

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 INTERIM RESULTS FOR
THE SIX MONTHS ENDED 30 JUNE 2024**

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 six months ended 30 June 2024.

This announcement, containing the full text of the 2024 interim 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 interim results. Printed version of the 2024 interim 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 interim results announcement is published on the website of the Stock Exchange at <http://www.hkexnews.hk> and the Company’s website at www.AL-Grp.com.

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

Hong Kong, 29 August 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 Stock Exchange’s website at <http://www.hkexnews.hk> for at least 7 days from the date of its publication and on the Company’s website at www.AL-Grp.com.



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 “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 (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.

CONTENTS

| | |
|---|-----------|
| Management Discussion and Analysis | 03 |
| Unaudited Interim Financial Statements | 11 |
| Interim Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income | 11 |
| Interim Condensed Consolidated Statement of Financial Position | 13 |
| Interim Condensed Consolidated Statement of Changes in Equity | 15 |
| Interim Condensed Consolidated Statement of Cash Flows | 16 |
| Notes to the Unaudited Interim Condensed Consolidated Financial Statements | 18 |
| Supplementary Information | 60 |

MANAGEMENT DISCUSSION AND ANALYSIS

Business Overview

AL Group Limited (the “Company”) together with its subsidiaries (collectively referred to as the “Group”), principally derives its revenue from the following business arms: (i) Design and Fit Out Business, which provides integration of interior design, fit out solutions and repair and maintenance services in Hong Kong; and (ii) Securities Investment Business, which invests in equity securities listed in Hong Kong.

Design and Fit Out Business

The 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.

Securities Investment Business

The Group established the Securities Investment Business during the year ended 31 December 2023. The Group will keep seeking for opportunities of equity appreciation and cash flow return in the equity securities market listed in Hong Kong.

Prospects

For the Design and Fit Out Business, the management of the Group (the “Management”) is committed to strengthen the customer base. The Group will continue to find new orders and customers. Because of the unstable economic condition, there was an adverse impact to the Group and accordingly, the Management will actively keep monitoring the performance of the Group, and will implement appropriate strategy in a timely manner. Despite the uncertainties, the Management still remains positive towards the Design and Fit Out Business in the long run.

The Group commenced the business of securities investment during the year ended 31 December 2023. The Board is optimistic on the prospects of the equity securities market listed in Hong Kong and considered that the new business will further enhance the Company’s financial performance as well as the value of the shareholders.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Financial Review

Revenue

The Group's revenue decreased from approximately HK\$27.3 million for the six months ended 30 June 2023 to approximately HK\$15.0 million over the same period in 2024, representing a decrease of approximately 45.1%, which was mainly driven by the worsen performance of the "Design and Fit Out Business".

For Securities Investment Business, it had not generated any realised income for the six months ended 30 June 2024.

The following table sets forth the breakdowns of the revenue of the Group by segment for each of the six months ended 30 June 2023 and 30 June 2024.

| | Six months ended 30 June | | | |
|--------------------------------|--------------------------|-------|----------|-------|
| | 2024 | | 2023 | |
| | HK\$'000 | % | HK\$'000 | % |
| Design and Fit Out Business | 15,046 | 100.0 | 27,278 | 100.0 |
| Securities Investment Business | – | – | – | – |
| | 15,046 | 100.0 | 27,278 | 100.0 |

Cost of sales and services

The majority of the Group's cost of sales and services was raw material costs, labor and operating cost of design and fit out business. The Group's cost of sales and services decreased by approximately 57.5% to approximately HK\$9.1 million for the six ended 30 June 2024 as compared to the same period in 2023.

Expense

Selling and administrative expenses for the six months ended 30 June 2024 was approximately HK\$13.7 million (2023: HK\$20.4 million), representing an decrease of approximately HK\$6.7 million. The decrease was mainly due to decrease in legal and professional fees as well as travelling and entertainment expenses.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Loss for the period

The loss for the six months ended 30 June 2024 was approximately HK\$5.3 million. The loss for the same period in 2023 was approximately HK\$13.2 million.

Liquidity, Financial and Capital Resources

Capital structure

As at 30 June 2024, the share capital and equity attributable to owners of the Company amounted to approximately HK\$36,027,000 and HK\$-5,718,000 respectively (31 December 2023: HK\$36,027,000 and HK\$6,000 respectively). Details of the capital management are set out in the Note 20 to the unaudited interim condensed consolidated financial statements.

Cash position

As at 30 June 2024, the carrying amount of the Group's unpledged bank balances and cash was approximately HK\$9.4 million (31 December 2023: HK\$26.2 million), representing an decrease of approximately 64.1% as compared to that of at 31 December 2023.

Gearing ratio

As at 30 June 2024, the gearing ratio, expressed as a percentage of interest-bearing debt, borrowings, bond payable, promissory note payable and convertible bond over total assets was approximately 75.5% (31 December 2023: 64.5%). The increase in gearing ratio was mainly resulted by the increase in the amount due to a shareholder and bonds payable as well as the decrease in carrying amount of the cash and cash equivalents. The management will timely monitor the financial position of the Group and deleverage the gearing when appropriate.

Exchange Rate Exposure

The Group's business operations are denominated mainly in Hong Kong dollars ("HK\$"). The Group's assets and liabilities are mainly denominated in HK\$. Currently, the Group has not entered into agreements or purchased instruments to hedge the Group's exchange rate risks.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Pledge of Assets

As at 30 June 2024, the Group did not have any pledged assets (31 December 2023: Nil).

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 30 June 2024, the Group had paid a refundable deposit of HK\$1,238,000 (31 December 2023: HK\$179,000) to an insurance company for a surety bond issued in favour of certain customers by the insurance company amounted to HK\$1,877,000 (31 December 2023: HK\$299,000) which remained outstanding as at 30 June 2024. 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 2023: Nil) and any material capital commitments as at 30 June 2024 (31 December 2023: Nil).

Employees and Emolument Policies

The Group had approximately 35 employees (including Directors) as 30 June 2024 (31 December 2023: 39 employee). The Group recruits and promotes individuals based on their performance and development potential in the positions held. In order to attract and retain high quality staff and to enable smooth operation within the Group, the Group offers competitive remuneration packages (with reference to market conditions and individual qualifications and experience) and various in-house training courses. The remuneration packages are subject to review on a regular basis. The emoluments of the Directors and senior management are reviewed by the Remuneration Committee, having regard to the Group's operating results, market competitiveness, individual performance and achievement, and approved by the Board.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Legal Proceedings

On 8 November 2023, ACE Architectural and Interior Design Limited (“ACE”), a former subsidiary of the Company was ordered to be wound up by the High Court of Hong Kong in HCCW347/2023 and the Provisional Liquidator of ACE was appointed.

ACE filed a notice of appeal against the Order (the “Appeal”) to the Court of Appeal of the High Court on 6 December 2023. At the time of filing of the notice of Appeal on 6 December 2023, the Board had undertaken a parallel effort to seek legal advice in evaluating the substantive legal merits. Failure to file the notice of Appeal within the 28-day time limit from the date of the Order would have resulted in ACE forfeiting its right to pursue such Appeal.

After due deliberation on the legal assessment, the Board has resolved not to proceed with the Appeal. Given (i) the insolvency of ACE with net liabilities of approximately HK\$65 million as at the Deconsolidation Date; (ii) the substantial requisite funding from the Group to remedy the insolvent condition of ACE; and (iii) the ongoing litigation time and costs associated with continued pursuit of the Appeal, the Board considers that the withdrawal of the Appeal represents the most prudent and beneficial course of action for the Company, and is in the interests of the Company and the shareholders of the Company.

To the best knowledge, information and belief of the Board, the Group had not provided any form of corporate guarantee or collateral to secure the external debts incurred by ACE. With no contingent liabilities incumbent upon the Group for ACE’s failure to repay those external debts, the Company considers that there will be no adverse impact on the financial position of the Group. Details were set out in the Company’s announcements dated 8 November 2023 & 9 July 2024.

Significant Event after the Reporting Period

Saved as disclosed elsewhere in this interim report, the Directors are not aware of any significant event requiring disclosure that has taken place subsequent to 30 June 2024 and up to the date of this interim report.

