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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)**

**SUPPLEMENTAL ANNOUNCEMENT**

**DISCLOSEABLE TRANSACTION IN RELATION TO  
ACQUISITION OF THE ENTIRE ISSUED SHARE CAPITAL OF  
HLC DESIGN AND BUILD LIMITED**

Reference is made to the announcement of AL Group Limited (the “**Company**”) dated 22 October 2024 (the “**Announcement**”) in relation to the acquisition of the entire equity interest in HLC Design and Build Limited (the “**Target Company**”). Unless otherwise defined, capitalised terms used in this announcement shall have the same meanings as those defined in the Announcement.

The Board wishes to provide the Shareholders and potential investors with additional information in relation to the Acquisition as follows:

**VALUATION METHODOLOGY**

During the course of the valuation of the Target Company, the independent valuer (the “**Valuer**”) has considered enterprise value/earnings before interest and taxes (“**EV/EBIT**”) multiple and enterprise value/sales (“**EV/Sales**”) multiple because they are able to reflect key value driver for interior design and construction industry. The EV/EBIT multiple was not adopted as most of the comparable companies suffer loss-making or substantial decline in profit in financial years 2022 and 2023 due to the recent Hong Kong real estate market downturn. Adoption of earning multiple may over estimate the value of the Target Company. EV/Sales multiple is preferred to price-to-sales multiple because it takes into account the capital structure of the companies.

To derive the fair value of the Target Company, the Valuer have adopted EV/Sales multiple, which express the price that investors are willing to pay for a company’s revenue.

## SELECTION CRITERIA

The fair value of the Target Company was determined with reference to the business nature and operational information of publicly listed companies that were considered to be comparable to the Target Company (the “**Comparable Companies**”). Due to the fact that there is no company that is exactly the same as the Target Company, a set of the Comparable Companies must be selected in valuing the Target Company. To determine the set of the Comparable Companies, the Valuer mainly focused on the following perspectives during the selection process from the public resources (e.g. Bloomberg), including:

- The companies have over 50% revenue contributed from providing interior design, fitting out and decoration service mainly in Hong Kong;
- The companies are publicly listed in major stock exchanges (eg. Hong Kong Stock Exchange, Shanghai stock exchange, Shenzhen stock exchange, etc.); and
- Sufficiency of information available to public (such as listing and operating histories and availability of the financial information to the public).

## COMPARABLE COMPANIES SELECTED

The Valuer has identified 9 publicly listed companies that were considered to be comparable to the Target Company (the “**Comparable Companies**”). Based on the abovementioned selection criteria, we considered the set of the Comparable Companies adopted in the valuation was representative and exhaustive. Details of the Comparable Companies and the valuation multiples are listed as follows:

Company	Ticker	Description	EV/Sales Multiple	Revenue % contributed by interior design, fitting out and decoration service segment
Aeso Holding Ltd	8341 HK Equity	Aeso Holding Limited provides fitting-out and renovation contracting services. The company offers construction of commercial and residential premises including alteration and addition, as well as construction planning, coordination, monitoring, and supervision services. Aeso Holding serves customers in Hong Kong.	0.23	100%

<b>Company</b>	<b>Ticker</b>	<b>Description</b>	<b>EV/Sales Multiple</b>	<b>Revenue % contributed by interior design, fitting out and decoration service segment</b>
Coolpoint Innonism Holding Ltd	8040 HK Equity	Coolpoint Innonism Holding Limited provides fitting-out and renovation services. The company offers residential apartments interior fitting out, commercial buildings renovation, and other services. Coolpoint Innonism Holding provides services in Hong Kong.	0.57	100%
ISP Holdings Ltd	2340 HK Equity	ISP Holdings Limited provides offers property management services. The company provides property and facility management for residential, commercial, and industrial facilities. ISP Holdings also conducts interior design and renovation businesses.	0.16	97%
Yield Go Holdings Ltd	1796 HK Equity	Yield Go Holdings Ltd. provides engineering services. The company offers buildings interior renovation, makeovers, demolition, and other services. Yield Go Holdings provides services in Hong Kong.	2.08	100%
IBI Group Holdings Ltd	1547 HK Equity	IBI Group Holdings Limited operates as a contractor. The company offers industrial, commercial, and office interior renovation and refurbishment services throughout China.	0.47	98%
Sanbase Corp Ltd	8501 HK Equity	Sanbase Corporation Limited offers engineering services. The company provides interior decoration, interior designing, building maintenance, cultural relic protection, and other services. Sanbase provides its services throughout Hong Kong.	Negative*	94%
Lai Group Holding Co Ltd	8455 HK Equity	Lai Group Holding Company Limited provides commercial services. The company mainly offers interior design and decoration services. Lai Group Holding also purchases furniture and building materials.	Negative*	100%

Company	Ticker	Description	EV/Sales Multiple	Revenue % contributed by interior design, fitting out and decoration service segment
K W Nelson Interior Design and Contracting Group Ltd	8411 HK Equity	K W Nelson Interior Design and Contracting Group Limited operates as an interior decorator. The company provides interior designing, coordinating interior decoration, and other services. K W Nelson Interior Design and Contracting Group provides services for designing and contracting offices, retail spaces, and other fields.	Negative*	100%
Hephaestus Holdings Ltd	8173 HK Equity	Hephaestus Holdings Limited offers interior design services. The company provides services for private residences, corporate offices, service apartments, hotels, residential clubhouses, show flats, and sales galleries. Hephaestus Holdings serves customers in Hong Kong.	2.20	100%

\* *Those companies have negative enterprise value which is calculated as: Market Capitalization- Cash & Cash Equivalents + Debt +Preferred equity and minority interest*

*Source: Bloomberg*

The average of EV/Sales Multiples of the Comparable Companies excluding three companies which has negative enterprise value was 0.95. It was multiplied by the Target Company's annualized revenue of internal design and decoration segment for nine months ended 30 September 2024, which was approximately HKD10 million, to determine the enterprise value of the Target Company. With the financial position of the Target Company, the equity value on a control and marketable basis was estimated.

## ADJUSTMENTS ADOPTED

The fair value of the Target Company, being the course of the Valuation, has been adjusted to reflect its lack of marketability by adopting an appropriate Discount of Lack of Marketability (“**DLOM**”). The lack of marketability is a downward adjustment to the value of an investment to reflect its reduced level of marketability. In the valuation, a discount for lack of marketability of 20.5% was adopted in arriving at the fair value of the Target Company as of the Valuation Date. The marketability discount is reference to the result of the restricted stock study published in “Stout Restricted Stock Study 2023” by Stout Risius Ross, LLC. In addition, under the public guideline company method adopted for the valuation, the value of the Target Company derived from the model is implicitly embedded with the discount for lack of control. As 100% equity interest is acquired, the fair value of the equity interest of the Target Company should be based on a control shareholding basis for the purpose of this valuation. Thus, the average control premium of 22.9% has been adopted to reflect the higher marketability of a controlling interest compared to a minority interest with reference to the Mergerstat Control Premium Study (4th quarter of 2023) (the “**Study**”) published by FactSet Mergerstat, LLC., an independent information provider for merger and acquisition transaction data.

By order of the Board  
**AL Group Limited**  
**Chan Hung Kai**  
*Chairman and Executive Director*

Hong Kong, 20 November 2024

*As at the date of this announcement, the Board comprises two executive Directors, namely, Mr. Chan Hung Kai (Chairman) and Mr. Chung Kar Ho Carol; and three independent non-executive Directors, namely, 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.*

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