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AL Group Limited

利駿集團（香港）有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8360)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2016

The board (the “Board”) of directors (the “Directors”) of AL Group Limited (the “Company”) is pleased to announce the unaudited interim results of the Company and its subsidiaries (together as the “Group”) for the six months ended 30 June 2016. This announcement, containing the extracts from the 2016 interim report of the Group, complies with the relevant requirements of the Rules Governing the Listing of Securities (“GEM Listing Rules”) on the Growth Enterprise Market (“GEM”) of the Stock Exchange of Hong Kong Limited (the “Stock Exchange”) in relation to information to accompany preliminary announcements of interim results. Printed version of the 2016 interim report of the Company containing the information required by the GEM Listing Rules will be dispatched to the shareholders in due course.

The Company’s interim results announcement is published on the website of the Stock Exchange at <http://www.hkgem.com> and the Company’s website at www.AL-Grp.com.

By Order of the Board

AL Group Limited

Yau Chung Ping

Chief Executive Officer and Executive Director

Hong Kong, 12 August 2016

As at the date of this announcement, the executive Directors are Mr. Yau Chung Ping, Ms. Sz Kit and Ms. Wu Kar Wai; and the independent non-executive Directors are Mr. Neo Sei Lin, Christopher, Mr. Lau Chun Wah, Davy and Ms. Lee Hau Yan, Hannah.

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

This announcement will remain on the “Latest Company Announcements” page on the GEM website at www.hkgem.com for a minimum period of 7 days from the date of its publication and on the Company’s website at www.AL-Grp.com.

CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (“GEM”) OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, 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 (the “GEM Listing Rules”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief the information contained in this 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.

Management Discussion and Analysis

Business Review

The Group is principally engaged in providing integrated interior design and fit out management services in Hong Kong. The Group's total revenue for the six months ended 30 June 2016 amounted to approximately HK\$35.1 million, representing a decrease of approximately 4.6% as compared with that of approximately HK\$36.8 million for the six months ended 30 June 2015. The decrease was mainly attributable to the decrease in the number of on-going and completed projects (excluding those relating to maintenance and aftersales services) to 15 for the six months ended 30 June 2016 from 30 for the six months ended 30 June 2015, which effect is partially offset by the revenue of approximately HK\$11.8 million from a major project completed during the six months ended 30 June 2016. Despite the decrease in the number of on-going and completed projects, the average revenue per project (excluding those relating to maintenance and aftersales services) increased to approximately HK\$2.3 million for the six months ended 30 June 2016, compared with that of HK\$1.2 million for the six months ended 30 June 2015, mainly attributable to the major project completed during the six months period ended 30 June 2016 as mentioned above. Direct margin (defined as revenue less subcontracting and material costs) for the six months ended 30 June 2016 amounted to approximately HK\$7.2 million or 20.6% of total revenue, representing a decrease of approximately 5.9 percentage points compared with that of approximately HK\$9.7 million or 26.5% of total revenue for the six months ended 30 June 2015. The decrease was mainly due to special discounts given to two office projects for the six months ended 30 June 2016 with individual project revenue of over HK\$3 million to enable the Group to gain new customer reference from the government sector and the luxury consumer products sector, leading to a drop in direct margins for these two projects. The Group recorded a net loss of approximately HK\$13.7 million for the six months ended 30 June 2016 as compared to a net profit of approximately HK\$4.5 million for the six months ended 30 June 2015, which was mainly due to the one-time listing expenses of approximately HK\$13.2 million, decrease in overall direct margin and increase in administrative expenses including staff costs and office expenses for our expected business expansion upon listing.

Financial Review

Revenue

Our Group's revenue was principally generated from the provision of interior design and fit out management services in Hong Kong. In addition, we also provide maintenance and aftersales services which could cater for our customers' different requirement from time to time. During the six months ended 30 June 2016 and 2015, we derived 100% of our revenue from customers located in Hong Kong.

Management Discussion and Analysis (Continued)

The following table sets forth a breakdown of our revenue and the percentage contribution to our total revenue by type of project for the six months ended 30 June 2016 and 2015:

	For the six months ended 30 June			
	2016		2015	
	HK\$'000	%	HK\$'000	%
Design and fit out/Design only				
— Office	25,498	72.6	26,067	70.8
— Commercial	4,227	12.0	—	—
— Residential	4,632	13.2	8,728	23.7
Maintenance and aftersales services	767	2.2	2,015	5.5
	35,124	100.0	36,810	100.0

The following table sets forth the number of on-going and completed projects by type of project for the six months ended 30 June 2016 and 2015:

	For the six months ended 30 June			
	2016		2015	
	No. of projects	%	No. of projects	%
Design and fit out/Design only				
— Office	12	18.7	24	27.3
— Commercial	1	1.6	—	—
— Residential	2	3.1	6	6.8
Maintenance and aftersales services	49	76.6	58	65.9
	64	100.0	88	100.0

Management Discussion and Analysis (Continued)

The following table sets forth the calculation of average revenue per project by dividing the revenue of the on-going and completed projects (excluding those relating to maintenance and aftersales services) by their numbers for the six months ended 30 June 2016 and 2015:

	For the six months ended 30 June	
	2016	2015
Revenue (HK\$'000)	34,357	34,794
No. of projects	15	30
Average revenue per project (HK\$'000)	2,290	1,160

Our total revenue for the six months ended 30 June 2016 amounted to approximately HK\$35.1 million, representing a decrease of approximately 4.6% as compared with that of approximately HK\$36.8 million for the six months ended 30 June 2015. Such decrease was mainly attributable to the decrease in the number of on-going and completed projects (excluding those relating to maintenance and aftersales services) to 15 for the six months ended 30 June 2016 from 30 for the six months ended 30 June 2015, which effect is partially offset by the revenue of approximately HK\$11.8 million from a major project completed during the six months ended 30 June 2016 (2015: nil). The decrease in total revenue was also attributable to the decrease in revenue from maintenance and aftersales services to approximately HK\$0.8 million for six months ended 30 June 2016 as compared with that of approximately HK\$2.0 million for the same period in 2015.