Interim Dividend

The board of the Directors of the Company (the “Board”) does not declare any interim dividend for the six months ended 30 June 2024 (2023: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Significant Investments Held

As at 30 June 2024, the Group held approximately HK\$13 million of equity investments which were classified as financial assets at fair value through other comprehensive income and financial assets at fair value through profit or loss. Details of the significant listed equity investments are as follows:

| | Notes | Place of incorporation | Gain on change in fair value HK\$'000 | Market value HK'000 | Approximate percentage of equity investment % | Approximate percentage to the total asset % | Approximate percentage to the interest in the respective investment as at 30 June 2024 % |
|---|-------|------------------------|--|------------------------|--|--|---|
| HSBC Holdings plz (0005.hk) | 1 | England | 341 | 2,702 | 20.8 | 5.8 | <0.01 |
| Chinese Estates Holdings Limited (0127.hk) | 2 | Bermuda | 810 | 3,110 | 23.9 | 6.7 | 0.11 |
| Spring Real Estate Investment Trust (1426.hk) | 3 | Hong Kong | 1 | 201 | 1.5 | 0.4 | <0.01 |
| Sun Hing Printing Holdings Limited (1975.hk) | 4 | Cayman Islands | 6 | 216 | 1.7 | 0.5 | 0.13 |
| Far East Hotels And Entertainment Limited (0037.hk) | 5 | Hong Kong | 230 | 2,530 | 19.5 | 5.4 | 0.88 |
| Hong Kong Exchanges and Clearing Limited (0388.hk) | 6 | Hong Kong | 75 | 2,002 | 15.4 | 4.3 | <0.01 |
| HMVOD Limited (8103.hk) | 7 | Cayman Islands | (132) | 2,241 | 17.2 | 4.8 | 2.16 |
| Geely Automobile Holdings Limited (0175.hk) | 8 | Cayman Islands | 13 | N/A | N/A | N/A | 0.0 |
| Alibaba Group Holding Limited (9988.hk) | 9 | Cayman Islands | (177) | N/A | N/A | N/A | 0.0 |
| China Construction Bank Corporation (0939.hk) | 10 | PRC | 145 | N/A | N/A | N/A | 0.0 |
| Industrial and Commercial Bank of China Limited (1398.hk) | 11 | PRC | 448 | N/A | N/A | N/A | 0.0 |
| CSOP Hang Seng TECH Index ETF (3033.hk) | 12 | Hong Kong | 83 | N/A | N/A | N/A | 0.0 |
| China Merchants Bank Co., Ltd. (3968.hk) | 13 | PRC | 269 | N/A | N/A | N/A | 0.0 |
| Ping An Insurance (Group) Company of China, Ltd (2318.hk) | 14 | PRC | 177 | N/A | N/A | N/A | 0.0 |
| CASH Financial Services Group Limited (0510.hk) | 15 | Bermuda | 261 | N/A | N/A | N/A | 0.0 |
| | | | 2,550 | 13,002 | 100.0 | 27.9 | |

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Notes:

1. HSBC Holdings plc (HSBC) is the banking and financial services company. Dividend of approximately HK\$269,000 was received during the period.
2. Chinese Estates Holdings Limited is engaged in property development and trading, property leasing and securities investments.
3. Spring Real Estate Investment Trust is engaged in owning and investing in income producing real estate assets.
4. Sun Hing Printing Holdings Limited is engaged in the manufacturing and sale of printing products.
5. Far East Hotels And Entertainment Limited is engaged in hotel operation, property investment and securities investment.
6. Hong Kong Exchanges and Clearing Limited is listed exchange operator and market regulator. Dividend of approximately HK\$31,000 was received during the period.
7. HMVOD Limited is engaged in the OTT Internet entertainment video service system and the development business
8. Geely Automobile Holdings Limited is engaged in the research, production, marketing and sales of sedans and related automobile components in the PRC.
9. Alibaba Group Holding Limited is engaged in digital media and entertainment segment.
10. China Construction Bank Corporation is engaged in a range of banking service and related financial services.
11. Industrial and Commercial Bank of China Limited is the banking and financial services company.
12. CSOP Hang Seng TECH Index ETF is a sub-fund of CSOP Leveraged and Inverse Series, an umbrella unit trust established under Hong Kong law.
13. China Merchants Bank Co., Ltd. is a commercial bank incorporated in Shenzhen.
14. Ping An Insurance (Group) Company of China, Ltd is engaged in insurance services, provision of financial products, banking, asset management, and technology.
15. CASH Financial Services Group Limited is provision of brokerage of securities and derivatives, money lending services and investment management services.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

In view of the recent volatile in the stock market, the Board will adopt cautious measures to manage the Group's investment portfolio with an aim to provide positive return to the Group in the near future.

Save as disclosed herein and except for investment in subsidiaries, the Group did not have any significant investment in equity interest as at 30 June 2024.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND FUTURE PLANS FOR MATERIAL INVESTMENTS

Save as disclosed elsewhere in this report, there were no significant investments, material acquisitions or disposals of subsidiaries and affiliated companies during the period ended 30 June 2024.

Saved as disclosed in this report, there was no future plan for material investments or capital assets as at 30 June 2024.

UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The board of Directors (the “Board”) of AL Group Limited (the “Company”) announces the unaudited consolidated results of the Company and its subsidiaries (the “Group”) for the six months ended 30 June 2024 together with the comparative figures as follows:

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2024

| | Notes | Six months ended 30 June | |
|--|-------|---------------------------------|---------------------------------|
| | | 2024 HK\$'000 (Unaudited) | 2023 HK\$'000 (Unaudited) |
| Revenue | 4 | 15,046 | 27,278 |
| Other income | 5 | 1,450 | 826 |
| Other gains, net | 6 | 2,406 | 1,256 |
| Subcontracting and materials costs | | (9,133) | (21,414) |
| Employee benefit expenses | | (8,214) | (13,124) |
| Rental expenses | | (586) | – |
| Other expenses | 7 | (4,888) | (7,232) |
| Operating loss | | (3,919) | (12,410) |
| Finance income | | 120 | – |
| Finance costs | | (1,287) | (797) |
| Share of loss of an associate | | (170) | – |
| Loss before tax | | (5,256) | (13,207) |
| Income tax expense | 8 | – | – |
| Loss for the period | | (5,256) | (13,207) |
| (Loss)/profit for the period attributable to: | | | |
| Owners of the Company | | (5,879) | (12,322) |
| Non-controlling interests | | 623 | (885) |
| | | (5,256) | (13,207) |

UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income (Continued)

For the six months ended 30 June 2024

| | Notes | Six months ended 30 June | |
|---|-------|---------------------------------|---------------------------------|
| | | 2024 HK\$'000 (Unaudited) | 2023 HK\$'000 (Unaudited) |
| Other comprehensive income | | | |
| <i>Items that may be subsequently reclassified to profit or loss:</i> | | | |
| Exchange differences arising on translation of foreign operations | | 16 | – |
| <i>Items that will not be reclassified to profit or loss</i> | | | |
| Gain on change in fair value of financial assets at fair value through other comprehensive income | | 139 | 328 |
| Other comprehensive income for the period, net of tax | | 155 | 328 |
| Total comprehensive expense for the period, net of tax | | (5,101) | (12,879) |
| Total comprehensive (expense)/income for the period attributable to: | | | |
| Owners of the Company | | (5,724) | (11,994) |
| Non-controlling interests | | 623 | (885) |
| | | (5,101) | (12,879) |
| | | HK cents (Unaudited) | HK cents (Unaudited) |
| Loss per share | 10 | | |
| Basic | | (1.63) | (3.42) |
| Diluted | | N/A | N/A |

The above condensed consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Condensed Consolidated Statement of Financial Position

As at 30 June 2024

| | Notes | As at 30 June 2024 HK\$'000 (Unaudited) | As at 31 December 2023 HK\$'000 (Audited) |
|---|-------|---|---|
| Non-current assets | | | |
| Property, plant and equipment | 11 | 415 | 380 |
| Right-of-use assets | 12 | 278 | 556 |
| Goodwill | | 311 | – |
| Interests in associates | | – | 834 |
| Financial assets at fair value through other comprehensive income | | 1,801 | 1,662 |
| | | 2,805 | 3,432 |
| Current assets | | | |
| Inventories | | 246 | – |
| Trade and other receivables | 13 | 16,650 | 9,382 |
| Financial assets at fair value through profit or loss | 14 | 11,201 | 6,655 |
| Contract assets | 15 | 6,294 | 7,140 |
| Amount due from non-controlling interest | | 5 | 5 |
| Cash and cash equivalents | | 9,373 | 26,176 |
| | | 43,769 | 49,358 |
| Current liabilities | | | |
| Trade and other payables | 16 | 12,660 | 17,221 |
| Contract liabilities | 15 | 3,417 | 1,050 |
| Amount due to a shareholder | 17 | 2,739 | 1,975 |
| Amounts due to non-controlling interests | | 1,001 | 758 |
| Borrowings | | 5,775 | 5,160 |
| Current income tax payable | | 36 | 36 |
| | | 25,628 | 26,200 |

UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Condensed Consolidated Statement of Financial Position (Continued)

As at 30 June 2024

| | Notes | As at 30 June 2024 HK\$'000 (Unaudited) | As at 31 December 2023 HK\$'000 (Audited) |
|--|-------|---|---|
| Net current assets | | 18,141 | 23,158 |
| Total assets less current liabilities | | 20,946 | 26,590 |
| Non-current liabilities | | | |
| Borrowings | | – | 1,575 |
| Promissory note payable | | 489 | 463 |
| Bonds payable | 18 | 22,780 | 21,943 |
| Convertible bond | 19 | 3,074 | 2,905 |
| | | (26,343) | (26,886) |
| Net liabilities | | (5,397) | (296) |
| Equity | | | |
| Share capital | 20 | 36,027 | 36,027 |
| Reserves | | (41,745) | (36,021) |
| Equity attributable to owners of the Company | | (5,718) | 6 |
| Non-controlling interests | | 321 | (302) |
| Total equity | | (5,397) | (296) |

The above condensed consolidated statement of financial position should be read in conjunction with the accompanying notes.

UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2024

| | Attributable to owners of the Company | | | | | | | Total HK\$'000 | Non- controlling interests HK\$'000 | Total HK\$'000 | |
|---|---------------------------------------|------------------------------|------------------------------|--|------------------------------------|--|--|-------------------|--|-------------------|-----------------------------------|
| | Share capital HK\$'000 | Share premium HK\$'000 | Other reserve HK\$'000 | Investment revaluation reserve HK\$'000 | Translation reserve HK\$'000 | Share option reserve HK\$'000 | Convertible bond reserve HK\$'000 | | | | Accumulated losses HK\$'000 |
| At 1 January 2024 (Audited) | 36,027 | 134,917 | 5,922 | 11 | - | 4,447 | 2,234 | (183,552) | 6 | (302) | (296) |
| (Loss)/profit for the period | - | - | - | - | - | - | - | (5,879) | (5,879) | 623 | (5,256) |
| Other comprehensive income | - | - | - | 139 | 16 | - | - | - | 155 | - | 155 |
| Total comprehensive expense for the period | - | - | - | 139 | 16 | - | - | (5,879) | (5,724) | 623 | (5,101) |
| At 30 June 2024 (Unaudited) | 36,027 | 134,917 | 5,922 | 150 | 16 | 4,447 | 2,234 | (189,431) | (5,718) | 321 | (5,397) |
| At 1 January 2023 (Audited) | 36,027 | 134,917 | 5,922 | (370) | - | 150 | - | (167,695) | 8,951 | (24,525) | (15,574) |
| Loss for the period | - | - | - | - | - | - | - | (12,322) | (12,322) | (885) | (13,207) |
| Other comprehensive income | - | - | - | 328 | - | - | - | - | 328 | - | 328 |
| Total comprehensive expense for the period | - | - | - | 328 | - | - | - | (12,322) | (11,994) | (885) | (12,879) |
| Recognition of equity-settled share-based payments | - | - | - | - | - | 4,297 | - | - | 4,297 | - | 4,297 |
| Recognition of equity component of convertible bond (note 16) | - | - | - | - | - | - | 2,234 | - | 2,234 | - | 2,234 |
| Acquisition of a subsidiary | - | - | - | - | - | - | - | - | - | 463 | 463 |
| Capital injection of a subsidiary | - | - | - | - | - | - | - | - | - | 6 | 6 |
| Capital contribution to a subsidiary from non-controlling interests | - | - | - | - | - | - | - | - | - | 606 | 606 |
| At 30 June 2023 (Unaudited) | 36,027 | 134,917 | 5,922 | (42) | - | 4,447 | 2,234 | (180,017) | 3,488 | (24,335) | (20,847) |

The above condensed consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2024

| | Six months ended 30 June | |
|---|---------------------------------|---------------------------------|
| | 2024 HK\$'000 (Unaudited) | 2023 HK\$'000 (Unaudited) |
| Cash flows from operating activities | | |
| Net cash used in operations | (14,125) | (4,562) |
| Investment activities | | |
| Purchase of property, plant and equipment | (138) | (1,510) |
| Proceeds from disposal of property, plant and equipment | – | 600 |
| Purchase of financial assets at fair value through profit or loss | (18,219) | – |
| Proceeds from disposal of financial assets at fair value through profit or loss | 16,084 | – |
| Interest received | 120 | – |
| Dividend income from equity investments | 300 | 68 |
| Acquisition of subsidiaries | (327) | 285 |
| Disposal of a subsidiary | – | 448 |
| Net cash used in investing activities | (2,180) | (109) |
| Financing activities | | |
| Advance from a shareholder | 764 | – |
| Repayment to a shareholder | – | (920) |
| Proceeds from issue of convertible bond, net | – | 4,937 |
| Proceeds from borrowings | 540 | 1,575 |
| Repayment of borrowings | (1,500) | (1,300) |
| Finance costs paid | (16) | (8) |
| Payment of lease liabilities | (284) | (993) |
| Net cash (used in)/generated from financing activities | (496) | 3,291 |

UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Condensed Consolidated Statement of Cash Flows (Continued)

For the six months ended 30 June 2024

| | Six months ended 30 June | |
|---|---------------------------------|---------------------------------|
| | 2024 HK\$'000 (Unaudited) | 2023 HK\$'000 (Unaudited) |
| Net decrease in cash and cash equivalents | (16,801) | (1,380) |
| Cash and cash equivalents at beginning of the period | 26,176 | 12,205 |
| Effect of foreign exchange rate changes | (2) | – |
| Cash and cash equivalents at end of the period | 9,373 | 10,825 |
| Analysis of cash and cash equivalents at end of the period | | |
| Cash and bank balances | 9,373 | 10,825 |

The above condensed consolidated statement of cash flows should be read in conjunction with the accompanying notes.

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The Company has established a place of business in Hong Kong which is located at Unit 204A, 2/F, Century Centre, 44-46 Hung To Road, Kwun Tong, Kowloon, 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 and securities investment in Hong Kong.

The shares of the Company (the “Share(s)”) were listed on GEM of the Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

These Unaudited Condensed Consolidated Interim Financial Statements is presented in Hong Kong dollars (“HK\$”), and all values are rounded to nearest thousands (“HK\$’000”) except when otherwise stated.

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2 Basis of preparation

The Unaudited Condensed Interim Financial Statements has been prepared on a going concern basis, notwithstanding that the Group had net liabilities of approximately HK\$5,397,000 as at 30 June 2024. In the opinion of the directors, the Group is able to operate as a going concern and has sufficient working capital to finance its operations to meet its financial obligations when they fall due for at least twelve months from the date of approval of these condensed interim financial statements after taking into consideration the following:

- (a) The substantial shareholder of the Company, Mr. Lui Yu Kin, has agreed to provide financial support to the Company, if required, to enable the Group to meet its financial obligations as and when they fall due for the foreseeable future.
- (b) The executive director and Chairman of the Company, Mr. Chan Hung Kai, has agreed to provide financial support to the Company, if required, to enable the Group to meet its financial obligations as and when they fall due for the foreseeable future.
- (c) The Group is implementing various measures, such as optimising its overall sales network and undergoing effective cost control to improve the profit margin and operating cash flows of its business.
- (d) The Group will also continue to seek for other alternative financing and bank borrowings to finance the settlement of its existing financial obligations and future operating and capital expenditures.

Should the Group be unable to operate as a going concern, adjustments would have to be made to reduce the carrying amounts of the Group's assets to their net realisable amounts, to provide for further liabilities which might arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively. The effect of these adjustments has not been reflected in the condensed consolidated interim financial statements.

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

3 Material accounting policies

The Unaudited Condensed Consolidated Interim Financial Statements have been prepared in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants as well as the applicable disclosure requirements of Chapter 18 of the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited.

The Unaudited Condensed Consolidated Interim Financial Statements have been prepared in the historical basis, except for certain financial instruments which are measured at fair value, as appropriate.

Except as described below, the material accounting policies and methods of computation used in the Unaudited Interim Condensed Consolidated Financial Statements for the six months ended 30 June 2024 are the same as those presented in the Group’s annual financial statements for the year ended 31 December 2023.

New and amended standards adopted by the Group

The following new and amended standards have been adopted by the Group for the first time for the financial period beginning on or after 1 January 2024:

| | |
|----------------------------------|---|
| Amendments to HKFRS 16 | Lease Liability in a Sale and Leaseback |
| Amendments to HKAS 1 | Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) |
| Amendments to HKAS 1 | Non-current Liabilities with Covenants |
| Amendments to HKAS 7 and HKFRS 7 | Supplier Finance Arrangements |

The application of new and amended standards effective in respect of the current period had not resulted in significant impact on the Group’s Unaudited Interim Condensed Consolidated Financial Statements. The Group has also not applied any new or amended standards that are not effective in respect of the current period.

