

---

## THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

---

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in STEVE LEUNG DESIGN GROUP LIMITED, you should at once hand this circular, together with the enclosed form of proxy, to the purchaser or to the transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or to the transferee.

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this circular, 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 circular.

---



### 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)

## CONTINUING CONNECTED TRANSACTIONS AND NOTICE OF EXTRAORDINARY GENERAL MEETING

Independent Financial Adviser  
to the Independent Board Committee and the Independent Shareholders



---

A letter from the Board is set out on pages 4 to 17 of this circular. A letter from the Independent Board Committee is set out on page 18 of this circular. A letter from the Independent Financial Adviser containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 19 to 35 of this circular.

A notice convening the EGM to be held at 30/F, Manhattan Place, 23 Wang Tai Road, Kowloon Bay, Kowloon, Hong Kong at 11:00 a.m. on Monday, 30 August 2021 is set out on pages EGM-1 to EGM-2 of this circular. Whether or not you are able to attend the EGM in person, you are requested to complete the enclosed form of proxy in accordance with the instructions printed thereon and return the same to the Company's branch share registrar in Hong Kong, Link Market Services (Hong Kong) Pty Limited, at Suite 1601, 16/F., Central Tower, 28 Queen's Road Central, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for holding the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof (as the case may be) should you so wish.

#### PRECAUTIONARY MEASURES FOR THE EGM

Please see pages 15 to 16 of this circular for measures being taken to try to prevent and control the spread of the Coronavirus disease 2019 ("COVID-19") at the EGM, including:

- appropriate distancing and spacing in line with the guidance from the Hong Kong government will be maintained and as such, the Company may limit the number of attendees at the EGM as may be necessary to avoid over-crowding;
- compulsory temperature checks;
- compulsory wearing of surgical face masks; and
- no distribution of corporate gifts, refreshments and beverages.

Any person who does not comply with the precautionary measures or is subject to any Hong Kong government prescribed quarantine may be denied entry into the EGM venue. In order to facilitate the prevention and control of COVID-19, and to safeguard the health and safety of attending shareholders, the Company encourages shareholders to consider NOT to attend the EGM in person, and advises Shareholders to appoint the chairman of the EGM as their proxy to vote as instructed by the Shareholders on the relevant resolutions at the EGM as an alternative to attending the EGM in person. Subject to the development of COVID-19, the Company may implement further changes and precautionary measures and may issue further announcement on such measures as appropriate.

---

## CONTENTS

---

	<i>Pages</i>
<b>Definitions</b> .....	I
<b>Letter from the Board</b> .....	4
<b>Letter from the Independent Board Committee</b> .....	18
<b>Letter from the Independent Financial Adviser</b> .....	19
<b>Appendix – Statutory and General Information</b> .....	I-I
<b>Notice of EGM</b> .....	EGM-I

---

## DEFINITIONS

---

*In this circular, the following expressions shall have the following meanings unless the context requires otherwise:*

“associate(s)”	has the same meaning as ascribed to it under the Listing Rules
“Board”	the board of Directors
“BVI”	the British Virgin Islands
“Company”	STEVE LEUNG DESIGN GROUP LIMITED (梁志天設計集團有限公司), an exempted company with limited liability incorporated in the Cayman Islands, the shares of which are listed on the Main Board of the Stock Exchange
“connected person(s)”	has the same meaning as ascribed to it under the Listing Rules
“controlling shareholder(s)”	has the same meaning as ascribed to it under the Listing Rules
“Director(s)”	director(s) of the Company
“Eagle Vision”	Eagle Vision Development Limited, a company incorporated in the BVI with limited liability on 2 January 2014 and beneficially owned as to 28.57% by Gloryeild Enterprises Limited, 28.57% by Health Capital Enterprises Limited and 42.86% by Peacemark Enterprises Limited
“EGM”	the extraordinary general meeting of the Company to be convened at 11:00 a.m. on Monday, 30 August 2021 for the purpose of seeking the Independent Shareholders’ approval for the Framework Agreements, the transactions contemplated thereunder and the proposed annual caps
“Framework Agreements”	the Jangho Co. Framework Agreement and the Jangho Chuangxin Framework Agreement
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	an independent committee of the Board comprising of the three independent non-executive Directors, established to give recommendations to the Independent Shareholders in respect of the Framework Agreements, the transactions contemplated thereunder and the proposed annual caps

---

## DEFINITIONS

---

“Independent Financial Adviser”	HeungKong Capital Limited, a corporation licensed to carry out Type 6 (advising on corporate finance) regulated activity under the SFO
“Independent Shareholder(s)”	Shareholder(s) other than Mr. Liu and his associate(s) including Eagle Vision
“Independent Third Party(ies)”	any entity(ies) or person(s) who is/are not connected person(s) of the Company
“Jangho Chuangxin”	江河創新地產股份有限公司 (Jangho Chuangxin Real Estate Co., Ltd.*), a joint stock limited company established in the PRC, which was held as to 30% by Mr. Liu and 70% by Jiangheyuan as at the Latest Practicable Date
“Jangho Chuangxin Framework Agreement”	the interior design services and interior decorating and furnishing services framework agreement dated 24 June 2021 and entered into between Jangho Chuangxin (for itself and on behalf of its subsidiaries) and the Company (for itself and on behalf of its subsidiaries)
“Jangho Co.”	江河創建集團股份有限公司 (Jangho Group Co., Ltd.), a joint stock limited company established in the PRC on 4 February 1999 (the A shares of which are listed on the Shanghai Stock Exchange (stock code: 601886) which was directly and indirectly owned as to approximately 52.42% by Mr. Liu as at the Latest Practicable Date, and a controlling shareholder of the Company
“Jangho Co. Framework Agreement”	the interior design services and interior decorating and furnishing services framework agreement dated 24 June 2021 and entered into between Jangho Co. (for and on behalf of Jangho Group) and the Company (for itself and on behalf of its subsidiaries)
“Jangho Group”	Jangho Co. and its subsidiaries, excluding the members of the Group
“Jiangheyuan”	北京江河源控股有限公司 (Beijing Jiangheyuan Holdings Co., Ltd.*), a company established in the PRC with limited liability, which was held as to 85% by Mr. Liu and 15% by Ms. Fu as at the Latest Practicable Date, and a controlling shareholder of the Company