Management Discussion and Analysis (Continued)

Direct Margin*

Direct margin indicates our overall project profitability before taking into account of other administrative expenses including staff costs, office rental and so on. The overall direct margin for the six months ended 30 June 2016 amounted to approximately HK\$7.2 million or 20.6% of total revenue, representing a decrease of approximately 5.9 percentage points compared with that of approximately HK\$9.7 million or 26.5% of total revenue for the six months ended 30 June 2015. The direct margins for different types of projects (excluding those relating to maintenance and aftersales services) are further analysed as follows:

	For the six months ended 30 June			
	2016		2015	
	HK\$'000	%	HK\$'000	%
Office	4,861	19.1	6,269	24.0
Commercial	1,340	31.7	—	—
Residential	1,378	29.8	2,538	29.1

* Direct margin is defined as revenue less subcontracting and materials costs

The decrease in overall direct margin was mainly contributed by the office projects, where special discounts were given to two office projects for the six months ended 30 June 2016 with individual project revenue of over HK\$3 million to enable the Group to gain new customer reference from the government sector and the luxury consumer products sector, leading to a drop in direct margins for these two projects. The above effect was partially set off by the higher direct margin of the ongoing commercial project for the six months ended 30 June 2016, where premium was charged for the unique and innovative design in commercial premises.

Management Discussion and Analysis (Continued)

Loss for the period

The Group recorded a net loss of approximately HK\$13.7 million for the six months ended 30 June 2016 as compared to a net profit of approximately HK\$4.5 million for the six months ended 30 June 2015, which was mainly due to the one-time listing expenses of approximately HK\$13.2 million, decrease in total revenue and overall direct margin as described above, and the increased staff costs and other office expenses during the first half of 2016. Staff costs increased to approximately HK\$4.9 million for the six months ended 30 June 2016 from approximately HK\$2.9 million for the six months ended 30 June 2015, which was mainly attributable to the recruitment of various high caliber talents for our expected business expansion upon listing.

Future Prospect

Shadowed by the deteriorating external environment as characterized by subdued global growth and sharp gyrations in global financial and monetary conditions, the Hong Kong economy continued to slow in the first half 2016. The sapped global economic sentiment has been pulling in the reins on domestic demand, with private consumption expenditure slowed visibly from last year. The commercial property markets in Hong Kong also remained quiet in the first half year of 2016. Trading activities for most market segments plummeted to record lows. Prices and rentals generally went further lower. Despite the challenges we face in such sluggish market, we continue to be awarded projects in 2016 by existing and new customers who valued our good reputation and experience in the industry. We have a number of projects in the pipeline that were built up since 2015 and 2016 which will come online and contribute to our total revenue in the second half of 2016 and beyond. Upon listing in July 2016, we will further strength our corporate management and look into possibilities to expand our business into different markets in order to sustain our growth and create more values for shareholders.

Liquidity, Financial Resources and Capital Structure

The Group maintained a strong and sound financial position during the six months ended 30 June 2016. As of 30 June 2016, the Group had cash and cash equivalents of approximately HK\$8.0 million (31 December 2015: approximately HK\$12.7 million). The decrease in cash and cash equivalents was mainly attributable to the payment of listing expenses, which offset the cash received from our principal business for the six months ended 30 June 2016.

Management Discussion and Analysis (Continued)

As at 30 June 2016, the Group did not have any outstanding borrowing (hence no gearing ratio of the Group was presented), other indebtedness and did not have any utilized or unutilized bank facilities (31 December 2015: Nil).

The Company's capital comprises ordinary shares and capital reserves. The Group finances its working capital requirements through a combination of cash and cash equivalents and cash flows generated from operations.

Foreign Exchange Exposure

The Group is not exposed to 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 2016.

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

Pledge of Assets

As at 30 June 2016, the Group did not have pledged assets (31 December 2015: Nil).

Contingent Liabilities

The Group did not have any significant contingent liabilities as at 30 June 2016 (31 December 2015: Nil).

Capital Commitments

As at 30 June 2016, the Group did not have any capital commitments (31 December 2015: Nil).

Management Discussion and Analysis (Continued)

Interim Dividend

The board does not declare any interim dividend for the six months ended 30 June 2016 (2015: Nil).

Future Plans for Material Investment and Capital Assets

Save as disclosed in the Prospectus, the Group did not have any other plans for material investment and capital assets up to the date of this report.

Significant Investments Held

Save for investment in equity securities listed in Hong Kong (available-for-sale financial assets), as at 30 June 2016, the Group did not have any investment in equity interest in any other company and did not own any properties (31 December 2015: Nil).

Material Acquisitions and Disposals of Subsidiaries, Associates and Joint Ventures

The Group did not have any material acquisitions and disposals of subsidiaries, associates and joint ventures during the six months ended 30 June 2016.

Employees and Remuneration Policies

As at 30 June 2016, the Group had 30 employees (31 December 2015: 21 employees), including the Directors and one part-time employee. Total staff costs (including Directors' emoluments) were approximately HK\$4.9 million for the six months ended 30 June 2016 as compared to approximately HK\$2.9 million for the six months ended 30 June 2015.

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.

