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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
IN RELATION TO
ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2023

Reference is made to the annual report (the “**2023 Annual Report**”) of AL Group Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) for the year ended 31 December 2023 (“**FY2023**”).

In addition to the information provided in the 2023 Annual Report, the board (the “**Board**”) of directors (the “**Director(s)**”) of the Company would like to provide the shareholders of the Company (the “**Shareholders**”) with additional information regarding (i) the share schemes of the Company (the “**Schemes**”); and (ii) the equity fund-raising activity of the Company and the use of net proceeds.

THE SCHEMES

On 20 October 2023 (the “**Adoption Date**”), the relevant ordinary resolutions were passed by the Shareholders at the extraordinary general meeting of the Company regarding, among others, (i) the termination of the then share option scheme of the Company which was conditionally adopted by the Company on 15 June 2016 (the “**2016 Share Option Scheme**”); (ii) the adoption of a new share option scheme (the “**2023 Share Option Scheme**”); and (iii) the adoption of a share award scheme (the “**Share Award Scheme**”).

Scheme limit

As at the beginning of FY2023 (i.e. 1 January 2023), the number of options available for grant pursuant to the then scheme limit under the 2016 Share Option Scheme, being the then only share scheme of the Company, was 35,536,000 shares of the Company (the “**Shares**”).

As at 31 December 2023, the number of options and awards available for grant pursuant to the scheme limit granted on the Adoption Date (the “**Scheme Limit**”) under the 2023 Share Option Scheme and the Share Award Scheme was 36,027,400 Shares.

The Share Award Scheme

Total number of Shares available for issue

During FY2023, no award shares were granted, vested, cancelled or lapsed under the Share Award Scheme. There were no unvested award shares as at the beginning and the end of FY2023.

The total number of Shares available for issue under the Share Award Scheme (together with the number of Shares available for issue under the 2023 Share Option Scheme) amounted to 36,027,400 Shares as at 31 December 2023, representing 10% of the total issued share capital of the Company as at 31 December 2023.

Maximum entitlement of each participant

The maximum number of Shares issued or to be issued in respect of all options and awards granted to a selected participant at any one time or in aggregate under the Share Award Scheme and all other Schemes (excluding any options and awards lapsed in accordance with the terms of the respective scheme(s)) in any 12-month period up to and including the date of such relevant grant should not exceed 1% of the issued share capital of the Company (the “**1% Individual Limit**”). Where any grant of award to a selected participant may result in exceeding the 1% Individual Limit, the Company shall not grant such award(s) unless it is separately approved by the Shareholders in general meeting, with such selected participant and his/her close associates (or associates if the selected participant is a connected person of the Company (as defined in the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited (the “**GEM Listing Rules**”))) abstaining from voting.

Any grant of award to the connected persons of the Company (as defined in the GEM Listing Rules) shall be subject to the prior approval of the independent non-executive Directors and in compliance with the requirements of the GEM Listing Rules.

Where any grant of award(s) to a Director (other than an independent non-executive Director) or chief executive of the Company, or any of their associates would result in the Shares issued and to be issued in respect of all awards granted under the Share Award Scheme and all other share award schemes of the Company (excluding any awards lapsed in accordance with the terms of the respective scheme(s)) to such person in the 12-month period up to and including the date of such grant, representing in aggregate over 0.1% of the issued share capital of the Company, such further grant of award(s) must be approved by the Shareholders in general meeting, with such selected participant, his/her associates and all core connected persons of the Company (as defined in the GEM Listing Rules) abstaining from voting in favour at such general meeting in the manner set out in the GEM Listing Rules.

Where any grant of award(s) to a substantial Shareholder, or any of their respective associates would result in the Shares issued and to be issued in respect of all options and awards granted to such person under the Share Award Scheme and all other Schemes (excluding any options and awards lapsed in accordance with the terms of the respective scheme(s)) in the 12-month period up to and including the date of such grant, representing in aggregate over 0.1% of the issued share capital of the Company, such further grant of award(s) must be approved by the Shareholders in general meeting, with such selected participant, his/her associates and all core connected persons of the Company (as defined in the GEM Listing Rules) abstaining from voting in favour at such general meeting in the manner set out in the GEM Listing Rules.

