

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, 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 announcement.



AL Group Limited
利駿集團(香港)有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8360)

**ANNOUNCEMENT OF FIRST QUARTERLY RESULTS
FOR THE THREE MONTHS ENDED 31 MARCH 2022**

The board (the “**Board**”) of directors (the “**Directors**”) of AL Group Limited (the “**Company**”) is pleased to announce the unaudited results of the Company and its subsidiaries (together as the “**Group**”) for the three months ended 31 March 2022.

This announcement, containing the full text of the 2022 first quarterly report of the Group, complies with the relevant requirements of the Rules Governing the Listing of Securities on the GEM (“**GEM Listing Rules**”) of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) in relation to information to accompany preliminary announcements of quarterly results. Printed version of the 2022 first quarterly report of the Company containing the information required by the GEM Listing Rules will be dispatched to the shareholders of the Company in due course.

The Company’s first quarterly 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

Kwan Tek Sian

Chairman, Chief Executive Officer and Executive Director

Hong Kong, 13 May 2022

As at the date of this announcement, the executive Directors are Mr. Kwan Tek Sian and Mr. Wong Kin Yeung; 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.

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

GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.

Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

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

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

CONTENTS

Management Discussion and Analysis	3
Unaudited Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income	8
Unaudited Condensed Consolidated Statement of Changes in Equity	9
Notes to the Unaudited Condensed Consolidated Financial Information	10
Supplementary Information	13

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’s business was established in 1999 under the name of AL Design & Associates Limited (“AL Design”), which is a well-established interior design and fit out solutions provider in Hong Kong. The Group believes that its success is firmly rooted in its extensive experience and portfolio in interior design and fit out works as well as project management. The Group’s services can be broadly 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 three months ended 31 March 2022, our number of projects increased by approximately 42.9% over the same period in 2021. The total revenue increased by approximately 47.2% to approximately HK\$26.2 million, and the average revenue per project has increased to approximately HK\$1.31 million from approximately HK\$1.27 million over the same period in 2021.

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 three months ended 31 March 2022 respectively and their comparative figures:

In terms of Number of Projects*

	For the three months ended 31 March		
	2022	2021	Change
Design and fit out/Design only			
Office	15	9	66.7%
Commercial	3	2	50.0%
Residential	2	3	(33.3)%
Total	20	14	42.9%

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

In terms of Revenue*

In HK\$' million	For the three months ended 31 March		
	2022	2021	Change
Design and fit out/Design only			
Office	23.4	16.4	42.7%
Commercial	2.5	0.9	177.8%
Residential	0.3	0.5	(40.0)%
Total	26.2	17.8	47.2%

Average Revenue per Project*

In HK\$' million	For the three months ended 31 March		
	2022	2021	Change
Revenue	26.2	17.8	47.2%
Number of projects	20	14	42.9%
Average revenue per project	1.31	1.27	3.1%

* excluding those relating to maintenance and aftersales service

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Financial Overview

In HK\$' million	For the three months ended 31 March	
	2022	2021
Revenue	26.2	17.8
Gross Profit ^(Note 1)	4.9	3.4
Gross Profit Margin	18.6%	18.8%
Adjusted EBITDA ^(Note 2)	(0.8)	(4.4)
Loss for the period attributable to owners of the Company	(1.6)	(5.9)

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, excluding written off and impairment loss on trade receivables, net, impairment loss on contract assets, income tax, depreciation of property, plant and equipment and right-of-use assets and share of profit less loss of associates (2021: finance interest income and cost, other gains/losses excluding written off and impairment loss on trade receivables, net, impairment loss on contract assets, income tax, depreciation of property, plant and equipment and right-of-use assets and share of profits less loss of associates). 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 three months ended 31 March 2022, the Group's revenue increased when compared to the same period in 2021. The Group's revenue amounted to approximately HK\$26.2 million, representing an increase of approximately 47.2% from the same period in 2021.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

The Group's gross profit for the three months ended 31 March 2022 amounted to approximately HK\$4.9 million, representing an increase of approximately 44.1% over the same period in 2021. The increase was mainly driven by the increase from design and outfit projects for office. Gross profit margin slightly decrease from approximately 18.8% to approximately 18.6%. Despite the prolonged adverse effect on economy of Hong Kong brought by the COVID-19, the management of the Group implements extensive control of cost on the projects to maintain profits margin for the Group.