Interim Condensed Consolidated Statements of Comprehensive Income

		Six months ended 30 June	
		2016	2015
		HK\$	HK\$
	Notes	(Unaudited)	(Unaudited)
Revenue	7	35,123,723	36,809,502
Other income	8	33,420	30,016
Other losses	9	(297,692)	(36,483)
Subcontracting and materials costs		(27,895,184)	(27,063,386)
Employee benefit expenses		(4,888,000)	(2,911,814)
Rental expenses		(594,322)	(428,614)
Listing expenses		(13,207,777)	—
Other expenses		(1,943,109)	(1,011,938)
Operating (loss)/profit	10	(13,668,941)	5,387,283
Finance income	11	2,848	4,778
(Loss)/profit before income tax		(13,666,093)	5,392,061
Income tax expense	12	—	(884,491)
(Loss)/profit for the period attributable to owners of the Company		(13,666,093)	4,507,570
Other comprehensive income		—	—
Total comprehensive (loss)/income for the period attributable to owners of the Company		(13,666,093)	4,507,570
Dividends	13	—	—
Basic and diluted earnings per share	14	N/A	N/A

The notes on pages 17 to 37 form an integral part of this interim consolidated financial information.

Interim Condensed Consolidated Balance Sheet

		30 June 2016 HK\$ (Unaudited)	31 December 2015 HK\$ (Audited)
	Notes		
ASSETS			
Non-current assets			
Available-for-sale financial assets		1,020,629	1,271,921
Property, plant and equipment	15	1,163,245	116,863
		2,183,874	1,388,784
Current assets			
Trade and other receivables	16	19,650,222	21,706,224
Amounts due from customers for contract work	17	8,368,417	1,480,160
Amount due from a related company	23	—	2,789,826
Amount due from a director	23	—	1,085,195
Cash and cash equivalents		8,008,704	12,695,225
		36,027,343	39,756,630
Total assets		38,211,217	41,145,414
EQUITY			
Equity attributable to the owners of the Company			
Share capital	18	1	—
Share premium	18	5,921,989	—
Combined capital	19	—	10,000
Retained earnings		3,877,044	17,543,137
Total equity		9,799,034	17,553,137

Interim Condensed Consolidated Balance Sheet (Continued)

		30 June 2016 HK\$ (Unaudited)	31 December 2015 HK\$ (Audited)
	Notes		
LIABILITIES			
Current liabilities			
Trade and other payables	20	25,511,791	19,916,457
Amounts due to customers for contract work	17	782,301	520,488
Amount due to a director	23	—	745,899
Current income tax liabilities		2,118,091	2,409,433
Total liabilities		28,412,183	23,592,277
Total equity and total liabilities		38,211,217	41,145,414

The notes on pages 17 to 37 form an integral part of this interim consolidated financial information.

Interim Condensed Consolidated Statements of Changes in Equity

	Share capital HK\$	Share premium HK\$	Combined capital HK\$	Retained earnings HK\$	Total HK\$
As at 1 January 2015	—	—	10,000	7,749,373	7,759,373
Total comprehensive income	—	—	—	4,507,570	4,507,570
Transaction with owners in their capacity as owners					
Dividends paid (Note 13)	—	—	—	—	—
As at 30 June 2015	—	—	10,000	12,256,943	12,266,943
As at 1 January 2016	—	—	10,000	17,543,137	17,553,137
Total comprehensive loss	—	—	—	(13,666,093)	(13,666,093)
Transaction with owners in their capacity as owners					
Issuance of shares pursuant to a group Reorganisation	1	5,921,989	(10,000)	—	5,911,990
As at 30 June 2016	1	5,921,989	—	3,877,044	9,799,034

The notes on pages 17 to 37 form an integral part of this interim consolidated financial information.

Interim Condensed Consolidated Statement of Cash Flows

		Six months ended 30 June	
		2016	2015
		HK\$	HK\$
	Note	(Unaudited)	(Unaudited)
Cash flows from operating activities			
(Loss)/profit before income tax		(13,666,093)	5,392,061
Adjustments for:			
Depreciation of property, plant and equipment	15	83,781	51,574
Dividend income on available-for-sale financial assets	8	(33,420)	(30,016)
Finance income	11	(2,848)	(4,778)
Impairment losses on available-for-sale financial assets	9	284,712	33,640
Written-off of property, plant and equipment	15	201,916	—
Operating (loss)/profit before working capital changes		(13,131,952)	5,442,481
Decrease/(increase) in trade and other receivables		4,201,797	(3,969,914)
Increase in amounts due from customers for contract work		(6,888,257)	(2,065,740)
Increase in amounts due to customers for contract work		261,813	2,559,732
Decrease in amount due from a related company		2,789,826	323,936
Increase/(decrease) in trade and other payables		5,595,334	(3,335,107)
Net cash used in operations		(7,171,439)	(1,044,612)
Income tax paid		(291,342)	—
Net cash used in operating activities		(7,462,781)	(1,044,612)

Interim Condensed Consolidated Statement of Cash Flows (Continued)

		Six months ended 30 June	
		2016	2015
		HK\$	HK\$
	Note	(Unaudited)	(Unaudited)
Cash flow from investing activities			
Purchase of property, plant and equipment	15	(1,332,079)	(14,160)
Decrease in bank deposits maturing beyond 3 months		—	3,531,116
Interest received	11	2,848	4,778
Net cash (used in)/generated from investing activities		(1,329,231)	3,521,734
Cash flows from financing activities			
Decrease/(increase) in amounts due from directors		1,085,195	(2,670,963)
Decrease in amount due to a director		(745,899)	—
Proceeds from issuance of shares		5,911,990	—
Payment for listing expenses		(2,145,795)	—
Net cash generated from/(used in) financing activities		4,105,491	(2,670,963)
Net decrease in cash and cash equivalents		(4,686,521)	(193,841)
Cash and cash equivalents at the beginning of period		12,695,225	9,992,218
Cash and cash equivalents at the end of period		8,008,704	9,798,377

The notes on pages 17 to 37 form an integral part of this interim consolidated financial information.

