



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 2020

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.

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



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MANAGEMENT DISCUSSION AND ANALYSIS

Business Overview

AL Group Limited (the “Company”) together with its subsidiaries (collectively referred to as the “Group”), are principally engaged in the provision of interior design and fit out solutions as well as overall project management 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 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.

Excluding projects relating to maintenance and aftersales service, during the nine months ended 30 September 2020, the total revenue decreased by approximately 50.4% and the number of projects decreased by 15.8% over the same period in 2019, mainly attributable to the negative impact arising from the outbreak of COVID-19 and delay of commencement of certain projects to late 2020 and 2021. As a result, the average revenue per project decreased by approximately 43.8% from the same period in 2019 to approximately HK\$0.9 million.

The tables below summarised 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 2020 respectively and their comparative figures:

In terms of number of Projects*

	For the nine months ended		
	30 September		
	2020	2019	Change
Design and fit out/Design only			
Office	36	33	9.1%
Commercial	5	19	(73.7)%
Residential	7	5	40.0%
Total	48	57	(15.8)%

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

In terms of Revenue*

In HK\$' million	For the nine months ended		
	30 September	2019	Change
	2020		
Design and fit out/Design only			
Office	39.9	42.9	(7.0)%
Commercial	1.9	44.2	(95.7)%
Residential	2.7	2.6	3.8%
Total	44.5	89.7	(50.4)%

Average Revenue per Project*

In HK\$' million	For the nine months ended		
	30 September	2019	Change
	2020		
Revenue	44.5	89.7	(50.4)%
Number of projects	48	57	(15.8)%
Average revenue per project	0.9	1.6	(43.8)%

* excluding those relating to maintenance and aftersales service

The Group continued to be awarded projects in 2020 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 2018 which will come online and contribute to the total revenue in the later time of 2020 and beyond. As at the date of this report, our Group has secured project contracts with a total contract sum of over HK\$105.8 million, for some of the works will commence in the last quarter of 2020 and 2021.

Looking forward, the market condition and economic environment for the rest of 2020 remain uncertain. In view of the keen competition in the market and economic uncertainty, the Group will continue to strengthen the market position, delivers more values to the customers and optimise productivity and efficiency.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Financial Overview

In HK\$' million	For the nine months ended	
	2020	2019
Revenue	44.8	90.4
Gross Profit (Note 1)	8.8	15.2
Gross Profit Margin	19.7%	16.8%
Adjusted EBITDA (Note 2)	(7.2)	(4.0)
Loss for the period attributable to owners of the Company	(31.7)	(8.0)

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

Note 2: The Group's adjusted EBITDA represents earnings or losses before finance interest income and cost, other gains/losses, income tax, depreciation of property, plant and equipment and right-of-use assets, and share of profit less loss of associate. While adjusted 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 adjusted EBITDA may not be comparable to similarly-titled measures of other companies.

For the nine months ended 30 September 2020, the Group's revenue decreased when compared to the same period in 2019. The Group's revenue amounted to approximately HK\$44.8 million, representing a decrease of approximately 50.5% from the same period in 2019, mainly driven by delay of commencement of certain projects to late 2020 and 2021 and under the negative effect of the outbreak of COVID-19.

The Group's gross profit for the nine months ended 30 September 2020 amounted to approximately HK\$8.8 million, representing a decrease of approximately 42.0% over the same period in 2019. Gross profit margin increased from approximately 16.8% to approximately 19.7%, which was mainly due to relatively larger projects (with individual total contract sum over HK\$4 million) continued to contribute revenue in 2020. Whilst the larger projects tend to incur additional subcontracting costs, management is able to tighten the cost control and resulted in a better profit margin than last year. The larger projects enhanced the Group's reputation, maintained a competitive advantage in the market and achieved business growth even in an unstable business environment.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

The Group's total operating expenses (Note 3) for the nine months ended 30 September 2020 were approximately HK\$19.4 million when compared to approximately HK\$22.1 million for the same period in 2019.

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 profit or loss and other comprehensive income.

For the nine months ended 30 September 2020, the Group's adjusted EBITDA amounted to approximately HK\$-7.2 million as compared to approximately HK\$-4.0 million for the same period in 2019, mainly driven by the combined effect of the decrease in the overall gross profit for the Group's business and the decrease in total operating expenses. The Group recorded a loss attributable to owners of the Company of approximately HK\$31.7 million for the nine months ended 30 September 2020 when compared to a loss attributable to owners of the Company of approximately HK\$8.0 million for the same period in 2019. Besides the effect of decrease in the overall gross profit mentioned above, such change was mainly attributable to the recognition of an impairment loss on interests in associates, an increase in loss on change in fair value of financial assets at fair value through profit or loss for the nine months ended 30 September 2020 when compared to the same period in 2019 and an increase in impairment loss on trade receivables.

