



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



THIRD QUARTERLY REPORT
第三季度報告 2018

CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "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 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.

Hong Kong Exchanges and Clearing Limited and the Stock Exchange take no responsibility for the contents of this report, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this report.

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.

CONTENTS

| | |
|--|----|
| Management Discussion and Analysis | 3 |
| Unaudited Condensed Consolidated Financial Information | 8 |
| Unaudited Condensed Consolidated Statement of Comprehensive Income | 8 |
| Unaudited Condensed Consolidated Statement of Changes in Equity | 10 |
| Notes to the Unaudited Condensed Consolidated Financial Information | 11 |
| Supplementary Information | 15 |

MANAGEMENT DISCUSSION AND ANALYSIS

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 nine months ended 30 September 2018, the total revenue increased by approximately 30.7% and the number of projects increased by 63.9% over the same period in 2017. The average revenue per project decreased by approximately 21.7% from same period in 2017 to approximately HK\$1.8 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 nine months ended 30 September 2018 respectively and their comparative figures:

In terms of number of Projects*

| | For the nine months ended | | |
|--------------------------------|---------------------------|------|--------|
| | 30 September | 2017 | Change |
| | 2018 | | |
| Design and fit out/Design only | | | |
| Office | 43 | 29 | 48.3% |
| Commercial | 9 | 1 | 800.0% |
| Residential | 7 | 6 | 16.7% |
| Total | 59 | 36 | 63.9% |

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

In terms of Revenue*

| In HK\$' million | For the nine months ended | | |
|--------------------------------|---------------------------|------|---------|
| | 30 September | 2017 | Change |
| | 2018 | | |
| Design and fit out/Design only | | | |
| Office | 92.1 | 65.9 | 39.8% |
| Commercial | 3.9 | 4.6 | (15.2%) |
| Residential | 10.0 | 10.6 | (5.7%) |
| Total | 106.0 | 81.1 | 30.7% |

Average Revenue per Project*

| In HK\$' million | For the nine months ended | | |
|-----------------------------|---------------------------|------|---------|
| | 30 September | 2017 | Change |
| | 2018 | | |
| Revenue | 106.0 | 81.1 | 30.7% |
| Number of projects | 59 | 36 | 63.9% |
| Average revenue per project | 1.8 | 2.3 | (21.7%) |

* 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 later time 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\$90.3 million, for some of the works will commence in the last quarter of 2018.

Looking forward, the Group will explore into possibilities to expand its business into different sectors in order to sustain the growth and create more values to the shareholders.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

| In HK\$' million | For the nine months ended | |
|---|---------------------------|-------|
| | 30 September | 2017 |
| | 2018 | |
| Revenue | 107.5 | 82.0 |
| Gross Profit (Note 1) | 22.1 | 22.9 |
| Gross Profit Margin | 20.6% | 27.9% |
| EBITDA (Note 2) | (3.7) | 4.9 |
| (Loss)/Profit for the period attributable to owners of the Company | (5.2) | 3.3 |

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 nine months ended 30 September 2018, the Group's revenue increased when compared to the same period in 2017. The Group's revenue amounted to approximately HK\$107.5 million, representing an increase of approximately 31.0% 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 nine months ended 30 September 2018 amounted to approximately HK\$22.1 million, representing a decrease of approximately 3.3% over the same period in 2017. Gross profit margin decreased from approximately 27.9% to approximately 20.6%, 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 nine months ended 30 September 2018 were approximately HK\$22.2 million when compared to approximately HK\$19.0 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 nine months ended 30 September 2018, the Group's EBITDA amounted to approximately -HK\$3.7 million as compared to approximately HK\$4.9 million for the same period in 2017. The Group recorded a consolidated loss of approximately HK\$5.2 million attributable to the owners of the Company for the nine months ended 30 September 2018, when compared to a consolidated profit of approximately HK\$3.3 million for the same period in 2017. The Group's loss during the nine months ended 30 September 2018 was mainly due to the disposal losses on financial assets at fair value through profit or loss, the fair value losses on financial assets at fair value through profit or loss, as well as the increase in total operating expenses (Note 3).