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 is an investment holding company and its subsidiaries are principally engaged in the provision of interior design and fit out solutions as well as overall project management in Hong Kong (the “Listing Business”). The ultimate controlling parties of the Company are Mr. Yau Chung Ping (“Mr. Yau”) and Ms. Sz Kit (“Ms. Sz”). 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 (the “Listing”) on 12 July 2016 (the “Listing Date”).

2 Reorganisation

Prior to the incorporation of the Company and the completion of a reorganisation (the “Reorganisation”) as described below, the Listing Business was primarily operated by AL Design & Associates Limited (“AL Design”).

In preparation for the Listing, the Group underwent the Reorganisation which principally involved the following steps:

- (a) On 1 February 2016, the Company was incorporated in the Cayman Islands with an authorised share capital of HK\$380,000 divided into 38,000,000 shares of HK\$0.01 each. On its incorporation, 1 nil-paid Share was allotted and issued to its subscriber, Sharon Pierson, an Independent Third Party, and which was subsequently transferred to Legend Investments, which is ultimately controlled by Mr. Yau and Ms. Sz, on the same date.

Notes to the Condensed Consolidated Interim Financial Information (Continued)

2 Reorganisation (Continued)

- (b) On 16 February 2016, AL Group International Limited (“AL Group International”) was incorporated in British Virgin Islands (“BVI”) and on the same day, 1 share of US\$1.00 was allotted and issued to the Company in cash at par.
- (c) On 10 June 2016, pursuant to a sales and purchase agreement dated 10 June 2016 entered into between Mr. Yau and Ms. Sz as vendors and warrantors and the Company as purchaser, Mr. Yau and Ms. Sz transferred their entire shareholding interest in AL Design to AL Group International at a consideration of (i) the Company allotting and issuing 49 shares to Legend Investments credited as fully paid and (ii) the Company crediting the 1 nil-paid Share issued to Legend Investments as fully paid.
- (d) On 15 June 2016, pursuant to a sales and purchase agreement dated 15 June 2016 entered into between Mr. Yau and Ms. Sz as vendors and warrantors and the Company as purchaser, Mr. Yau and Ms. Sz transferred their entire shareholding interest in Legend One Contracting Limited (“Legend One”) to AL Group International at a consideration of the Company allotting and issuing 50 shares to Legend Investments credited as fully paid.

After the completion of the Reorganisation, the Company became the holding company of the companies now comprising the Group.

3 Basis of preparation and presentation

This condensed consolidated interim financial information for the six months ended 30 June 2016 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 combined financial statements for the year ended 31 December 2015, which have been prepared in accordance with HKFRSs issued by the HKICPA, as set out in the prospectus of the Company dated 29 June 2016.

Notes to the Condensed Consolidated Interim Financial Information (Continued)

3 Basis of preparation and presentation (Continued)

The companies now comprising the Group, were under the common control of Mr. Yau and Ms. Sz (the “Controlling Shareholders”), immediately before and after the Reorganisation. For the purpose of this report, the financial results for the six-months ended 30 June 2015 has been prepared on a combined basis.

The financial results for the six-months ended 30 June 2015 has been prepared by including the financial information of the companies, under common control of the Controlling Shareholders immediately before and after the Reorganisation and now comprising the Group as if the current group structure had been in existence throughout the years presented, or since the date when the combining companies first came under the control of the Controlling Shareholders, whichever is the shorter period.

The net assets of the combining companies were combined using the existing book values from the Controlling Shareholders’ perspective. No amount is recognised in consideration for goodwill or excess of acquirer’s interest in the net fair value of acquiree’s identifiable assets, liabilities and contingent liabilities over cost at the time of business combination under common control, to the extent of the continuation of the controlling party’s interest.

Inter-company transactions, balances and unrealised gains/losses on transactions between group companies are eliminated on combination.

3.1 Going-concern basis

The Group meets its day-to-day working capital requirements through its working capital. The current economic conditions continue to create uncertainty particularly over the level of demand for the Group’s products and services. The Group’s forecasts and projections, taking account of reasonably possible changes in trading performance, show that the Group should be able to operate within the level of its current facilities. After making enquiries, the directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. The Group therefore continues to adopt the going concern basis in preparing its condensed consolidated interim financial information.

Notes to the Condensed Consolidated Interim Financial Information (Continued)

4 Accounting policies

The principal accounting policies applied in the preparation of the Condensed Interim Financial Information are consistent with those used in the Company's combined financial statements for the year ended 31 December 2015.

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

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 2016:

Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investments entities: applying the consolidation exception
Amendment to HKFRS 11	Accounting for acquisitions of interests in joint operations
HKFRS 14	Regulatory deferral accounts
Amendments to HKAS 1	The disclosure initiative
Amendments to HKAS 16 and HKAS 38	Clarification of acceptable methods of depreciation and amortisation
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer plants
Amendment to HKAS 27	Equity method in separate financial statements
Annual Improvements Project	Annual improvement 2012–2014 cycle

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)

4 Accounting policies (Continued)

The following new standards and revisions to standards have been issued, but are not effective for the financial year beginning 1 January 2016 and have not been early adopted by the Group.

		Effective for accounting periods beginning on or after
HKFRS 9	Financial instruments	1 January 2018
Amendments to HKFRS 10 and HKAS 28	Sale or contribution of assets between an investor and its associate or joint venture	To be determined by HKICPA
HKFRS 15	Revenue from contracts with customers	1 January 2018
HKFRS 16	Leases	1 January 2019

The Group is in the process of making an assessment on the impact of these standards, revisions to existing HKFRS and is not yet in a position to state whether they have a significant impact on the Group's results of operations and financial position.

5 Estimates

The preparation of interim financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this condensed consolidated interim financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the Company's combined financial statements for the year ended 31 December 2015.

Notes to the Condensed Consolidated Interim Financial Information (Continued)

6 Financial risk management

6.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: foreign exchange risk, credit risk and liquidity risk.

