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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)

**DISCLOSEABLE TRANSACTION
ACQUISITION OF 100% EQUITY INTEREST OF
YTO LIMITED
INVOLVING ISSUE OF CONSIDERATION SHARES
UNDER GENERAL MANDATE**

Financial adviser to the Company



THE ACQUISITION

The Board is pleased to announce that on 29 April 2020 (after the trading hours), the Purchaser and the Vendor entered into the Sale and Purchase Agreement, pursuant to which, the Purchaser has conditionally agreed to purchase and the Vendor has conditionally agreed to sell, the Sale Shares (representing the entire issued share capital of the Target Company) for a total consideration of HK\$4,480,000, which will be satisfied by the allotment and issue of the Consideration Shares.

Upon Completion, the Target Company will become an indirect wholly-owned subsidiary of the Company and the financial results of the Target Company will be consolidated into the Company's consolidated financial statements.

GEM LISTING RULES IMPLICATIONS

As certain of the applicable percentage ratios under Chapter 19 of the GEM Listing Rules for the Acquisition exceed 5% but are less than 25%, the Acquisition constitutes a discloseable transaction of the Company, and is therefore subject to the relevant reporting and announcement requirements under Chapter 19 of the GEM Listing Rules.

As Completion is subject to fulfilment or waiver (as the case may be) of the conditions precedent to the Sale and Purchase Agreement and may or may not proceed, Shareholders and potential investors of the Company should exercise caution when dealing in the securities of the Company.

INTRODUCTION

The Board is pleased to announce that on 29 April 2020 (after the trading hours), the Purchaser and the Vendor entered into the Sale and Purchase Agreement, pursuant to which, the Purchaser has conditionally agreed to purchase and the Vendor has conditionally agreed to sell, the Sale Shares (representing the entire issued share capital of the Target Company) for a total consideration of HK\$4,480,000, which will be satisfied by the allotment and issue of the Consideration Shares.

THE SALE AND PURCHASE AGREEMENT

Date: 29 April 2020 (after the trading hours)

Parties:

Purchaser: Fasty Aim Limited, a direct wholly-owned subsidiary of the Company

Vendor: Ms. To Kit Yan Yuki

As at the date of this announcement, to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Vendor is an Independent Third Party.

Assets to be acquired

Pursuant to the terms and conditions of the Sale and Purchase Agreement, the Vendor has conditionally agreed to sell to the Purchaser, and the Purchaser has conditionally agreed to purchase from the Vendor, the Sale Shares, representing 100% of the total equity interest of the Target Company.

Upon Completion, the Target Company will become an indirect wholly-owned subsidiary of the Company, and the financial results of the Target Company will be consolidated into the Company's consolidated financial statements.

Consideration

The Consideration payable by the Purchaser to the Vendor is HK\$4,480,000, which will be satisfied by the allotment and issuance of the Consideration Shares by the Company to the Vendor (or to its nominee(s) as the Vendor may direct) upon Completion.

The Consideration was arrived at after arm's length negotiations between the parties to the Sale and Purchase Agreement with reference to, among other things, (i) the historical financial performances of the Target Company for the year ended 31 March 2019; and (ii) the reasons for the Acquisition as discussed in the section headed "Reasons for and benefits of the Acquisition" below. Taking into account the above, the Directors (including the independent non-executive Directors) consider that the Consideration is fair and reasonable and on normal commercial terms or better, and the entering into of the Sale and Purchase Agreement is in the interests of the Company and the Shareholders as a whole.

Consideration Shares

The Consideration Shares will be allotted and issued at the Issue Price of HK\$0.040 each, which represents:

- (i) a premium of approximately 37.93% over the closing price of HK\$0.029 per Share as quoted on the Stock Exchange on the date of the Sale and Purchase Agreement;
- (ii) a premium of approximately 26.58% over the average closing price of approximately HK\$0.032 per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately preceding the date of the Sale and Purchase Agreement;

- (iii) a premium of approximately 17.99% over the average closing price of approximately HK\$0.034 per Share as quoted on the Stock Exchange for the last ten consecutive trading days immediately preceding the date of the Sale and Purchase Agreement; and
- (iv) a premium of approximately 7.72% over the average closing price of approximately HK\$0.037 per Share as quoted on the Stock Exchange for the last thirty consecutive trading days immediately preceding the date of the Sale and Purchase Agreement.

The Issue Price was determined after arm's length negotiations between the Company and the Vendor, with reference to, among others (i) the prevailing market price of the Shares in the last 30 trading days before signing of the Sale and Purchase Agreement; and (ii) no cash element is involved in the Consideration and the settlement of the Consideration by the allotment and issue of the Consideration Shares helps to maintain the cash level and reduce the finance costs of the Group in relation to the Acquisition. The Directors consider the Issue Price is fair and reasonable and the issue of the Consideration Shares at the Issue Price is in the interests of the Company and the Shareholders as a whole.

