	26,166,574
Cash and cash equivalents at the beginning of period		27,948,703	16,046,905
<b>Cash and cash equivalents at the end of period</b>		<b>35,557,962</b>	42,213,479
<b>Analysis of the cash and bank balances</b>			
Cash and cash equivalents		35,557,962	42,213,479
Bank deposits with a maturity period of over three months		—	40,000,000
<b>Cash and bank balances</b>		<b>35,557,962</b>	82,213,479

The above condensed consolidated statement of cash flows should be read in conjunction with the accompanying notes.

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

## 1 General information

AL Group Limited (the “Company”) was incorporated in the Cayman Islands on 1 February 2016 as an exempted company with limited liability under the Companies Law (2010 Revision) of the Cayman Islands. The address of the Company’s registered office is Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The Company has established a place of business in Hong Kong at Unit A, 35/F, EGL Tower, 83 Hung To Road, Kwun Tong, Hong Kong.

The Company is an investment holding company and, together with its subsidiaries, principally provide interior design and fit out solutions as well as overall project management in Hong Kong. The ultimate holding company of the Company is Legend Investments International Limited (“Legend Investments”).

The shares of the Company (the “Share(s)”) were listed on GEM by way of share offer on 12 July 2016.

This condensed consolidated interim financial information is presented in Hong Kong dollars (“HK\$”), unless otherwise stated.

## 2 Basis of preparation

This condensed consolidated interim financial information for the six months ended 30 June 2018 has been prepared in accordance with HKAS 34, ‘Interim financial reporting’ issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and the applicable disclosure provisions of the GEM Listing Rules. The condensed consolidated interim financial information should be read in conjunction with the Company’s annual financial statements for the year ended 31 December 2017, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the HKICPA.



# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

## 3 Accounting policies

Except as described below, the accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2017, as described in those annual financial statements.

### New and amended standards adopted by the Group

The following new and amended standards have been adopted by the Group for the first time for the financial period beginning on or after 1 January 2018:

HKAS 28 (Amendments)	Investment in Associates and Joint Ventures
HKAS 40 (Amendments)	Investment Property
HKFRS 1 (Amendments)	First Time Adoption of HKFRS
HKFRS 2 (Amendments)	Classification and Measurement of Share-based Payment Transactions
HKFRS 4 (Amendments)	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance contracts
HKFRS 9	Financial Instruments
HKFRS 15	Revenue from Contracts with Customers
HKFRS 15 (Amendments)	Classifications to HKFRS 15
HK (IRFIC)-Int 22	Foreign Currency Transactions and Advance Consideration

### HKFRS 9 Financial Instruments

As a result of the change in the equity accounting policies, prior year financial statements had to be restated. As explained below, HKFRS 9 was generally adopted without restating comparative information with the exception of certain aspects of hedge accounting. The reclassifications arising from the new impairment rules are therefore not reflected in the condensed consolidated statement of financial position as at 31 December 2017, but are recognized in the opening condensed consolidated statement of financial position on 1 January 2018.

### Equity investments previously classified as available-for-sale

The Group elected to present other comprehensive income changes in fair value of all its equity investments previously classified as available-for-sale, because these investments are held as long-term strategic investments that are not expected to be sold in the short to medium term. As a result, assets with a fair value of HK\$1,874,668 were reclassified from available-for-sale financial assets to financial assets at fair value through other comprehensive income and revaluation gains of HK\$420,818 were reclassified from available-for-sale financial assets revaluation reserve to the investment revaluation reserve on 1 January 2018.

Other than the effect on HKFRS 9 as disclosed above, the adoption of the above new or amended standards or interpretations did not have a material impact on the Group's condensed consolidated interim financial information.

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

## 3 Accounting policies (Continued)

Impact of standards issued but not yet adopted by the Group

		<b>Effective for annual periods beginning on or after</b>
HKFRS 16	Leases	1 January 2019
HK (IFRIC)-Int 23	Uncertainty over Income Tax Treatments	1 January 2019
HKFRS 17	Insurance Contracts	1 January 2021
HKFRS 10 and HKAS 28 (Amendments)	Sale or Contribution of Assets Between Investor	To be announced

None of the above is expected to have a significant effect on the Group's consolidated financial statements, except the following:

### (i) **HKFRS 16 Leases**

HKFRS 16 was issued in January 2016. It will result in almost all leases being recognised on the statement of financial position, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases.