The condensed consolidated interim financial information does not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's combined financial statements as at 31 December 2015.

There have been no changes in the risk management policies since year end.

6.2 Fair value estimation

The carrying amounts of the Group's financial assets including cash and cash equivalents, short-term bank deposits, receivables, amounts due from customers for contract work, amounts due from a related company and directors; and financial liabilities including payables, amounts due to customers for contract work approximate their fair values due to their short maturities. The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques.

The carrying value of financial instruments measured at fair value at the balance sheet date are categorized among the three levels of the fair value hierarchy defined in HKFRS 13, "Fair value Measurement", with the fair value of each financial instrument categorised in its entirety based on the lowest level of input that is significant to that fair value measurement. The levels are defined as follows:

- (i) Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- (ii) Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- (iii) Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

Notes to the Condensed Consolidated Interim Financial Information (Continued)

6 Financial risk management (Continued)

6.2 Fair value estimation (Continued)

At 30 June 2016

	Level 1 HK\$	Level 2 HK\$	Level 3 HK\$	Total HK\$
Available-for-sale financial assets				
Equity security				
— Listed securities	1,020,629	—	—	1,020,629

At 31 December 2015

	Level 1 HK\$	Level 2 HK\$	Level 3 HK\$	Total HK\$
Available-for-sale financial assets				
Equity security				
— Listed securities	1,271,921	—	—	1,271,921

There were no transfers between levels 1, 2 and 3 during the period.

Financial instruments in level 1

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1. Instruments included in level 1 comprise primarily equity investments listed on the Hong Kong Stock Exchange classified as available-for-sale financial assets.

Notes to the Condensed Consolidated Interim Financial Information (Continued)

7 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:

	Six months ended 30 June	
	2016	2015
	HK\$	HK\$
	(Unaudited)	(Unaudited)
Design	—	400,000
Design and fit out	34,356,520	34,394,194
Maintenance and aftersales services	767,203	2,015,308
	35,123,723	36,809,502

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

	Six months ended 30 June	
	2016	2015
	HK\$	HK\$
	(Unaudited)	(Unaudited)
Hong Kong	35,123,723	36,809,502

Notes to the Condensed Consolidated Interim Financial Information (Continued)

7 Revenue and segment information (Continued)

The Group's five largest customers accounted for approximately 73% (2015: 58%) of the Group's total revenue for the six months ended 30 June 2016.

8 Other income

	Six months ended 30 June	
	2016 HK\$ (Unaudited)	2015 HK\$ (Unaudited)
Dividend income on available-for-sale financial assets	33,420	30,016

9 Other losses

	Six months ended 30 June	
	2016 HK\$ (Unaudited)	2015 HK\$ (Unaudited)
Foreign exchange losses	12,980	2,843
Impairment losses on available-for-sale financial assets	284,712	33,640
	297,692	36,483

Notes to the Condensed Consolidated Interim Financial Information (Continued)

10 Operating (loss)/profit

The following items have been charged to the operating (loss)/profit during the period:

	Six months ended 30 June	
	2016 HK\$ (Unaudited)	2015 HK\$ (Unaudited)
Depreciation of property, plant and equipment (Note 15)	83,781	51,574
Auditor's remuneration	600,000	149,500
Written-off of property, plant and equipment	201,916	—
Legal and professional fees	193,822	419,230
Listing expenses	13,207,777	—

11 Finance income

	Six months ended 30 June	
	2016 HK\$ (Unaudited)	2015 HK\$ (Unaudited)
Interest income on bank deposits	2,848	4,778

12 Income tax expense

Hong Kong profits tax has been provided at the rate of 16.5% (2015: 16.5%) on the estimated assessable profits for the six months ended 30 June 2016.

	Six months ended 30 June	
	2016 HK\$ (Unaudited)	2015 HK\$ (Unaudited)
Current tax		
Hong Kong	—	884,491

Notes to the Condensed Consolidated Interim Financial Information (Continued)

12 Income tax expense (Continued)

The income tax expense for the period can be reconciled to the (loss)/profit before income tax per the combined statements of comprehensive income as follows:

	Six months ended 30 June	
	2016	2015
	HK\$	HK\$
	(Unaudited)	(Unaudited)
(Loss)/profit before income tax	(13,666,093)	5,392,061
Calculated at a taxation rate of 16.5%	(2,254,905)	889,690
Income not subject to tax	(67,914)	(9,260)
Expenses not deductible for tax purposes	2,273,401	14,061
Tax loss not recognised	49,418	—
Tax deduction	—	(10,000)
Income tax expense	—	884,491

For the six months ended 30 June 2016, the weighted average applicable tax rate was 16.5% (2015: 16.5%).

13 Dividends

No dividend has been paid or declared by the Company for the six months ended 30 June 2016 (2015: Nil).

14 Earnings per share

Earnings per share information is not presented as its inclusion, for the purpose of this report, is not considered meaningful due to the Reorganisation and the presentation of the results for the six months ended 30 June 2015 on a combined basis as set out in Note 3.

