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SLD

STEVE LEUNG DESIGN GROUP LIMITED
梁志天設計集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2262)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2020

FINANCIAL HIGHLIGHTS

	For the six months period ended 30 June		
	2020	2019	% Change
	(Unaudited)	(Unaudited)	
Results:			
Revenue for the period (HK$'million)	**186.9**	221.5	(15.6%)
Profit (loss) for the period (HK$'million)	**6.4**	(8.5)	175.3%
Financial Information:			
Basic earnings (loss) per share (HK cents)	**0.53**	(0.76)	169.7%
Net assets value per share (HK$)	**0.40**	0.37	8.1%

Bank Balances and Cash:

As at 30 June 2020, the Group had bank balances and cash of approximately HK$185.5 million.

Interim Dividend:

The Board does not recommend the payment of interim dividend for the six months period ended 30 June 2020.

INTERIM RESULTS

The board (the "**Board**") of directors (the "**Directors**") of STEVE LEUNG DESIGN GROUP LIMITED 梁志天設計集團有限公司 (the "**Company**") hereby announces the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively, the "**Group**") for the six months period ended 30 June 2020 (the "**Period**") together with the unaudited comparative figures for the corresponding six months period ended 30 June 2019 (the "**Previous Period**") as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2020

	NOTES	Six months period ended 30 June **2020** **(Unaudited)** ***HK$'000***	 2019 (Unaudited) *HK$'000*
Revenue	3	**186,932**	221,468
Cost of sales		**(107,011)**	(144,133)
Gross profit		**79,921**	77,335
Other gains and losses		**(111)**	648
Impairment losses under expected credit loss model, net	4	**(5,121)**	(1,786)
Other income		**8,135**	7,209
Administrative expenses		**(66,637)**	(78,714)
Finance costs		**(2,059)**	(1,181)
Profit before taxation		**14,128**	3,511
Income tax expense	5	**(7,695)**	(11,972)
Profit (loss) for the period	6	**6,433**	(8,461)
Other comprehensive expense that may be reclassified subsequently to profit or loss			
Exchange differences arising on translation of foreign operations		**(3,985)**	(3,761)
Total comprehensive income (expense) for the period		**2,448**	(12,222)
Profit (loss) for the period attributable to:			
– Owners of the Company		**6,073**	(8,617)
– Non-controlling interests		**360**	156
		6,433	(8,461)
Total comprehensive income (expense) for the period attributable to:			
– Owners of the Company		**2,505**	(12,344)
– Non-controlling interests		**(57)**	122
		2,448	(12,222)
Earnings (loss) per share (expressed in Hong Kong cents)	8		
– Basic		**0.53**	(0.76)
– Diluted		**0.53**	(0.76)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 JUNE 2020

	NOTES	**30 June 2020 (Unaudited) *HK$'000***	31 December 2019 (Audited) *HK$'000*
Non-current Assets			
Property, plant and equipment	*9*	**28,204**	20,266
Right-of-use assets	*9*	**70,312**	63,053
Intangible assets		**3,094**	3,546
Goodwill		**1,185**	1,203
Deposits paid for acquisition of property, plant and equipment	*11*	**5,135**	9,314
Rental deposits	*11*	**3,016**	2,310
Deferred tax assets		**21,364**	21,266
		132,310	120,958
Current Assets			
Inventories		**1,232**	1,162
Trade receivables	*10*	**217,231**	198,946
Other receivables, deposits and prepayments	*11*	**91,251**	27,949
Contract assets	*12*	**58,693**	51,935
Tax recoverable		**155**	155
Pledged bank deposits	*16*	**708**	3,091
Bank balances and cash		**185,485**	273,595
		554,755	556,833
Current Liabilities			
Trade payables	*13*	**35,545**	37,683
Other payables and accrued charges		**41,376**	54,113
Dividends payable		**14,821**	–
Bank borrowings	*14*	**35,006**	33,618
Lease liabilities		**24,015**	22,226
Contract liabilities	*12*	**18,231**	13,841
Tax liabilities		**16,471**	9,890
		185,465	171,371
Net Current Assets		**369,290**	385,462
Total Assets less Current Liabilities		**501,600**	506,420

	NOTE	**30 June 2020 (Unaudited) *HK$'000***	31 December 2019 (Audited) *HK$'000*
Capital and Reserves			
Share capital	*15*	**11,400**	11,400
Reserves		**429,890**	441,364
Equity attributable to owners of the Company		**441,290**	452,764
Non-controlling interests		**10,729**	10,786
Total Equity		**452,019**	463,550
Non-current Liabilities			
Deferred tax liabilities		**2,985**	2,450
Lease liabilities		**46,596**	40,420
		49,581	42,870
		501,600	506,420

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2020

1. GENERAL AND BASIS OF PREPARATION

STEVE LEUNG DESIGN GROUP LIMITED (the "**Company**") was incorporated as an exempted company and registered in the Cayman Islands with limited liability under the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands on 9 December 2016 and its shares were listed on The Stock Exchange of Hong Kong Limited on 5 July 2018 (the "**Listing**"). The Company's immediate holding company is Eagle Vision Development Limited, a limited liability company incorporated in the British Virgin Islands, whereas the directors of the Company consider that the Company's ultimate holding company is Jangho Group Co., Ltd., a company incorporated in the People's Republic of China (the "**PRC**") with its shares listed on the Shanghai Stock Exchange.

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 Interim Financial Reporting ("**HKAS 34**") issued by the Hong Kong Institutes of Certified Public Accountants (the "**HKICPA**") as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("**Listing Rules**").

1A. SIGNIFICANT EVENTS AND TRANSACTIONS IN THE CURRENT INTERIM PERIOD

The outbreak of COVID-19 and the subsequent quarantine measures as well as the travel restrictions imposed by many countries have had negative impacts to the global economy and business environment, which directly and indirectly affect the operations of the Group. The Group has delayed certain interior design, decorating and furnishing services delivered to customers in the PRC due to mandatory government quarantine measures in an effort to contain the spread of COVID-19, leading to a reduction in its revenue.

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis.