---

## DEFINITIONS

---

“Latest Practicable Date”	Wednesday, 4 August 2021, being the latest practicable date for the purpose of ascertaining certain information contained in this circular prior to its publication
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Liu”	Mr. Liu Zaiwang (劉載望), a controlling shareholder of the Company
“Ms. Fu”	Ms. Fu Haixia (富海霞), the spouse of Mr. Liu and a controlling shareholder of the Company
“PRC”	The People’s Republic of China which, for the purpose of this circular, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	the Securities and Futures Ordinance (Chapter 571, Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Shareholder(s)”	holder(s) of the share(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the same meaning as ascribed to it under the Listing Rules
“%”	per cent

\* For identification purpose only



**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)**

*Executive Directors:*

Mr. Siu Man Hei (*Chief Executive Officer*)  
Mr. Yip Kwok Hung Kevin (*Chief Financial Officer*)  
Mr. Ding Chunya  
Ms. Kau Wai Fun

*Registered Office:*

Cricket Square Hutchins Drive  
P.O. Box 2681  
Grand Cayman, KY1-1111  
Cayman Islands

*Non-executive Directors:*

Mr. Xu Xingli (*Chairman*)  
Mr. Ding Jingyong

*Principal Place of Business*

*in Hong Kong:*  
30/F Manhattan Place  
23 Wang Tai Road  
Kowloon Bay  
Kowloon  
Hong Kong

*Independent non-executive Directors:*

Mr. Liu Yi  
Mr. Sun Yansheng  
Mr. Tsang Ho Ka Eugene

10 August 2021

*To the Shareholders*

Dear Sir/Madam,

**CONTINUING CONNECTED TRANSACTIONS  
AND  
NOTICE OF EXTRAORDINARY GENERAL MEETING**

**A. INTRODUCTION**

As disclosed in the announcement of the Company dated 24 June 2021, the Company (for itself and on behalf of its subsidiaries) entered into the Framework Agreements with Jangho Co. (for and on behalf of Jangho Group) and Jangho Chuangxin (for itself and on behalf of its subsidiaries), respectively, pursuant to which the Company agreed to provide or procure any of its subsidiaries to provide, interior design services and interior decorating and furnishing services to Jangho Co., Jangho Chuangxin, and/or their respective subsidiaries.

---

## LETTER FROM THE BOARD

---

As the Framework Agreements relate to the provision of interior design services and interior decorating and furnishing services by the Group to Mr. Liu's associates and are entered into within a 12-month period, the Company has aggregated the continuing connected transactions under the Jangho Co. Framework Agreement and the Jangho Chuangxin Framework Agreement and treat them as if they were one transaction.

As one or more of the applicable percentage ratios in relation to the annual caps for the Framework Agreements on an aggregated basis, exceed(s) 5%, but is/are less than 25% and the aggregated annual caps for the continuing connected transactions under the Framework Agreements exceed HK\$10,000,000, the same transactions are subject to the reporting, annual review, announcement, circular (including independent financial advice) and shareholders' approval requirements under Chapter 14A of the Listing Rules.

The purpose of this circular is to provide you with (i) further details of the Framework Agreements, the transactions contemplated thereunder and the proposed annual caps; (ii) the letter of recommendation from the Independent Board Committee to the Independent Shareholders; (iii) the letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders; and (iv) the notice of the EGM.

### **B. THE FRAMEWORK AGREEMENTS**

#### **(I) Jangho Co. Framework Agreement**

Date:	24 June 2021
Parties:	(i) the Company (for itself and on behalf of its subsidiaries)  (ii) Jangho Co. (for and on behalf of Jangho Group)
Duration:	Effective upon the date of obtaining the Independent Shareholders' approval and up to 31 December 2023
Subject matter:	The Company has agreed to provide or procure any of its subsidiaries to provide, the interior design services and interior decorating and furnishing services to Jangho Co. and/or its subsidiaries, which shall be effected and governed by the individual contracts to be entered into between Jangho Co. or any of its subsidiaries and the Company or any of its subsidiaries in accordance with the terms of the Jangho Co. Framework Agreement. If there is any conflict between the terms of such contract and the Jangho Co. Framework Agreement, the latter agreement shall prevail.
Annual cap:	RMB18,000,000 (equivalent to approximately HK\$22,000,000) for each of the three years ending 31 December 2023

---

## LETTER FROM THE BOARD

---

### (2) Jangho Chuangxin Framework Agreement

Date:	24 June 2021
Parties:	(i) the Company (for itself and on behalf of its subsidiaries)  (ii) Jangho Chuangxin (for itself and on behalf of its subsidiaries)
Duration:	Effective upon the date of obtaining the Independent Shareholders' approval and up to 31 December 2023
Subject matter:	The Company has agreed to provide or procure any of its subsidiaries to provide, the interior design services and interior decorating and furnishing services to Jangho Chuangxin and/or its subsidiaries, which shall be effected and governed by the individual contracts to be entered into between Jangho Chuangxin or its subsidiaries and the Company or any of its subsidiaries in accordance with the terms of the Jangho Chuangxin Framework Agreement. If there is any conflict between the terms of such contract and the Jangho Chuangxin Framework Agreement, the latter agreement shall prevail.
Annual cap:	RMB14,000,000 (equivalent to approximately HK\$17,000,000) for each of the three years ending 31 December 2023

### PRICING BASIS

The fees under the individual contracts as per the Framework Agreements shall be determined in accordance with:

- (1) the pricing standard prescribed by the relevant state and/or regional price administration authorities (the "**Prescribed Price**");
- (2) if the Prescribed Price is not available, the price should be determined on an arm's length basis between Jangho Co. or Jangho Chuangxin and the Company and be on terms similar to, or more favourable (in terms of the interests of the Group) to the Group than those agreed between the Group and its Independent Third Party clients, with reference to the following:
  - (a) the prevailing market price for the provision of services of comparable nature and scale (if available). For the avoidance of doubt, the Company would solicit at least two quotations, if possible;