Vesting period and condition(s)

The vesting of any award shares granted under the Share Award Scheme shall be subject to a vesting period to be determined by the Board at its absolute discretion, provided that the vesting period shall not be less than twelve (12) months, subject to a shorter vesting period for the award shares granted to selected participants at the discretion of the remuneration committee of the Company (the “**Remuneration Committee**”) or the Board under circumstances as stipulated under the rules of the Share Award Scheme.

The Board may at its discretion specify any condition in the offer letter upon the grant of the award which must be satisfied before the award shares may be vested. Vesting shall only occur upon satisfaction (or where applicable, waived by the Remuneration Committee and the Board) of the conditions imposed by the Remuneration Committee and the Board.

Amount payable on application or acceptance and period of payment

Unless otherwise determined by the Board or the Remuneration Committee in its absolute discretion at the relevant time for each individual award, a selected participant is not required to bear or pay any price or fee for the acceptance of the award. As such, the period of payment is not applicable herein.

Purchase price of the award shares

The purchase price (if any) in respect of any particular award shall be such price as the Board or the Remuneration Committee may at its absolute discretion determine at the time of grant of the relevant award and taking into consideration factors including but not limited to the prevailing closing price of the Shares, the purpose of the Share Award Scheme and the characteristics and profile of the relevant selected participant(s).

The 2023 Share Option Scheme

Total number of Shares available for issue

Upon the grant of the Scheme Limit and the adoption of the 2023 Share Option Scheme with the 2016 Share Option Scheme terminated on the Adoption Date, the total number of Shares available for issue under the 2023 Share Option Scheme (together with the number of Shares available for issue under the Share Award Scheme) amounted to 36,027,400 Shares as at 31 December 2023, representing 10% of the total issued share capital of the Company as at 31 December 2023.

Vesting period and condition(s)

A share option granted under the 2023 Share Option Scheme shall become exercisable subject to a vesting period to be determined by the Board at its absolute discretion, provided that the vesting period shall not be less than twelve (12) months, subject to a shorter vesting period for the share options granted to selected participants at the discretion of the Remuneration Committee or the Board under circumstances as stipulated in the rules of the 2023 Share Option Scheme.

The Board may at its discretion specify any condition (including but not limited to performance target(s), if any) in the offer letter upon the grant of the share option(s) which must be satisfied before the share option(s) may be vested. Vesting shall only occur upon satisfaction (or where applicable, waived by the Remuneration Committee and the Board) of the conditions imposed by the Remuneration Committee and the Board.

Movement of the share options during FY2023

Details of the share options granted and outstanding during FY2023 are as follows:

| Grantees | Date of grant | Exercise price (HK\$) | Exercise period | Vesting period/ conditions/ performance target | outstanding as at 1 January 2023 | Number of share options | | | | outstanding as at 31 December 2023 |
|-------------------------------------|-----------------|--------------------------|---------------------------------------|---|---|-----------------------------|-------------------------------|-------------------------------|----------------------------|---|
| | | | | | | granted during FY2023 | exercised during FY2023 | cancelled during FY2023 | lapsed during FY2023 | |
| Directors | | | | | | | | | | |
| Mr. Chan Hung Kai | 19 January 2023 | 1.1 (Note 1) | 19 January 2023 to 18 January 2033 | N/A | - | 3,600,000 | - | - | - | 3,600,000 |
| Mr. Wong Kin Yeung | 19 January 2023 | 1.1 (Note 1) | 19 January 2023 to 18 January 2033 | N/A | - | 3,600,000 | - | - | - | 3,600,000 |
| Eligible Employees | | | | | | | | | | |
| | 9 October 2020 | 0.363 | 9 October 2020 to 8 October 2030 | N/A | 947,200 | - | - | - | - | 947,200 |
| | 19 January 2023 | 1.1 (Note 1) | 19 January 2023 to 18 January 2033 | N/A | - | 14,400,000 | - | - | - | 14,400,000 |
| Consultants | | | | | | | | | | |
| Eligible service providers (Note 3) | 19 January 2023 | 1.1 (Note 1) | 19 January 2026 to 18 January 2033 | Note 2 | - | 330,000 | - | - | - | 330,000 |
| Excluded service providers (Note 4) | 19 January 2023 | 1.1 (Note 1) | 19 January 2026 to 18 January 2033 | Note 2 | - | 186,000 | - | (186,000) (Note 4) | - | - |
| | | | | | 947,200 | 22,116,000 (Note 5) | - | (186,000) | - | 22,877,200 |
| | | | | | 947,200 | 22,116,000 (Note 5) | - | (186,000) | - | 22,877,200 |