The accounting for lessors will not significantly change.

The standard will affect primarily the accounting for the Group's operating leases. As at the end of the reporting period, the Group has non-cancellable operating lease commitments of HK\$1,291,185 relating to payments for short-term and low value leases which will be recognised on a straight-line basis as an expense in profit or loss.

### 3 Accounting policies (Continued)

#### Impact of standards issued but not yet adopted by the Group (Continued)

(i) **HKFRS 16 Leases (Continued)**

However, the Group has not yet determined what other adjustments, if any, are necessary for example because of the change in the definition of the lease term and the different treatment of variable lease payments and of extension and termination options. It is therefore not yet possible to estimate the amount of right-of-use assets and lease liabilities that will have to be recognised upon adoption of the new standard and how this may affect the Group's profit or loss and classification of cash flows going forward.

The standard is mandatory for first interim periods within annual reporting periods beginning on or after 1 January 2019. At this stage, the Group does not intend to adopt the standard before its effective date. The Group intends to apply the simplified transition approach and will not restate comparative amounts for the year prior to first adoption.

There are no other standards that are not yet effective and that would be expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

## 4 Revenue and segment information

The executive directors of the Company, being the chief operating decision-makers, review the Group's internal reporting in order to assess performance and allocate resources. The Group focuses on provision of design and fit out management services during the period. Information reported to the chief operating decision makers, for the purpose of resources allocation and performance assessment, focuses on the operating results of the Group as a whole as the Group's resources are integrated and no discrete operating segment financial information is available. Accordingly, no operating segment information is presented.

### Revenue from major services

The Group's revenue from its major services during the period is as follows:

	Three months ended 30 June		Six months ended 30 June	
	2018 HK\$ (Unaudited)	2017 HK\$ (Unaudited)	2018 HK\$ (Unaudited)	2017 HK\$ (Unaudited)
Design	142,743	681,000	184,743	2,944,000
Design and fit out	32,372,676	25,517,272	65,406,190	41,187,051
Maintenance and aftersales services	405,338	560,749	908,610	830,087
	<b>32,920,757</b>	26,759,021	<b>66,499,543</b>	44,961,138

### Geographical information

The Group's operations are located in Hong Kong.

The Group's geographical segments are classified according to the location of its customers. Segment revenue from external customers by the location of customer during the period is as follows:

### Revenue from external customers

	Three months ended 30 June		Six months ended 30 June	
	2018 HK\$ (Unaudited)	2017 HK\$ (Unaudited)	2018 HK\$ (Unaudited)	2017 HK\$ (Unaudited)
Hong Kong	32,920,757	26,759,021	66,499,543	44,961,138

The Group's five largest customers accounted for approximately 56% (2017: 57%) of the Group's total revenue for the six months ended 30 June 2018.

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

## 5 Other income

	Three months ended 30 June		Six months ended 30 June	
	2018 HK\$ (Unaudited)	2017 HK\$ (Unaudited)	2018 HK\$ (Unaudited)	2017 HK\$ (Unaudited)
Dividend income on financial assets through other comprehensive income	21,545	—	57,413	—
Dividend income on available-for-sale financial assets	—	19,638	—	55,634
Sundry income	71,775	81,702	111,926	81,702
	<b>93,320</b>	101,340	<b>169,339</b>	137,336

## 6 Other (losses)/gains

	Three months ended 30 June		Six months ended 30 June	
	2018 HK\$ (Unaudited)	2017 HK\$ (Unaudited)	2018 HK\$ (Unaudited)	2017 HK\$ (Unaudited)
Foreign exchange (losses)/gains, net	(4,956)	4,423	(4,956)	(2,430)
Loss on early redemption of promissory note	(96,861)	—	(96,861)	—
Fair value losses on financial assets at fair value through profit or loss	(4,710,028)	—	(54,170)	—
Disposal losses on financial assets at fair value through profit or loss	—	—	(182,460)	—
	<b>(4,811,845)</b>	4,423	<b>(338,447)</b>	(2,430)