---

## LETTER FROM THE BOARD

---

- (b) the costs incurred or to be incurred in relation to the provision of the relevant interior design services and/or interior decorating and furnishing services, subject to a reasonable profit margin requirement;
- (c) in relation to the fee for the provision of interior design services, such fee shall be determined based on the reference unit price formulated by the Group, adjusted by factors such as the general discounts given to its long-term strategic clients or any other discount that is in the interest of the Group. Such discount would normally be within the range of 5% to 10% of the total fee;
- (d) in relation to the fee for the provision of interior decorating and furnishing services which may consist of the fee for concept design and detail design and the fee for procurement, supply, installation and/or setting up of furniture, fittings and accessories,
  - (i) the fee for concept design and detail design shall be determined based on the reference unit price formulated by the Group, adjusted by factors such as the general discounts given to its long-term strategic clients or any other discount that is in the interest of the Group. Such discount would normally be within the range of 5% to 10% of the total fee;
  - (ii) the fee for the procurement, supply, installation and/or setting up of furniture, fittings and accessories shall be determined based on the reference price for the provision of similar services at comparable location formulated by the Group with its Independent Third Party clients; and
  - (iii) for the avoidance of doubt, a discount of up to approximately 50% of the fee for concept design and detail design as part of the provision of interior decorating and furnishing services may be granted if the Group is engaged to provide full interior decorating and furnishing services (i.e. concept design, detail design and procurement, supply, installation and/or setting up of furniture, fittings and accessories).

### **PAYMENT TERMS**

The payment terms are as stated in the Framework Agreements, unless otherwise agreed between the parties to the individual contracts, whereby such agreed payment terms must be fair, reasonable and normal commercial terms (or terms more favourable to the Group than those stipulated in the Framework Agreements). The payment terms as stated in the Framework Agreements are as follows:

#### **Interior design services**

- (1) 20% of the fee shall be paid within seven business days after the date of signing of the relevant contract;

---

## LETTER FROM THE BOARD

---

- (2) 10% of the fee shall be paid within seven business days after submission of the concept design;
- (3) 10% of the fee shall be paid within seven business days after confirmation of the concept design;
- (4) 15% of the fee shall be paid within seven business days after submission of the detail design;
- (5) 15% of the fee shall be paid within seven business days after confirmation of the detail design;
- (6) 10% of the fee shall be paid within seven business days after submission of the tender drawings;
- (7) 10% of the fee shall be paid within seven business days after approval of the tender drawings; and
- (8) the remaining 10% of the fee shall be paid within seven business days after inspection and acceptance of the work.

### **Interior decorating and furnishing services**

- (a) in relation to concept design and detail design only:
  - (1) 20% of the fee shall be paid within seven business days after the date of signing of the relevant contract;
  - (2) 10% of the fee shall be paid within seven business days after submission of the concept design;
  - (3) 10% of the fee shall be paid within seven business days after confirmation of the concept design;
  - (4) 15% of the fee shall be paid within seven business days after submission of the detail design;
  - (5) 15% of the fee shall be paid within seven business days after confirmation of the detail design;
  - (6) 10% of the fee shall be paid within seven business days after submission of the tender drawings;
  - (7) 10% of the fee shall be paid within seven business days after approval of the tender drawings; and

---

## LETTER FROM THE BOARD

---

- (8) the remaining 10% of the fee shall be paid within seven business days after inspection and acceptance of the work.
- (b) in relation to the procurement, supply, installation and/or setting up of furniture, fittings and accessories only:
  - (1) 50% of the fee shall be paid on the date of signing of the relevant contract; and
  - (2) the remaining 50% of the fee shall be paid within seven business days after the issue of the invoice for such fee but prior to the delivery of the furniture, fittings and accessories.

As at the Latest Practicable Date, there was no Prescribed Price governing the interior design services and the interior decorating and furnishing services provided by the Group. The Directors will observe, among other factors stated herein, the Prescribed Price should the Prescribed Price become applicable insofar as the Framework Agreements remain effective.

As provided for in the internal control measures of the Group, in general, the gross profit margins of the interior design services and concept and detail design of interior decorating and furnishing services contemplated under the Framework Agreements are expected to range from 40% to 60%, and the gross profit margin of the procurement, supply, installation and/or setting up of furniture, fittings and accessories of interior decorating and furnishing services contemplated under the Framework Agreements is expected to range from 20% to 40%. Such ranges of reasonable gross profit margin are set based on the previous trading history of the Group, the expertise and experience of the personnel involved and the prevailing market practice for interior design services and interior decorating and furnishing services. Insofar as the reasonable gross profit margins of interior design services and interior decorating and furnishing services can be maintained, the Group may provide a general discount of approximately 5% to 10% as mentioned in 2(c) and a discount of up to approximately 50% as mentioned in 2d(iii) in the paragraph headed "Pricing Basis" above, depending on the length of client relationship. For details, please refer to the section headed "E. Internal Control Measures in relation to the Framework Agreements" in this letter.

Furthermore, in general, the pricing policy for the reference unit price for interior design services and concept design and detail design service takes into account the target margin of the Group, the historical service fee, the anticipated design work and the target market. Generally, in line with the marketing position and strategy in targeting high-end market of residential, private residence and hospitality projects, the unit price for private residence projects is the highest, followed by residential projects. The unit price for commercial projects is generally the lowest due to the relatively simple design requirement.

In relation to the reference price for the procurement, supply, installation and/or setting up of furniture, fittings and accessories, the Group normally charges on a cost-plus basis. The reference price takes into account, among other things, the estimated procurement and travelling costs for the project and the target margin of the Group.

---

## LETTER FROM THE BOARD

---

### C. HISTORICAL TRANSACTION AMOUNT

The table below sets out the historical transaction amounts of the fees paid to the Group by (i) Jangho Group, and (ii) Jangho Chuangxin and its subsidiaries, for the provision of interior design services and interior decorating and furnishing services:

	For the year ended 31 December			For the five months ended 31 May
	2018	2019 <sup>(Note 2)</sup>	2020 <sup>(Note 3)</sup>	2021
	(RMB)	(RMB)	(RMB)	(RMB)
Jangho Group <sup>(Note 1)</sup>	5,096,311	3,375,301	3,138,569	1,382,821
Jangho Chuangxin and its subsidiaries <sup>(Note 1)</sup>	19,400,460	6,325,056	923,458	13,207

Notes:

1. Each of Jangho Co. and Jangho Chuangxin is a 30%-controlled company of Mr. Liu, and hence, an associate of Mr. Liu.
2. The significant decreases were mostly attributable to the PRC government's tightening of the regulatory controls on home purchases and restricted access to credit for developers and homebuyers in 2019, which led to a significant decrease in consumption and investment appetite, in turn adversely impacting the demand for the Group's interior design and interior decorating and furnishing services and slowing down the progress of its projects.
3. The further decreases were mainly caused by the COVID-19 pandemic in 2020 and the subsequent lockdown, which further increased pressure on the PRC property sector, in turn causing a decrease in the number of the Group's newly awarded interior design and interior decorating and furnishing projects.