The Consideration Shares will be allotted and issued under the General Mandate. The maximum number of Shares that may be issued under the General Mandate is 119,000,000 new Shares, being 20% of the then total issued Shares as at the date of the annual general meeting of the Company held on 14 May 2019. As at the date of this announcement, the General Mandate has not been utilised. Accordingly, no further approval is required to be obtained from the Shareholders for the allotment and issue of the Consideration Shares. The Consideration Shares represents: (i) approximately 18.82% of the number of issued Shares as at the date of this announcement; and (ii) approximately 15.84% of the number of issued Shares as enlarged by the allotment and issue of the Consideration Shares.

The Consideration Shares, when allotted and issued, shall rank *pari passu* in all respects with the Shares in issue on the date of allotment and issue of the Consideration Shares including the right to receive in full all dividends and other distributions declared, made or paid after the Completion Date.

An application will be made by the Company to the GEM Listing Committee for the listing of, and permission to deal in, the Consideration Shares.

Conditions Precedent

The Sale and Purchase Agreement shall be unconditional upon the following conditions being fulfilled and satisfied on or before the Long Stop Date:

- (a) due diligence (including legal, finance and business) on the Target Company, including without limitation, its state of affairs, assets and liabilities, financial position and business operation having been completed to the full satisfaction of the Purchaser;
- (b) the GEM Listing Committee granting the approval for the listing of, and the permission to deal in, the Consideration Shares;
- (c) all necessary governmental and other consents and approvals required to be obtained on the part of the Vendor, the Company and the Purchaser in respect of the Sale and Purchase Agreement and the transactions contemplated hereunder having been obtained; and
- (d) the warranties and representations made by the Vendor in the Sale and Purchase Agreement remaining true and accurate and not misleading in material respect at Completion.

The Purchaser may waive all or any of the above conditions (except for the above conditions precedent (b) and (c)) at any time by notice in writing to the Vendor. In the event that all conditions precedent above are not being satisfied or waived (as the case may be) on or before the Long Stop Date, then each of the parties shall not be bound to proceed with the sale or purchase of the Sale Shares and the Sale and Purchase Agreement shall cease and terminate, and none of the parties shall have any claim against the other save for claim (if any) in respect of the continuing provisions or any antecedent breach thereof.

Completion

Completion shall take place within five Business Days after the above conditions precedent shall have been fulfilled or waived (or such other date as the Vendor and the Purchaser may agree in writing).

Upon Completion, the Target Company will become an indirect wholly-owned subsidiary of the Company. The financial results of the Target Company will be consolidated into the financial statements of the Group.

EFFECT ON SHAREHOLDING STRUCTURE OF THE COMPANY

Set out below is the shareholding structure of the Company (i) as at the date of this announcement; and (ii) immediately after the allotment and issue of the Consideration Shares (assuming there is no other change in the shareholding structure of the Company from the date of this announcement up to the Completion Date):

Shareholders	As at the date of this announcement		Immediately after the allotment and issue of the Consideration Shares	
	<i>Number of Shares</i>	<i>Approximate % of Shares in issue</i>	<i>Number of Shares</i>	<i>Approximate % of Shares in issue</i>
Mr. Sun Fulin	144,000,000	24.20%	144,000,000	20.37%
Climb Up Limited (“Climb Up”) (Note)	115,000,000	19.33%	115,000,000	16.27%
The Vendor	-	-	112,000,000	15.84%
Other public Shareholders	336,000,000	56.47%	336,000,000	47.52%
<u>Total</u>	<u>595,000,000</u>	<u>100%</u>	<u>707,000,000</u>	<u>100%</u>

Note: 115,000,000 shares are owned by Climb Up. Climb Up is a company incorporated in the British Virgin Islands with limited liability. The entire share capital of Climb Up is owned as to 50% by Mr. Wong Yu Ki Andy and 50% by Mr. Lam Leslie.

INFORMATION ON THE GROUP

The Group is principally engaged in the provision of integrated interior design and fit out management services in Hong Kong.

INFORMATION ON THE TARGET COMPANY

The Target Company

The Target Company is incorporated on 24 March 2017 and is a company incorporated under the laws of Hong Kong with limited liability whose 100% equity interest is legally and beneficially owned by the Vendor. The principal activity of the Target Company is the provision of interior design and fit out solutions for the food and beverage industry and residential segment in Hong Kong.

Set out below is a summary of the audited financial information of the Target Company for the period from 24 March 2017 to 31 March 2018 and the financial year ended 31 March 2019:

	For the period from 24 March 2017 to 31 March 2018	For the year ended 31 March 2019
	<i>HK\$000</i>	<i>HK\$000</i>
	<i>(audited)</i>	<i>(audited)</i>
	<i>Approx.</i>	<i>Approx.</i>
Revenue	5,959	10,682
Profit before taxation	73	1,325
Profit after taxation	70	1,237

As at 30 November 2019, the unaudited net assets of the Target Company was approximately HK\$1,709,031.

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Group is principally engaged in the provision of integrated interior design and fit out management services in Hong Kong. With the focus on luxury residential, office and commercial segments in Hong Kong, the Group's services can be broadly categorised 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. The Company has been reviewing its businesses, with an aim to expanding its interior design and fit-out solutions business and acquiring prospective businesses.