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

## 7 Other expenses

	Three months ended 30 June		Six months ended 30 June	
	2018 HK\$ (Unaudited)	2017 HK\$ (Unaudited)	2018 HK\$ (Unaudited)	2017 HK\$ (Unaudited)
Advertisement costs	507,595	223,674	532,874	288,018
Auditor's remuneration	192,062	300,000	492,062	600,000
Building management fee	80,529	41,582	117,888	79,274
Depreciation of property, plant and equipment (Note 12)	433,716	280,268	862,963	553,319
Donation	—	—	7,500	19,900
Legal and professional fees	267,620	777,237	864,685	1,362,268
Provision for impairment of trade receivables (Note 13)	96,146	52,260	96,146	52,260
Travelling and entertainment	318,867	99,008	732,600	348,873
Others	409,096	258,800	822,926	524,264
	<b>2,305,631</b>	2,032,829	<b>4,529,644</b>	3,828,176

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

## 8 Finance income

	Three months ended 30 June		Six months ended 30 June	
	2018 HK\$ (Unaudited)	2017 HK\$ (Unaudited)	2018 HK\$ (Unaudited)	2017 HK\$ (Unaudited)
Interest income on bank deposits	1,572	110,718	44,966	207,305

## 9 Income tax (credit)/expense

Hong Kong profits tax has been provided at the rate of 16.5% (2017: 16.5%) on the estimated assessable profits for the six months ended 30 June 2018. The Group is not subject to taxation in the Cayman Islands or the British Virgin Islands.

	Three months ended 30 June		Six months ended 30 June	
	2018 HK\$ (Unaudited)	2017 HK\$ (Unaudited)	2018 HK\$ (Unaudited)	2017 HK\$ (Unaudited)
Current income tax	(409,995)	245,820	493,855	426,112
Deferred income tax	(40,659)	(33,762)	(57,506)	(33,762)
Income tax (credit)/expense	(450,654)	212,058	436,349	392,350

## 10 Dividends

No dividend has been paid or declared by the Company for the six months ended 30 June 2018 (2017: Nil).

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

## 11 (Loss)/earnings per share

Basic (loss)/earnings per share is calculated by dividing the (loss)/profit attributable to owners of the Company by the weighted average number of ordinary shares in issue during the period ended 30 June 2018.

	Three months ended 30 June		Six months ended 30 June	
	2018 HK\$ (Unaudited)	2017 HK\$ (Unaudited)	2018 HK\$ (Unaudited)	2017 HK\$ (Unaudited)
(Loss)/profit attributable to owners of the Company	(3,968,433)	223,751	285,370	659,433
Weighted average number of ordinary shares in issue	493,901,099	480,000,000	486,988,950	480,000,000
(Loss)/earnings per share (expressed in HK cents per share)	(0.80)	0.05	0.06	0.14

For the six months ended 30 June 2018 and 2017, diluted (loss)/earnings per share were equal to basic (loss)/earnings per share as there was no potential dilutive ordinary shares in issue during those periods.

## 12 Property, plant and equipment

During the period, the Group acquired items of property, plant and equipment with a cost of approximately HK\$142,699 (for the six months ended 30 June 2017: approximately HK\$137,155). Depreciation for items of property, plant and equipment was approximately HK\$862,963 during the period (for the six months ended 30 June 2017: approximately HK\$553,319).



# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

## 13 Trade and other receivables

	<b>As at 30 June 2018 HK\$ (Unaudited)</b>	As at 31 December 2017 HK\$ (Audited)
Trade receivables	<b>30,396,720</b>	29,885,874
Less: Provision for impairment of trade receivables	<b>(889,125)</b>	(792,979)
Trade receivables, net	<b>29,507,595</b>	29,092,895
Prepayments, deposits and other receivables	<b>709,911</b>	1,384,299
Less: non-current portion: rental deposit	<b>30,217,506 (532,355)</b>	30,477,194 (482,355)
Current portion	<b>29,685,151</b>	29,994,839

The carrying amounts of trade receivables are denominated in HK\$.