### D. PROPOSED ANNUAL CAPS FOR THE FRAMEWORK AGREEMENTS

The proposed annual caps for the transactions contemplated under the Framework Agreements for the three years ending 31 December 2023 are RMB32,000,000, RMB32,000,000 and RMB32,000,000 respectively (equivalent to approximately HK\$39,000,000, HK\$39,000,000 and HK\$39,000,000, respectively), with the amount of RMB32,000,000 divided as to RMB18,000,000 (equivalent to approximately HK\$22,000,000) for the Jangho Co. Framework Agreement and as to RMB14,000,000 (equivalent to approximately HK\$17,000,000) for the Jangho Chuangxin Framework Agreement.

The proposed annual caps for the Framework Agreements were determined based on: (i) the awarded contract sum of the relevant contracts; (ii) the contracts under bidding and/or the preliminary quotations or estimates provided to the clients of the Group for similar contracts; and (iii) the prevailing and expected market conditions as well as the input of the management based on their experience and expertise.

---

## LETTER FROM THE BOARD

---

As at the Latest Practicable Date, in terms of the Group's projects with member(s) of the Jangho Group and/or Jangho Chuangxin (or its subsidiaries) (the "**Projects**"), there were 14 newly signed projects with an aggregate contract value of RMB1,432,000, and 100 prospective projects under bidding or at the preliminary quotation stage with an aggregate contract value of RMB67,498,000.

For the year ending 31 December 2021, the Group's estimated income expected to be generated from the Projects is approximately RMB27,403,000. Within this estimated amount, transactions with Jangho Group would account for approximately RMB14,045,000, representing approximately 78% of the proposed annual cap for the Jangho Co. Framework Agreement; and transactions with Jangho Chuangxin and/or its subsidiaries would account for approximately RMB13,358,000, representing approximately 95% of the proposed annual cap for the Jangho Chuangxin Framework Agreement. The Group's estimated income expected to be generated from the Projects represents the majority of such proposed annual caps for the two years ending 31 December 2023.

The significant increase of annual cap as compared to the historical amounts of 2019 and 2020 was mainly attributable to (i) the aforesaid expected growth in the business segment of interior design and interior decorating and furnishing services and the projection of the anticipated transaction amounts; and (ii) the significant decrease in the transaction amounts in 2019 and 2020 as compared to the previous years as explained in Notes (2) and (3) to the table in the above "Historical Transaction Amount" section.

### **E. INTERNAL CONTROL MEASURES IN RELATION TO THE FRAMEWORK AGREEMENTS**

In order to ensure that the interior design services and interior decorating and furnishing services contemplated under the Framework Agreements are provided on terms similar to, or more favourable (in terms of the interests of the Group) to the Group than those agreed between the Group and its Independent Third Party clients when the Prescribed Price is not available, the Group has adopted the following measures:

- I. in general, the gross profit margins of the interior design services and concept design and detail design of interior decorating and furnishing services contemplated under the Framework Agreements are expected to range from 40% to 60%, and the gross profit margin of the procurement, supply, installation and/or setting up of furniture, fittings and accessories of interior decorating and furnishing services contemplated under the Framework Agreements is expected to range from 20% to 40%. These gross profit margins are arrived at after considering, *inter alia*, the previous trading history of the Group, the expertise and experience of the personnel involved and the prevailing market practice for interior design services and interior decorating and furnishing services;

---

## LETTER FROM THE BOARD

---

2. the finance personnel with manager grade or above of the Group will (i) conduct regular checks to review and assess whether the design services provided pursuant to the Framework Agreements are conducted in accordance with the terms of the Framework Agreements; and (ii) check the pricing basis by comparing them against the fees for comparable services chargeable by the Group to any Independent Third Party to ensure that the fees the Group charges is fair and reasonable under the then prevailing market conditions and in accordance with the aforesaid pricing policy, and will update the Chief Financial Officer of the Company with such information; and
3. the Company's external auditor and the independent non-executive Directors will conduct an annual review of the continuing connected transactions of the Company, including the design services provided pursuant to the Framework Agreements, the pricing basis and the proposed annual caps. The Company will facilitate the provision of necessary information to its independent non-executive Directors and auditor for the purpose of such review. Moreover, the Board will continue to review the same on a regular basis according to the Company's internal control manner measures.

### **F. INFORMATION ABOUT THE PARTIES TO THE FRAMEWORK AGREEMENTS**

The Group is an internationally renowned and award-winning interior design services and interior decorating and furnishing services provider, which is known for undertaking residential, private residence and hospitality projects that target the high-end market in the PRC and Hong Kong.

Jangho Co. is a joint stock limited company established in the PRC, the A shares of which are listed on the Shanghai Stock Exchange (stock code: 601886). It is principally engaged in the curtain wall engineering business, the interior decoration business and the provision of healthcare services.

Jangho Chuangxin is principally engaged in property development and investment.

### **G. REASONS FOR AND BENEFITS OF ENTERING INTO THE FRAMEWORK AGREEMENTS**

Pursuant to the Framework Agreements, the Group is required to, among other matters, provide interior design and interior decorating and furnishing services to Jangho Co., Jangho Chuangxin and/or their respective subsidiaries. The Directors (excluding the independent non-executive Directors) believe that the Framework Agreements will enable the Group to capture future business opportunities, expand interior design services and interior decorating and furnishing services of the Group and strengthen the Group's visibility in respect of such services in the PRC. It will also expand the source of income stream of the Group.