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

4 Revenue and Segment Information

Disaggregation of revenue from contracts with customers by major products or service lines is as follows:

| | Six months ended 30 June | |
|---|---------------------------------|-------------|
| | 2024 | 2023 |
| | HK\$'000 | HK\$'000 |
| | (Unaudited) | (Unaudited) |
| Design and fit out | | |
| Design and fit out | 14,250 | 25,618 |
| Maintenance and after sales services | 796 | 1,454 |
| Others | – | 206 |
| | 15,046 | 27,278 |
| Disaggregated by time of revenue recognition within the scope of HKFRS 15 | | |
| Over time | 14,250 | 25,824 |
| At point in time | 796 | 1,454 |
| | 15,046 | 27,278 |

Information reported to the executive directors of the Company, being the chief operating decision maker ("CODM"), for the purposes of resource allocation and assessment of segment performance focuses on types of goods or services delivered or provided.

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

4 Revenue and Segment Information (Continued)

Specially, the Group's reportable segments under HKFRS 8 Operating Segments are as follows:

- (i) Design and fit out services – provision of integrated interior design, fit out solutions and repair and maintenance services in Hong Kong.
- (ii) Securities investment – investment in equity securities listed in Hong Kong.

Segment revenue and results

The following is an analysis of the Group's revenue and results by reportable segments:

For the six months ended 30 June 2024

| | Design and fit out HK\$'000 | Securities investment HK\$'000 | Total HK\$'000 |
|-------------------------------|-----------------------------------|--------------------------------------|-------------------|
| Segment revenue | 15,046 | – | 15,046 |
| Segment (loss)/profit | (2,376) | 2,523 | 147 |
| Finance income | | | 120 |
| Unallocated other income | | | 996 |
| Unallocated other losses, net | | | (64) |
| Unallocated expenses | | | (5,015) |
| Share of loss of an associate | | | (170) |
| Finance costs | | | (1,270) |
| Loss before income tax | | | (5,256) |
| Income expense | | | – |
| Loss for the period | | | (5,256) |

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

4 Revenue and Segment Information (Continued)

For the six months ended 30 June 2023

| | Design and fit out HK\$'000 | Securities investment HK\$'000 | Total HK\$'000 |
|-------------------------------|-----------------------------------|--------------------------------------|-------------------|
| Segment revenue | 27,278 | – | 27,278 |
| Segment (loss)/profit | (4,272) | 68 | (4,204) |
| Finance income | | | 28 |
| Unallocated other income | | | 659 |
| Unallocated other losses, net | | | 1,083 |
| Unallocated expenses | | | (10,629) |
| Share of loss of an associate | | | – |
| Finance costs | | | (144) |
| Loss before income tax | | | (13,207) |
| Income expense | | | – |
| Loss for the period | | | (13,207) |

Segment revenue represents revenue from external customers. There were no inter-segment sales for the six months ended 30 June 2024 (six months ended 30 June 2023: Nil).

Segment profit/loss represents the profit earned by/loss from each segment without allocation of central administration costs, share of loss of an associate and finance costs. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

4 Revenue and Segment Information (Continued)

Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by reportable segments:

Segment assets

| | As at 30 June 2024 HK\$'000 (Unaudited) | As at 31 December 2023 HK\$'000 (Audited) |
|---------------------------------|--|---|
| Design and fit out | 22,439 | 17,007 |
| Securities investment | 13,002 | 8,317 |
| Total reportable segment assets | 35,441 | 25,324 |
| Unallocated assets | 11,133 | 27,466 |
| Consolidated assets | 46,574 | 52,790 |

Segment liabilities

| | As at 30 June 2024 HK\$'000 (Unaudited) | As at 31 December 2023 HK\$'000 (Audited) |
|--------------------------------------|--|---|
| Design and fit out | 10,333 | 12,727 |
| Securities investment | – | – |
| Total reportable segment liabilities | 10,333 | 12,727 |
| Unallocated liabilities | 41,638 | 40,359 |
| Consolidated liabilities | 51,971 | 53,086 |

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

4 Revenue and Segment Information (Continued)

Segment assets and liabilities (Continued)

For the purposes of monitoring segment performance and allocating resources between segments:

- all assets are allocated to operating segments other than goodwill, interests in associates, amount due from non-controlling interest and cash and cash equivalents; and
- all liabilities are allocated to operating segments other than amount due to a shareholder, borrowings, bonds payable, promissory note payable and convertible bond.

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

4 Revenue and Segment Information (Continued)

Geographical information

The Group's geographical segments are classified according to the location of its customers. Segment revenue from external customers by location of customers during the period is as follows:

Revenue from external customers

| | Six months ended 30 June | |
|-----------|---------------------------------|-------------|
| | 2024 | 2023 |
| | HK\$'000 | HK\$'000 |
| | (Unaudited) | (Unaudited) |
| Hong Kong | 15,046 | 27,278 |

Information about major customers

Revenue from individual customers contributing over 10% of the revenue of the Group is as follows:

| | Six months ended 30 June | |
|------------|---------------------------------|------------------|
| | 2024 | 2023 |
| | HK\$'000 | HK\$'000 |
| | (Unaudited) | (Unaudited) |
| Customer A | 2,451 | N/A [#] |
| Customer B | 2,000 | N/A [#] |
| Customer C | 1,661 | N/A [#] |
| Customer D | N/A* | 6,623 |
| Customer E | N/A* | 2,995 |
| Customer F | N/A* | 2,856 |

* The revenue from each of the customer D, customer E and customer F for the six months ended 30 June 2024 did not exceed 10% of the total revenue of the Group for the period.

[#] The revenue from the customer A, customer B and customer C for the six months ended 30 June 2023 did not exceed 10% of the total revenue of the Group for that period.

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

4 Revenue and Segment Information (Continued)

Geographical information (Continued)

The Group's geographical segments are also classified by the location of assets. Information about the Group's non-current assets by geographical location are detailed as below:

Non-current assets

| | As at 30 June 2024 HK\$'000 (Unaudited) | As at 31 December 2023 HK\$'000 (Audited) |
|-----------|--|---|
| Hong Kong | 1,004 | 1,770 |

Note: Non-current assets excluded financial assets at fair value through other comprehensive income.

5 Other income

| | Six months ended 30 June | |
|--|--|---------------------------------|
| | 2024 HK\$'000 (Unaudited) | 2023 HK\$'000 (Unaudited) |
| Dividend income from equity investments | | |
| – at fair value through other comprehensive income | 127 | 68 |
| – at fair value through profit or loss | 173 | – |
| | 300 | 68 |
| Consultancy fee income | 129 | 500 |
| Management fee income | 997 | – |
| Sundry income | 24 | 258 |
| | 1,450 | 826 |

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

6 Other gains, net

| | Six months ended 30 June | |
|---|---------------------------------|---------------------------------|
| | 2024 HK\$'000 (Unaudited) | 2023 HK\$'000 (Unaudited) |
| Gain on change in fair value of financial assets at fair value through profit or loss (Note 14) | 2,411 | – |
| Reversal of impairment loss on trade receivables, net | 21 | 174 |
| Reversal of impairment loss on contract assets | 32 | – |
| Reversal of trade receivables previously written off | 6 | – |
| (Loss)/gain on disposal of a subsidiary (Note 23) | (64) | 448 |
| Gain on disposal of property, plant and equipment | – | 634 |
| Other gains, net | 2,406 | 1,256 |

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

7 Other expenses

| | Six months ended 30 June | |
|---|---------------------------------|---------------------------------|
| | 2024 HK\$'000 (Unaudited) | 2023 HK\$'000 (Unaudited) |
| Advertisement costs | 1,303 | 8 |
| Auditor's remuneration | 525 | 480 |
| Building management fee | 45 | 458 |
| Equity-settled share-based payments to consultants | – | 62 |
| Depreciation of property, plant and equipment (Note 11) | 202 | 587 |
| Depreciation of right-of-use assets (Note 12) | 278 | 894 |
| Legal and professional fees | 855 | 1,378 |
| Travelling and entertainment | 863 | 1,220 |
| Other operating expenses | 817 | 2,145 |
| | 4,888 | 7,232 |

8 Income tax expense

No provision for Hong Kong profits tax for the six months ended 30 June 2024 and 30 June 2023 has been made in the condensed consolidated interim financial statements as the Group has no assessable profits both of these periods.

9 Dividends

No dividend has been paid or declared by the Company for the six months ended 30 June 2024 (2023: Nil).