The Group does not grant credit term to customers. The aging analysis of the Group's trade receivables based on invoice date were as follows:

	<b>As at 30 June 2018 HK\$ (Unaudited)</b>	As at 31 December 2017 HK\$ (Audited)
<b>Overdue</b>		
1–30 days	<b>3,693,299</b>	9,586,807
31–60 days	<b>6,259,047</b>	4,850,042
More than 60 days	<b>19,555,249</b>	14,656,046
	<b>29,507,595</b>	29,092,895

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

## 13 Trade and other receivables (Continued)

As of 30 June 2018, trade receivables of HK\$29,507,595 (31 December 2017: HK\$29,092,895) were past due but not considered to be impaired because these mainly relate to customers from whom there is no recent history of default. Based on past experience, the directors of the Company are of the opinion that no provision for impairment is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable.

The Group's management closely monitors the credit quality of debtors and considers the debtors that are past due but not impaired to be of a good credit quality. Based on the payment pattern of the customers of the Group, debtors that are past due but not impaired are generally collectible.

## 14 Amounts due from/(to) customers for contract work

	As at 30 June 2018 HK\$ (Unaudited)	As at 31 December 2017 HK\$ (Audited)
<b>Amounts due from customers for contract work</b>		
Contract costs incurred plus attributable profits less foreseeable losses to date	60,894,852	73,800,296
Progress billings received and receivable	(35,137,873)	(52,938,075)
	<b>25,756,979</b>	20,862,221
<b>Amounts due to customers for contract work</b>		
Progress billings received and receivable	8,846,571	9,493,592
Contract costs incurred plus attributable profits less foreseeable losses to date	(6,350,004)	(5,594,376)
	<b>2,496,567</b>	3,899,216

All gross amounts due from/to customers for contract work are expected to be recovered/settled within one year.

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

## 15 Promissory note payable

	<b>As at 30 June 2018 HK\$ (Unaudited)</b>	As at 31 December 2017 HK\$ (Audited)
Promissory note payable		
– Issued on 20 June 2018	<b>52,841,458</b>	—

On 20 June 2018, the Company issued the promissory note with the principal amount of HK\$57,405,000 as part of the consideration for the acquisition of 49% of the entire interest in Primo Group (BVI) Limited.

The promissory note, which is unsecured, carries interest at 3% per annum and is payable on 19 June 2020 (the “Initial Maturity Date”). At the sole discretion of the Company, the maturity may be extended to 19 June 2022 (the “Extended Maturity Date”) and the promissory note carries interest at 8% per annum from the date following the Initial Maturity Date to the Extended Maturity Date. The Company is also entitled to redeem in full or in part with interest on the redeemed amount accrued up to the date of redemption by serving 3 days prior written notice.

The fair value of the promissory note at the issue date was estimated to be HK\$54,910,000, using the effective interest rate of approximately 5.26% per annum.

During the six months period ended 30 June 2018, the Company redeemed part of the promissory note with the principal amount of HK\$2,250,000 for cash consideration of HK\$2,250,000. As at 30 June 2018, the promissory note with the principal amount of HK\$55,155,000 (31 December 2017: Nil) remained outstanding.

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

## 16 Share capital and share premium

### Authorised share capital

	<b>Number of ordinary shares</b>	<b>Nominal value of ordinary shares</b> HK\$
As at 31 December 2017 (audited) and 30 June 2018 (unaudited)	10,000,000,000	100,000,000

### Issued and fully paid share capital and share premium

	<b>Issued and fully paid share capital</b>		<b>Share premium</b> HK\$
	<b>Number of ordinary shares</b>	<b>Nominal value of ordinary shares</b> HK\$	
As at 31 December 2017 (audited)	480,000,000	4,800,000	65,336,977
Issue of ordinary shares (Note)	115,000,000	1,150,000	16,675,000
As at 30 June 2018 (unaudited)	595,000,000	5,950,000	82,011,977

Note: On 20 June 2018, a wholly-owned subsidiary of the Company completed the acquisition of 49% of the issued share capital of Primo Group (BVI) Limited. The consideration was satisfied by the allotment and issue of the consideration shares of 115,000,000 ordinary shares and issue of the promissory note with the principal amount of HK\$57,405,000 by the Company.

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

## 17 Trade and other payables

	<b>As at 30 June 2018 HK\$ (Unaudited)</b>	As at 31 December 2017 HK\$ (Audited)
Trade payables	<b>16,610,289</b>	16,054,080
Accrued employee benefit expenses	<b>840,053</b>	1,483,288
Accruals and other payables	<b>5,501,483</b>	19,069,263
	<b>22,951,825</b>	36,606,631

The carrying amounts of the trade payables approximate their fair values.