Notes:

1. The closing price of the Shares immediately before the date of grant (being 18 January 2023) was HK\$1.02 per Share.
2. No share options can be exercised within three years from the date of grant.

3. The grantees included five individuals, namely, Ho Yung Ah, Chan Yim Tung, Hung Siu Yan, Chen Xiaomeng and Chan Yiu Kei. Ho Yung Ah is a human resources consultant to the Company, who has provided consultancy solution services including but not limited to human capital management consulting services, talent acquisition and executive search, and has solidified the Group's manpower and managed to maintain the workforce of the Group during the COVID-19 period. The other four grantees are the market consultants to the Company, who have provided marketing-related services, including but not limited to market research, formulating marketing strategy, and assisting in implementation of marketing activities, for AL Design & Associates Limited, a principal subsidiary of the Company. In determining the grant of share options to the aforesaid service providers, the Board has considered factors such as (i) their contribution to the business affairs of and the benefits to the Group with regard to the quality of services provided or expected to be provided to the Group; (ii) their work experience, professional qualifications, knowledge in the industry or other relevant factors which could be valuable to the Group; and (iii) the continuity of services provided to the Group. In view of the above, the Directors consider that the grant of the share options to the aforesaid service providers is in line with the objective and purpose of the 2016 Share Option Scheme and the long-term interests of the Group and the Shareholders as a whole.
4. References are made to the announcements of the Company dated 19 January 2023 and 15 February 2023 regarding the grant of an aggregate of 22,116,000 share options on 19 January 2023, among which 186,000 share options were granted to eight external service providers, who provided mergers and acquisitions services to the Company. Having considered the new implementation of Rule 23.03A of the GEM Listing Rules (effective on 1 January 2023), the Board resolved to cancel 186,000 share options granted to such service providers. None of these cancelled share options had been exercised.
5. The fair value of the share options granted on 19 January 2023 (excluding 186,000 share options subsequently cancelled) to subscribe for 21,930,000 Shares was estimated to be HK\$4,297,000, which was calculated using the binomial option pricing model. For further details, please refer to note 36 to the consolidated financial statement of the 2023 Annual Report.

The total number of 21,930,000 Shares that may be issued in respect of the share options and award shares granted under the Schemes during FY2023 divided by the weighted average number of Shares in issue (i.e. 360,274,000 Shares) for FY2023 was approximately 6.1%.

Summary of matters relating to the Schemes reviewed and/or approved by the Remuneration Committee

During FY2023, the Remuneration Committee held three meetings to review and approve the remuneration policy, remuneration packages of the Directors and senior management of the Group, and to consider, approve and make recommendation to the Board in relation to the grant of share options to any grantee who is a Director or a senior management of the Group.

Grant of share options under the 2016 Share Option Scheme

During FY2023, an aggregate of 22,116,000 share options were granted (the “**Grant**”) to relevant grantees (the “**Grantees**”), among which (i) a total of 7,200,000 share options were granted to two Directors; (ii) a total of 14,400,000 share options were granted to employees; and (iii) a total of 516,000 share options were granted to service providers (186,000 share options of which were cancelled), in accordance with the terms of the 2016 Share Option Scheme.