The Group's operating expenses for the three months ended 31 March 2022 were approximately HK\$6.2 million when compared to approximately HK\$8.7 million for the same period in 2021. The decrease in operating expenses was mainly due to decrease of administrative expenses.

For the three months ended 31 March 2022, the Group's adjusted EBITDA amounted to approximately HK\$-0.8 million as compared to approximately HK\$-4.4 million for the same period in 2021, mainly driven by the increment in the overall gross profit for the Group's business. The Group recorded a loss attributable to owners of the Company of approximately HK\$1.6 million for the three months ended 31 March 2022 when compared to a loss attributable to owners of the Company of approximately HK\$5.9 million for the same period in 2021. Besides the effect of increment in the overall gross profit mentioned above, such change was mainly attributable to decrease in operating expenses and a decrease in finance cost due to decrease in employee benefits expenses and no finance cost derived from promissory note which has been fully settled during 2021.

Liquidity, Financial Resources and Capital Structure

The Group practiced prudent financial management and maintained a strong and sound financial position during the three months ended 31 March 2022. As of 31 March 2022, the Group had cash and cash equivalents of approximately HK\$8.8 million (31 December 2021: approximately HK\$27.4 million).

The current ratio, being the ratio of current assets to current liabilities, was approximately 1.1 times as at 31 March 2022 (31 December 2021: 1.1 times).

As at 31 March 2022, the Group had total liabilities of approximately HK\$48.8 million (31 December 2021: approximately HK\$63.8 million) which mainly comprise of trade and other payables, contract liabilities, amount due to non-controlling interest, lease liabilities and borrowings.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

As at 31 March 2022, the gearing ratio, expressed as a percentage of interest-bearing debt (borrowings) over total assets was approximately 29.6% (31 December 2021: 22.3%). The increase in gearing ratio was mainly resulted by the decrease in cash and bank balances. The management will timely monitor the financial position of the Group and deleverage the gearing when appropriate.

The shares of the Company were listed on the GEM Board of the Stock Exchange on 12 July 2016. As at 31 March 2022, the Company's total number of issued shares was 355,360,000 (31 December 2021: 355,360,000) at HK\$0.1 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 31 March 2022, the Group had paid a refundable deposit of HK\$588,000 (31 December 2021: HK\$588,000) 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\$1,960,000 (31 December 2021: HK\$1,960,000) which remained outstanding as at 31 March 2022. 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 2021: Nil) and any material capital commitments as at 31 March 2022 (31 December 2021: Nil).

Interim Dividend

The board of the Directors of the Company (the "Board") does not declare any interim dividend for the three months ended 31 March 2022 (2021: 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 three months ended 31 March 2022.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		For the three months ended 31 March	
	Notes	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
Revenue	3	26,206	17,842
Other income	4	163	90
Other gains, net	5	105	413
Subcontracting and materials costs		(21,320)	(14,484)
Operating expenses		(6,223)	(8,729)
Operating loss		(1,069)	(4,868)
Finance cost		(195)	(1,358)
Share of loss of associates		–	(31)
Loss before income tax		(1,264)	(6,257)
Income tax expense	6	–	–
Loss for the period		(1,264)	(6,257)
Loss for the period attributable to:			
Owners of the Company		(1,595)	(5,937)
Non-controlling interests		331	(320)
Loss for the period		(1,264)	(6,257)
Other comprehensive income			
Items that will not be reclassified to profit or loss:			
Gain on change in fair value of financial assets at fair value through other comprehensive income		–	128
Other comprehensive income for the period, net of tax		–	128
Total comprehensive expense for the period, net of tax		(1,264)	(6,129)
Total comprehensive expense for the period attributable to:			
Owners of the Company		(1,595)	(5,809)
Non-controlling interests		331	(320)
		(1,264)	(6,129)
Loss per share	7	HK Cents	HK Cents
Basic		(0.18)	(0.67)
Diluted		N/A	N/A