Notes to the Condensed Consolidated Interim Financial Information (Continued)

15 Property, plant and equipment

	Computer equipment HK\$ (Unaudited)	Leasehold improvements HK\$ (Unaudited)	Office equipment HK\$ (Unaudited)	Furniture HK\$ (Unaudited)	Motor vehicles HK\$ (Unaudited)	Total HK\$ (Unaudited)
Six months ended 30 June 2015						
Opening net book amount	110,306	36,527	26,274	26,656	—	199,763
Additions	9,040	—	—	5,120	—	14,160
Depreciation charge	(31,846)	(5,401)	(7,151)	(7,176)	—	(51,574)
Closing net book amount	87,500	31,126	19,123	24,600	—	162,349
Six months ended 30 June 2016						
Opening net book amount	55,654	25,726	18,059	17,424	—	116,863
Additions	56,249	557,116	28,622	153,207	536,885	1,332,079
Written-off	—	(201,916)	—	—	—	(201,916)
Depreciation charge	(32,090)	(17,768)	(10,552)	(14,423)	(8,948)	(83,781)
Closing net book amount	79,813	363,158	36,129	156,208	527,937	1,163,245

Notes to the Condensed Consolidated Interim Financial Information (Continued)

16 Trade and other receivables

	As at 30 June 2016 HK\$ (Unaudited)	As at 31 December 2015 HK\$ (Audited)
Trade receivables, net of provision	16,881,349	21,234,568
Prepayments, deposits and other receivables	2,768,873	471,656
	19,650,222	21,706,224

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:

	As at 30 June 2016 HK\$ (Unaudited)	As at 31 December 2015 HK\$ (Audited)
Overdue		
1–30 days	2,739,903	13,630,341
31–60 days	6,315,482	2,894,708
More than 60 days	7,825,964	4,709,519
	16,881,349	21,234,568

As of 30 June 2016, trade receivables of HK\$16,881,349 (31 December 2015: HK\$21,234,568) 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 Group 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.

Notes to the Condensed Consolidated Interim Financial Information (Continued)

17 Amounts due from/(to) customers for contract work

	As at 30 June 2016 HK\$ (Unaudited)	As at 31 December 2015 HK\$ (Audited)
Amounts due from customers for contract work		
Contract costs incurred plus attributable profits less foreseeable losses to date	37,507,040	6,949,847
Progress billings received and receivable	(29,138,623)	(5,469,687)
	8,368,417	1,480,160
Amounts due to customers for contract work		
Progress billings received and receivable	4,400,301	1,240,488
Contract costs incurred plus attributable profits less foreseeable losses to date	(3,618,000)	(720,000)
	782,301	520,488

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

As at 30 June 2016, there is no balance for retention held by customers for contract work (31 December 2015: same).

As at 30 June 2016, advances received from customers for contract work amounted to approximately HK\$309,640 (31 December 2015: HK\$317,538).

Notes to the Condensed Consolidated Interim Financial Information (Continued)

18 Share capital and share premium

Authorised share capital

	Number of Ordinary share	Nominal value of ordinary share HK\$ (Unaudited)	Share premium HK\$ (Unaudited)
As at 1 February 2016 (Date of incorporation) (Note a)	38,000,000	380,000	—
Increase in authorised share capital (Note b)	9,962,000,000	99,620,000	—
As at 30 June 2016	10,000,000,000	100,000,000	—

Issued and fully paid

	Number of Ordinary share	Nominal value of ordinary share HK\$ (Unaudited)	Share premium HK\$ (Unaudited)
As at 1 February 2016 (Date of incorporation) (Note a)	1	—	—
Issue of ordinary shares of HK\$0.01 each (Note c)	99	1	5,921,989
As at 30 June 2016	100	1	5,921,989

Notes to the Condensed Consolidated Interim Financial Information (Continued)

18 Share capital and share premium (Continued)

Notes:

- (a) On 1 February 2016, the Company was incorporated in the Cayman Islands with an authorised share capital of HK\$380,000 divided into 38,000,000 shares of HK\$0.01 each. On its incorporation, 1 nil-paid Share was allotted and issued to its subscriber, Sharon Pierson, an Independent Third Party, and which was subsequently transferred to Legend Investments, which is ultimately controlled by Mr. Yau and Ms. Sz, on the same date.
- (b) On 15 June 2016, the authorized share capital of our Company was increased from HK\$380,000 divided into 38,000,000 shares of HK\$0.01 each to HK\$100,000,000 divided into 10,000,000,000 shares by creation of an additional 9,962,000,000 shares, ranking pari passu in all respects with the then existing shares.
- (c) On 10 June 2016, pursuant to a sale and purchase agreement dated 10 June 2016 entered into among AL Group International, Mr. Yau, Ms. Sz and our Company, Mr. Yau and Ms. Sz transferred their entire shareholding interest in AL Design to AL Group International (being the nominee of our Company), in consideration of (i) our Company allotting and issuing 49 Shares to Legend Investments credited as fully paid and (ii) our Company crediting the one nil-paid Share previously transferred to Legend Investments as fully paid.

On 15 June 2016, pursuant to a sale and purchase agreement dated 15 June 2016 entered into among AL Group International, Mr. Yau, Ms. Sz and our Company, Mr. Yau and Ms. Sz transferred their entire shareholding interest in Legend One to AL Group International (being the nominee of our Company), in consideration of our Company allotting and issuing 50 Shares to Legend Investments credited as fully paid.

19 Combined capital

Combined capital as at 31 December 2015 represented the combined share capital of operating entities within the Group after elimination of intercompany investments.

Notes to the Condensed Consolidated Interim Financial Information (Continued)

20 Trade and other payables

	As at 30 June 2016 HK\$ (Unaudited)	As at 31 December 2015 HK\$ (Audited)
Trade payables	14,237,367	17,140,936
Accrued employee benefit expenses	521,686	903,123
Receipts in advance	309,640	317,538
Other payables	10,443,098	1,554,860
	25,511,791	19,916,457

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

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

	As at 30 June 2016 HK\$ (Unaudited)	As at 31 December 2015 HK\$ (Audited)
Within 1 month	954,176	3,422,517
1 to 2 months	2,969,958	1,575,553
2 to 3 months	2,981,626	1,452,507
Over 3 months	7,331,607	10,690,359
	14,237,367	17,140,936

Notes to the Condensed Consolidated Interim Financial Information (Continued)

21 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:

	As at 30 June 2016 HK\$ (Unaudited)	As at 31 December 2015 HK\$ (Audited)
Not later than 1 year	1,200,000	—
Later than 1 year and no later than 5 years	1,000,000	—
	2,200,000	—

22 Contingent liabilities

The Group did not have any significant contingent liabilities as of 30 June 2016 (31 December 2015: same).

