



AL GROUP LIMITED
利駿集團(香港)有限公司
(incorporated in the Cayman Islands with limited liability)
Stock Code : 8360



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

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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’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 2023, our number of projects remained unchanged over the same period in 2022. The total revenue decreased by approximately 60.3% to approximately HK\$10.4 million, and the average revenue per project has decreased to approximately HK\$0.50 million from approximately HK\$1.31 million over the same period in 2022.

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 2023 respectively and their comparative figures:

In terms of Number of Projects*

	For the three months ended		
	31 March		
	2023	2022	Change
Design and fit out/Design only			
Office	18	15	20.0%
Commercial	1	3	(66.7)%
Residential	1	2	(50.0)%
Total	20	20	0.0%

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

In terms of Revenue*

In HK\$' million	For the three months ended		
	2023	2022	Change
	31 March		
Design and fit out/Design only	7.8	23.4	(66.7)%
Office	0.5	2.4	(79.2)%
Residential	1.6	0.3	433.3%
Total	9.9	26.1	(62.1)%

Average Revenue per Project*

In HK\$' million	For the three months ended		
	2023	2022	Change
	31 March		
Revenue	9.9	26.1	(62.1)%
Number of projects	20	20	0.0%
Average revenue per project	0.50	1.31	(62.1)%

* excluding those relating to maintenance and aftersales service

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Financial Overview

In HK\$' million	For the three months ended	
	2023	2022
Revenue	10.4	26.2
Gross Profit (Note 1)	2.0	4.9
Gross Profit Margin	19.2%	18.6%
Adjusted EBITDA (Note 2)	(3.7)	(0.8)
Loss for the period attributable to owners of the Company	(3.1)	(1.6)

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 (2022: 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). 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 2023, the Group's revenue decreased when compared to the same period in 2022. The Group's revenue amounted to approximately HK\$10.4 million, representing an decrease of approximately 60.3% from the same period in 2022.

The Group's gross profit for the three months ended 31 March 2023 amounted to approximately HK\$2.0 million, representing an decrease of approximately 59.2% over the same period in 2022. The decrease was mainly driven by the decreased revenue per project. Gross profit margin slightly increase from approximately 18.6% to approximately 19.2%. 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.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

The Group's operating expenses for the three months ended 31 March 2023 were approximately HK\$6.5 million when compared to approximately HK\$6.2 million for the same period in 2022. The increase in operating expenses was mainly due to increase of employee expenses.

For the three months ended 31 March 2023, the Group's adjusted EBITDA amounted to approximately HK\$(3.7) million as compared to approximately HK\$(0.8) million for the same period in 2022, mainly driven by the decrease in the overall gross profit for the Group's business. The Group recorded a loss attributable to owners of the Company of approximately HK\$3.1 million for the three months ended 31 March 2023 when compared to a loss attributable to owners of the Company of approximately HK\$1.6 million for the same period in 2022. Besides the effect of decrease in the overall gross profit mentioned above, such change was mainly attributable to increase in operating expenses and increase in finance cost due to increase in employee benefits expenses and finance cost derived from borrowings.

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 2023. As of 31 March 2023, the Group had cash and cash equivalents of approximately HK\$11.6 million (31 December 2022: approximately HK\$12.2 million).

The current ratio, being the ratio of current assets to current liabilities, was approximately 0.8 times as at 31 March 2023 (31 December 2022: 0.9 times).

As at 31 March 2023, the Group had total liabilities of approximately HK\$77.1 million (31 December 2022: approximately HK\$70.3 million) which mainly comprise of trade and other payables, contract liabilities, amount due to non-controlling interest, lease liabilities and borrowings.

As at 31 March 2023, the gearing ratio, expressed as a percentage of interest-bearing debt (borrowings) over total assets was approximately 24.6% (31 December 2022: 30.2%). The decrease in gearing ratio was mainly resulted by the decrease in borrowings. 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 2023, the Company's total number of issued shares was 360,274,000 (31 December 2022: 360,274,000) 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.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

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 2023, the Group had paid a refundable deposit of HK\$966,000 (31 December 2022: HK\$966,000) 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\$1,610,000 (31 December 2022: HK\$1,610,000) which remained outstanding as at 31 March 2023. 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 2022: Nil) and any material capital commitments as at 31 March 2023 (31 December 2022: 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 2023 (2022: Nil).

Material Acquisitions and Disposals of Subsidiaries, Associates and Joint Ventures

On 21 March 2023, a wholly-owner subsidiary of the Company entered into an agreement with an entity (the "Vendor") for the acquisition of 34% equity interest in Surich Asset Management Limited ("Surich") for a consideration of HK\$500,000 (the "Acquisition"). Completion of the Acquisition took place on 21 March 2023. The Vendor is an entity which is owned as to 34% by Mr. Lui Yu Kin, a shareholder of the Company, and as to the remaining 66% owned by two third parties. The consideration for the Acquisition is satisfied by the Company's issue of promissory note, with the principal amount of HK\$500,000, which carries interest at 3% per annum and is payable on 20 March 2025. Surich is granted a licence under Securities and Futures Ordinance of Securities and Futures Commission to carry out Type 4 (advising on securities) and Type 9 (asset management) regulated activities. Details of the transaction were set out in the Company's announcement dated 21 March 2023.

