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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
IN RESPECT OF THE DISPOSAL OF 49% OF ISSUED SHARES IN
THE DISPOSAL COMPANY

Financial adviser to the Company



THE SALE AND PURCHASE AGREEMENT

On 18 December 2020 (after trading hours), the Vendor, being a wholly-owned subsidiary of the Company, entered into the Sale and Purchase Agreement with the Purchaser, pursuant to which the Vendor has agreed to sell and the Purchaser has agreed to acquire the Sale Shares at a total consideration of HK\$4,600,000.

GEM LISTING RULES IMPLICATIONS

As one or more of the applicable ratios set out in Rule 19.07 of the GEM Listing Rules in respect of the Disposal are more than 5% but less than 25%, the Disposal constitutes a discloseable transaction on the part of the Company under Chapter 19 of the GEM Listing Rules and is therefore subject to the reporting and announcement requirements under Chapter 19 of the GEM Listing Rules.

INTRODUCTION

On 18 December 2020 (after trading hours), the Vendor, being a wholly-owned subsidiary of the Company, entered into the Sale and Purchase Agreement with the Purchaser, pursuant to which the Vendor has agreed to sell and the Purchaser has agreed to acquire the Sale Shares at a total consideration of HK\$4,600,000.

Details of the Sale and Purchase Agreement are set out below:

THE SALE AND PURCHASE AGREEMENT

Date:

18 December 2020 (after trading hours)

Parties:

- (i) Sunny Stage Limited, a wholly-owned subsidiary of the Company, as the Vendor; and
- (ii) Mr. WONG Shing, as the Purchaser

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

Assets to be disposed of

Pursuant to the Sale and Purchase Agreement, the Company has agreed to sell and the Purchaser has agreed to acquire the Sale Shares. As at the date of this announcement, the Company beneficially owns the Sale Shares, representing 49% of the entire issued shares capital of the Disposal Company.

Consideration

The consideration for the sale and purchase of the Sale Shares is HK\$4,600,000, which shall be paid by the Purchaser to the Vendor in cash upon Completion.

The Consideration was determined after arms' length negotiations between the parties to the Sale and Purchase Agreement after taking into account of (i) 49% of the net asset value of the Disposal Group; and (ii) the deteriorating and loss making financial position of the Disposal Group.

Completion

Completion of the Disposal shall take place on the Completion Date.

Upon Completion, the Vendor will cease to have any direct or indirect equity interest in the Disposal Group, and the Disposal Group will cease to be an associate of the Company.

INFORMATION ON THE PURCHASER

The Purchaser is an Independent Third Party and is the managing director of Lighthouse Consultancy Service Limited, which is a full-service, results-oriented consultancy company in Hong Kong specializing in luxury lifestyle and consumer products.

INFORMATION ON THE DISPOSAL GROUP

The Disposal Group consists of the Disposal Company and Primocasa.

The Disposal Company is a company incorporated in the British Virgin Islands with limited liability on 17 May 2017. The Disposal Company has not commenced any operation since its incorporation and till the date of this announcement, and therefore no turnover had been recorded. As at 31 October 2020, the unaudited net asset value of the Disposal Company is approximately HK\$69,000.

Primocasa is a company incorporated in Hong Kong with limited liability on 22 April 2009, and is a wholly-owned subsidiary of the Disposal Company as at the date of this announcement. Primocasa is principally engaged in the provision of interior design and fit-out solutions for high-end residential and commercial projects in Hong Kong.

Set out below is the unaudited and audited financial information of Primocasa for the year ended 31 December 2018 and 31 December 2019, respectively:

	For the year ended 31 December 2019	For the year ended 31 December 2018
	<i>(audited)</i>	<i>(unaudited)</i>
	<i>HK\$000</i>	<i>HK\$000</i>
Revenue	16,170	34,468
Profit (Loss) before taxation	(2,717)	4,545
Profit (Loss) after taxation	(2,651)	4,346

As at 31 October 2020, the unaudited net asset value of Primocasa amounted to approximately HK\$7,020,000.