The aging analysis of the trade payables based on invoice date was as follows:

	<b>As at 30 June 2018 HK\$ (Unaudited)</b>	As at 31 December 2017 HK\$ (Audited)
Within 1 month	<b>1,021,411</b>	5,499,460
1 to 2 months	<b>1,840,834</b>	268,715
2 to 3 months	<b>1,333,009</b>	1,776,897
Over 3 months	<b>12,415,035</b>	8,509,008
	<b>16,610,289</b>	16,054,080

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

## 18 Operating lease commitments

The Group leases office under non-cancellable operating lease agreement with lease terms between 1 to 2 years. The future aggregate minimum lease payments under the operating lease agreement are as follows:

	<b>As at 30 June 2018 HK\$ (Unaudited)</b>	As at 31 December 2017 HK\$ (Audited)
Not later than 1 year	<b>1,291,185</b>	1,361,240
Later than 1 year and no later than 5 years	—	183,680
	<b>1,291,185</b>	1,544,920

## 19 Contingent liabilities

The Group did not have any significant contingent liabilities as of 30 June 2018 (31 December 2017: Nil).

## 20 Related-party transactions

In addition to the related party information and transactions disclosed elsewhere in the condensed consolidated interim financial information, the following is a summary of significant related party transactions entered into the ordinary course of business between the Group and its related parties.

The directors of the Company are of the view that the following parties that had transactions or balances with the Group are related parties:

<b>Name</b>	<b>Relationship with the Group</b>
Active Door Finance Limited	Common key management personnel, Mr. Lam Chung Ho, Alastair and Mr. Wong Kang Man
Ms. Cheng	Close family member of Ms. Sz Kit ("Ms. Sz") <sup>1</sup>

<sup>1</sup> Ms. Sz was appointed as executive director of the Company on 1 February 2016 and resigned on 12 July 2017.

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

## 20 Related-party transactions (Continued)

The following significant transactions were carried out between the Group and its related parties during the period. In the opinion of the directors of the Company, the related party transactions were carried out in the normal course of business and at terms negotiated between the Group and the respective related parties.

### (a) Transaction with related-party

	Three months ended 30 June		Six months ended 30 June	
	2018 HK\$ (Unaudited)	2017 HK\$ (Unaudited)	2018 HK\$ (Unaudited)	2017 HK\$ (Unaudited)
Provision of design and fit-out services: — Close family member of Ms. Sz (Note)	—	272,808	—	272,808

Note: Provision of services are negotiated and mutually agreed between the related parties.

### (b) Key management compensation

Key management includes directors and senior management. The compensation paid or payable to key management for employee services is shown below:

	Three months ended 30 June		Six months ended 30 June	
	2018 HK\$ (Unaudited)	2017 HK\$ (Unaudited)	2018 HK\$ (Unaudited)	2017 HK\$ (Unaudited)
Basic salaries and bonus	1,443,198	1,552,049	2,911,198	3,283,537
Pension costs — defined contribution plan	52,500	45,000	105,250	90,000
	1,495,698	1,597,049	3,016,448	3,373,537

## SUPPLEMENTARY INFORMATION

### Comparison between Business Objectives and Actual Business Progress

The following is a comparison between the Group's business plans as set out in the prospectus of the Company dated 29 June 2016 (the "Prospectus") and the Group's actual business progress up to 30 June 2018:

#### Business Plan

#### Actual Business Progress up to 30 June 2018

- 
- |  |  |
|--|--|
| — Recruiting high caliber talents and enhancing company strength   | — The Group had hired several senior management members and general staff members in the departments of sales and marketing, design, project management, finance and administration since 2016 to cope with our business expansion.                            |
|  | — The Group continued to offer competitive remuneration packages to retain the best available talents in order to achieve the positive growth of the Company.  |
|  | — The Group had replaced the computer equipment and upgraded the finance and design software.  |
| — Developing a new line of business and financing potential business collaboration and/or acquisition of companies | — The Group had hired one senior management member dedicated to the planning and execution of our Group's business expansion. Since 2016, the Group had made a few business trips to pitch for new business opportunities.                                     |
|  | — On 6 November 2017, the Group acquired 60% interest of Ace Architectural and Interior Design Limited ("ACE"), as a result ACE is a non-wholly subsidiary of the Group. ACE is principally engaged in the provision of interior design business in Hong Kong. |
|  | — On 20 June 2018, the Group completed the acquisition of 49% interest of Primo. Primo is also principally engaged in the provision of interior design and fit out solutions in Hong Kong.   |



## SUPPLEMENTARY INFORMATION (CONTINUED)

### Business Plan

### Actual Business Progress up to 30 June 2018

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— Expanding market coverage

— The Group had relocated its office from Quarry Bay to Kwun Tong since 2016 with innovative design to further improve the Group's image and enhance good impression for our customers.