---

## LETTER FROM THE BOARD

---

As compared to the interior design service agreement dated 13 June 2018 and entered into between Gangyuan Architectural Decoration Engineering Co., Ltd.\* (北京港源建築裝飾工程有限公司) and Beijing Gangyuan Institute of Architectural Decoration Design and Research Co., Ltd.\* (北京港源建築裝飾設計研究院有限公司) (see the circular of the Company dated 30 October 2018 for more details), the Group has expanded its business and clientele (from a subsidiary of Jangho Co. to the entire Jangho Group) in relation to its interior design services and interior decorating and furnishing services by way of the Jangho Co. Framework Agreement. It is expected that the Group will achieve steady growth in its interior decorating and furnishing services segment in the coming years in terms of the increasing number of newly awarded projects.

Furthermore, the terms of the Framework Agreements were determined after arm's length negotiations between the respective parties thereto.

In light of the above, the Directors (excluding the independent non-executive Directors) are of the view that the transactions contemplated under the Framework Agreements are in the ordinary and usual course of business of the Group, on normal commercial terms which are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

### **H. LISTING RULES IMPLICATIONS**

As at the Latest Practicable Date, Jangho Co. was held, inter alios, as to 25.07% by Mr. Liu and 27.35% by Jiangheyuan, which in turn, was held as to 85% by Mr. Liu and 15% by Ms. Fu, both being controlling shareholders of the Company. Jangho Co., by virtue of being a 30%-controlled company of Mr. Liu, is an associate of Mr. Liu, and hence a connected person of the Company, in accordance with Chapter 14A of the Listing Rules.

As at the Latest Practicable Date, Jangho Chuangxin was held as to 30% by Mr. Liu and 70% by Jiangheyuan, which in turn, was held as to 85% by Mr. Liu and 15% by Ms. Fu, both being controlling shareholders of the Company. Jangho Chuangxin, by virtue of being a 30%-controlled company of Mr. Liu, is an associate of Mr. Liu, and hence a connected person of the Company, in accordance with Chapter 14A of the Listing Rules.

Therefore, the transactions contemplated under each of the Jangho Co. Framework Agreement and the Jangho Chuangxin Framework Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As each of the applicable percentage ratios in relation to the annual caps for each of the Jangho Co. Framework Agreement and the Jangho Chuangxin Framework Agreement is more than 0.1% but less than 5%, the continuing connected transactions under each of the Jangho Co. Framework Agreement and the Jangho Chuangxin Framework Agreement are subject to the reporting, annual review and announcement requirements but are exempt from the circular and shareholders' approval requirements under Chapter 14A of the Listing Rules.

---

## LETTER FROM THE BOARD

---

As the Framework Agreements relate to the provision of interior design services and interior decorating and furnishing services by the Group to Mr. Liu's associates and are entered into within a 12-month period, the Company has aggregated the continuing connected transactions under the Jangho Co. Framework Agreement and the Jangho Chuangxin Framework Agreement and treat them as if they were one transaction.

As one or more of the applicable percentage ratios in relation to the annual caps for the Jangho Co. Framework Agreement and the Jangho Chuangxin Framework Agreement on an aggregated basis, exceed(s) 5%, but is/are less than 25% and the aggregated annual caps for the continuing connected transactions under the Framework Agreements exceed HK\$10,000,000, the same transactions are subject to the reporting, annual review, announcement, circular (including independent financial advice) and shareholders' approval requirements under Chapter 14A of the Listing Rules.

### **I. EGM**

The notice of the EGM is set out on pages EGM-1 to EGM-2 of this circular. At the EGM, the Company proposes to seek the approvals of the Independent Shareholders of the Framework Agreements, the transactions contemplated thereunder and the proposed annual caps.

As each of Jangho Co. and Jangho Chuangxin is a 30%-controlled company of Mr. Liu, Mr. Liu and his associates will abstain from voting on the resolutions in relation to the Framework Agreements, the transactions contemplated thereunder and the proposed annual caps at the EGM. At the EGM, votes will be taken by poll.

The Independent Board Committee will advise the Independent Shareholders in relation to their voting on the resolutions relating to the Framework Agreements, the transactions contemplated thereunder and the proposed annual caps.

HeungKong Capital Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in relation to the Framework Agreements and its proposed annual caps.

A form of proxy for use at the EGM is enclosed with this circular and such form of proxy is also published on the websites of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company ([www.sldgroup.com](http://www.sldgroup.com)), respectively. Whether or not you are able to attend the EGM, please complete and sign the form of proxy in accordance with the instructions printed thereon and return it, together with the power of attorney or other authority (if any) under which it is signed or a certified copy of that power of attorney or authority, to the Company's branch share registrar in Hong Kong, Link Market Services (Hong Kong) Pty Limited, at Suite 1601, 16/F., Central Tower, 28 Queen's Road Central, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for holding the EGM or any adjournment thereof. Completion and delivery of the form of proxy will not preclude you from attending and voting at the EGM if you so wish and in such event, the form of proxy shall be deemed to be revoked.

---

## LETTER FROM THE BOARD

---

### J. PRECAUTIONARY MEASURES FOR THE EGM

In view of the ongoing COVID-19 pandemic, the Company will implement the following precautionary measures at the EGM to safeguard the health and safety of the Shareholders, staff and other stakeholders who attend the EGM from the risk of infection:

- (a) appropriate distancing and spacing in line with the guidance from the Hong Kong government will be maintained and as such, the Company may limit the number of attendees at the EGM as may be necessary to avoid over-crowding;
- (b) compulsory body temperature check will be conducted for all attendees (including Shareholders or their proxies) at the entrance of the EGM venue. Any person with a body temperature of over 37.4 degrees Celsius will not be admitted to the EGM venue;
- (c) Shareholders that (a) have travelled, and have been in close contact with any person who has travelled, outside of Hong Kong (as per guidelines issued by the Hong Kong government at [www.chp.gov.hk](http://www.chp.gov.hk)) at any time in the preceding 14 days; (b) are, and have been, in close contact with any person who is, subject to any Hong Kong government prescribed compulsory quarantine (including home quarantine); (c) are, and have been, in close contact with anyone who has contracted COVID-19, has been tested preliminarily positive of COVID-19 or is suspected of contracting COVID-19; or (d) have any flu-like symptoms, may be denied entry into the EGM venue and be asked to leave the EGM venue;
- (d) all attendees are required to wear surgical face masks before they are permitted to attend, and during their attendance of the EGM at all times; and
- (e) no refreshments and beverages will be served and no corporate souvenirs will be distributed at the EGM.