Other than changes in accounting policies resulting from application of amendments to Hong Kong Financial Reporting Standards ("**HKFRSs**") and accounting policies which became relevant to the Group, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months period ended 30 June 2020 are the same as those presented in the Group's annual financial statements for the year ended 31 December 2019.

Application of amendments to HKFRSs

In the current interim period, the Group has applied the Amendments to References to the Conceptual Framework in HKFRSs and the following amendments to HKFRSs issued by the HKICPA which are mandatory effective for the annual period beginning on or after 1 January 2020 for the preparation of the Group's condensed consolidated financial statements:

Amendments to HKAS 1 and HKAS 8	Definition of Material
Amendments to HKFRS 3	Definition of a Business
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform

In addition, the Group has early applied the Amendment to HKFRS 16 "COVID-19-Related Rent Concessions".

Except as described below, the application of the amendments to HKFRSs in the current period has no material impact on the Group's performance and financial positions for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

2.1 Impacts and accounting policies on early application of Amendment to HKFRS 16 "COVID-19 – Related Rent Concessions"

2.1.1 Accounting policies

Leases

COVID-19-related rent concessions

Rent concessions relating to lease contracts that occurred as a direct consequence of the COVID-19 pandemic, the Group has elected to apply the practical expedient if all of the following conditions are met:

- In response to the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change; and

- any reduction in lease payments affects only payments originally due on or before 30 June 2021; and

- there is no substantive change to other terms and conditions of the lease.

A lessee applying the practical expedient accounts for changes in lease payments resulting from rent concessions the same way it would be according to the changes applying HKFRS 16 "Leases" if the changes were not a lease modification. Forgiveness or waiver of lease payments are accounted for as variable lease payments. The related lease liabilities are adjusted to reflect the amounts forgiven or waived with a corresponding adjustment recognised in the profit or loss in the period in which the event occurs.

2.1.2 Transition and summary of effects

The Group has early applied the amendment in the current interim period. The application has no impact to the opening retained profits at 1 January 2020. The Group recognised changes in lease payments that resulted from rent concessions with immaterial impact to the profit or loss for the current interim period.

2.2 Impacts of application on Amendments to HKAS 1 and HKAS 8 "Definition of Material"

The amendments provide a new definition of material that states "information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity." The amendments also clarify that materiality depends on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements taken as a whole.

The application of the amendments in the current period had no impact on the condensed consolidated financial statements. Changes in presentation and disclosures on the application of the amendments, if any, will be reflected on the consolidated financial statements for the year ending 31 December 2020.

3. REVENUE AND SEGMENT INFORMATION

The Group's revenue represents service revenue from provision of interior design services, interior decorating and furnishing design services and product design services, license fee revenue from product design services, trading income from trading of interior decorative products.

An analysis of the Group's revenue for the six months period ended 30 June 2020 and 30 June 2019 are as follows:

	Six months period ended 30 June	
	2020	**2019**
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Service revenue	**146,752**	140,069
License fee revenue	**508**	869
Trading income	**39,672**	80,530
	186,932	221,468

The Group is organised into operating business units according to the nature of the services provided or goods sold. The Group determines its operating segments based on these business units by reference to the nature of the services provided or goods sold, for the purpose of reporting to the chief operating decision makers ("**CODMs**"), i.e. the executive directors of the Company.

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

1. Interior design services: Provision of interior design services

2. Interior decorating and furnishing services: Provision of interior decorating and furnishing design services and trading of interior decorative products

3. Product design services: Provision of product design service and license arrangement for product design services

Disaggregation of revenue from contracts with customers

	Six months period ended 30 June 2020 (unaudited)			
	Interior design services *HK$'000*	**Interior decorating and furnishing services** *HK$'000*	**Product design services** *HK$'000*	**Total** *HK$'000*
Geographical markets				
Hong Kong	**6,876**	**1,322**	**–**	**8,198**
PRC	**120,778**	**46,019**	**148**	**166,945**
Other regions	**11,059**	**52**	**678**	**11,789**
	138,713	**47,393**	**826**	**186,932**
Timing of revenue recognition				
Over time				
Service revenue	**138,713**	**7,721**	**318**	**146,752**
At point in time				
License fee revenue	**–**	**–**	**508**	**508**
Trading income	**–**	**39,672**	**–**	**39,672**
	–	**39,672**	**508**	**40,180**
	138,713	**47,393**	**826**	**186,932**

	Six months period ended 30 June 2019 (unaudited)			
	Interior design services *HK$'000*	Interior decorating and furnishing services *HK$'000*	Product design services *HK$'000*	Total *HK$'000*
Geographical markets				
Hong Kong	10,937	2,051	–	12,988
PRC	111,039	86,895	370	198,304
Other regions	9,067	318	791	10,176
	131,043	89,264	1,161	221,468
Timing of revenue recognition				
Over time				
Service revenue	131,043	8,734	292	140,069
At point in time				
License fee revenue	–	–	869	869
Trading income	–	80,530	–	80,530
	–	80,530	869	81,399
	131,043	89,264	1,161	221,468

Segment information about these reportable and operating segments is presented below.

Segment revenue and results

	Interior design services HK$'000	Interior decorating and furnishing services HK$'000	Products design services HK$'000	Total HK$'000
For the six months period ended 30 June 2020 (unaudited)				
Revenue				
Segment revenue from external customers	**138,713**	**47,393**	**826**	**186,932**
Results				
Segment results	**17,341**	**1,768**	**470**	**19,579**
Unallocated expenses				**(4,244)**
Interest income				**2,580**
Finance costs				**(2,059)**
Depreciation of certain property, plant and equipment				**(1,728)**
Profit before taxation				**14,128**
For the six months period ended 30 June 2019 (unaudited and restated)				
Revenue				
Segment revenue from external customers	131,043	89,264	1,161	221,468
Results				
Segment results	5,430	4,068	731	10,229
Unallocated expenses				(4,499)
Interest income				2,198
Finance costs				(1,181)
Depreciation of certain property, plant and equipment				(2,856)
Loss on disposals of property, plant and equipment				(380)
Profit before taxation				3,511

Note: There are no inter-segment revenue for both periods.