— The executive director of the Group had been the professional members of Hong Kong Interior Design Association and International Interior Design Association, as well as the associated member of International Facility Management Association since 2017 in order to expand the reach of potential customers.

— Capturing larger design and fit out projects

— Since 2017, the Group continued to pay out start-up costs to capture new larger design and fit out projects.

## SUPPLEMENTARY INFORMATION (CONTINUED)

### Business Plan

### Actual Business Progress up to 30 June 2018

- Increasing the effectiveness of marketing and brand recognition
- The Group had advertised in interchange subways, office/commercial buildings TV network to increase public awareness. The Group had also made donations to various charitable organizations to enhance its corporate image.
- Since 2017, the Group had been awarded numerous corporate awards from World Green Organisation, Hong Kong Management Association and Hong Kong Council of Social Service to promote our brand.

### Use of Listing Proceeds

The shares of the Company were listed on GEM of the Stock Exchange on 12 July 2016 for which the Company issued 120,000,000 new shares at HK\$0.64 per share. The net listing proceeds received by the Company, after deducting underwriting fees and other related expenses, are approximately HK\$57.0 million. These proceeds are intended to be applied in the manner as described in the section headed “Future Plans and Use of Proceeds” in the Prospectus.

The future plan and scheduled use of proceeds as disclosed in the Prospectus were based on the best estimation of future market conditions made by the Group at the time of preparing the Prospectus, while the proceeds were applied with consideration of the actual development of business and market.

Due to the recent acquisitions of new companies in November 2017 and June 2018, the Company has been prudently formulating the future business strategies within the Group. Accordingly, the Company has adopted a more conservative approach and shall postpone the utilisation of the remaining proceeds. The Directors shall continue to pitch out for expanding the market coverage and develop effective marketing strategies for the Group as and when appropriate and consider such postponement in use of listing proceeds is in the interests of the Company and the shareholders as a whole.

As at 30 June 2018, the Group does not anticipate any change to the plan as to the use of listing proceeds. The unutilised net proceeds have been placed in the licensed banks in Hong Kong.

## SUPPLEMENTARY INFORMATION (CONTINUED)

As at 30 June 2018, the net listing proceeds has been applied and utilized as follows:

Use of net proceeds	Planned use of net proceeds (HK\$'000)	Approximate percentage of total net proceeds	Actual use of net proceeds (HK\$'000)	Unused net proceeds (HK\$'000)
Recruiting high caliber talents and enhancing company strength	15,225	27%	15,225	—
Developing a new line of business and financing potential business collaboration and/or acquisition of companies	13,587	24%	7,786	5,801
Expanding market coverage	10,788	19%	6,030	4,758
Capturing larger design and fit out projects	6,840	12%	6,840	—
Increasing the effectiveness of marketing and brand recognition	4,860	8%	1,736	3,124
General working capital	5,700	10%	5,700	—
<b>Total</b>	<b>57,000</b>	<b>100%</b>	<b>43,317</b>	<b>13,683</b>

### Principal Risks and Uncertainties

The business operations and results of the Group may be affected by various factors, some of which are external causes and some are inherent to the business. The principal risks and uncertainties are summarized below:

- Failure to obtain new contracts could materially affect our financial performance;
- We rely on our management team in operating our business;
- We rely on our ability to successfully meet customers' and end users' preference by delivering our interior design solutions in a timely manner;
- We rely on the performance of our project management staff; and
- We rely on our suppliers to complete certain projects and are subject to risk arising from the noncompliance, late performance or poor performance by such suppliers. Also, there is no assurance that these suppliers will be able to continue to provide services to us at fees acceptable to us.