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

10 Loss per share

(a) Basic 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, as follows:

| | Six months ended 30 June | |
|--|--------------------------|---------------------|
| | 2024 (Unaudited) | 2023 (Unaudited) |
| Loss attributable to owners of the Company (in HK\$'000) | (5,879) | (12,322) |
| Weighted average number of ordinary shares in issue ('000) | 360,274 | 360,274 |
| Basic loss per share (in HK cents) | (1.63) | (3.42) |

(b) Diluted loss per share

The calculation of diluted loss per share is based on the loss attributable to equity shareholders of the Company and weighted average number of ordinary shares, as follows:

(i) Loss

| | Six months ended 30 June | |
|---|---------------------------------|---------------------------------|
| | 2024 HK\$'000 (Unaudited) | 2023 HK\$'000 (Unaudited) |
| Loss for the purpose of basic loss per share | (5,879) | (12,322) |
| Adjustments for the calculation of diluted loss per share | | |
| – exercise of share options | N/A | N/A |
| – interest on convertible bond | N/A | 15 |
| Loss for the purpose of diluted loss per share | N/A | N/A |

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

10 Loss per share (Continued)

(b) Diluted loss per share (Continued)

(ii) Weighted average number of ordinary shares

| | Six months ended 30 June | |
|--|-----------------------------|-----------------------------|
| | 2024 '000 (Unaudited) | 2023 '000 (Unaudited) |
| Weighted average number of ordinary shares for the purpose of basic loss per share | 360,274 | 360,274 |
| Effect of exercise of Share Option 2020 | 470 | 734 |
| Effect of exercise of Share Option 2023 | – | 6,860 |
| Effect of conversion of convertible bond | – | 57 |
| Weighted average number of ordinary shares for the purpose of diluted loss per share | N/A | N/A |

The computation of diluted loss per share does not assume the conversion of convertible bond and exercise of Share Option 2023 as the conversion price of the convertible bond and the exercise price of the Share Option 2023 were both higher than the average market price for shares for six months ended 30 June 2024.

Diluted loss per share for the six months ended 30 June 2024 and 30 June 2023 are not presented as the effects arising from exercise of the Company's share options granted and conversion of convertible bond are anti-dilutive.

11 Property, plant and equipment

During the period, the Group acquired items of property, plant and equipment with a cost of approximately HK\$138,000 (six months ended 30 June 2023: approximately HK\$1,510,000). Depreciation for items of property, plant and equipment was approximately HK\$202,000 for the six months ended 30 June 2024 (six months ended 30 June 2023: approximately HK\$587,000).

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

12 Right-of-use assets

During the period, the Group had no additions of right-of-use assets (six months ended 30 June 2023: HK\$1,138,000). Depreciation for items of right-of-use assets charged to profit or loss in respect of the six months ended 30 June 2024 amounted to approximately HK\$278,000 (six months ended 30 June 2023: approximately HK\$894,000).

13 Trade and other receivables

| | As at 30 June 2024 HK\$'000 (Unaudited) | As at 31 December 2023 HK\$'000 (Audited) |
|---|--|---|
| Trade receivables (Note) | 4,091 | 2,863 |
| Less: Provision for impairment of trade receivables | (158) | (179) |
| Trade receivables, net | 3,933 | 2,684 |
| Prepayments, deposits and other receivables | 12,717 | 6,698 |
| | 16,650 | 9,382 |

Note:

The carrying amounts of trade receivables are denominated in HK\$.

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

13 Trade and other receivables (Continued)

Note: (Continued)

The Group grants credit term a period of not more than 30 days to certain customers. The ageing analysis of the Group's trade receivables (after impairment loss recognised) based on invoice date were as follows:

| | As at 30 June 2024 HK\$'000 (Unaudited) | As at 31 December 2023 HK\$'000 (Audited) |
|-------------------|--|---|
| 1–30 days | 3,152 | 1,451 |
| 31–60 days | 168 | 104 |
| 61–90 days | 335 | 130 |
| More than 90 days | 278 | 999 |
| | 3,933 | 2,684 |

As of 30 June 2024, trade receivables of approximately HK\$3,933,000 (31 December 2023: approximately HK\$2,684,000) were past due but not considered to be impaired because management closely monitors the credit quality of these customers and is of the view that the customers are of good credit quality and there is no recent history of default regarding the relevant customers.

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

14 Financial assets at fair value through profit or loss

| | As at 30 June 2024 HK\$'000 (Unaudited) | As at 31 December 2023 HK\$'000 (Audited) |
|---------------------------------------|--|---|
| Fair value | | |
| Equity securities listed in Hong Kong | 11,201 | 6,655 |

Financial assets at fair value through profit or loss, representing equity securities listed in Hong Kong, are all held for trading.

Gain on change in fair value of the equity securities listed in Hong Kong amounted to HK\$2,411,000 (six months ended 30 June 2023: nil) is included in other gains, net (Note 6).

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

15 Contract assets and contract liabilities

| | As at 30 June 2024 HK\$'000 (Unaudited) | As at 31 December 2023 HK\$'000 (Audited) |
|---|--|---|
| Contract assets | | |
| Design and fit out services | 6,533 | 7,411 |
| | 6,533 | 7,411 |
| Less: Impairment loss on contract assets recognised | (239) | (271) |
| | 6,294 | 7,140 |
| | | |
| | As at 30 June 2024 HK\$'000 (Unaudited) | As at 31 December 2023 HK\$'000 (Audited) |
| Contract liabilities | | |
| Design and fit out services | 3,417 | 1,050 |
| | 3,417 | 1,050 |

The contract assets primarily relate to the Group's right to consideration for work completed and not billed because the rights are conditioned on the Group's future performance.

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

16 Trade and other payables

| | As at 30 June 2024 HK\$'000 (Unaudited) | As at 31 December 2023 HK\$'000 (Audited) |
|---|--|---|
| Trade payables | 550 | 5,083 |
| Accrued employee benefit expenses | 405 | 353 |
| Accrued interest on amount due to a shareholder | 120 | 56 |
| Accrued interest on borrowings | 457 | 283 |
| Other accruals and payables | 10,833 | 10,867 |
| Lease liabilities | 295 | 579 |
| | 12,660 | 17,221 |

The carrying amounts of the trade payables approximate their fair values due to their short-term nature.

The ageing analysis of the trade payables based on invoice date was as follows:

| | As at 30 June 2024 HK\$'000 (Unaudited) | As at 31 December 2023 HK\$'000 (Audited) |
|----------------|--|---|
| Within 1 month | 54 | 1,302 |
| 1 to 2 months | 67 | 388 |
| 2 to 3 months | – | 304 |
| Over 3 months | 429 | 3,089 |
| | 550 | 5,083 |

The trade payables are non-interest bearing and are normally settled on terms of within 90 days.

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

17 Amount due to a shareholder

| | As at 30 June 2024 HK\$'000 (Unaudited) | As at 31 December 2023 HK\$'000 (Audited) |
|------------------------------|--|---|
| Amount due to Mr. Lui Yu Kin | 2,739 | 1,975 |

The amount due to the shareholder is unsecured, carries interest at 5% per annum and is repayable on demand.

18 Bonds payable

| | As at 30 June 2024 HK\$'000 (Unaudited) | As at 31 December 2023 HK\$'000 (Audited) |
|---|--|---|
| Unsecured bonds payable | | |
| – Within one year | – | – |
| – More than one year, but not exceeding two years | 22,780 | 21,943 |
| | 22,780 | 21,943 |
| Less: Amount shown under current liabilities | – | – |
| Amount shown under non-current liabilities | 22,780 | 21,943 |

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

18 Bonds payable (Continued)

Movements of the bonds payable are as follows:

| | As at 30 June 2024 HK\$'000 (Unaudited) | As at 31 December 2023 HK\$'000 (Audited) |
|--|--|---|
| At beginning of the period/year | 21,943 | 303 |
| Proceeds received on issue of bonds | – | 21,550 |
| Transaction costs incurred for bonds issue | – | (201) |
| Interest charge for the period/year | 837 | 615 |
| Repayment of bonds during the period/year | – | (300) |
| Interest paid during the period/year | – | (24) |
| At end of the period/year | 22,780 | 21,943 |

During the year ended 31 December 2023, the Company issued unsecured bonds to certain shareholders of the Company and third parties with the aggregate principal amounts of HK\$10,500,000 and HK\$11,050,000 respectively, which gave rise to a total proceed of HK\$10,500,000 and HK\$11,050,000 respectively (before expenses).

During the year ended 31 December 2023, the Company repaid a bond with the principal amount of HK\$300,000 for a consideration of HK\$300,000. During the period ended 30 June 2024, the Company has not issued or repaid any bonds payable. At the end of the reporting period, the bonds payable with the principal amount of HK\$21,550,000 (31 December 2023: HK\$21,550,000) remained outstanding.