To the extent permitted under the laws of Hong Kong, the Company reserves the right to deny entry into the EGM venue or require any person to leave the EGM venue in order to ensure the safety of the attendees at the EGM.

Subject to the development of COVID-19, the Company may implement further precautionary measures, and where necessary, issue further announcement(s) on such measures as and when appropriate.

In the interest of all stakeholders' health and safety, the Company would also like to remind all Shareholders that physical attendance in person at the EGM is not necessary for the purpose of exercising voting rights. As an alternative, Shareholders may consider appointing the chairman of the EGM as their proxy to vote as instructed by the Shareholders on the relevant resolutions at the EGM, instead of attending the EGM in person.

---

## LETTER FROM THE BOARD

---

If any Shareholder not attending the EGM in person has any question about the resolutions proposed to be passed at the EGM or about the Company, or has any matter for communication with the Board, he/she is welcome to send such question or matter in writing to the Company's principal place of business in Hong Kong at 30/F, Manhattan Place, 23 Wang Tai Road, Kowloon Bay, Kowloon, Hong Kong or to our email at [ir@steveleung.com](mailto:ir@steveleung.com).

If any Shareholder has any question relating to the EGM, please contact Link Market Services (Hong Kong) Pty Limited, the Company's Hong Kong branch share registrar as follows:

Link Market Services (Hong Kong) Pty Limited  
Suite 1601, 16/F., Central Tower  
28 Queen's Road Central, Hong Kong  
Telephone: (852) 3707 2600  
Fax: (852) 3707 2699

### **K. RECOMMENDATION**

The Board (including the independent non-executive Directors) is of the opinion that the terms of the Framework Agreements, the transactions contemplated thereunder and the proposed annual caps are fair and reasonable so far as the Company is concerned and are in the interests of the Company and the Shareholders as a whole. Accordingly, the Board recommends that the Independent Shareholders vote in favour of the resolutions set out in the notice of the EGM for the approval of the Framework Agreements, the transactions contemplated thereunder and the proposed annual caps. The Board is also of the view that the Framework Agreements have been entered into in the ordinary and usual course of business of the Group, and that the terms, as well as the proposed annual caps of the Framework Agreements, are on normal commercial terms, fair and reasonable, and in the interests of the Company and the Shareholders as a whole.

Mr. Xu Xingli is currently the chief executive officer and the general manager of Jangho Co. Mr. Yip Kwok Hung Kevin is a director of Eagle Vision. Save as disclosed, no other Director has a material interest in the Framework Agreements, the transactions contemplated thereunder and the proposed annual caps and no other Director is required to abstain from voting in the board resolutions in relation to the resolution set out in the notice of EGM.

### **L. INDEPENDENT BOARD COMMITTEE**

The Independent Board Committee, comprising all of the independent non-executive Directors, namely Mr. Liu Yi, Mr. Sun Yansheng and Mr. Tsang Ho Ka Eugene, has been formed to advise the Independent Shareholders in relation to their voting on the resolution in respect of the Framework Agreements, the transactions contemplated thereunder and the proposed annual caps.

---

## LETTER FROM THE BOARD

---

### **M. CLOSURE OF REGISTER OF MEMBERS**

The share register of the Company will be closed from Wednesday, 25 August 2021 to Monday, 30 August 2021 (both days inclusive), during which no transfer of shares will be effected. In order to be entitled to attend the EGM and vote at the EGM, all completed share transfer forms accompanying with the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Link Market Services (Hong Kong) Pty Limited not later than 4:30 p.m. on Tuesday, 24 August 2021. The address of Link Market Services (Hong Kong) Pty Limited is Suite 1601, 16/F., Central Tower, 28 Queen's Road Central, Hong Kong.

### **N. ADDITIONAL INFORMATION**

Your attention is drawn to the additional information set out in the Appendix to this circular.

Yours faithfully,  
By order of the Board  
**Xu Xingli**  
*Chairman*



**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)**

10 August 2021

*To the Independent Shareholders*

Dear Sir/Madam,

**CONTINUING CONNECTED TRANSACTIONS  
AND  
NOTICE OF THE EXTRAORDINARY GENERAL MEETING**

We have been appointed as members of the Independent Board Committee to consider the Framework Agreements, the transactions contemplated thereunder and the proposed annual caps, details of which are set out in the Letter from the Board contained in this circular to the Shareholders dated 10 August 2021 (the “**Circular**”), of which this letter forms part, and to advise you as to the fairness and reasonableness of the same. Terms defined in the Circular shall have the same meanings when used herein unless the context otherwise requires.

Having considered (i) the Framework Agreements, the transactions contemplated thereunder and the proposed annual caps; and (ii) the advice and opinion of the Independent Financial Adviser in relation thereto as set out on pages 19 to 35 of the Circular, we are of the opinion that (i) the Framework Agreements were entered into in the ordinary and usual course of business on normal commercial terms; and (ii) the transactions contemplated under the Framework Agreements and their respective proposed annual caps are fair and reasonable so far as the Independent Shareholders are concerned and are in the interests of the Company and the Shareholders as a whole.

We therefore recommend that you vote in favour of the resolution to be proposed at the EGM to approve the Framework Agreements, the transactions contemplated thereunder and the proposed annual caps.

Yours faithfully,  
Independent Board Committee

**Liu Yi**  
*Independent*  
*non-executive Director*

**Sun Yansheng**  
*Independent*  
*non-executive Director*

**Tsang Ho Ka Eugene**  
*Independent*  
*non-executive Director*

---

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

---

The following is the full text of a letter of advice from HeungKong Capital Limited to the Independent Board Committee and the Independent Shareholders in relation to the Framework Agreements and the transactions contemplated thereunder prepared for the purpose of inclusion in this circular.



Suite 622, Ocean Centre  
Harbour City  
Kowloon  
Hong Kong

10 August 2021

To the Independent Board Committee and the Independent Shareholders of  
Steve Leung Design Group Limited

Dear Sirs,

### CONTINUING CONNECTED TRANSACTIONS

#### INTRODUCTION

We refer to our engagement as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Framework Agreements and the transactions contemplated thereunder, details of which are set out in the letter from the board (the “**Board Letter**”) contained in the circular issued by the Company to the Shareholders dated 10 August 2021 (the “**Circular**”), of which this letter forms part. Unless the context requires otherwise, capitalised terms used in this letter of advice shall have the same meaning as defined in the Circular.