Segment results represent the profit earned by each segment without allocation of certain unallocated expenses, interest income, finance costs, certain depreciation of property, plant and equipment and loss on disposals of property, plant and equipment. This is the measure reported to the CODMs for the purposes of resource allocation and performance assessment.

During the six months period ended 30 June 2020, the Group has launched stringent cost control over administrative expenses under the effect of outbreak of COVID-19. As a result, certain staff costs and rental were reallocated to interior decorating and furnishing services segment based on the proportion of revenue generated by respective segments during the six months period ended 30 June 2020, for the purpose of better assessment of segment performance by the CODMs. Accordingly, the comparative figures were also restated.

4. IMPAIRMENT LOSSES UNDER EXPECTED CREDIT LOSS MODEL, NET

	Six months ended 30 June	
	2020	2019
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Net impairment loss recognised in respect of		
– trade and other receivables	**5,121**	1,786

The basis of determining the data, assumptions and the estimation techniques used in the condensed consolidated financial statements for the six months period ended 30 June 2020 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2019.

During the six months period ended 30 June 2020, the Group provided impairment allowance of HK$9,480,000 (for the six months period ended 30 June 2019: HK$4,614,000) and reversed impairment allowance of HK$4,359,000 (for the six months period ended 30 June 2019: HK$2,828,000).

5. INCOME TAX EXPENSE

	Six months period ended 30 June	
	2020	2019
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Current tax:		
Hong Kong Profits Tax	**630**	1,202
PRC Enterprise Income Tax	**6,903**	10,178
	7,533	11,380
Overprovision in prior years:		
Hong Kong Profits Tax	**(263)**	–
Deferred taxation	**425**	592
	7,695	11,972

Hong Kong Profits Tax is calculated at 16.5% on the estimated assessable profits for both periods.

Under the Law of the PRC on Enterprise Income Tax (the "**EIT Law**") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% for both periods.

Deferred tax for both periods arose from temporary differences arising from accelerated tax depreciation, allowance for credit losses, fair value adjustment on business acquisition and unrealised profits.

6. PROFIT (LOSS) FOR THE PERIOD

Profit (loss) for the period has been arrived at after charging (crediting):

	Six months period ended 30 June	
	2020	2019
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Amortisation of intangible assets		
– included in cost of sales	**226**	325
– included in administrative expenses	**195**	199
	421	524
Cost of inventories recognised as an expense	**27,301**	53,706
Depreciation of property, plant and equipment	**3,810**	4,478
Depreciation of right-of-use assets	**13,567**	11,602
Exchange loss (gain), net	**111**	(1,028)
Interest income from banks	**(834)**	(773)
Interest income from note receivable	**(1,746)**	(1,425)
Interest on bank borrowings	**698**	88
Interest on lease liabilities	**1,361**	1,093
Loss on disposal of property, plant and equipment	**–**	380
Grants received from local government (Note 1)	**(1,714)**	(2,194)
PRC incentive rebate (Note 2)	**(3,301)**	(2,663)

Notes:

1. The amounts represent grants provided by the relevant PRC authorities to certain PRC subsidiaries of the Group. There were no other terms to the grants and therefore, the Group recognised the grants in other income upon approvals being obtained from the relevant PRC authorities.

2. The amounts represent certain incentive to attract foreign investments from the relevant PRC local authorities in the form of incentive rebate in Tianjin, the PRC.

7. DIVIDEND

	Six months period ended 30 June	
	2020	2019
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Dividends for ordinary shareholders of the Company recognised as distribution during the period:		
Final dividend for the year ended 31 December 2019 of HK1.3 cents per share (for the six months period ended 30 June 2019: for the year ended 31 December 2018 of HK2.5 cents per share)	**14,821**	28,500
Special dividend for the year ended 31 December 2019: Nil (for the six months period ended 30 June 2019: for the year ended 31 December 2018 of HK2.5 cents per share)	**–**	28,500
	14,821	57,000

8. EARNINGS (LOSS) PER SHARE

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

	Six months period ended 30 June	
	2020	2019
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Earnings (loss)		
Profit (loss) for the period attributable to owners of the Company for the purposes of basic and diluted earnings (loss) per share	**6,073**	(8,617)

	Six months period ended 30 June	
	2020	2019
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted earnings (loss) per share	**1,140,039,000**	1,140,003,878
Effective of dilutive potential ordinary shares in respect of outstanding share options	**16,302,936**	–
Weighted average number of ordinary shares for the purpose of dilutive earnings (loss) per share	**1,156,341,936**	1,140,003,878

The computation of diluted loss per share for the six months period ended 30 June 2019 did not assume the conversion of the Company's outstanding share options since their assumed exercise would result in a decrease in loss per share for prior period.

9. MOVEMENT IN PROPERTY, PLANT AND EQUIPMENT AND RIGHT-OF-USE ASSETS

During the six months period ended 30 June 2020, the Group acquired property, plant and equipment of HK$11,983,000 (for the six months period ended 30 June 2019: HK$5,027,000), mainly comprised of office equipment and leasehold improvement for business operations and expansion.

During the six months period ended 30 June 2020, the Group entered into new lease agreements for the use of properties ranging from 3 to 5 years (for the six months period ended 30 June 2019: 2 to 4 years). The Group is required to make fixed monthly payments. On lease commencement, the Group recognised right-of-use assets of HK$21,076,000 (for the six months period ended 30 June 2019: HK$6,983,000), and lease liabilities of HK$20,603,000 (for the six months period ended 30 June 2019: HK$6,882,000).

10. TRADE RECEIVABLES

	At 30 June 2020 HK$'000 (Unaudited)	At 31 December 2019 HK$'000 (Audited)
Trade receivables	**158,025**	128,515
Unbilled receivables	**79,674**	88,186
Less: Allowance for credit losses	**(20,468)**	(17,755)
	217,231	198,946

The following is an aged analysis of trade receivables, net of allowance for credit losses, presented based on the invoice date at the end of each reporting period.