23 Related-party transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control, common significant influence or joint control. Members of key management and their close family member of the Group are also considered as related parties.

Notes to the Condensed Consolidated Interim Financial Information (Continued)

23 Related-party transactions (Continued)

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

Name	Relationship with the Group
Legend Investments International Limited	Controlled by Mr. Yau and Ms. Sz
Legend Enterprise (HK) Limited	Controlled by Mr. Yau and Ms. Sz

The following significant transaction was 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) Transactions with related-parties

(i) Continuing transaction

	Six months ended 30 June	
	2016 HK\$ (Unaudited)	2015 HK\$ (Unaudited)
Legend Enterprise (HK) Limited (Note (i))	—	313,936

Note:

- (i) The rental expenses are mutually agreed between the related parties.
- (ii) As at 31 December 2015, Mr. Yau provided personal pledge of fixed deposits amounting to HK\$600,000, and Mr. Yau and Ms. Sz provided counter indemnities in favour of a bank for surety bonds issued by the bank in respect of certain our contracts.

As at 30 June 2016, there is no personal pledged of fixed deposits provided by Mr. Yau and Ms. Sz for arrangement of surety bonds for the Group.

Notes to the Condensed Consolidated Interim Financial Information (Continued)

23 Related-party transactions (Continued)

(b) Amounts due from/(to) a related company and directors

As at 30 June 2016, the outstanding balances with a related company and directors are unsecured, interest-free and repayable on demand.

The credit quality of these receivable balances that are neither past due nor impaired can be assessed by reference to historical information about counter party default rates. None of them have defaults and been renegotiated in the past.

(c) Key management compensation

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

	Six months ended 30 June	
	2016 HK\$ (Unaudited)	2015 HK\$ (Unaudited)
Basic salaries and bonus	1,865,961	809,850
Pension costs — defined contribution plan	85,984	54,000
	1,951,945	863,850

Notes to the Condensed Consolidated Interim Financial Information (Continued)

24 Events after the balance sheet date

Save as disclosed in other part of this interim report, the following significant event took place subsequent to 30 June 2016:

The Company's shares were successfully listed on GEM on 12 July 2016. Upon the completion of the Listing, 120,000,000 ordinary shares of HK\$0.01 each were issued at a price of HK\$0.64 per share for a total consideration of HK\$76,800,000.

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 the date of this report:

Business Plan

Actual Business Progress

Recruiting high caliber talents and enhancing company strength

- | | |
|--|--|
| <ul style="list-style-type: none"> — Recruit high caliber talents | <ul style="list-style-type: none"> — The Group had hired three senior management personnel and four staffs respectively in the departments of sales and marketing, design, project management and finance in 2016 for our expected business expansion upon listing. |
| <ul style="list-style-type: none"> — Enhance our information system and design software | <ul style="list-style-type: none"> — The Group had replaced our desktop computers and design software. |

Developing a new line of business and financing potential business collaboration and/or acquisition of companies

- | | |
|--|--|
| <ul style="list-style-type: none"> — Develop a new line of business | <ul style="list-style-type: none"> — The Group is in the process of formulating a plausible business plan for the movable furniture market. |
| <ul style="list-style-type: none"> — Acquisition of companies | <ul style="list-style-type: none"> — The Group had not yet identified any suitable investment or acquisition target. |

Expanding market coverage

- | | |
|---|--|
| <ul style="list-style-type: none"> — Relocate our office in Hong Kong | <ul style="list-style-type: none"> — The Group had relocated its office from Quarry Bay to Kwun Tong with innovative design to further improve the Group's image. The Group had signed another tenancy agreement to further expand the office by the 4th quarter of 2016. |
| <ul style="list-style-type: none"> — Establish a representative office in Shanghai | <ul style="list-style-type: none"> — The Group is in the process of formulating a plausible business plan for the Shanghai market. |

Supplementary Information (Continued)

Business Plan

Actual Business Progress

Capturing larger design and fit out projects

- Payment of start-up costs for new projects
- The Group continued to pitch for larger projects in 2016. No significant start-up costs have been paid for our new projects.

Increasing the effectiveness of marketing and brand recognition

- implement marketing and advertising campaign
- The Group had participated in an interior design award, which result will be announced in November 2016.
- promotion through designing and preparing company brochures and marketing materials
- The Group has launched its new corporate website at www.AL-Grp.com. The Group will publish new company brochures and marketing materials later.

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:

1. Macro-economic environment

The global economy and business environment have been haunted by uncertainties recently. The UK's vote in June 2016 to leave the European Union is expected to have significant implications to the global economy, which include fluctuations in stock markets and interest rates and a slower recovery of the economy of the United States. These implications will certainly weaken the economic momentum and outlook of Hong Kong, which may affect our customers' decision on renewal of leases and their budget for renovation. Therefore, it is vital for the Group to closely monitor the changes of the macro-economic environment to secure value for our shareholders.

Supplementary Information (Continued)

2. Keen competition in local market

The interior design and fit out industry in Hong Kong is highly competitive as the entry barrier to the industry is relatively low. In order to maintain our competitiveness and secure new projects, the Group endeavors to provide higher quality services including unique and innovative designs and sound project management to our consumers at reasonable prices. If we fail to maintain our service level or offer competitive prices to our customers, our business and results of operations will be materially and adversely affected.

Use of Listing Proceeds

The shares of the Company were listed on GEM of the Stock Exchange on 12 July 2016 (the “Listing Date”) 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. As of the date of this report, the Group does not anticipate any change to the plan as to the use of listing proceeds. The majority of the unused net proceeds have been placed as interest bearing short-term demand deposits with licensed bank in Hong Kong.