On 24 June 2021, the Company (for itself and on behalf of its subsidiaries) entered into the Framework Agreements with Jangho Co. (for and on behalf of Jangho Group) and Jangho Chuangxin (for itself and on behalf of its subsidiaries), respectively, pursuant to which the Company agreed to provide or procure any of its subsidiaries to provide, interior design services and interior decorating and furnishing services to Jangho Co., Jangho Chuangxin, and/or their respective subsidiaries (the “**Jangho Co. Transactions**” and “**Jangho Chuangxin Transactions**” respectively, and collectively, the “**Transactions**”).

As at the Latest Practicable Date, Jangho Co. was held, *inter alios*, as to 25.07% by Mr. Liu and 27.35% by Jiangheyuan, which in turn, was held as to 85% by Mr. Liu and 15% by Ms. Fu, both being controlling shareholders of the Company. Jangho Co., by virtue of being a 30%-controlled company of Mr. Liu, is an associate of Mr. Liu, and hence a connected person of the Company, in accordance with Chapter 14A of the Listing Rules.

---

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

---

As at the Latest Practicable Date, Jangho Chuangxin was held as to 30% by Mr. Liu and 70% by Jiangheyuan, which in turn, was held as to 85% by Mr. Liu and 15% by Ms. Fu, both being controlling shareholders of the Company. Jangho Chuangxin, by virtue of being a 30%-controlled company of Mr. Liu, is an associate of Mr. Liu, and hence a connected person of the Company, in accordance with Chapter 14A of the Listing Rules.

Therefore, the Transactions constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As each of the applicable percentage ratios in relation to the annual caps for each of the Jangho Co. Framework Agreement and the Jangho Chuangxin Framework Agreement is more than 0.1% but less than 5%, the Transactions are subject to the reporting, annual review and announcement requirements but are exempt from the circular and shareholders' approval requirements under Chapter 14A of the Listing Rules.

As the Framework Agreements relate to the provision of interior design services and interior decorating and furnishing services by the Group to Mr. Liu's associates and are entered into within a 12-month period, the Company has aggregated the Jangho Co. Transactions and the Jangho Chuangxin Transactions and treat them as if they were one transaction.

As one or more of the applicable percentage ratios in relation to the annual caps for the Framework Agreements on an aggregated basis, exceed(s) 5%, but is/are less than 25% and the aggregated annual caps for the Transactions exceed HK\$10,000,000, the Transactions are subject to the reporting, annual review, announcement, circular (including independent financial advice) and shareholders' approval requirements under Chapter 14A of the Listing Rules.

### INDEPENDENT BOARD COMMITTEE

The Independent Board Committee comprising all the independent non-executive Directors, namely Mr. Liu Yi, Mr. Sun Yansheng and Mr. Tsang Ho Ka Eugene, has been formed to advise the Independent Shareholders on (i) whether the terms of the Framework Agreements are on normal commercial terms and are fair and reasonable; (ii) whether the Transactions are in the interests of the Company and the Shareholders as a whole and are conducted in the ordinary and usual course of business of the Group; and (iii) how the Independent Shareholders should vote in respect of the resolution(s) to approve the Transactions at the EGM. We, HeungKong Capital Limited, have been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in the same regard.

### OUR INDEPENDENCE

As at the Latest Practicable Date, we did not have any relationships or interests with the Company, Jangho Co. or Jangho Chuangxin that could reasonably be regarded as relevant to our independence. On 28 January 2021, Steve Leung Designers Limited ("**SLDL**"), an indirect wholly-owned subsidiary of the Company, subscribed to USD2.5 million of the FUTEC Special Growth Fund SPC — FUTEC International Bond Fund (the "**Bond Fund**"). The Bond Fund is a wholly-

---

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

---

owned subsidiary of an affiliate of HeungKong Capital Limited (“**HKCL**”), and is managed by HeungKong Securities Limited (“**HKSL**”), a corporation licensed to carry out Types 1, 2, 4 and 9 regulated activities under the SFO and is an affiliate of HKCL. Having considered that (i) there are no overlap of services or sharing of any client or transactional information between HKCL and HKSL or their staff, and all their respective activities are closely monitored by stringent internal compliance policies and procedures to ensure that there are no conflicts of interest and to maintain their independence; (ii) the Bond Fund was launched in May 2020 as an open-ended fund, and SLDL made its subscription solely at its own discretion; and (iii) the Group does not have any direct or indirect influence nor control over HKSL’s management of the Bond Fund or any of HKCL’s businesses or services, we are of the view that SLDL’s subscription of the Bond Fund would not impair HKCL’s independence with the Group. Other than disclosed above, in the last two years prior to the Latest Practicable Date, there was no engagement between the Company and us. Apart from normal professional fees paid or payable to us in connection with this appointment as the Independent Financial Adviser, no arrangements exist whereby we had received or will receive any fees or benefits from the Company, Jangho Co. or Jangho Chuangxin. Accordingly, we are qualified to give independent advice in respect of the Framework Agreements and the transactions contemplated thereunder.

### **BASIS OF OUR OPINION**

In formulating our opinion and advice, we have relied on (i) the information and facts contained or referred to in the Circular; (ii) the information supplied by the Group; (iii) the opinion expressed by and the representations of the Directors and the management of the Group (the “**Management**”); and (iv) our review of the relevant public information. We have assumed that all the information and facts supplied, opinions expressed, statements and representations made to us by the Management were true, accurate and complete at the time they were made and continue to be true, accurate and complete in all material aspects until the date of the EGM. We have also assumed that all statements of belief, opinions, expectation, intention, reasonably made after due enquiry and careful consideration made by the Management in the Circular. We have no reason to suspect that any material facts or information have been withheld or to doubt the truth, accuracy and completeness of the information and facts contained in the Circular, or the reasonableness of the opinions expressed by the Company, its Management and/or advisers, which have provided to us.

The Directors have collectively and individually accepted full responsibility for the accuracy of the information contained in the Circular and have confirmed, having made all reasonable enquiries, which to the best of their knowledge and belief, that the information contained in the Circular 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 in the Circular or this Circular misleading. We, as the Independent Financial Adviser, take no responsibility for the contents of any part of the Circular, save and except for this letter of advice.