	At 30 June 2020 HK$'000 (Unaudited)	At 31 December 2019 HK$'000 (Audited)
0 to 30 days	**42,561**	28,516
31 to 90 days	**22,631**	24,100
91 to 180 days	**9,603**	11,173
Over 180 days	**62,762**	46,971
	137,557	110,760

Included in the carrying amount of trade receivables as at 30 June 2020 is an amount of HK$12,125,000 (31 December 2019: HK$11,662,000) due from related parties controlled by a controlling shareholder of the Company.

There is no credit period given on billing for its interior design services, interior decorating and furnishing services and product design service, license arrangement of product design services, and trading of interior decorative products.

As at 30 June 2020, included in the Group's trade receivable balance are debtors with aggregate carrying amount of HK$137,557,000 (31 December 2019: HK$110,760,000) which are past due as at the reporting date. Out of the past due balances, HK$72,365,000 (31 December 2019: HK$58,144,000) has been past due more than 90 days and is not considered as in default since the amounts are still considered as recoverable based on historical experience and forward-looking estimates. The Group does not hold any collateral over these balances.

The basis of determining the inputs and assumptions and the estimation techniques for the assessment for the impairment losses under expected credit loss ("ECL") model used in the condensed consolidated financial statements for the six months period ended 30 June 2020 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2019.

11. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	At 30 June 2020 ***HK$'000*** **(Unaudited)**	At 31 December 2019 *HK$'000* (Audited)
Note receivable (Note)	**60,000**	–
Other receivables	**10,263**	7,168
Value-added tax recoverable	**3,374**	4,219
Interest receivables from note receivable	**1,746**	–
Prepayment of expenses	**7,124**	7,046
Rental deposits	**6,300**	5,990
PRC incentive rebate recoverable	**5,566**	5,147
Deposits paid for acquisition of property, plant and equipment	**5,135**	9,314
Government grants receivable	**1,320**	–
Other deposits	**464**	689
Less: Allowance for credit losses	**(1,890)**	–
	99,402	39,573
Analysed as:		
Current	**91,251**	27,949
Non-current – Deposits paid for acquisition of property, plant and equipment	**5,135**	9,314
Non-current – Rental deposits	**3,016**	2,310
	99,402	39,573

Note:

On 6 January 2020, the Group subscribed one short term note of HK$60,000,000 with a fixed interest rate of 6% per annum from an independent third party (the "Counterparty") being the original maturity date with 31 March 2020. Subsequently, the maturity date was further extended to 30 June 2020 and 31 December 2020, repetitively upon the signing of supplemental deeds with the Counterparty, and all other terms remained the same.

As at 30 June 2020, this note receivable of HK$60,000,000 (31 December 2019: Nil) is measured at amortised cost using the effective interest method, less any impairment and is guaranteed by a director of the Counterparty who is also the sole shareholder of the issuer of the note receivable.

As at 30 June 2020, the note receivable is not past due. In addition, the Group does not hold any collateral on the note receivable nor pledged as security.

12. CONTRACT ASSETS (LIABILITIES)

	At 30 June 2020	At 31 December 2019
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Contract assets		
Interior design services	**54,946**	48,551
Interior decorating and furnishing services	**3,747**	3,384
	58,693	51,935

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 in achieving specified milestones at the reporting date on the design services. The contract assets are transferred to trade receivables when the rights become unconditional. The Group typically transfer contract assets to trade receivables upon achieving the specified milestones in the contracts.

Included in the carrying amount of contract assets as at 30 June 2020 is an amount of HK$3,315,000 (31 December 2019: HK$4,722,000) from related parties controlled by a controlling shareholder of the Company.

	At 30 June 2020	At 31 December 2019
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Contract liabilities		
Interior design services	**6,186**	3,296
Interior decorating and furnishing services	**12,045**	10,545
	18,231	13,841

The contract liabilities represent the Group's obligation to transfer performance obligation to customers for which the Group has received considerations from the customers.

13. TRADE PAYABLES

The following is an aged analysis of trade payables presented based on the invoice date at the end of each reporting period:

	At 30 June 2020 *HK$'000* **(Unaudited)**	At 31 December 2019 *HK$'000* (Audited)
0 to 180 days	**17,889**	26,303
Over 180 days	**17,656**	11,380
	35,545	37,683

14. BANK BORROWINGS

	30 June 2020 *HK$'000* **(Unaudited)**	31 December 2019 *HK$'000* (Audited)
Secured	**2,006**	3,618
Unsecured	**33,000**	30,000
	35,006	33,618
The carrying amounts of the above borrowings that do not contain a repayment on demand clause and are repayable based on the scheduled repayment dates set out in the loan agreements within one year	**–**	2,232
The carrying amounts of the bank loans that contain a repayment on demand clause (shown under current liabilities) and the maturity analysis based on the scheduled repayment dates set out in the loan agreements are within one year	**35,006**	31,386
	35,006	33,618

As at 30 June 2020, included in the Group's borrowings of HK$33,000,000 and HK$2,006,000 (31 December 2019: HK$30,000,000 and HK$3,618,000) are variable-rate borrowings carrying interest at 2% to 3.25% (31 December 2019: 2% to 3.75%) over Hong Kong Interbank Offering Rate ("**HIBOR**") and 25% above benchmark interest rates (31 December 2019: 15% to 25% above benchmark interest rates) set by the People's Bank of China respectively. The secured borrowings were secured by pledged bank deposits amounting HK$708,000 (31 December 2019: HK$3,091,000). HK$13,000,000 (31 December 2019: HK$10,000,000) of the Group's unsecured borrowings are guaranteed by the Company.

15. SHARE CAPITAL

	Number of shares	*HK$*
Ordinary shares of the Company of HK$0.01 each		
Authorised		
At 1 January 2019, 31 December 2019 and 30 June 2020	4,000,000,000	40,000,000
Issued and fully paid		
At 1 January 2019	1,140,000,000	11,400,000
Issue of shares upon exercise of share options *(Note)*	39,000	390
At 31 December 2019 and 30 June 2020	1,140,039,000	11,400,390

Note:

On 13 June 2019, 39,000 ordinary shares of the Company were issued at a price of HK$0.44 per share pursuant to exercise of share options under the Pre-IPO share option scheme adopted on 11 June 2018 by an employee of the Group.