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 2020. As of 30 September 2020, the Group had cash and cash equivalents of approximately HK\$27.7 million (31 December 2019: approximately HK\$22.1 million). The current ratio, being the ratio of current assets to current liabilities, was approximately 1.3 times as at 30 September 2020 (31 December 2019: approximately 1.4 times).

As at 30 September 2020, the Group had total liabilities of approximately HK\$117.3 million (31 December 2019: approximately HK\$116.5 million) which mainly comprise of trade and other payables, contract liabilities, amount due to non-controlling interest, income tax payable, lease liabilities and borrowings amounting to approximately HK\$70.0 million (31 December 2019: approximately HK\$68.7 million) and promissory note payable of approximately HK\$47.3 million (31 December 2019: \$47.8 million).

As at 30 September 2020, the gearing ratio, expressed as a percentage of interest-bearing debt (borrowings and promissory note payable) over total assets was 67.5% (31 December 2019: 51.2%). It was mainly resulted by the decrease in total assets of the Group. The management will timely monitor the financial position of the Group and improve the financial position in a timely manner.

On 17 August 2020, the Company entered into the placing agreement with All Evergreen Securities Limited ("All Evergreen") pursuant to which All Evergreen has conditionally agreed, as agent of the Company, to procure on a best effort basis to not less than six placeses who and whose ultimate beneficial owners shall be independent third parties to subscribe for up to 141,400,000 placing shares at the placing price of HK\$0.037 per placing share. Completion of the said placing took place on 4 September 2020 and 141,400,000 placing shares were placed to not less than six placeses at the placing price of HK\$0.037 per placing share.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

The net proceeds, after deduction of all relevant expenses (including but not limited to placing commission, legal expenses and disbursements) incidental to the said placing, amounted to approximately HK\$5.2 million, of which HK\$1.3 million was utilised for working capital purpose as at 30 September 2020 and the balance to be utilised as intended before 31 December 2020. Details of the said placing are set out in the Company's announcements dated 17 August 2020 and 4 September 2020.

The shares of the Company were listed on the GEM Board of the Stock Exchange on 12 July 2016. As at 30 September 2020, the Company's total number of issued shares was 848,400,000 (31 December 2019: 595,000,000) at HK\$0.01 each. The Company's capital comprises ordinary shares and capital reserves. The Group finances its working capital requirements mainly through a combination of our cash flows generated from operations, borrowings and proceeds from share offer.

Contingent Liabilities and Capital Commitments

Certain customers of design and fit out contracts undertaken by the Group require a group entity to issue guarantees for performance of contract works in the form of surety bonds.

As at 30 September 2020, the Group had paid a refundable deposit of HK\$nil (31 December 2019: HK\$706,000) and, together with certain directors of a subsidiary, had also given counter indemnities to an insurance company for a surety bond issued in favour of a customer by the insurance company amounted to HK\$nil (31 December 2019: HK\$2,354,000) which was refunded during the nine months ended 30 September 2020. Where the Group fails to provide satisfactory performance to the customer, the customer may demand the insurance company to pay the sum stipulated in the surety bond and the Group may then become liable to compensate the insurance company accordingly.

Save as disclosed herein, the Group has no other material contingent liabilities (31 December 2019: Nil) and any material capital commitments as at 30 September 2020 (31 December 2019: 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 2020 (2019: 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 2020.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Material Acquisitions and Disposals of Subsidiaries, Associates and Joint Ventures

On 29 April 2020, Fasty Aim Limited (“Fasty Aim”), a direct wholly-owned subsidiary of the Company and Ms. To Kit Yan Yuki (the “Vendor”) entered into a sale and purchase agreement (the “Acquisition”), pursuant to which, Fasty Aim has conditionally agreed to acquire and the Vendor has conditionally agreed to sell the entire issued share capital of YTO Limited (the “Target Company”) for a total consideration of HK\$4,480,000, which will be fully satisfied by the allotment and issue of 112,000,000 shares (the “Consideration Shares”) of the Company, representing approximately 15.84% of the entire issued share capital of the Company as enlarged by the allotment and issue of the Consideration Shares. Completion of the transaction took place on 8 May 2020. For details of the Acquisition, please refer to the announcement of the Company dated 29 April 2020.

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 2020.

