

# TARGET

## Intelligence Report

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### **AL GROUP LTD: IS THERE A LIKELY FUTURE FOR THIS COMPANY ?**

Whether or not AL Group Ltd (利駿集團[香港]有限公司) (Code: 8360, The Growth Enterprise Market – The GEM – The Stock Exchange of Hongkong Ltd) will be able to continue as a going concern for the remaining months of this calendar year, ending December 31, 2024, is open to the divine council of gods.

Senior Management of the Company, reported in its 2023 Annual Report – which was published and disseminated in The Hongkong Special Administrative Region (HKSAR) of The People's Republic of China (PRC) on or about Thursday, March 28, 2024, with regard to the Financial Year, ended December 31, 2023 – has stated, at Pages 60 and 61, as the '**Basis of Preparation of Consolidated Financial Statements**' of a '**Going concern basis**,' has imparted the following intelligence to the shareholders of the Company:

*'Notwithstanding that the Group incurred net losses approximately HK\$17,641,000 and HK\$20,788,000 for the years ended 31 December 2023 and 2022 respectively; and the total liabilities of the Group at 31 December 2023 exceed the Group's total assets at that date by approximately HK\$296,000, the directors of the Company consider it appropriate for the preparation of the consolidated financial statements on a going concern basis for at least twelve months after the end of the reporting period after taking into account the following circumstances and measures:*

*'(a) The substantial shareholder of the Company, Mr. Lui Yu Kin (呂宇健), has agreed to provide loan to the extent of HK\$5,000,000 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 (陳洪楷), has agreed to provide loan to the extent of HK\$5,000,000 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.’*

*‘The directors of the Company are of the opinion that, taking into account the above-mentioned plans and measures, the Group will have sufficient working capital to finance its operations and to meet its financial obligations as and when they fall due for at least twelve months after 31 December 2023. Accordingly, the consolidated financial statements have been prepared on a going concern basis.*

*‘Material uncertainty regarding the Group’s ability to operate as a going concern exists as to whether management of the Group will be able to achieve its plans and measures as described above. 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 consolidated financial statements.’*

### **ABOUT AL GROUP LTD AND ITS FINANCIALS**

AL Group Ltd was incorporated in the Cayman Islands on February 1, 2016. The Company is an exempted company with limited liability under the Companies Law (2010 Revision) of the Cayman Islands.

AL Group Ltd 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 services as well as overall project management and securities investment in the HKSAR.

The shares of the Company were listed on The GEM of The Stock Exchange of Hongkong Ltd on July 12, 2016.

At Page 54 of the 2023 Annual Report, the ‘**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**’ was introduced as follows:

	For The Financial Year, Ended December 31		Percentage Increase/(Decrease)*
	2023	2022	
	All Figures Are Denominated In SHK’000 (except where otherwise stipulated)		
Revenue	63,812	140,064	(54.44)
Operating Loss	(14,769)	(19,001)	(22.27)
Loss Before Income Tax	(17,605)	(20,788)	(15.31)
Loss For The Year Attributable To	(15,857)	(17,919)	(11.51)

Shareholders Of The Company			
Loss For The Year	(17,641)	(20,788)	(15.14)
Loss Per Share (basic and diluted)	(4.40) cents	(5.04) cents	(12.70)

\* These are **TARGET**'s calculations.

At Page 97 of the 2023 Annual Report, under Note Six of the '**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**,' subhead, '**Revenue and Segment Information**,' was presented:

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

	2023 <u>HK\$'000</u>	2022 <u>HK\$'000</u>
Design and fit out:	62,213	138,694
Design:	505	600
Maintenance and after sales services:	<u>1,094</u>	<u>770</u>
	<u><b>63,812</b></u>	<u><b>140,064</b></u>

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