The Acquisition is consistent with the current strategy of the Company for expansion of its operation in interior design and fit out management services in Hong Kong with an enjoyment of wide customer base. The Acquisition will strengthen the Group's existing residential portfolio and enhance the market position for the long term growth in the interior design industry. In addition to residential design projects, the Target Company is also engaged in the provision of interior designs of (i) restaurant layout, concept and lighting; and (ii) interior renovation companies for restaurants' fitting out which the Company can cater for needs of commercial customers from food and beverage industry as well.

The Board believes that the Acquisition will be complementary to the Group's existing business and is therefore of the view that the Acquisition is a lateral expansion of the Group's existing business. The Board is also of the view that it is in the interests of the Company and the Shareholders as a whole to acquire the entire equity interest of the Target Company by way of issue of new Shares under General Mandate to settle the Consideration as this allows the Group to complete the Acquisition without any cash outlay (except expenses relating to the Acquisition), widen the Company's shareholder base and explore potential cooperation opportunities with the Vendor. Taking into account the above factors, the Directors consider that the terms of the Sale and Purchase Agreement are fair and reasonable and the Acquisition is in the interests of the Company and the Shareholders as a whole.

GEM LISTING RULES IMPLICATIONS

As certain of the applicable percentage ratios under Chapter 19 of the GEM Listing Rules for the Acquisition exceed 5% but are less than 25%, the Acquisition constitutes a discloseable transaction of the Company, and is therefore subject to the relevant reporting and announcement requirements under Chapter 19 of the GEM Listing Rules.

As Completion is subject to fulfilment or waiver (as the case may be) of the conditions precedent to the Sale and Purchase Agreement and may or may not proceed, Shareholders and potential investors of the Company should exercise caution when dealing in the securities of the Company.

DEFINITIONS

In this announcement, the following expressions shall have the meanings set out below unless the context requires otherwise:

“Acquisition”	the acquisition of the Sale Shares by the Purchaser from the Vendor subject to the terms and conditions of the Sale and Purchase Agreement
“Board”	the board of Directors

“Business Day”	a day on which banks in Hong Kong are open for normal banking business (excluding Saturdays, Sundays and any day on which a tropical cyclone warning no.8 or above or a “black” rainstorm warning is hoisted in Hong Kong at any time between 9:00 a.m. and 5:00 p.m.)
“Company”	AL Group Limited, a company incorporated in the Cayman Islands with limited liability, the issued shares of which are listed on GEM (stock code: 8360)
“Completion”	completion of the Sale and Purchase Agreement
“Completion Date”	any date within five (5) Business Days after the date on which the conditions precedent is satisfied or waived, or such other date as the Purchaser and the Vendor may agree in writing
“connected person(s)”	has the meaning ascribed thereto under the GEM Listing Rules
“Consideration”	the consideration of HK\$4,480,000 payable by the Company for the Acquisition, which will be satisfied by the allotment and issue of the Consideration Shares upon Completion, in accordance with the terms and conditions of the Sale and Purchase Agreement
“Consideration Shares”	the 112,000,000 new Shares to be allotted and issued by the Company at the Issue Price to the Vendor (or to its nominee(s) as the Vendor may direct) as the Consideration
“Director(s)”	director(s) of the Company
“GEM”	GEM operated by the Stock Exchange
“GEM Listing Committee”	has the meaning ascribed to it in the GEM Listing Rules
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM

“General Mandate”	the general mandate which was granted to the Directors pursuant to an ordinary resolution passed at the Company’s annual general meeting on 14 May 2019 to issue and allot up to 119,000,000 new Shares, representing 20% of the aggregate nominal amount of the share capital of the Company in issue on the date of passing such resolution
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	third party (parties) independent of and not connected with the Company and its connected persons
“Issue Price”	the issue price of HK\$0.040 per Consideration Share
“Long Stop Date”	31 July 2020
“PRC”	the People’s Republic of China
“Purchaser”	Fasty Aim Limited, a company incorporated under the laws of the British Virgin Islands with limited liability, and is directly wholly-owned by the Company
“Sale and Purchase Agreement”	the formal agreement dated 29 April 2020 (after the trading hours) entered into between the Purchaser and the Vendor in relation to the Acquisition
“Sale Shares”	2,000,000 shares of the Target Company which represents the entire issued share capital of the Target Company

“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s) from time to time
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	YTO Limited, a company incorporated in Hong Kong with limited liability, which is wholly-owned by the Vendor as at the date of this announcement
“Vendor”	Ms. To Kit Yan Yuki, an Independent Third Party of the Company
“%”	per cent

By Order of the Board
AL Group Limited
Lam Chung Ho Alastair
Chairman of the Board and Executive Director

Hong Kong, 29 April 2020

As at the date of this announcement, the executive Directors are Mr. Lam Chung Ho Alastair, Mr. Kwan Tek Sian 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.

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with 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, (1) the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and (2) 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.