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

18 Bonds payable (Continued)

An analysis of the bonds payable outstanding at 30 June 2024 and 31 December 2023 is as follows:

| Date of issue | Aggregate principal amount of bonds HK\$'000 | Interest rate per annum | Maturity date |
|------------------|---|----------------------------|------------------|
| 31 July 2023 | 1,500 | 5% | 30 July 2025 |
| 23 August 2023 | 9,050 | 8.0% | 22 November 2025 |
| 28 August 2023 | 10,500 | 8.0% | 27 November 2025 |
| 8 September 2023 | 500 | 8.0% | 7 December 2025 |
| | 21,550 | | |

The effective interest rate of the bonds payable in respect of six months period ended 30 June 2024 and year ended 31 December 2023 ranged from 4.88% to 8.09% per annum.

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

19 Convertible bond

On 22 May 2023, the Company issued 3% convertible bond (the “Convertible Bond”) due on 21 May 2030 with the aggregate principal amount of HK\$5,000,000 to a third party for a cash consideration of HK\$5,000,000. The Bond can be converted into ordinary shares of the Company at an initial conversion price of HK\$1.80 per share at the maturity date of 21 May 2030. The Company is entitled to redeem all or part of the Bond from the date of issue at the consideration which is equal to the principal amount of the bonds redeemed together with any accrued interest.

Under the terms of the Convertible Bond, unless previously redeemed, converted, or purchased and cancelled, the outstanding Bond will be fully redeemed on 21 May 2030 at 100% of principal amount of the bonds together with accrued interest.

The Convertible Bond contains two components: liability and equity (the conversion right) elements. The fair value of the liability component and equity component at the date of issue was valued by an external valuer. The fair value of the liability component at the date of issue was estimated using the effective interest rate of approximately 12.20% per annum. The fair value of the equity component at the date of issue was valued using the Black-Scholes model.

Movements of the liability component and equity component of the Bond for the period are set out below:

| | Liability components HK\$'000 | Equity components HK\$'000 | Total HK\$'000 |
|--|-------------------------------------|----------------------------------|-------------------|
| Fair value of Bond at date of issue | 2,737 | 2,263 | 5,000 |
| Transaction costs incurred for issue of Bond | (34) | (29) | (63) |
| Carrying amount at date of issue | 2,703 | 2,234 | 4,937 |
| Imputed interest charge for the year | 202 | – | 202 |
| At 31 December 2023 (Audited) | 2,905 | 2,234 | 5,139 |
| Imputed interest charge for the period | 169 | – | 169 |
| At 30 June 2024 (Unaudited) | 3,074 | 2,234 | 5,308 |

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

20 Share capital and share premium

Authorised share capital

| | Number of ordinary shares | Nominal value of ordinary shares |
|---|--------------------------------------|---|
| | '000 | HK\$'000 |
| At 1 January 2023 (audited), 31 December 2023 (audited) and 30 June 2024 (unaudited) | 1,000,000 | 100,000 |

Issued and fully paid share capital and share premium

| | Issued and fully paid share capital | | |
|---|--|---|--------------------------|
| | Number of ordinary shares | Nominal value of ordinary shares | Share premium |
| | '000 | HK\$'000 | HK\$'000 |
| As at 1 January 2023 (audited), 31 December 2023 (audited) and 30 June 2024 (unaudited) | 360,274 | 36,027 | 134,917 |

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

21 Share-based Payment Transactions

Equity-settled share option scheme of the Company

2016 Share Option Scheme

The Company's share option scheme was conditionally adopted pursuant to a resolution passed by its sole shareholder on 15 June 2016 (the "2016 Share Option Scheme") and become unconditional on 12 July 2016 for the purpose of attracting and retaining the best available personnel, to provide additional incentive to selected participants, including directors of the Company and eligible employees of the Group to promote the success of the business of the Group. The 2016 Share Option Scheme adopted and became effective on 15 June 2016 for a period of 10 years.

The subscription price of the options granted is the highest of (i) the closing price of the Company's shares on the date of the offer of grant, which must be a business day; (ii) the average closing price of the Company's shares for the five trading days immediately preceding the date offer of grant; (iii) the nominal value of the share.

The maximum number of shares of the Company which may be issued upon exercise of all options granted under the 2016 Share Option Scheme or other schemes adopted by the Company must not in aggregate exceed 30% of its issued share capital of the Company from time to time. The total number of shares which may be issued upon exercise of all options to be granted under the 2016 Share Option Scheme and any other share option scheme of the Company must not exceed 10% of the shares in issue upon the date on which the shares are listed and permitted to be dealt in the Stock Exchange.

The 2016 Share Option Scheme was terminated pursuant to a special resolution passed by its shareholders on 20 October 2023. Upon the termination of the 2016 Share Option Scheme, no further share options would be offered under the 2016 Share Option Scheme but the 2016 Share Option Scheme would in other respects remain in force to the extent necessary to give effect to the exercise of the outstanding options. Any outstanding options will continue to be valid and exercisable in accordance with the terms of the 2016 Share Option Scheme.

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

21 Share-based Payment Transactions (Continued)

Equity-settled share option scheme of the Company (Continued)

2023 Share Option Scheme

On 20 October 2023, a new share option scheme was adopted by the shareholders at the extraordinary general meeting of the Company (the "2023 Share Option Scheme") for the purpose of providing an incentive to selected eligible participants in order to retain them for the continual operation and development of the Group and attract suitable personnel for further development of the Group. Eligible participants of the 2023 Share Option Scheme include, among others, (i) any employee (whether full-time or part-time, and including any person who are granted options under the 2023 Share Option Scheme as an inducement to enter into employment contracts with any member of the Group); and (ii) any director (excluding independent non-executive directors of the Company) of any member of the Group.

The 2023 Share Option Scheme has a life of ten years and no options were granted since the date of its adoption.

A summary of the general terms of the 2023 Share Option Scheme are as follows:

(i) Scheme mandate limit

The maximum number of shares which may be allotted and issued in respect of all options and awards to be granted under the 2023 Share Option Scheme and any other share schemes shall not in aggregate exceed 10% of the total number of Shares in issue as at the date of approval of the 2023 Share Option Scheme.

(ii) Grant of share options to connected person

The grant of share options to connected person (including director, chief executive or substantial shareholder of the Company or their respective associates) must be approved by the independent non-executive directors of the Company.

(iii) Maximum entitlement of each eligible participant

The total number of shares issued and to be issued upon exercise of the share options granted to each eligible participant or grantee (including exercised and outstanding options) in any 12-month period up to the date of grant shall not exceed 1% of the total number of shares of the Company in issue.

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

21 Share-based Payment Transactions (Continued)

Equity-settled share option scheme of the Company (Continued)

2023 Share Option Scheme (Continued)

(iv) *Time of exercise of options*

The exercise period of the share options granted is determinable by the directors of the Company, and ends on a date which is no longer than ten years from the date of grant of the share options.

(v) *Acceptance of offer*

The date of grant of share options shall be accepted by the grantee within 10 days from the date of offer and notify the Company that he/she would accept the offer and the terms of the offer.

(vi) *Subscription price for shares*

The exercise price of share options shall be determinable by the directors of the Company at its absolute discretion, but in any event will not be less than the highest of (i) the closing price of the shares on the Stock Exchange as shown in the Stock Exchange daily quotations sheet on the offer date, which must be a business day; and (ii) the average closing price of the shares as shown in the Stock Exchange daily quotation sheets for the five business days immediately preceding the offer date.

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

21 Share-based Payment Transactions (Continued)

Equity-settled share option scheme of the Company (Continued)

(a) Share Option 2020

On 9 October 2020, certain share options were granted to (and accepted by) the grantees under 2016 Share Option Scheme (the "Share Option 2020"). These share options granted are fully exercisable at the date of acceptance.

Movements in the Share Option 2020 granted and remained outstanding during the six months ended 30 June 2024 and year ended 31 December 2023 are as follows:

| | Weighted average exercise price HK\$ | Number of share options | | |
|--|--|-------------------------|--------|-------|
| | | Employees | Others | Total |
| | | '000 | '000 | '000 |
| At 1 January 2023, 31 December 2023 and 30 June 2024 | 0.363 | 947 | – | 947 |

The exercise price and exercise period of the share options outstanding as at 30 June 2024 and 31 December 2023 are as follows:

| Number of options '000 | Exercise price per share HK\$ | Exercise period |
|---------------------------|----------------------------------|-------------------------------------|
| 947 | 0.363 | 9 October 2020 to 8 October 2030 |

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

21 Share-based Payment Transactions (Continued)

Equity-settled share option scheme of the Company (Continued)

(b) Share Option 2023

On 19 January 2023, options to subscribe 22,116,000 shares at the exercise price at HK\$1.10 per share was granted to grantees under 2016 Share Option Scheme, in which options to subscribe 21,930,000 shares were accepted by the grantees and options to subscribe 186,000 shares were cancelled ("Cancelled Share Options"). None of any Cancelled Share Options has been exercised.