Liquidity, Financial Resources and Capital Structure

The Group practiced prudent financial management and maintained a strong and sound financial position during the nine months ended 30 September 2018. As of 30 September 2018, the Group had cash and cash equivalents of approximately HK\$28.3 million (31 December 2017: approximately HK\$57.9 million). The current ratio, being the ratio of current assets to current liabilities, was approximately 2.6 times as at 30 September 2018 (31 December 2017: approximately 2.9 times).

As at 30 September 2018, the gearing ratio, expressed as a percentage of non-current debt over net assets was approximately 44.5% (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 September 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)

Contingent Liabilities and Capital Commitments

The Group did not have any significant contingent liabilities and capital commitments as at 30 September 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 nine months ended 30 September 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 September 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 nine months ended 30 September 2018.

UNAUDITED CONDENSED CONSOLIDATED FINANCIAL INFORMATION

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

Unaudited Condensed Consolidated Statement of Comprehensive Income

| | Notes | For the three months ended 30 September | | For the nine months ended 30 September | |
|--|-------|--|-----------------------------|---|-----------------------------|
| | | 2018 HK\$ (Unaudited) | 2017 HK\$ (Unaudited) | 2018 HK\$ (Unaudited) | 2017 HK\$ (Unaudited) |
| Revenue | 4 | 41,003,160 | 37,087,228 | 107,502,703 | 82,048,366 |
| Other income | 5 | 60,797 | 39,138 | 230,136 | 176,474 |
| Other losses | 6 | (4,826,113) | — | (5,164,560) | (2,430) |
| Subcontracting and materials costs | | (34,959,126) | (27,283,247) | (85,354,022) | (59,144,778) |
| Employee benefit expenses | | (4,336,824) | (4,128,779) | (13,927,043) | (11,711,292) |
| Rental expenses | | (668,656) | (509,500) | (1,856,834) | (1,488,846) |
| Other expenses | | (1,854,435) | (1,980,395) | (6,384,079) | (5,808,571) |
| Operating (loss)/profit | | (5,581,197) | 3,224,445 | (4,953,699) | 4,068,923 |
| Finance income | | 809 | 36,216 | 45,775 | 243,521 |
| Finance costs | | (645,148) | — | (729,745) | — |
| Share of profit of associate | | 875,581 | — | 1,019,728 | — |
| (Loss)/profit before tax | | (5,349,955) | 3,260,661 | (4,617,941) | 4,312,444 |
| Income tax expense | 7 | (157,746) | (651,867) | (594,095) | (1,044,217) |
| (Loss)/profit for the period | | (5,507,701) | 2,608,794 | (5,212,036) | 3,268,227 |
| (Loss)/profit for the period attributable to: | | | | | |
| Owners of the Company | | (5,508,134) | 2,608,794 | (5,222,764) | 3,268,227 |
| Non-controlling interests | | 433 | — | 10,728 | — |
| | | (5,507,701) | 2,608,794 | (5,212,036) | 3,268,227 |

UNAUDITED CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

Unaudited Condensed Consolidated Statement of Comprehensive Income (Continued)

| | Notes | For the three months ended 30 September | | For the nine months ended 30 September | |
|---|-------|--|-----------------------------|---|-----------------------------|
| | | 2018 HK\$ (Unaudited) | 2017 HK\$ (Unaudited) | 2018 HK\$ (Unaudited) | 2017 HK\$ (Unaudited) |
| Other comprehensive (expenses)/income | | | | | |
| 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 | | (107,617) | — | (258,958) | — |
| Items that may be reclassified to profit or loss: | | | | | |
| Fair value gains on available-for-sale financial assets | | — | 72,743 | — | 308,536 |
| Other comprehensive (expenses)/income for the period, net of tax | | (107,617) | 72,743 | (258,958) | 308,536 |
| Total comprehensive (expenses)/income for the period | | (5,615,318) | 2,681,537 | (5,470,994) | 3,576,763 |
| Total comprehensive (expenses)/income for the period attributable to: | | | | | |
| Owners of the Company | | (5,615,751) | 2,681,537 | (5,481,722) | 3,576,763 |
| Non-controlling interests | | 433 | — | 10,728 | — |
| | | (5,615,318) | 2,681,537 | (5,470,994) | 3,576,763 |
| Basic and diluted (loss)/earnings per share attributable to owners of the Company (expressed in Hong Kong cents per share) | 8 | (0.93) | 0.54 | (1.00) | 0.68 |