16. PLEDGE OF ASSETS

As at 30 June 2020, Group's bank borrowings are secured by pledged bank deposits of HK$708,000 (31 December 2019: HK$3,091,000), bearing interest ranges from 1.35% to 1.4% (31 December 2019: 1.4% to 2.3%) per annum.

17. CAPITAL COMMITMENTS

	At 30 June 2020 *HK$'000* **(Unaudited)**	At 31 December 2019 *HK$'000* (Audited)
Capital expenditures in respect of the acquisition of property, plant and equipment contracted for but not provided in the condensed consolidated financial statements	**3,698**	725

MANAGEMENT DISCUSSION AND ANALYSIS

Market Overview

The first half of 2020 was an extremely difficult time, marked by the global crisis of the Coronavirus Disease ("**COVID-19**") pandemic. COVID-19 did not only pose challenges to the global healthcare system, but also created an adverse impact on the global economy due to measures such as social distancing, border restrictions, quarantine and isolation undertaken in various countries. Further, a pessimistic sentiment on the general economic conditions have a significant negative impact on the investment and consumption markets.

There was a slowdown in the PRC real estate market due to quarantine and isolation measures as well as closure of businesses, which adversely affected individual mobility and property purchase behavior, and hence led to a reduction in property transactions. According to a recent report released by China Index Academy ("**CIA**"), among the 50 major cities surveyed, in the first half of 2020, the average monthly saleable area decreased by approximately 15% year-on-year, the lowest level since 2015. Despite supportive government policies such as increasing housing subsidies and the relaxation of household registration, there was only a moderate increase in property price among tier-1 cities, and a decrease in property price was noticed in lower tier cities. Facing such a difficult and uncertain operating environment, especially with a resurging number of infected cases globally, property developers have switched their sales and marketing strategy, from "waiting to sell at the highest price" to "quicker sales and shorten the cash conversion cycle", in order to maximise returns.

The interior design industry relies heavily on the performance of the real estate industry. High-quality interior design is proven to be a crucial factor for property developers to drive up the property value and increase the volume of property transactions. As a result, despite a slowdown in the real estate market, the demand for interior design services was not significantly impacted. Notwithstanding the impact of COVID-19, our Group had shown resilience during the first half of 2020. The number of contracts awarded to the Group remained at a stable level during the Period, and the Group was capable of maintaining a stable gross profit margin whilst delivering quality interior design services.

Financial and Business Review

As a result of the aforementioned factors, the Group delivered a set of mixed results across segments during the Period.

The following stated the Group's revenue and gross profit by segment during the Period:

Revenue and Gross Profit by Segment

	Six months period ended 30 June 2020 (Unaudited)			Six months period ended 30 June 2019 (Unaudited)		
	Revenue HK$ million	**Gross profit HK$ million**	**Gross profit margin**	Revenue HK$ million	Gross profit HK$ million	Gross profit margin
Interior Design Services	**138.7**	**62.4**	**45.0%**	131.0	50.5	38.5%
Interior Decorating and Furnishing Services	**47.4**	**16.8**	**35.4%**	89.3	26.1	29.2%
Product Design Services	**0.8**	**0.7**	**87.5%**	1.2	0.7	58.3%
Total	**186.9**	**79.9**	**42.8%**	221.5	77.3	34.9%

The following stated the Group's remaining contract sum to be recognised in profit or loss and its movement during the Period:

	Six months period ended 30 June 2020			Six months period ended 30 June 2019		
	Interior design services HK$ million	**Interior decorating and furnishing services HK$ million**	**Total HK$ million**	Interior design services HK$ million	Interior decorating and furnishing services HK$ million	Total HK$ million
Remaining contract sum carry at the beginning of the Period	**290.3**	**142.1**	**432.4**	306.7	79.4	386.1
Add: New contract sum awarded during the Period	**152.3**	**119.2**	**271.5**	180.1	191.9	372.0
Less: VAT for newly awarded contracts	**(6.5)**	**(12.6)**	**(19.1)**	(8.8)	(12.1)	(20.9)
Less: Revenue recognised during the Period	**(138.7)**	**(47.4)**	**(186.1)**	(131.0)	(89.3)	(220.3)
Less: Purchase made	**–**	**(2.4)**	**(2.4)**	–	–	–
Add/(Less): Variation order	**1.3**	**(0.9)**	**0.4**	(4.7)	0.9	(3.8)
Less: Exchange realignment	**(7.6)**	**(0.5)**	**(8.1)**	(13.6)	(1.0)	(14.6)
Remaining contract sum carry at the end of the Period	**291.1**	**197.5**	**488.6**	328.7	169.8	498.5

(i) Interior Design Services

Owing to the reliance from property developers on high-quality interior design services to drive up the property value and increase the volume of property transactions, revenue for the interior design services segment increased by approximately 5.9%, from approximately HK$131.0 million to approximately HK$138.7 million, accounting for approximately 74.2% of the total revenue (Previous Period: 59.1%). Leveraging on the Group's well-recognised brand value and high-quality services, the Group was also able to withstand market pressure by upholding its pricing and cost control strategy, with segment gross profit remarkably increased to approximately HK$62.4 million, from approximately HK$50.5 million in the Previous Period.

As at 30 June 2020, this business segment had a remaining contract sum of approximately HK$291.1 million (Previous Period: HK$328.7 million), which is expected to be realised based on the stage of completion of projects. There was a reduction of approximately HK$37.6 million or 11.4% of the remaining contract sum, mainly attributable to suspension of business activities in the PRC due to the global outbreak of COVID-19 in the first quarter of 2020.