Save as disclosed herein, the Group did not have any material acquisition and disposal of subsidiaries, associates and joint ventures during the three months ended 31 March 2023.

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

		For the three months ended 31 March	
	Notes	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Revenue	3	10,413	26,206
Other income	4	7	163
Other gains, net	5	1,082	105
Subcontracting and materials costs		(8,383)	(21,320)
Operating expenses		(6,518)	(6,223)
Operating loss		(3,399)	(1,069)
Finance cost		(335)	(195)
Loss before income tax		(3,734)	(1,264)
Income tax expense	6	–	–
Loss for the period		(3,734)	(1,264)
(Loss)/profits for the period attributable to:			
Owners of the Company		(3,089)	(1,595)
Non-controlling interests		(645)	331
Loss for the period		(3,734)	(1,264)

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

		For the three months ended 31 March	
	Notes	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
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		123	–
Other comprehensive income for the period, net of tax		123	–
Total comprehensive expense for the period, net of tax		(3,611)	(1,264)
Total comprehensive (expense)/income for the period attributable to:			
Owners of the Company		(2,966)	(1,595)
Non-controlling interests		(645)	331
		(3,611)	(1,264)
Loss per share	7	HK Cents	HK Cents
Basic		(0.86)	(0.45)
Diluted		(0.81)	(0.45)

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 2022	35,536	131,924	5,922	(414)	150	(149,784)	23,334	(21,593)	1,741
(Loss)/profits for the period	-	-	-	-	-	(1,595)	(1,595)	331	(1,264)
Other comprehensive income for the period	-	-	-	-	-	-	-	-	-
Total comprehensive (expense)/income 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
At 1 January 2023	36,027	134,917	5,922	(370)	150	(167,695)	8,951	(24,525)	(15,574)
Loss for the period	-	-	-	-	-	(3,089)	(3,089)	(645)	(3,734)
Other comprehensive income for the period	-	-	-	123	-	-	123	-	123
Total comprehensive income/(expense) for the period, net of tax	-	-	-	123	-	(3,089)	(2,966)	(645)	(3,611)
At 31 March 2023	36,027	134,917	5,922	(247)	150	(170,784)	5,985	(25,170)	(19,185)

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 2023 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 2022, 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	
	2023 HK\$'000	2022 HK\$'000
Design and fit out	9,937	26,116
Maintenance and aftersales services	476	90
	10,413	26,206

4. Other income

	For the three months ended 31 March	
	2023 HK\$'000	2022 HK\$'000
Sundry income	7	163
	7	163

5. Other gain, net

	For the three months ended 31 March	
	2023 HK\$'000	2022 HK\$'000
Gain on disposal of property, plant and equipment	634	–
Gain on disposal of a subsidiary	448	–
	1,082	–

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% (2022: 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	
	2023	2022
	HK\$'000	HK\$'000
Current income tax	–	–

7. Loss per share

The calculation of the basic and diluted loss per share attributable to owners of the Company is based on the following data:

	Three months ended 31 March	
	2023	2022
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Loss		
Loss attributable to ordinary equity holders of the Company, used in the basic loss per share calculation	(3,089)	(1,595)
	'000	'000
Shares		
Weighted average of number of ordinary shares in issue during the period used in the basic loss per share calculation	360,274	355,360
Effect of dilution – weighted average number of ordinary shares		
Share options	22,877	947
	383,151	356,307

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 maximum entitlement of each eligible participant under the Share Option Scheme in any 12-month period up to the date of offer to grant shall not exceed 1% of the Shares in issue as at the date of offer to grant. Any further grant of share options in excess of this limit is subject to shareholders’ approval in a general meeting.

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.

On 19 January 2023, the Company granted 22,116,000 share options to 21 eligible persons of the Group (the “Grantees”, including two directors of the Company) to subscribe for a total of 22,116,000 new ordinary shares of HK\$0.01 each in the share capital of the Company under the share option scheme adopted by the Company, subject to the acceptance of the Grantees and the payment of HK\$1.00 by each of the Grantees upon acceptance of the share options. The share options accepted by the grantees entitle the holders thereof to subscribe for the new ordinary shares of the Company at the subscription price of HK\$1.10 per share. On 15 February 2023, the Company announced for the cancellation of 186,000 share options (the “Cancelled Share Options”), which was granted to eight external service providers. Upon the cancellation of the Cancelled Share Options, the share options granted on 19 January 2023 has been adjusted to 21,930,000, which, upon full exercise, will result in the issue of 21,930,000 new ordinary shares of the Company, representing approximately 6.1% of the total number shares of the Company in issue at the date of the announcement regarding the Cancelled Share Options.