Vesting Period

The Remuneration Committee has noted the purpose of the 2016 Share Option Scheme is to attract and retain the best available personnel, to provide additional incentive to eligible participants and to promote the success of the business of the Group. The Remuneration Committee has considered that the Grant with no minimum vesting period to the Grantees who are the Directors or employees is in line with the purpose of the 2016 Share Option Scheme in providing a flexible means of giving incentive to and rewarding participants of the 2016 Share Option Scheme, taking into account that (i) the remuneration of such Grantees includes the grant of share options as part of their package to incentivise their performance for their continuous contributions to the growth and development of the Group, and to maintain the competitiveness of the package offered by the Company as compared with those offered by the industry peers; (ii) the respective remuneration packages of the Directors have been reviewed by the Remuneration Committee to be in recognition of their leading roles and responsibilities towards the management and strategic development of the Company; and (iii) the respective remuneration packages of other employees are provided according to the internal policy of the Company with reference to their industry experience, tenure and roles with the Group, together with their contribution to the development and growth of the business of the Group.

Performance target and clawback mechanism

The vesting of the share options granted to the Grantees under the 2016 Share Option Scheme is not subject to any performance targets nor any clawback mechanism. In determining the Grant, the Remuneration Committee has considered the following factors: (i) the experience of each Grantee on the Company’s business; (ii) the length of service of each Grantee with the Company; and (iii) the contributions and participation by each Grantee in promoting the business of the Company.

The share options were granted to the Grantees for recognition of past contributions made by the Grantees to the Company, in view of the business development achieved during the previous financial year. The Grantees have rendered services to the Group for periods of different durations, and they are all considered to have shown satisfactory work performance.

Having considered the aforesaid factors, the Remuneration Committee is of the view that performance targets or clawback mechanism is not necessary for the Grant, and such Grant is in line with the purpose of the 2016 Share Option Scheme in providing a flexible means of giving incentive to and rewarding participants of the 2016 Share Option Scheme.

THE EQUITY FUND-RAISING ACTIVITY OF THE COMPANY AND THE USE OF NET PROCEEDS

Issue of 3% convertible bond in the principal amount of HK\$5,000,000 due on 21 May 2030 (the “Convertible Bond”)

References are made to the announcements of the Company dated 13, 14 and 20 April 2023 regarding the issue of the Convertible Bond by the Company (the “**Announcements**”).

On 22 May 2023, the Company issued the Convertible Bond to an independent individual subscriber, namely Mr. Song Kaiqing, for a cash consideration of HK\$5,000,000 (representing 100% of the principal amount of the Convertible Bond) so as to strengthen the financial position and liquidity of the Group and provide funding to the Group for general working capital. The Company intended to utilise the net proceeds of approximately HK\$4.9 million from the issue of the Convertible Bond for general working capital.

The Convertible Bond can be converted into 2,777,777 new Shares (the “**Conversion Shares**”) at an initial conversion price of HK\$1.80 per Conversion Share (subject to adjustment) on 21 May 2030, being the maturity date of the Convertible Bond. The net price per Conversion Share based on the net proceeds of approximately HK\$4.9 million amounted to approximately HK\$1.76 per Conversion Share. The aggregate nominal value of the Conversion Shares (upon full conversion) is expected to be HK\$277,778 based on the nominal value of HK\$0.1 per Share. The market price of the Shares was HK\$1.8 per Share on 13 April 2023, being the date on which the terms of the Convertible Bond were fixed.

The details of the use of net proceeds from the issue of the Convertible Bond are tabulated as follows:

| Planned use of net proceeds from the issue of the Convertible Bond | Allocation of the net proceeds as disclosed in the Announcements <i>HK\$' million</i> | Amount utilised during FY2023 <i>HK\$' million</i> | Unutilised balance as at 31 December 2023 (and the expected timeline for full utilisation, where applicable) <i>HK\$' million</i> |
|---|---|--|---|
| General working capital | 4.9 | 4.9 | – |

The above additional information supplements, and should be read in conjunction with, the 2023 Annual Report which does not affect other information contained in the 2023 Annual Report. Save as disclosed above, information contained in the 2023 Annual Report remains unchanged.

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

Hong Kong, 6 June 2024

As at the date of this announcement, the Board comprises three executive Directors, namely, Mr. Chan Hung Kai (Chairman), Mr. Chung Kar Ho Carol and Mr. Kwan Tek Sian; 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.

This announcement will remain on the “Latest Listed Company Information” page of the website of The Stock Exchange of Hong Kong Limited at www.hkexnews.hk for at least seven days from the date of its posting and on the Company’s website at www.AL-Grp.com.