(ii) Interior Decorating and Furnishing Services

The interior decorating and furnishing services segment commenced operation in 2016 and had achieved a notable growth during the past two years. The revenue of interior decorating and furnishing services was only recognised upon delivery of interior decorative products to the physical sites. Since the logistics arrangement of interior decorative products was significantly hindered, particularly in the first quarter of 2020, due to the global outbreak of COVID-19, this business segment was adversely impacted. A top line drop of approximately 46.9% of segment revenue was recorded, from approximately HK$89.3 million in the Previous Period to approximately HK$47.4 million, accounting for approximately 25.4% of the total revenue (Previous Period: 40.3%). In line with the decrease in segment revenue, segment gross profit also decreased from approximately HK$26.1 million to approximately HK$16.8 million.

As at 30 June 2020, this business segment had a remaining contract sum of approximately HK$197.5 million (Previous Period: HK$169.8 million), which is expected to be realised based on delivery of interior decorative products and completion of projects. Among the remaining contract sum of the interior decorating and furnishing services, approximately HK$78.3 million (Previous Period: HK$78.3 million) was attributable to a long-term project in Malaysia, which is expected to commence in early 2021 and be completed in 2022.

Riding on the Group's extensive experience and expertise in provision of interior design services, it is expected that the interior decorating and furnishing services segment will remain strong and further contribute positively to the Group's operation and financial position upon market recovery.

(iii) Product Design Services

Another important facet of the Group's operation is the product design services, which is complementary to our interior decorating and furnishing services, and can elevate the overall interior design, decorating and furnishing layout, and hence increase customer satisfaction. The provision of such services is also in line with the Group's marketing and branding strategies. During the Period, revenue derived from this business segment had reached approximately HK$0.8 million (Previous Period: HK$1.2 million). The decrease in revenue was mainly due to the decrease in royalties caused by a decrease in sales of design products of our clients.

Overall Performance

As the growth in interior design services was more than offset by the decrease in the interior decorating and furnishing services, the Group recorded a total revenue of approximately HK$186.9 million, representing a decrease of approximately 15.6% (Previous Period: HK$221.5 million). Gross profit, however, increased by approximately 3.4%, from approximately HK$77.3 million in the Previous Period to approximately HK$79.9 million. Gross profit margin increased significantly by approximately 7.9 percentage point, from approximately 34.9% in the Previous Period to approximately 42.8%, mainly attributable to the increase of revenue contribution from the interior design services segment and stringent cost control measures during the Period.

From an operational viewpoint, the Group had made significant progress in client retention and acquisition. During the Period, the Group was able to secure most of the projects coming from recurring clients that value and demonstrate trust and confidence in the Group's design work. As at 30 June 2020, the interior design services and interior decorating and furnishing services segments had an aggregate remaining contract sum of approximately HK$488.6 million, which is expected to be realised based on the stage of completion of projects and delivery of interior decorating and furnishing products, respectively. The solid contract pipeline will enable a stable operation of the Group's business notwithstanding market uncertainties in the future.

The contract sum of the newly awarded contracts did not increase as expected, mainly due to the global outbreak of COVID-19 and the suspension of the overall PRC market during the first quarter of the year. The revenue of interior decorating and furnishing services was materially affected by the lockdown of show flats and sites, which in turn affected the total revenue of the Group. However, the Group managed to maintain a lower level of decrease in newly awarded contracts.

Leveraging on the Group's continuous effort in business diversification, including the development of specialised brands and expansion into new markets, the performance of the Group's interior design services is expected to improve during this volatile period.

Not only did the Group place efforts on diversifying its income streams to mitigate the challenging business environment, it also paid extra attention to prudent cost measures to enhance efficiency, which was reflected in its stringent cost control over administrative expenses and direct labor costs during the Period. During the Period, administrative expenses decreased by approximately 15.4%, from approximately HK$78.7 million to approximately HK$66.6 million. The decrease was primarily due to a decrease in the average salaries and headcount as a result of the Group's contractionary measures in view of the unfavourable and volatile market conditions. Together with the incentive rebate as well as the subsidies received from the PRC and Hong Kong governments and relevant local authorities, profit attributable to owners of the Company also achieved a turnaround, recording an increase from a net loss of approximately HK$8.6 million to a net profit of approximately HK$6.1 million for the Period.

The Group also managed to maintain a healthy net cash position despite unfavourable market sentiment and volatile external operating environment. As at 30 June 2020, bank balances and cash stood at approximately HK$185.5 million (31 December 2019: HK$273.6 million), whereas its gearing and current ratios were being maintained at a low level in 7.9% and 3.0 times, respectively (31 December 2019: 7.4%; 3.2 times). The decrease in bank balances and cash was mainly due to the increase in investment in note receivable (as detailed in note 11 to the condensed consolidated financial statements) during the Period. Another key indicator worth noting is that cash conversion cycle remained at 160 days (Previous Period: 103 days), as the Group placed efforts to maintain trade receivables at a manageable level. The increase in the cash conversion cycle was mainly due to the lockdown of some cities and suspension of operation of our clients, banks and tax authorities which led to a delay in the issuance of Fapiao (發票) in the PRC and the payment processing time from our clients and banks during the Period. Despite the cash conversion cycle increased significantly, it is still maintained at a healthy level. Such stable financial position and flexibility will be critical for the Group to prevail over its competitions in the volatile operating environment and pursue future business opportunities.

As for the Group's gross profit, increase in gross profit was primarily due to the increase in the proportion of revenue contribution from the interior design services segment over the total revenue of the Group. Although the revenue generated from the interior decorating and furnishing services segment decreased significantly, the gross profit margin of this business segment was lower than that of the interior design services segment. The change in revenue mix during the Period contributed to the recovery in the Group's gross profit margin.

The Group recorded other losses of approximately HK$0.1 million for the Period (Previous Period: other gains of approximately HK$0.6 million), which was primarily derived from the depreciation of Renminbi. However, the other income increased to approximately HK$8.1 million (Previous Period: HK$7.2 million), which was mainly attributable to the increase in interest income from the note receivable, PRC incentive rebate and government grants during the Period.

Considering the above, the Group recorded a profit of approximately HK$6.4 million for the Period (Previous Period: Loss of HK$8.5 million), representing a recovery from loss to profit as compared to Previous Period, and was mainly attributed to the increase in revenue and gross profit from the interior design services segment and the cost-saving measures as mentioned above.