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital	Share premium	Other reserve	Investment revaluation reserve	Share option reserve	Accumulated losses	Total	Non-controlling interest	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)
At 1 January 2021	8,724	88,517	5,922	(579)	488	(117,465)	(14,393)	(11,585)	(25,978)
Loss for the period	-	-	-	-	-	(5,937)	(5,937)	(320)	(6,257)
Other comprehensive income for the period	-	-	-	128	-	-	128	-	128
Total comprehensive income/(expense) for the period, net of tax	-	-	-	128	-	(5,937)	(5,809)	(320)	(6,129)
Issue of shares upon exercise of share options	160	866	-	-	(338)	-	688	-	688
At 31 March 2021	8,884	89,383	5,922	(451)	150	(123,402)	(19,514)	(11,905)	(31,419)
At 1 January 2022	35,536	131,924	5,922	(414)	150	(149,784)	23,334	(21,593)	1,741
Loss for the period	-	-	-	-	-	(1,595)	(1,595)	331	(1,264)
Other comprehensive income for the period	-	-	-	-	-	-	-	-	-
Total comprehensive income/(expense) for the period, net of tax	-	-	-	-	-	(1,595)	(1,595)	331	(1,264)
At 31 March 2022	35,536	131,924	5,922	(414)	150	(151,379)	21,739	(21,262)	477

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, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. The Company has established a place of business in Hong Kong at Suite 807, 8/F, Harcourt House, 39 Gloucester Road, Wan Chai, 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 the GEM of The Stock Exchange of Hong Kong Limited since 12 July 2016 (the “Listing Date”).

These unaudited condensed consolidated financial statements are presented in Hong Kong Dollars (“HK\$”), and all values are rounded to nearest thousand’s (“HK\$’000”) except when otherwise stated.

2. Basis of Preparation and Presentation

This condensed consolidated financial information for the three months ended 31 March 2022 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 2021, which have been prepared in accordance with HKFRS. The condensed consolidated financial information has been prepared on a historical cost basis, except for certain financial assets which are 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 31 March	
	2022 HK\$'000	2021 HK\$'000
Design and fit out	26,116	17,780
Maintenance and aftersales services	90	62
	26,206	17,842

4. Other income

	For the three months ended 31 March	
	2022 HK\$'000	2021 HK\$'000
Sundry income	163	90
	163	90

5. Other gain, net

	For the three months ended 31 March	
	2022 HK\$'000	2021 HK\$'000
Gain/(loss) on change in fair value of financial assets at fair value through profit or loss		
— Net unrealised gain on listed securities	—	413
	—	413

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% (2021: 16.5%) on the estimated assessable profits for the period. Taxation on overseas profits has been calculated on the estimated assessable profit for the period at the rate of taxation prevailing in the countries in which the Group operations.

	For the three months ended 31 March	
	2022 HK\$'000	2021 HK\$'000
Current income tax	–	–

7. Loss per share

Basic loss per share is calculated by dividing the loss for the period attributable to owners of the Company by the weighted average number of ordinary shares in issue during the period.

	For the three months ended 31 March	
	2022	2021
Loss for the period attributable to owners of the Company (in HK\$'000)	(1,595)	(5,937)
Weighted average number of ordinary shares ('000)	882,356	882,356
Basic loss per share (in HK cents)	(0.18)	(0.67)

Diluted loss per share

Diluted loss per share for the period ended 31 March 2022 is not presented as the effects arising from exercise of the Company's share options granted are anti-dilutive. No diluted loss per share is presented for the period ended 31 March 2021 as there were no potential ordinary shares in issue during that period.

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 1 January 2020, there was no option outstanding, granted, cancelled, exercised or lapsed.

On 9 October 2020, the Company had granted a total of 48,000,000 share options to 6 eligible participants of which 16,000,000 share options are granted to 2 employees and 32,000,000 share options are granted to 4 consultants to subscribe shares of HK\$0.01 each of the Company under the share option scheme at an exercise price of HK\$0.043 per share. The closing price of the Company's shares immediately before the date of grant is HK\$0.042. Exercise period of the share options granted is 9 October 2020 to 8 October 2030. HK\$1 is paid by each grantees upon acceptance of the share options.

During the year ended 31 December 2020, 24,000,000 of the share options held by the consultants had been exercised. In respect of the share options exercised during the year, the weighted average share price at the date of exercise is HK\$0.065 and the weighted average share price at the dates immediately before the exercise is HK\$0.066.