As at 31 March 2023, the company had 22,877,200 share options outstanding under the Scheme.

SUPPLEMENTARY INFORMATION (CONTINUED)

Among the total of 21,930,000 Share Options granted, a total of 7,200,000 Share Options were granted to the following Directors of the Company:

Name of Grantees	Position in the Group	Number of Share Options
Directors		
Mr. Chan Hung Kai	Executive Director and Chairman	3,600,000
Mr. Wong Kin Yeung	Executive Director	3,600,000
		7,200,000

As at the date of this quarterly report, the total number of shares of the Company available for issue under the Scheme was 22,877,200 shares, representing approximately 6.35% 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 2023 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.

Directors' and Chief Executives' Interests and Short Positions in the Shares, Underlying Shares or Debentures of the Company and Its Associated Corporations

As at 31 March 2023, the interests and short positions of each Director and chief executive 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 ("SFO")), which are required (i) to be notified to the Company and the Stock Exchange pursuant to the provisions of Division 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); (ii) pursuant to section 352 of Part XV of the SFO, to be entered in the register referred to therein; or (iii) pursuant to the Model Code to be notified to the Company and the Stock Exchange, were as follows:

SUPPLEMENTARY INFORMATION (CONTINUED)

Long positions in Shares and underlying shares of the Company:

Name of Directors	Capacity	Number of Shares held	Number of Options held	Total	Percentage of the Company's issue share as at 31 March 2023 (%)
Chan Hung Kai	Beneficial owner	15,341,200	3,600,000	18,941,200	5.26
	Interest of spouse	39,600 (Note 1)	–	39,600	0.01
Wong Kin Yeung	Beneficial Owner	–	3,600,000	3,600,000	1.00

Note:

- (1) 39,600 shares are owned by Ms. Sze Yee Fun Louisa, who is the spouse of Mr. Chan Hung Kai.

Saved as disclosed above, as at 31 March 2023, none of the Directors and chief executives of the Company had any interests or short position in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) (i) as required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and/or short positions which they are taken or deemed to have under such provisions of the SFO), or (ii) as required to be recorded in the register required to be kept by the Company pursuant to Sections 352 of the SFO, or (iii) as otherwise notified to the Company and the Stock Exchange pursuant to the required standard of dealings by directors of listed issuers as referred to in Rule 5.46 to Rule 5.67 of the GEM Listing Rules.

DIRECTORS' AND CHIEF EXECUTIVE'S RIGHTS TO ACQUIRE SHARES OR DEBT SECURITIES

Save as disclosed under the section headed "SHARE OPTION SCHEME", as at 31 March 2023, neither the company, holding company nor any of its subsidiaries was a party to any arrangements to enable the directors and chief executive of the company to acquire benefits by means of the acquisition of shares in, or debt securities, including debentures, of the company or any other body corporate, and none of the directors and chief executive of the company or their spouses or children under the age of 18, had any right to subscribe for the securities of the company, or had exercised any such rights.

SUPPLEMENTARY INFORMATION (CONTINUED)

Substantial Shareholders and Other Persons' Interests and Short Positions in the Shares and Underlying Shares of the Company

So far as the Directors are aware, as at 31 March 2023, other than the Directors or chief executives of the Company whose interests or short positions are disclosed under the paragraph headed "Directors' and Chief Executives' Interests and Short Positions in the Shares, Underlying Shares or Debentures of the Company and Its Associated Corporations" above, the following parties have interest or short position in the shares or underlying shares of the Company which have to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO and as recorded in the register required to be kept under Section 336 of the SFO, and who were expected, directly or indirectly, to be interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company are listed as follows:

Long Positions in Shares and Underlying Shares of the Company

Name of shareholder	Capacity/ Nature of interests	Number of ordinary shares	Percentage of the Company's issue share capital as at 31 March 2023
Lui Yu Kin	Beneficial owner	72,252,000	20.05%

Saved as disclosed above, as at 31 March 2023, the Directors were not aware of any other person (other than the Directors or chief executives as disclosed in the paragraph headed "Directors' and Chief Executives' Interests and Short Positions in the Shares, Underlying Shares or Debentures of the Company and Its Associated Corporations" above) who had, or deemed to have, interests or short positions in the shares, underlying shares or debentures of the Company which has to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO and as recorded in the register required to be kept under Section 336 of the SFO, or who were directly or indirectly interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company.

Directors' Interests in Competing Businesses

During the three months ended 31 March 2023, 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.

SUPPLEMENTARY INFORMATION (CONTINUED)

Code on Corporate Governance Practices

During the three months ended 31 March 2023, 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 2023.

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 2023.

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 2023.

As at the date of this report, the executive Directors are Mr. Chan Hung Kai (Chairman), 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.