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

UNAUDITED CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

Unaudited 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\$ | | | |
| Balance at 1 January 2017 | 4,800,000 | 65,336,977 | 5,921,989 | 22,081 | — | 9,714,000 | 85,795,047 | — | 85,795,047 |
| Profit for the period | — | — | — | — | — | 3,268,227 | 3,268,227 | — | 3,268,227 |
| Other comprehensive income | | | | | | | | | |
| Gain on changes in fair value of available-for-sale financial assets | — | — | — | 308,536 | — | — | 308,536 | — | 308,536 |
| Other comprehensive income, net of tax | — | — | — | 308,536 | — | — | 308,536 | — | 308,536 |
| Total comprehensive income | — | — | — | 308,536 | — | 3,268,227 | 3,576,763 | — | 3,576,763 |
| Balance at 30 September 2017 | 4,800,000 | 65,336,977 | 5,921,989 | 330,617 | — | 12,982,227 | 89,371,810 | — | 89,371,810 |
| Balance at 31 December 2017, as originally presented | 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 | — | — | — | — |
| Balance as at 1 January 2018, as restated | 4,800,000 | 65,336,977 | 5,921,989 | — | 420,818 | 12,164,328 | 88,644,112 | (253,493) | 88,390,619 |
| (Loss)/profit for the period | — | — | — | — | — | (5,222,764) | (5,222,764) | 10,728 | (5,212,036) |
| Other comprehensive expenses | | | | | | | | | |
| Loss on changes in fair value of financial assets at fair value through other comprehensive income | — | — | — | — | (258,958) | — | (258,958) | — | (258,958) |
| Other comprehensive expenses, net of tax | — | — | — | — | (258,958) | — | (258,958) | — | (258,958) |
| Total comprehensive (expenses)/ income | — | — | — | — | (258,958) | (5,222,764) | (5,481,722) | 10,728 | (5,470,994) |
| Transaction with owners in their capacity as owners | | | | | | | | | |
| Issuance of ordinary shares as consideration shares | 1,150,000 | 16,675,000 | — | — | — | — | 17,825,000 | — | 17,825,000 |
| Balance at 30 September 2018 | 5,950,000 | 82,011,977 | 5,921,989 | — | 161,860 | 6,941,564 | 100,987,390 | (242,765) | 100,744,625 |

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

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED 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 unaudited condensed consolidated financial information is presented in Hong Kong dollars (“HK\$”), unless otherwise stated.

2. Basis of preparation

This unaudited condensed consolidated financial information for the nine months ended 30 September 2018 has been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and the applicable disclosure provisions of the GEM Listing Rules. The unaudited condensed consolidated 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 HKFRSs issued by the HKICPA.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

3. Revenue

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

| | For the three months ended 30 September | | For the nine months ended 30 September | |
|-------------------------------------|--|-----------------------------|---|-----------------------------|
| | 2018 HK\$ (Unaudited) | 2017 HK\$ (Unaudited) | 2018 HK\$ (Unaudited) | 2017 HK\$ (Unaudited) |
| Design | 149,300 | 286,000 | 334,043 | 3,230,000 |
| Design and fit out | 40,219,202 | 36,633,709 | 105,625,392 | 77,820,760 |
| Maintenance and aftersales services | 634,658 | 167,519 | 1,543,268 | 997,606 |
| | 41,003,160 | 37,087,228 | 107,502,703 | 82,048,366 |