SUPPLEMENTARY INFORMATION (CONTINUED)

As at 31 December 2020, 16,000,000 share options held by the employees and the 8,000,000 share options held by the consultant are outstanding.

Details of the principal terms of the Share Option Scheme are set out in paragraph headed “13. Share Option Scheme” in section headed “Statutory and General Information” in Appendix IV to the prospectus dated 29 June 2016.

On 4 February 2021, 8,000,000 of the share options held by employee and 8,000,000 of the share options held by consultant had been exercised. In respect of the share options exercised during the period, the closing share price at the date of exercise is HK\$0.053 and the closing share price at the date immediately before the exercise is HK\$0.051.

As at the date of this report, the total number of shares of the Company available for issue under the Scheme was 947,200 shares (as adjusted for the Shares Consolidation effective on 12 August 2021), representing approximately 0.3% of the number of issued share of the Company.

Apart from the aforesaid Share Option Schemes, at no time during the period ended 31 March 2022 was the Company or any associated corporation a party to any arrangement to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, and none of the Directors, or their spouses or children under the age 18, had any right to subscribe for the shares in, or debentures of, the Company, or had exercise any such rights.

Rights Issue

The Company conducted a rights issue on the basis of three rights share for every one consolidated share held on the record date at the subscription price of HK\$0.27 per rights share (the “Rights Issue”). 266,520,000 rights shares have been accepted and applied for, the gross proceeds raised from the Rights Issue are approximately HK\$71.96 million before expenses. Dealings in the rights shares, in their fully-paid form, commenced on the Stock Exchange at 9:00 a.m. on Thursday, 16 September 2021.

Approximately HK\$53.5 million of the net proceeds of the Rights Issue had been utilised for the repayment of the promissory note payable and the interest expenses accrued up to the repayment date. The remaining of the net proceeds which amounted to approximately HK\$16.4 million would be utilised as general working capital purpose. As at 31 March 2022, approximately HK\$9.5 million had been used for general working capital purpose. The remaining of the net proceeds are expected to be utilised before 31 December 2022 and the unutilised net proceeds have been placed in licensed banks in Hong Kong.

Please refer to the announcements of the Company dated 7 June 2021, 9 June 2021, 5 July 2021, 26 July 2021, 10 August 2021, 11 August 2021 and 14 September 2021, the circular of the Company dated 23 July 2021 and the prospectus of the Company dated 24 August 2021 for details.

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 31 March 2022, 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 Securities and Futures Ordinance (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 31 March 2022, 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 as disclosed above, at no time during the three months ended 31 March 2022 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 three months ended 31 March 2022, 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.

Code on Corporate Governance Practices

During the three months ended 31 March 2022, 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 three months ended 31 March 2022.

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 three months ended 31 March 2022.

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 first quarterly report for the three months ended 31 March 2022.

Significant Event After The Reporting Period

On 15 October 2021, a wholly-owned subsidiary, Legend Start Limited ("Legend Start"), entered into a sale and purchase agreement with a third party for the acquisition of 100% equity interest in Legacy Infinity for an aggregate cash consideration of HK\$420,000. Pursuant to the terms of the sale and purchase agreement, Legend Start agreed to acquire 180,000, 330,000 and 120,000 ordinary shares of Legacy Infinity at cash consideration of HK\$126,000, HK\$231,000 and HK\$63,000 on or before 15 October 2021, 1 December 2021 and 30 June 2022 respectively.

Completion of the acquisition of 180,000, 330,000 and 120,000 ordinary shares of Legacy Infinity took place on 15 October 2021, 1 December 2021 and 25 April 2022 respectively and Legend Infinity became the wholly owned subsidiary of the Group. Legacy Infinity is principally engaged in the provision of insurance brokerage. The acquisition of Legacy Infinity is to enable the Group to explore new business development.

Except for above mentioned, there were no material events occurred after the financial report date.

As at the date of this report, the executive Directors are Mr. Kwan Tek Sian and Mr. Wong Kin Yeung; and the independent non-executive Directors are Mr. Tse Chi Shing, Mr. Tse Wai Hei and Mr. Tam Chak Chi.