Movements in the Share Option 2023 during the six months ended 30 June 2024 and year ended 31 December 2023 are as follows:

| | Weighted average exercise price HK\$ | Number of share options | | | Total '000 |
|---|--|-------------------------|-----------|--------|---------------|
| | | Directors | Employees | Others | |
| | | '000 | '000 | '000 | |
| At 1 January 2023 | – | – | – | – | – |
| Granted during the year ended 31 December 2023 | 1.100 | 7,200 | 14,400 | 330 | 21,930 |
| At 31 December 2023 and 30 June 2024 | 1.100 | 7,200 | 14,400 | 330 | 21,930 |

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

21 Share-based Payment Transactions (Continued)

Equity-settled share option scheme of the Company (Continued)

(b) Share Option 2023 (Continued)

The exercise price and exercise period of the share options outstanding as at 30 June 2024 and 31 December 2023 are as follows:

| Number of options | Exercise price per share | Exercise period |
|--------------------------|---------------------------------|---------------------------------------|
| '000 | HK\$ | |
| 330 | 1.10 | 19 January 2026 to 18 January 2033 |
| 21,600 | 1.10 | 19 January 2023 to 18 January 2033 |

The fair value of the share options to subscribe 21,930,000 shares granted on 19 January 2023 was estimated to be HK\$4,297,000, which was calculated using the binomial option pricing model.

No other feature of the options granted was incorporated into the measurement of fair value.

The Group recognised the total expense of approximately HK\$4,297,000 for the year ended 31 December 2023 in relation to share options granted by the Company.

At the end of the reporting period, the Company had approximately 22,877,000 (31 December 2023: 22,877,000) share options outstanding under the Company share option schemes, which represents approximately 6.35% of the Company's shares in issue as at that date. The exercise in full of the outstanding share options would, under the capital structure of the Company as at 30 June 2024, result in the issue of approximately 22,877,000 (31 December 2023: 22,877,000) additional ordinary shares of the Company which would give rise to the total proceeds of approximately HK\$24,467,000 (31 December 2023: HK\$24,467,000).

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

21 Share-based Payment Transactions (Continued)

Equity-settled share award scheme of the Company

On 20 October 2023, the Company has adopted the share award scheme (the "Share Award Scheme"), in which the employees selected by the board of directors of the Company (the "Board") for participation in the Share Award Scheme (the "Eligible Participant") will be entitled to participate and pursuant to which awards will be satisfied by (i) shares of the Company transferred to the Trustee, appointed by the Company, from any person by way of gifts, or (ii) subscribed or purchased by the Trustee by utilizing the funds received by the Trustee.

The purpose of the Share Award Scheme are (i) to recognise the contributions by certain Eligible Participants and to provide them incentives in order to retain them for the continual operation and development of the Group; and (ii) to attract suitable personnel for further development of the Group.

Subject to any early termination as may be determined by the Board in accordance with the scheme rules, the Share Award Scheme shall be valid and effective for 10 years from the date of adoption.

The Share Award Scheme shall be subject to the administration of the Board and the Trustee in accordance with the scheme rules and the trust deed entered into between the Company and the Trustee (the "Trust Deed"). The Trustee shall hold the shares of the Company and the other trust funds (the "Trust Fund") in accordance with the terms of the trust deed (the "Trust Deed").

Pursuant to the term of the Share Award Scheme, the Board may, from time to time, at its absolute discretion select any employee (other than any excluded employee) to be a Eligible Participant and grant an award to such Eligible Participant in accordance with the scheme rules. No award shall be granted by the Board to Eligible Participant and no instructions to acquire any shares shall be given by the Board to the Trustee pursuant to the scheme rules where dealings in the shares are prohibited under any code or requirement of the Listing Rules and all applicable laws from time to time.

Where any grant of awarded shares is proposed to be made to any Eligible Participant who is a director (including an independent non-executive director), such grant must first be approved by all the members of the Remuneration Committee, or in the case where the grant is proposed to be made to any member of the remuneration committee of the Company, by all of the other members of the remuneration committee of the Company.

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

21 Share-based Payment Transactions (Continued)

Equity-settled share award scheme of the Company (Continued)

In the event that the grant of an award to any connected person of the Company constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules, the Company shall comply with the applicable reporting, announcement or independent shareholders' approval requirements.

Subject to the scheme rules, the Board shall determine from time to time such vesting criteria and conditions or periods for an award to be vested. Prior to the vesting date, any award made hereunder shall be personal to the Eligible Participant to whom it is made and shall not be assignable and no Eligible Participant shall in any way sell, transfer, charge, mortgage, encumber or create any interest in favour of any other person over or in relation to the awarded shares referable to him/her pursuant to such award.

In the event that prior to or on the vesting date, a Eligible Participant is found to be an excluded employee or is deemed to cease to be an employee, the relevant award made to such Selected Employee shall automatically lapse forthwith and the relevant awarded shares shall not vest on the relevant vesting date but shall remain part of the Trust Fund.

No awarded shares have been granted by the Company during the six months ended 30 June 2024 and the year ended 31 December 2023 since the date of adoption of the Share Award Scheme of 20 October 2023.

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

22 Acquisition of subsidiaries

Acquisitions during the six months ended 30 June 2024

| | HK\$'000 |
|---|----------|
| Net cash (outflow)/inflow arising from acquisition of | |
| – More Money Credit Limited (Note (a)) | (396) |
| – Sing Yu Design Engineering Limited (Note (b)) | 69 |
| Net cash outflow from acquisition of subsidiaries | (327) |

Notes:

(a) *Acquisition of More Money Credit Limited*

On 14 December 2023, the Company entered into a sale and purchase agreement with a third party, under which the Company has agreed to acquire 100% equity interest in More Money Credit Limited (“More Money”) for an aggregate cash consideration of HK\$400,000. Completion of the acquisition took place on 4 January 2024.

More Money is principally engaged in money lending business in Hong Kong. The acquisition of More Money could enable the Group to explore the potential business opportunity to expand the income stream of the Group in future.

The acquisition of More Money has been accounted for as acquisition of business using the acquisition method.

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

22 Acquisition of subsidiaries (Continued)

Acquisitions during the six months ended 30 June 2024 (Continued)

Notes: (Continued)

(a) *Acquisition of More Money Credit Limited (Continued)*

The effect of the acquisition is summarised as follows:

| | HK\$'000 |
|-------------------------|----------|
| Cash consideration paid | 400 |

The acquisition related costs are insignificant and are included in other expenses.

| | HK\$'000 |
|---|----------|
| Assets acquired and liabilities recognised at the date of acquisition | |
| Property, plant and equipment | 102 |
| Cash and cash equivalents | 4 |
| Trade and other payables | (12) |
| Total identifiable net assets acquired | 94 |

Goodwill arising on acquisition

| | HK\$'000 |
|---|----------|
| Consideration transferred | 400 |
| Less: recognised amounts of net assets acquired | (94) |
| Goodwill arising on acquisition | 306 |

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

22 Acquisition of subsidiaries (Continued)

Acquisitions during the six months ended 30 June 2024 (Continued)

Notes: (Continued)

(a) *Acquisition of More Money Credit Limited (Continued)*

An analysis of cash flows in respect of the acquisition of More Money is as follows:

| | HK\$'000 |
|--|----------|
| Cash consideration paid | (400) |
| Cash and cash equivalents acquired | 4 |
| Net outflow of cash and cash equivalents | (396) |

Had the acquisition been completed on 1 January 2024, revenue for the six months ended 30 June 2024 of the Group would have been HK\$15,046,000 and loss for the period of the Group would have been HK\$5,256,000. The pro forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would be achieved had the acquisition been completed on 1 January 2024, nor is it intended to be a projection of those results.

(b) *Acquisition of Sing Yu Design Engineering Limited*

On 19 March 2024, a wholly-owned subsidiary of the Company, Easy United Holdings Limited ("Easy United"), entered into a sale and purchase agreement with a third party, under which Easy United has agreed to acquire 100% equity interest in Sing Yu Design Engineering Limited ("Sing Yu") for an aggregate cash consideration of HK\$40,000. Completion of the acquisition took place on 19 March 2024.

Sing Yu is principally engaged in provision of interior design and fit out solutions services in Hong Kong. The acquisition of Sing Yu would allow the Group to expand its interior design and fit-out solution business.

The acquisition of Sing Yu has been accounted for as acquisition of business using the acquisition method.