OUTLOOK AND PROSPECTS

Looking into the second half of 2020, although the domestic economy is slowly recovering, the impact of COVID-19 is still uncertain, especially when COVID-19 is still prevalent globally. Adding to such uncertainties is that the United States will hold the presidential election in November 2020, where a change in leadership could lead to a drastically different foreign and trade policy, and two of the world economic superpowers are entering into the phase two trade negotiations at the end of this year. Hence, the upcoming half year is full of challenges and uncertainties. In view of the volatile macroeconomic environment, the Group will stay vigilant and closely monitor the situation to minimise the impact on the Group's operation and financial performance.

In terms of operation, being a high-quality integrated interior design services provider, the Group will continue to strengthen its relationship with long-established and market-leading property developers, in order to secure more recurring projects during the downward cycle. At the same time, the Group will leverage on extensive industry experience and shrewd market acumen to capture new customers and business opportunities, by collaborating with less-established developers which have good prospects for long-term growth and grow hand-in-hand. The Group will also increase its marketing effort and strengthen its foothold in tier 1 and tier 2 cities in the PRC, where most of our residential projects originate from.

On the financing side, the Group is also looking to maintain a strong cash position in order to provide us with the necessary flexibility to combat upcoming challenges. During the Period, the Group has taken proactive measures in reducing staffing and corporate expenses to further improve its cash flow and cash position, and will continue to do so to create the possible leanest cost structure.

Through years of effort, the Group has established a strong brand equity and clientele in the interior design industry. With its proven design capabilities, decades of operational excellence, and widely-recognised status among property developers, the Group remains cautious yet optimistic about its long-term development, supported by its effective implementation of corporate strategies. Despite the challenges ahead, the Group will continue to embrace its pursuit of "Design Without Limits" and stay competitive in the ever-changing business environment, while delivering long-term value for its stakeholders.

CORPORATE FINANCE AND RISK MANAGEMENT

Liquidity and Financial Resources

The management and control of the Group's financial, capital management and external financing functions are centralised at the headquarters in Hong Kong. The Group has been adhering to the principle of prudent financial management in order to minimise financial and operational risks. The Group mainly relies upon internal generated funds, bank borrowings and the net proceeds from the issue of shares by way of Hong Kong public offering and international placing on 5 July 2018 (the "**Global Offering**") to finance its operations and expansion.

As at 30 June 2020, the Group's total debt (representing total interest-bearing borrowings excluding lease liabilities arising from the adoption of HKFRS 16) to total asset ratio was approximately 5.1% (31 December 2019: 5.0%) and the gearing ratio (net debt excluding lease liabilities arising from the adoption of HKFRS 16 to equity attributable to owners of the Company) was approximately 7.9% (31 December 2019: 7.4%). As at 30 June 2020, the Group has net cash (bank balances and cash less total debt) of approximately HK$151.2 million (31 December 2019: HK$243.1 million). The reduction of the net cash was attributable to the investment in note receivable during the Period.

The bank borrowings of the Group were mainly contributed by the bank borrowings for financing our daily operation expenses. The bank borrowings of approximately HK$2.0 million as at 30 June 2020 (31 December 2019: approximately HK$3.6 million) were secured by a pledged bank deposit and the borrowings of HK$13.0 million as at 30 June 2020 were secured by corporate guarantee of the Company as disclosed in note 14 to the condensed consolidated financial statements. Further costs for operations and expansion will be partially financed by our unutilised bank facilities.

The liquidity of the Group maintained strong and healthy as the current ratio (current assets/ current liabilities) of the Group as at 30 June 2020 was 3.0 (as at 31 December 2019: 3.2). The Group also has sufficient committed and unutilised loan and working capital facility and guarantee facilities to meet the needs of the Group's business development. The Group will cautiously seek development opportunities with a view to balancing the risk and opportunity in maximising shareholders' value.

As at 30 June 2020, the share capital and equity attributable to owners of the Company amounted to approximately HK$11.4 million and approximately HK$441.3 million, respectively (as at 31 December 2019: approximately HK$11.4 million and approximately HK$452.8 million, respectively).

Pledge of Assets

As at the end of the Period, the Group's bank borrowings were secured by pledged bank deposits of approximately HK$0.7 million as disclosed in note 16 to the condensed consolidated financial statements.

Contingent Liabilities and Capital Commitments

The Group did not have any significant contingent liabilities as at the end of the Period. For capital commitments, please refer to note 17 to the condensed consolidated financial statements.

Exposure to Fluctuations in Exchange Rates and Interest Rates and Corresponding Hedging Arrangement

The Group's bank borrowings as at 30 June 2020 were in Hong Kong dollars and Renminbi and have been made at floating rates. The Group operates in various regions with different foreign currencies including the Renminbi and United States Dollar. The exchange rates of United States Dollar was relatively stable while Renminbi was more volatile during the Period. The Group has no hedging arrangements for foreign currencies or interest rates. Currently, the Group reviews the exchange risk regularly and closely monitors the fluctuation of foreign currencies and will make proper adjustments and consider hedging if necessary.

Credit Risk Exposure

The Group has adopted prudent credit policies to deal with credit exposure. In connection with projects in progress (no matter in Hong Kong, the PRC or overseas), the major customers are institutional organisations and reputable property developers. Therefore, the Group is not exposed to significant credit risk.

Even though there is no significant credit risk exposure and there are no overdue trade receivables written-off during the Period, the Group's management reviews the recoverability of trade receivables from time to time and closely monitors the financial position of its customers in order to keep a very low credit risk exposure of the Group.

Risk Management

In order to widen the revenue foundation of the Group, the Group is actively looking for opportunities in different project nature and business. The Group will evaluate the market conditions and adjust its strategy in a timely manner and make decisions to ensure the effective implementation of the Group's expansion strategy. The Group will continue to strengthen the internal control and risk control procedures by regularly reviewing the market risk, operation risk, finance risk, policy risk, legal risk, contract risk and credit risk of the customers and the markets.

Events After the Reporting Period

There are no significant events which may materially affect the Group's operating and financial performance subsequent to 30 June 2020 and up to the date of this announcement.