## SUPPLEMENTARY INFORMATION (CONTINUED)

### Changes of Directors' Information under Rule 17.50A(1) of the GEM Listing Rules

The Company is not aware of any change in the directors' information which are required to be disclosed pursuant to Rule 17.50A(1) of the GEM Listing Rules since the date of the 2017 annual report.

### Share Option Scheme

The Company has conditionally adopted the share option scheme ("Share Option Scheme"), which was approved by written resolutions passed by its sole Shareholder on 15 June 2016 and became unconditional on 12 July 2016. The terms of the Share Option Scheme are in accordance with the provisions of Chapter 23 of the GEM Listing Rules.

The purpose of the Share Option Scheme is to attract and retain the best available personnel, to provide additional incentive to employees (full-time and part-time), directors, consultants, advisers, distributors, contractors, suppliers, agents, customers, business partners or service providers of our Group and to promote the success of the business of our Group.

The Share Option Scheme is valid and effective for a period of 10 years from 12 July 2016, after which no further options will be granted or offered.

As at 30 June 2018, there was no option outstanding, granted, cancelled, exercised or lapsed.

## SUPPLEMENTARY INFORMATION (CONTINUED)

### Directors' and Chief Executive's Interests and/or Short Positions in Shares, Underlying Shares and Debentures of the Company or any Specified under Taking of the Company or any Other Associated Corporation

As at 30 June 2018, the interests and short positions of directors and chief executive 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 the Securities and Futures Ordinance (the "SFO")) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests which they are taken or deemed to have under such provisions of the SFO) and required to be entered in the register maintained by the Company pursuant to Section 352 of the SFO or which were required, pursuant to Rules 5.48 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange, were as follows:

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

##### (i) Interests in the Company

*Interests in ordinary shares*

Name of director	Personal interest	Family interest	Corporate interests	Total interests in ordinary shares	Total interests in underlying shares	Aggregate interests	% of the Company's issued voting shares
Mr. Yau Chung Ping <sup>Note</sup>	—	—	144,004,000	144,004,000	—	144,004,000	24.2%

Note: The 144,004,000 shares are beneficially held by Legend Investments International Limited ("Legend Investments"), which is legally and beneficially owned as to 80% by Mr. Yau Chung Ping ("Mr. Yau"). Accordingly, Mr. Yau is deemed to be interested in 144,004,000 shares of the Company beneficially held by Legend Investments by virtue of the SFO. Mr. Yau is director of Legend Investments.

## SUPPLEMENTARY INFORMATION (CONTINUED)

### (ii) Interests in the associated corporation

Name of directors	Name of associated corporation	Capacity/Nature	No. of ordinary shares held	% of the issued voting shares of associated corporation
Mr. Yau Chung Ping	Legend Investments International Limited	Interest in controlled corporation	80	80%
Mr. Wong Kang Man	Ace Architectural and Interior Design Limited	Interest in controlled corporation	3,500	35%

Save as disclosed above, as at 30 June 2018, none of the directors and chief executive of the Company had any interests and short positions in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the standards of dealing by Directors as referred to in Rule 5.48 to 5.67 of the GEM Listing Rules.

### Substantial shareholder's Interests and/or Short Position in Shares and Underlying Shares of the Company

As at 30 June 2018, the interest of the persons, other than directors or chief executive of the Company, in the shares and underlying shares of the Company which were notified to the Company and the Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO and entered in the register maintained by the Company pursuant to Section 336 of the SFO, or otherwise notified to the Company were as follows:

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

Name of shareholders	Capacity	Number of ordinary shares held	% of the Company's issued voting shares
Legend Investments International Limited	Beneficial owner	144,004,000	24.2%
Mr. Yau Chung Ping	Interest in controlled corporation	144,004,000	24.2%
Climb Up Limited	Beneficial owner	115,000,000	19.3%

## SUPPLEMENTARY INFORMATION (CONTINUED)

Save as disclosed above, as at 30 June 2018, the Company had not been notified by any persons (other than directors or chief executive of the Company) who had interests or short positions in the shares or underlying shares of the Company which would fall under the provisions of Divisions 2 and 3 of Part XV of the SFO to be disclosed to the Company, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

### Rights to Acquire Shares or Debentures

Other than the Share Option Scheme and save as disclosed above and under the sections “Directors and Chief Executive’s Interests and Short Positions in Shares, Underlying Shares and Debentures” above, at no time during the six months ended 30 June 2018 was the Company or any of its subsidiaries, or any of its fellow subsidiaries or any associated corporations, a party to any arrangement to enable the directors or chief executive of the Company or their respective associates (as defined in the GEM Listing Rules) to have any right to subscribe for securities of the Company or any of its associated corporations as defined in the SFO or to acquire benefits by means of acquisition of shares in, or debentures of, the Company or any other body corporate.