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 2020 together with the comparative figures as follows:

Unaudited Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the three months/nine months ended 30 September 2020

	Notes	Three months ended 30 September		Nine months ended 30 September	
		2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Revenue	3	2,855	39,885	44,780	90,449
Other income	4	464	110	900	314
Other (losses)/gains	5	(620)	316	(19,961)	388
Subcontracting and materials costs		(2,423)	(32,444)	(35,963)	(75,243)
Employee benefit expenses		(3,292)	(5,249)	(12,139)	(15,018)
Rental expenses		(35)	(26)	(35)	(260)
Other expenses		(3,176)	(2,061)	(7,228)	(6,825)
Operating (loss)/profit		(6,227)	531	(29,646)	(6,195)
Finance income		-	3	5	12
Finance costs		(1,163)	(1,412)	(3,756)	(3,578)
Share of results of associate		75	(1)	(349)	14
Loss before tax		(7,315)	(879)	(33,746)	(9,747)
Income tax expense	6	-	(175)	(7)	(175)
Loss for the period		(7,315)	(1,054)	(33,753)	(9,922)
Loss for the period attributable to:					
Owners of the Company		(6,636)	(720)	(31,664)	(7,988)
Non-controlling interests		(679)	(334)	(2,089)	(1,934)
		(7,315)	(1,054)	(33,753)	(9,922)

UNAUDITED CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

Unaudited Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income (Continued)

For the three months/nine months ended 30 September 2020

	Notes	Three months ended 30 September		Nine months ended 30 September	
		2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Other comprehensive expenses					
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		(169)	(111)	(819)	(111)
Other comprehensive expenses for the period, net of tax		(169)	(111)	(819)	(111)
Total comprehensive expenses for the period		(7,484)	(1,165)	(34,572)	(10,033)
Total comprehensive expenses for the period attributable to:					
Owners of the Company		(6,805)	(831)	(32,483)	(8,099)
Non-controlling interests		(679)	(334)	(2,089)	(1,934)
		(7,484)	(1,165)	(34,572)	(10,033)
Loss per share	7	HK cents	HK cents	HK cents	HK cents
Basic		(0.89)	(0.12)	(4.74)	(1.34)
Diluted		N/A	N/A	N/A	N/A

The above unaudited condensed consolidated statement of profit or loss and other 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

For the nine months ended 30 September 2020

	Attributable to owners of the Company					Total HK\$'000	Non- controlling interests HK\$'000	Total HK\$'000
	Share capital HK\$'000	Share premium HK\$'000	Other reserve HK\$'000	Investment revaluation HK\$'000	Accumulated losses HK\$'000			
At 1 January 2020	5,950	82,012	5,922	(46)	(79,427)	14,411	(7,412)	6,999
Loss for the period	-	-	-	-	(31,664)	(31,664)	(2,089)	(33,753)
Other comprehensive expense								
Loss on changes in fair value of financial assets at fair value through other comprehensive income	-	-	-	(819)	-	(819)	-	(819)
Total comprehensive expense for the period	-	-	-	(819)	(31,664)	(32,483)	(2,089)	(34,572)
Issue of shares for acquisition of subsidiary	1,120	1,344	-	-	-	2,464	-	2,464
Issue of new shares	1,414	3,818	-	-	-	5,232	-	5,232
Share issue expenses	-	(63)	-	-	-	(63)	-	(63)
At 30 September 2020	8,484	87,111	5,922	(865)	(111,091)	(10,439)	(9,501)	(19,940)
At 1 January 2019, as restated	5,950	82,012	5,922	54	(22,994)	70,944	(3,080)	67,864
Loss for the period	-	-	-	-	(7,988)	(7,988)	(1,934)	(9,922)
Other comprehensive expense								
Loss on changes in fair value of financial assets at fair value through other comprehensive income	-	-	-	(111)	-	(111)	-	(111)
Total comprehensive expense for the period	-	-	-	(111)	(7,988)	(8,099)	(1,934)	(10,033)
At 30 September 2019	5,950	82,012	5,922	(57)	(30,982)	62,845	(5,014)	57,831

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, (collectively referred to as the “Group”), are principally engaged in the provision of interior design and fit out solutions as well as overall project management in Hong Kong.

The shares of the Company (the “Share(s)”) were listed on GEM of the Stock Exchange of Hong Kong Limited on 12 July 2016.

This unaudited condensed consolidated financial information is presented in Hong Kong dollars (“HK\$”), and all values are rounded to nearest thousands (“HK\$’000”) except when otherwise stated.

2. Basis of preparation

This condensed consolidated financial information for the nine months ended 30 September 2020 has been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRS”) and the requirements of the Hong Kong Companies Ordinance (“HKCO”) Cap. 622 and the GEM Listing Rules. The condensed consolidated financial information does not include all information and disclosures as required in the annual financial statements and should be read in conjunction with the Company’s audited consolidated financial statements for the year ended 31 December 2019, which have been prepared in accordance with HKFRS. The condensed consolidated financial information has been prepared on a historical cost basis, except for available-for-sale financial assets, financial assets and liabilities — measured at fair value.