Employees and Remuneration Policies

As at 30 June 2020, the Group had approximately 549 (as at 30 June 2019: 603) full-time employees. The total remuneration of the employees (including the Directors' remuneration) were approximately HK$83.6 million for the Period (Previous Period: HK$89.3 million). The decrease in total remuneration of the employees was mainly due to the decrease in the number of employees and average salaries of our staffs. The Group offers attractive remuneration policy, discretionary bonus and share options will also be granted to eligible staff based on individual performance in recognition of their contribution and hard work. The Group also provides external training programmes which are complementary to certain job functions.

CORPORATE GOVERNANCE AND OTHER INFORMATION

INTERIM DIVIDEND

The Board does not recommend the payment of interim dividend for the Period.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the Period.

CORPORATE GOVERNANCE

The Company is committed to maintaining high standards of corporate governance. It also recognises that sound and effective corporate governance practices are fundamental to the smooth, effective and transparent operation of the Company and its ability to attract investment, protect the rights of shareholders and stakeholders, and create values for shareholders. The Group's corporate governance policy is designed to achieve these objectives and is maintained through a framework of processes, polices and guidelines.

The Company has adopted and applied the principles and code provisions set out in the Corporate Governance Code (the "**Code**") contained in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**").

The Board confirms that the Company has complied with the mandatory code provisions in the Code during the Period and up to the date of this announcement. The Board will review and monitor the practices of the Company for the purpose of complying with the Code and maintaining a high standard of corporate governance practices of the Company.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted a code for securities transactions by directors and employees (the "**Securities Code**") with standards no less exacting than that of the model code set out in Appendix 10 to the Listing Rules (the "**Model Code**"). Having made specific enquiries, all Directors and relevant employees of the Group confirmed that they have complied with the Securities Code and the Model Code during the Period and up to the date of this announcement.

USE OF PROCEEDS

The shares of the Company have been listed and traded on the Main Board of The Stock Exchange of Hong Kong Limited since 5 July 2018. The net proceeds from the Global Offering amounted to HK$195.0 million (after deducting underwriting fees and commissions and all related expenses) (the "**Net Proceeds**"). The Net Proceeds are intended to be applied in accordance with the proposed application as disclosed in the Prospectus and the announcement regarding the change in use of proceeds dated 6 June 2019 (the "**Change**"). As at 30 June 2020, the Net Proceeds received were applied and reallocated as follows:

	Original allocation of Net Proceeds HK$ million	Reallocation of Unutilised Net Proceeds on 6 June 2019 HK$ million	Utilised Net Proceeds up to 31 December 2019 HK$ million	Unutilised Net Proceeds as at 31 December 2019 HK$ million	Utilised Net Proceeds during the Period HK$ million	**Unutilised Net Proceeds up to 30 June 2020 HK$ million**
Strengthening the Group's Interior Design Services and developing specialisation	67.0	(28.1)	(30.0)	8.9	(4.6)	**4.3**
Further developing the Group's Interior Decorating & Furnishing Services	31.1	7.2	(36.7)	1.6	(0.2)	**1.4**
Pursuing growth through selective mergers and acquisitions	28.4	11.6	–	40.0	–	**40.0**
Improving the Group's information technology systems	22.1	(5.7)	(16.4)	–	–	**–**
Repaying existing bank borrowings	19.0	–	(19.0)	–	–	**–**
Enhancing the Group's brand recognition	11.0	–	(5.9)	5.1	(1.9)	**3.2**
Further developing the Group's Product Design Services	3.1	–	(3.1)	–	–	**–**
Working capital and other general corporate purposes	13.3	–	(13.3)	–	–	**–**
Developing a new brand ("**SL2.0**") and teams for middle-end and specialised interior design services market	–	15.0	(2.5)	12.5	(1.8)	**10.7**
Total	195.0	–	(126.9)	68.1	(8.5)	**59.6**

The unutilised Net Proceeds are expected to be fully utilised according to the intended allocation by the second quarter of 2021.

AUDIT COMMITTEE REVIEW

The interim results of the Group for the Period are unaudited, but have been reviewed by the Group's external auditor, Messrs. Deloitte Touche Tohmatsu, in accordance with Hong Kong Standard on Review Engagements 2410 "Review of interim financial information performed by the independent auditor of the entity" issued by the HKICPA, whose unmodified review report for the Period will be included in the interim report to be sent to the Shareholders.

The Company's audit committee, which comprises all of the three independent non-executive Directors, namely Mr. Tsang, Ho Ka, Eugene (Chairman of the Audit Committee), Mr. Liu Yi and Mr. Sun Yansheng, has reviewed and discussed with the management for the Group's interim results for the Period and examined the condensed consolidated financial statements for the Period and this announcement. Members of the Audit Committee agree with the accounting treatments adopted in the preparation of the condensed consolidated financial statements.

PUBLICATION OF INTERIM RESULT ANNOUNCEMENT AND INTERIM REPORT

This interim results announcement is available for reviewing on the websites of the Stock Exchange (http://www.hkexnews.hk) and the Company (http://www.sldgroup.com). The interim report of the Group for the Period, which contains the information required by the Listing Rules, will be dispatched to the Company's shareholders and published on the above websites in due course.

APPRECIATION

On behalf of the Board, I would like to express my sincere gratitude to our shareholders, business partners and other professional parties for your support. I would also like to thank our staffs for their continued commitment to the Group over these periods.

By Order of the Board
Steve Leung Design Group Limited
梁志天設計集團有限公司
Xu Xingli
Chairman

Hong Kong, 27 August 2020

As at the date of this announcement, the executive Directors are Mr. Siu Man Hei (Chief Executive Officer), Mr. Yip Kwok Hung Kevin (Chief Financial Officer), Mr. Ding Chunya, Ms. Kau Wai Fun, the non-executive Directors are Mr. Xu Xingli (Chairman) and Mr. Huang Jianhong, and the independent non-executive Directors are Mr. Tsang Ho Ka Eugene, Mr. Liu Yi and Mr. Sun Yansheng.