### Interests in Competing Businesses and Conflict of Interests

Each of the controlling shareholders (as defined under the GEM Listing Rules) of the Company entered into a deed of non-competition (the “Deed of Non-competition”) dated 15 June 2016 in favour of the Company, mainly to the effect that at any time the controlling shareholders are interested, directly or indirectly, in 30% or more of the issued shares of the Company, the controlling shareholders shall not, and shall procure their close associates not to carry on, engage in, invest or acquire or hold any rights or be interested or otherwise involved in any business that is similar to or in competition directly or indirectly with any business currently and from time to time engaged by our Group in Hong Kong and any other country or jurisdiction to which our Group carries on our business from time to time.

During the six months ended 30 June 2018, none of the Directors, the controlling shareholders of our Company or their respective close associates (as defined under the GEM Listing Rules) had any business or interest in a business which competes or may compete with the business of our Group and any other conflict of interest with our Group, save for the following:–

Mr. Wong Kang Man (“Mr. Wong”), an executive Director of the Company, is a director of Ace Architectural and Interior Design Limited (“ACE”), which is a non-wholly owned subsidiary of the Group and ACE is principally engaged in the interior design business in Hong Kong. Despite of such company being engaged in the interior design business in Hong Kong, the Group has been operating independently of the business of such company, no competition is considered to exist during the six months ended 30 June 2018.

## SUPPLEMENTARY INFORMATION (CONTINUED)

### Code on Corporate Governance Practices

During the six months ended 30 June 2018, the Board considers that the Company has complied with all the corporate governance codes (the "CG Code") as set out in Appendix 15 to the GEM Listing Rules.

### Compliance of Code of Conduct for Directors' Securities Transactions

The Company has adopted a code of conduct regarding securities transactions by directors on terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Having made specific enquiry of all Directors, all Directors confirmed that they had complied with the required standard of dealings and the code of conduct regarding securities transactions by Directors adopted by our Company during the six months ended 30 June 2018.

### Purchase, Sale or Redemption of Listed Securities of the Company

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 June 2018.

### Interests of the Compliance Adviser

As notified by VBG Capital Limited, the compliance adviser of our Company, save for the compliance adviser agreement entered into between the Company and VBG Capital limited dated 11 March 2016, neither VBG Capital Limited nor any of its close associates (as defined in the GEM Listing Rules) and none of the directors or employees of VBG Capital Limited had any interest in the share capital of the Company or any member of our Group (including options or rights to subscribe for such securities, if any) which is required to be notified to our Company pursuant to Rule 6A.32 of the GEM Listing Rules as at 30 June 2018.



### Audit Committee

The Company established an audit committee on 15 June 2016 with written terms of reference in compliance with Rule 5.28 of the GEM Listing Rules and the CG Code as set out in Appendix 15 to the GEM Listing Rules. As at the date of this report, the audit committee comprises three independent non-executive Directors, namely, Mr. Tse Chi Shing (Chairman), Mr. Kloeden Daniel Dieter and Mr. Tse Wai Hei. The primary duties of the audit committee are mainly to make recommendations to the Board on the appointment and dismissal of the external auditor, review the financial statements and information and provide advice in respect of financial reporting and oversee the internal control procedures of our Company.

The audit committee has reviewed the accounting principles and practices adopted by the Group and has discussed with the management regarding the auditing and financial reporting matters. The audit committee has discussed and reviewed the unaudited financial information and the interim report for the six months ended 30 June 2018.

As at the date of this report, the executive Directors are Mr. Yau Chung Ping, Mr. Lam Chung Ho, Alastair and Mr. Wong Kang Man; and the independent non-executive Directors are Mr. Tse Chi Shing, Mr. Kloeden Daniel Dieter and Mr. Tse Wai Hei.