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

22 Acquisition of subsidiaries (Continued)

Acquisitions during the six months ended 30 June 2024 (Continued)

Notes: (Continued)

(b) *Acquisition of Sing Yu Design Engineering Limited (Continued)*

The effect of the acquisition is summarised as follows:

| | HK\$'000 |
|-------------------------|----------|
| Cash consideration paid | 40 |

The acquisition related costs are insignificant and are included in other expenses.

| | HK\$'000 |
|---|----------|
| Assets acquired and liabilities recognised at the date of acquisition | |
| Cash and cash equivalents | 109 |
| Trade and other payables | (74) |
| Total identifiable net assets acquired | 35 |

Goodwill arising on acquisition

| | HK\$'000 |
|---|----------|
| Consideration transferred | 40 |
| Less: recognised amounts of net assets acquired | (35) |
| Goodwill arising on acquisition | 5 |

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

22 Acquisition of subsidiaries (Continued)

Acquisitions during the six months ended 30 June 2024 (Continued)

Notes: (Continued)

(b) *Acquisition of Sing Yu Design Engineering Limited (Continued)*

An analysis of cash flows in respect of the acquisition of Sing Yu is as follows:

| | HK\$'000 |
|---|----------|
| Cash consideration paid | (40) |
| Cash and cash equivalents acquired | 109 |
| Net inflow of cash and cash equivalents | 69 |

Had the acquisition been completed on 1 January 2024, revenue for the six months ended 30 June 2024 of the Group would have been HK\$15,046,000 and loss for the period of the Group would have been HK\$5,256,000. The pro forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would be achieved had the acquisition been completed on 1 January 2024, nor is it intended to be a projection of those results.

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

23 Disposal of a subsidiary

Disposal during the six months ended 30 June 2024

On 30 June 2024, the Company entered into a sale and purchase agreement with a third party to dispose of 100% equity interest in Action Point International Limited ("Action Point"). Action Point is an investment holding company and holds 35% equity interest in LKD Group Holding Limited ("LKD"), which is principally engaged in provision of food catering services. Pursuant to the sale and purchase agreement, the cash consideration for the disposal amounted to HK\$600,000, which shall be paid within 12 months after the completion. The completion of disposal of Action Point took place on 30 June 2024 and the Group had not retained equity interest in Action Point after the disposal. The proceeds from disposal of Action Point of HK\$600,000 were not yet received by the Group up to the end of the reporting period and are included in other receivables.

An analysis of assets and liabilities over which control was lost:

| | HK\$000 |
|-----------------------------|---------|
| Interest in an associate | 664 |
| Amount due to the Company | (4,518) |
| Net liabilities disposed of | (3,854) |

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

23 Disposal of a subsidiary (Continued)

Disposal during the six months ended 30 June 2024 (Continued)

Loss on disposal of subsidiary

| | HK\$000 |
|--|---------|
| Cash consideration receivable | 600 |
| Impairment loss recognised on amounts due by the subsidiary to the Company | (4,518) |
| Net liabilities disposed of | 3,854 |
| Loss on disposal of a subsidiary (Note 6) | (64) |

An analysis of cash flows from the disposal of a subsidiary is as follows:

| | HK\$000 |
|--|---------|
| Cash consideration for disposal received | – |
| Cash and cash equivalents disposed of | – |
| Net cash inflows from disposal of subsidiary | – |

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

23 Disposal of a subsidiary (Continued)

Disposal during the six months ended 30 June 2023

On 13 March 2023, the Company disposed of 100% equity interest in a subsidiary, Legacy Infinity Global Asset Management Limited (“Legacy Infinity”), for an aggregate cash consideration approximately HK\$639,000. Legacy Infinity is principally engaged in the provision of insurance brokerage.

An analysis of assets and liabilities over which control was lost:

| | HK\$'000 |
|------------------------|----------|
| Cash and bank balances | 89 |
| Net assets disposed of | 89 |

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

23 Disposal of a subsidiary (Continued)

Disposal during the six months ended 30 June 2023 (Continued)

Gain on disposal of a subsidiary

| | HK\$'000 |
|---|----------|
| Cash consideration | 639 |
| Less: costs in connection with the disposal | (102) |
| Net assets disposed of | (89) |
| <hr/> | |
| Gain on disposal of a subsidiary (Note 6) | 448 |

An analysis of cash flows from the disposal of a subsidiary is as follows:

| | HK\$'000 |
|--|----------|
| Net cash consideration received | 537 |
| Cash and cash equivalents disposed of | (89) |
| <hr/> | |
| Net cash flows from disposal of subsidiary | 448 |

24 Contingent liabilities

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 30 June 2024, the Group had paid for certain refundable deposits with the aggregate amount of HK\$1,238,000 (year ended 31 December 2023: HK\$179,000) to an insurance company for surety bonds issued in favour of certain customers by the insurance company amounted to approximately HK\$1,877,000 (year ended 31 December 2023: HK\$299,000) which remained outstanding at the end of the reporting period. Where the Group fails to provide satisfactory performance to the customers, the customers 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.

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

25 Related-party transactions

- (a) In addition to transactions and balances with certain related parties disclosed elsewhere in the consolidated financial statements, the Group had the following related party transactions:

| | Six months ended 30 June | |
|---|---------------------------------|-------------|
| | 2024 | 2023 |
| | HK\$'000 | HK\$'000 |
| | (Unaudited) | (Unaudited) |
| Management fee income from an former associate | 997 | – |
| Loan interest expense to a director | 41 | – |
| Loan interest expense to a shareholder (Note 17) | 65 | 15 |
| Bonds interest expenses to shareholders (Note 18) | 419 | – |
| | 1,522 | 15 |

- (b) Key management compensation

Key management includes directors and senior management. The compensation paid or payable to key management for employee services is shown below:

| | Six months ended 30 June | |
|---|---------------------------------|-------------|
| | 2024 | 2023 |
| | HK\$'000 | HK\$'000 |
| | (Unaudited) | (Unaudited) |
| Basic salaries and bonus | 2,623 | 2,496 |
| Pension costs – defined contribution plan | 110 | 96 |
| | 2,733 | 2,592 |

SUPPLEMENTARY INFORMATION

Principal Risks and Uncertainties

The business operations and results of the Group may be affected by various factors, some of which are external causes and some are inherent to the business. The Board is aware that the Group is exposed to various risks and the principal risks and uncertainties are summarised below:

- Failure to obtain new contracts could materially affect our financial performance;
- We rely on our management team in operating our business;
- We rely on our ability to successfully meet customers' and end users' preference by delivering our interior design solutions in a timely manner;
- We rely on the performance of our project management staff; and
- We rely on our suppliers to complete certain projects and are subject to risk arising from the non-compliance, late performance or poor performance by such suppliers. Also, there is no assurance that these suppliers will be able to continue to provide services to us at fees acceptable to us.

Changes of Directors' Information under Rule 17.50A(1) of the GEM Listing Rules

The Company is not aware of any change in the directors' information which are required to be disclosed pursuant to Rule 17.50A(1) of the GEM Listing Rules since the date of the 2023 annual report.

Share Option Scheme

Details of the share option scheme of the Group are set out in Note 21 to the unaudited interim condensed consolidated financial statement.

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 30 June 2024, 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:

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 30 June 2024 (%) |
|--------------------|--------------------|-----------------------|------------------------|------------|--|
| | | | | | |
| Chan Hung Kai | Beneficial owner | 18,941,200 | 3,600,000 | 22,541,200 | 6.26 |
| | Interest of spouse | 39,600 (Note 1) | – | 39,600 | 0.01 |
| Chung Kar Ho Carol | Beneficial Owner | 3,468,000 | – | 3,468,000 | 0.96 |

Note:

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

SUPPLEMENTARY INFORMATION (CONTINUED)

Saved as disclosed above, as at 30 June 2024, 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.

Substantial shareholder's Interests and/or Short Position in Shares and Underlying Shares of the Company

So far as the Directors are aware, as at 30 June 2024, 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 30 June 2024 (%) |
|----------------------------|--|--------------------------------------|---|
| Lui Yu Kin | Beneficial owner | 80,104,000 | 22.23 |

SUPPLEMENTARY INFORMATION (CONTINUED)

Saved as disclosed above, as at 30 June 2024, 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 Business

During the six months ended 30 June 2024, 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 six months ended 30 June 2024, 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 six months ended 30 June 2024.

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 six months ended 30 June 2024.

SUPPLEMENTARY INFORMATION (CONTINUED)

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 interim report for the six months ended 30 June 2024.

As at the date of this report, the executive Directors are Mr. Chan Hung Kai, Mr. Chung Kar Ho Carol and Mr. Kwan Tek Sian; and the independent non-executive Directors are Mr. Tse Chi Shing, Mr. Tse Wai Hei and Mr. Tam Chak Chi.