4. Other income

| | For the three months ended 30 September | | For the nine months ended 30 September | |
|---|--|-----------------------------|---|-----------------------------|
| | 2018 HK\$ (Unaudited) | 2017 HK\$ (Unaudited) | 2018 HK\$ (Unaudited) | 2017 HK\$ (Unaudited) |
| Dividend income on financial assets through other comprehensive income | 18,975 | — | 76,388 | — |
| Dividend income on available-for-sale financial assets | — | 19,283 | — | 74,917 |
| Sundry income | 41,822 | 19,855 | 153,748 | 101,557 |
| | 60,797 | 39,138 | 230,136 | 176,474 |

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

5. Other losses

| | For the three months ended 30 September | | For the nine months ended 30 September | |
|--|--|-----------------------------|---|-----------------------------|
| | 2018 HK\$ (Unaudited) | 2017 HK\$ (Unaudited) | 2018 HK\$ (Unaudited) | 2017 HK\$ (Unaudited) |
| Foreign exchange losses | (7,716) | — | (12,672) | (2,430) |
| Loss on early redemption of promissory note | (317,941) | — | (414,802) | — |
| Fair value losses on financial assets at fair value through profit or loss | (1,563,836) | — | (1,618,006) | — |
| Disposal losses on financial assets at fair value through profit or loss | (2,936,620) | — | (3,119,080) | — |
| | (4,826,113) | — | (5,164,560) | (2,430) |

6. Income tax expense

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

| | For the three months ended 30 September | | For the nine months ended 30 September | |
|---------------------|--|-----------------------------|---|-----------------------------|
| | 2018 HK\$ (Unaudited) | 2017 HK\$ (Unaudited) | 2018 HK\$ (Unaudited) | 2017 HK\$ (Unaudited) |
| Current income tax | 158,308 | 710,797 | 652,163 | 1,136,909 |
| Deferred income tax | (562) | (58,930) | (58,068) | (92,692) |
| Income tax expense | 157,746 | 651,867 | 594,095 | 1,044,217 |

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

7. (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 September 2018.

| | For the three months ended 30 September | | For the nine months ended 30 September | |
|--|--|-----------------------------|---|-----------------------------|
| | 2018 HK\$ (Unaudited) | 2017 HK\$ (Unaudited) | 2018 HK\$ (Unaudited) | 2017 HK\$ (Unaudited) |
| (Loss)/profit attributable to owners of the Company | (5,508,134) | 2,608,794 | (5,222,764) | 3,268,227 |
| Weighted average number of ordinary shares in issue | 595,000,000 | 480,000,000 | 523,388,278 | 480,000,000 |
| (Loss)/earnings per share (expressed in HK cents per share) | (0.93) | 0.54 | (1.00) | 0.68 |

For the periods ended 30 September 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.

SUPPLEMENTARY INFORMATION

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 September 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 the Shares, Underlying Shares and Debentures of the Company or any Specified Undertaking of the Company or any Other Associated Corporation

As at 30 September 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 ^{Note} | — | — | 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 September 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.

SUPPLEMENTARY INFORMATION (CONTINUED)

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

As at 30 September 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% |
| Mr. Wong Yu Ki Andy | Interest in controlled corporation | 115,000,000 | 19.3% |
| Mr. Lam Leslie | Interest in controlled corporation | 115,000,000 | 19.3% |

Save as disclosed above, as at 30 September 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 nine months ended 30 September 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.

SUPPLEMENTARY INFORMATION (CONTINUED)

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 nine months ended 30 September 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 nine months ended 30 September 2018.

Code on Corporate Governance Practices

During the nine months ended 30 September 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 nine months ended 30 September 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 nine months ended 30 September 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 September 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. Tse Wai Hei and Mr. Tam Chak Chi. 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 third quarterly report for the nine months ended 30 September 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. Tse Wai Hei and Mr. Tam Chak Chi.