FINANCIAL EFFECT OF THE DISPOSAL AND THE PROPOSED USE OF PROCEEDS

Upon Completion, the Group is expected to record an unaudited gain on the Disposal of approximately HK\$69,000. Such gain is estimated based on difference between the gross proceeds from the Disposal of HK\$4,600,000 and sum of the Group's investment of 49% of the unaudited net asset value of the Disposal Group as at 31 October 2020 of approximately HK\$3,474,000, the associated goodwill of approximately HK\$927,000 of the Disposal Company as at 31 October 2020 and the estimated expenses related to the Disposal.

The Company intends to apply the net proceeds from the Disposal for general working capital of the Group.

REASONS FOR AND BENEFITS OF THE DISPOSAL

The Group is principally engaged in the provision of interior design and fit-out solutions as well as overall project management in Hong Kong.

Upon the Disposal, the Company will mainly focus on interior design and fit-out solutions within commercial and office segments in Hong Kong through other subsidiaries of the Company.

Having considered that Primocasa recorded a substantial decrease of approximately 53.09% in revenue for the year ended 31 December 2019 as compared to the previous year, and a net loss of approximately HK\$2.65 million for the year ended 31 December 2019 as compared to a net profit of approximately HK\$4.35 million for the year ended 31 December 2018, the Board is of the view that financial performance of the Disposal Group has not been meeting the Board's expectation.

The Board considers that the Disposal represents an appropriate opportunity for the Company to dispose of its interests in the Disposal Company, after taking into its performance and business outlook which has been deteriorating, and the Disposal enables the Group to devote resources and efforts to the remaining business segments of the Group and to source business opportunities that might generate better return.

In view of the above, the Directors consider that the entering into of the Sale and Purchase Agreement and the terms of the Disposal, including the Consideration, are on normal commercial terms, fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

GEM LISTING RULES IMPLICATIONS

As one or more of the applicable ratios set out in Rule 19.07 of the GEM Listing Rules in respect of the Disposal are more than 5% but less than 25%, the Disposal constitutes a discloseable transaction on the part of the Company under Chapter 19 of the GEM Listing Rules and is therefore subject to the reporting and announcement requirements under Chapter 19 of the GEM Listing Rules.

DEFINITIONS

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

“Board”	the board of Directors
“Company”	AL Group Limited (stock code: 8360), a company incorporated in the Cayman Islands with limited liability and the issued Shares are listed on the GEM of the Stock Exchange
“Completion”	completion of the Disposal in accordance with the terms and conditions of the Sale and Purchase Agreement
“Completion Date”	31 December 2020 or such other date as the Vendor and the Purchaser may agree
“Consideration”	HK\$4,600,000, being the total consideration for the Disposal
“Directors”	directors of the Company
“Disposal”	sale of the Sale Shares by the Vendor to the Purchaser pursuant to the terms of the Sale and Purchase Agreement
“Disposal Company”	Primo Group (BVI) Limited (百諾集團(BVI)有限公司), a company incorporated in the British Virgin Islands with limited liability
“Disposal Group”	collectively, the Disposal Company and Primocasa
“GEM”	GEM of the Stock Exchange
“GEM Listing Rules”	The Rules Governing the Listing of Securities on GEM of the Stock Exchange
“Group”	the Company and its subsidiaries from time to time
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong

“Independent Third Party”	any person or company and their respective ultimate beneficial owner(s) which, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, are third parties independent of the Company and its connected persons (as defined in the GEM Listing Rules)
“Primocasa”	Primocasa Interiors Limited, a company incorporated in Hong Kong with limited liability and wholly-owned by the Disposal Company as at the date of this announcement
“Purchaser”	Mr. WONG Shing
“Sale and Purchase Agreement”	an unconditional agreement dated 18 December 2020 (after trading hours) and entered into between the Vendor and the Purchaser in relation to the Disposal
“Sales Shares”	6,762 ordinary shares of the Disposal Company held by the Vendor, being 49% of the entire issued share capital of the Disposal Company as at the date of this announcement
“Share(s)”	ordinary share(s) of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Vendor”	Sunny Stage Limited, a company incorporated in the British Virgin Islands with limited liability and is a wholly-owned subsidiary 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, 18 December 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 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 Listed 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.