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	
	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Design and fit out	2,732	39,095	43,671	88,555
Design	109	548	815	1,193
Maintenance and aftersales services	14	242	294	701
	2,855	39,885	44,780	90,449

4. Other income

	For the three months ended 30 September		For the nine months ended 30 September	
	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Dividend income on financial assets through other comprehensive income	–	20	–	81
Sundry income	464	90	900	233
	464	110	900	314

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED
FINANCIAL INFORMATION (CONTINUED)

5. Other (losses)/gains

	For the three months ended 30 September		For the nine months ended 30 September	
	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Gain/(loss) on change in fair value of financial assets at fair value through profit or loss				
– Net unrealised gain/(loss) on listed securities	93	319	(61)	677
– Net realised loss on disposal on listed securities	–	–	(478)	(249)
	93	319	(539)	428
Foreign exchange losses, net	–	(3)	–	(3)
Impairment loss on interests in associates	–	–	(17,325)	–
Impairment loss on trade receivables	(713)	–	(2,088)	–
Loss on disposal of subsidiary	–	–	(9)	–
Loss on disposal of property, plant and equipment	–	–	–	(37)
	(620)	316	(19,961)	388

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

6. Income tax expense

Hong Kong profits tax has been provided at the rate of 16.5% (2019: 16.5%) on the estimated assessable profits for the nine months ended 30 September 2020. 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	
	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Current income tax	–	175	7	175
Income tax expense	–	175	7	175

7. Loss per share

Basic loss per share is calculated by dividing the loss attributable to owners of the Company by the weighted average number of ordinary shares in issue, as follows:

	For the three months ended 30 September		For the nine months ended 30 September	
	2020 (Unaudited)	2019 (Unaudited)	2020 (Unaudited)	2019 (Unaudited)
Loss attributable to owners of the Company (in HK\$'000)	(6,636)	(720)	(31,664)	(7,988)
Weighted average number of ordinary shares in issue ('000)	748,498	595,000	668,612	595,000
Basic loss per share (in HK cents)	(0.89)	(0.12)	(4.74)	(1.34)

No diluted loss per share is presented for the three months ended and nine months ended 30 September 2020 and 2019, as there were no potential 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 2020, there was no option outstanding, granted, cancelled, exercised or lapsed.

On 9 October 2020, a total of 48,000,000 share options were granted to 6 eligible participants to subscribe for shares of HK\$0.01 each of the Company under the Share Option Scheme. Each share option shall entitle the holder to subscribe for one share upon exercise of such share option at an exercise price of HK\$0.043 per share. Details of the said grant of share options are set out in the Company’s announcements dated 9 October 2020.

As at the date of this report, the total number of shares of the Company available for issue under the Scheme was nil.

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 2020, 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) Interest 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. Wong Kang Man	ACE Architectural and Interior Design Limited	Interest in controlled corporation	3,500	35%

Save as disclosed above, as at 30 September 2020, 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 Rules 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 2020, 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
Jantix Management Limited ("Jantix Management") (Note 1)	Beneficial owner	124,232,000	14.64%
Mr. Liu Yu Kin ("Mr. Liu") (Note 1)	Interest in controlled corporation	124,232,000	14.64%
Climb Up Limited ("Climb Up") (Note 2)	Beneficial owner	115,000,000	13.55%
Mr. Wong Yu Ki Andy (Note 2)	Interest in controlled corporation	115,000,000	13.55%
Mr. Lam Leslie (Note 2)	Interest in controlled corporation	115,000,000	13.55%
Ms. To Kit Yan Yuki	Beneficial owner	75,800,000	8.93%

Note 1: 124,232,000 shares are owned by Jantix Management. Jantix Management is a company incorporated in Hong Kong with limited liability. The entire share capital of Jantix Management is owned by Mr. Liu Yu Kin.

Note 2: 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.

Save as disclosed above, as at 30 September 2020, 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.

SUPPLEMENTARY INFORMATION (CONTINUED)

Rights to Acquire Shares or Debentures

Other than the Share Option Scheme and save as disclosed above and under the section “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” above, at no time during the nine months ended 30 September 2020 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.

Directors’ Interests in Competing Businesses

During the nine months ended 30 September 2020, none of the directors, or any of their respective close associates has engaged in any business that competes or may compete, either directly or indirectly, with the business of the Group or has any other conflict of interests with the 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. Such company has been operating independently and the respective board composition of such company is different and separate. In this respect, coupled with the diligence of the Independent Non-executive Directors, the Group was capable of carrying on its business independently of, and at arm’s length from, the business of such company.

Code on Corporate Governance Practices

During the nine months ended 30 September 2020, 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 2020.

SUPPLEMENTARY INFORMATION (CONTINUED)

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 2020.

Audit Committee

The Company established an audit committee on 15 June 2016 with written terms of reference (as adopted and amended on 31 December 2018) 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, 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 2020.

As at the date of this report, 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.