Supplementary Information (Continued)

Up to the date of this report, 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%	1,468	13,757
Developing a new line of business and financing potential business collaboration and/or acquisition of companies	13,587	24%	—	13,587
Expanding market coverage	10,788	19%	836	9,952
Capturing larger design and fit out projects	6,840	12%	—	6,840
Increasing the effectiveness of marketing and brand recognition	4,860	8%	44	4,816
General working capital	5,700	10%	—	5,700
Total	57,000	100%	2,348	54,652

Supplementary Information (Continued)

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.

There was no option outstanding, granted, cancelled, exercised or lapsed during the six months ended 30 June 2016 and up to the date of this report.

Directors and Chief Executive’s Interests and Short Positions in Shares, Underlying Shares and Debentures

The shares of the Company were listed on GEM of the Stock Exchange on 12 July 2016. As at 30 June 2016, none of the Directors and chief executive of the Company had any interest and short positions in the shares and underlying shares of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the “SFO”)) which would have to be notified to the Company 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).

Supplementary Information (Continued)

Immediately after the completion of the Company's share offer and the capitalization issue, as at the date of this report, 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 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:

(I) Long Position in the Ordinary Shares and Underlying Shares of the Company

(i) Interests in the Company

Interests in ordinary shares

Name of directors	Personal interests	Family interests	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 1}	—	—	360,000,000	360,000,000	—	360,000,000	75%
Ms. Sz Kit ^{Note 1}	—	—	360,000,000	360,000,000	—	360,000,000	75%
Ms. Wu Kar Wai ^{Note 2}	—	360,000,000	—	360,000,000	—	360,000,000	75%

Notes:

- The 360,000,000 shares are beneficially held by Legend Investments International Limited, which is legally and beneficially owned as to 80% by Mr. Yau Chung Ping and as to 20% by Ms. Sz Kit. Accordingly, Mr. Yau Chung Ping and Ms. Sz Kit are deemed to be interested in 360,000,000 shares held by Legend Investments International Limited by virtue of the SFO. Mr. Yau Chung Ping and Ms. Sz Kit are directors of Legend Investments International Limited.
- Ms. Wu Kar Wai is the spouse of Mr. Yau Chung Ping and is therefore deemed to be interested in all the shares held/owned by Mr. Yau Chung Ping (by himself or through Legend Investments) by virtue of SFO. Ms. Wu is an executive Director of the Company.

Supplementary Information (Continued)

(ii) Interests in the associated corporation

Name of directors	Name of associated corporation	Capacity/Nature	No. of shares held	% of the issued voting shares of associate corporation
Mr. Yau Chung Ping	Legend Investments International Limited	Interest in controlled corporation	80	80%
Ms. Sz Kit	Legend Investments International Limited	Interest in controlled corporation	20	20%

Save as disclosed above, up to the date of this report, none of the Directors and chief executives 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 2016, there was no interest in the shares and underlying shares of the Company which were required to be notified to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO and entered in the register maintained by the Company pursuant to under Section 336 of the SFO.

Supplementary Information (Continued)

Up to the date of this report, 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 Positions in the Shares of the Company

Name of shareholders	Capacity	Number of shares held	Approximate percentage of shareholding in the Company
Legend Investments International Limited	Beneficial owner	360,000,000	75%

Save as disclosed above, as at the date of this report, 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 as disclosed under the section “Directors and Chief Executive’s Interests and Short Positions in Shares, Underlying Shares and Debentures” above, at no time since the Listing Date and up to 30 June 2016, was the Company or any of its subsidiaries, or any of its fellow subsidiaries, a party to any arrangement to enable the Directors or chief executives 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

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, details of which are set out in the Prospectus, 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.

Since the Listing Date and up to the date of this report, 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.

The controlling shareholders of the Company had confirmed to the Company that from the Listing Date to the date of this report, they and their respective close associates (as defined under the GEM Listing Rules) had complied with the undertakings contained in the Deed of Non-competition dated 15 June 2016.

Code on Corporate Governance Practices

Since the Listing Date and up to the date of this report, the Company complied with the provisions of the Corporate Governance Code and Corporate Governance Report (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 since the Listing Date and up to the date of this report.

Purchase, Sale or Redemption of Listed Securities of the Company

As shares of the Company were first listed on GEM of the Stock Exchange on 12 July 2016, 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 2016.

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 2016.

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. The audit committee comprises three independent non-executive Directors, namely, Ms. Lee Hau Yan, Hannah (Chair lady), Mr. Neo Sei Lin, Christopher and Mr. Lau Chun Wah, Davy. 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.

Supplementary Information (Continued)

The Audit Committee has reviewed the accounting principles and practices adopted by the Group and has discussed with the management regarding the auditing, internal control and financial reporting matters. The Audit Committee has discussed and reviewed the unaudited interim financial information and the interim report for the six months ended 30 June 2015. Such unaudited interim financial information has also been reviewed by the Company's auditor, PricewaterhouseCoopers, in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants.

Significant Changes in Constitutional Document

The memorandum of association and the articles of association of the Company were adopted on 1 February 2016 before the Listing Date.

During the six months ended 30 June 2016, the Company has adopted the amended and restated articles of association of the Company on 15 June 2016 and a consolidated version of the Company's constitutional documents is available on the website of the Stock Exchange at <http://www.hkgem.com> and the Company's website at www.AL-Grp.com.

Significant Events after the Balance Sheet Date

The shares of the Company were listed on GEM of the Stock Exchange on 12 July 2016. On the same day, the Company's total number of ordinary shares, which are issued and fully paid, increased to 480,000,000 shares by issuing 479,999,900 new shares at HK\$0.64 per share comprising 359,999,900 shares arising from the capitalisation issue and 120,000,000 shares from share offer. The total gross proceeds received from the Share Offer was HK\$76,800,000.