---

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

---

We consider that we have been provided with sufficient information to reach an informed view and to provide a reasonable basis for our opinion. We have not, however, conducted any independent in-depth investigation into the business and affairs or future prospects of the Group, Jangho Co. and Jangho Chuangxin, or their respective shareholders, subsidiaries or associates, nor have we considered the taxation implication on the Group or the Shareholders as a result of the Framework Agreements. Our opinion is necessarily based on the market, financial, economics and other conditions in effect and the information made available to us as at the Latest Practicable Date. Any subsequent developments may affect and/or change our opinion and we have no obligation to update this opinion to take into account events occurring after the date of this letter or to update, revise or reaffirm our opinion. Nothing contained in this letter of advice should be construed as a recommendation to hold, sell or buy any shares or any other securities of the Company.

Where information in this letter of advice has been extracted from published or otherwise publicly available sources, we have ensured that such information has been correctly extracted from the relevant sources while we are not obligated to conduct any independent in-depth investigation into the accuracy and completeness of such information.

### **PRINCIPAL FACTORS AND REASONS CONSIDERED**

In considering the Framework Agreements and the Transactions, we have taken into account the principal factors and reasons set out below:

#### **I. Background and reasons for and benefits of entering into the Framework Agreements**

##### ***Background of the Group***

With reference to the Board Letter, the Group is an internationally renowned and award-winning interior design services and interior decorating and furnishing services provider, which is known for undertaking residential, private residence and hospitality projects that target the high-end market in the PRC and Hong Kong.

---

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

---

Set out below is the consolidated financial information of the Company for the two years ended 31 December 2020 (the “**FY2019**” and “**FY2020**”) as extracted from the Company’s annual report for the year ended 31 December 2020 (the “**2020 Annual Report**”):

	<b>FY2020</b>	<b>FY2019</b>	<b>Change from FY2019 to FY2020</b>
	<i>(audited)</i>	<i>(audited)</i>	
	<i>HK\$ million</i>	<i>HK\$ million</i>	%
Revenue	433.0	504.7	(14.2)
<i>Interior design services</i>	<i>314.1</i>	<i>325.1</i>	<i>(3.4)</i>
<i>Interior decorating and furnishing services</i>	<i>116.2</i>	<i>176.7</i>	<i>(34.2)</i>
<i>Product design services</i>	<i>2.7</i>	<i>2.9</i>	<i>(6.9)</i>
Gross profit	187.9	194.6	(3.4)
Profit before taxation	57.7	61.1	(5.6)
Profit for the year	34.6	40.1	(13.7)

As stated in the 2020 Annual Report, during the FY2020, the Group recorded a total revenue of approximately HK\$433.0 million (FY2019: HK\$504.7 million), representing a decrease of approximately 14.2%. Gross profit decreased by approximately 3.4%, from approximately HK\$194.6 million for the FY2019 to approximately HK\$187.9 million for the FY2020, whereas gross profit margin increased from approximately 38.6% for the FY2019 to approximately 43.4% for the FY2020, mainly attributable to the increase in the proportion of revenue contribution from the interior design services and the improvement in gross profit margin from the interior decorating and furnishing services. For the FY2019 and FY2020, the total revenue derived from the (i) interior design services and (ii) interior decorating and furnishing services represented more than 99% of the revenue generated by the Group.

Profit before taxation decreased by approximately 5.6%, from approximately HK\$61.1 million for the FY2019 to approximately HK\$57.7 million for the FY2020, mainly due to the significant expected credit loss recognised on trade receivables and contract assets during the FY2020 as a result of COVID-19 pandemic. Benefited from stable profit margins, stringent cost control and government support, profit before taxation (excluding expected credit loss on trade receivables and contract assets) increased by approximately 24.7%, from approximately HK\$65.3 million for the FY2019 to approximately HK\$81.4 million for the FY2020. Profit for the FY2020 was approximately HK\$34.6 million (FY2019: HK\$40.1 million).

---

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

---

### ***Background of Jangho Co. and Jangho Chuangxin***

Jangho Co. is a joint stock limited company established in the PRC, the A shares of which are listed on the Shanghai Stock Exchange (stock code: 601886). It is principally engaged in, the curtain wall engineering business, the interior decoration business and the provision of healthcare services.

Jangho Chuangxin is principally engaged in property development and investment.

### ***Reasons for and benefits of entering into the Framework Agreements***

With reference to the Board Letter, pursuant to the Framework Agreements, the Group is required to, among other matters, provide interior design and interior decorating and furnishing services to Jangho Co., Jangho Chuangxin and/or their subsidiaries. The Directors believe that the Framework Agreements will enable the Group to capture future business opportunities, expand interior design services and interior decorating and furnishing services of the Group and strengthen the Group's visibility in respect of such services in the PRC. It will also expand the source of income stream of the Group.

As compared to the interior design service agreement dated 13 June 2018 entered between Gangyuan Architectural Decoration Engineering Co., Ltd.\* (北京港源建築裝飾工程有限公司) and Beijing Gangyuan Institute of Architectural Decoration Design and Research Co., Ltd.\* (北京港源建築裝飾設計研究院有限公司) (see the circular of the Company dated 30 October 2018 for more details), the Group has expanded its business and clientele (from a subsidiary of Jangho Co. to the entire Jangho Group) in relation to its interior design services and interior decorating and furnishing services by way of the Jangho Co. Framework Agreement. It is expected that the Group will achieve steady growth in its interior decorating and furnishing services segment in the coming years in terms of the increasing number of newly awarded projects.

Furthermore, the terms of the Framework Agreements were determined after arm's length negotiations between the respective parties thereto.

In light of the above, the Directors are of the view that the Transactions are in the ordinary and usual course of business of the Group, on normal commercial terms which are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

As aforementioned, the total revenue derived from interior design and interior decorating and furnishing services represented over 99% of the Group's total revenue for both of FY2019 and FY2020. Therefore, the Transactions are in the ordinary and usual course of business of the Group. As advised by the Directors, the Group enjoyed synergy derived from its well-established branding and business network of Jangho Group and Jangho Chuangxin and its subsidiaries (the "**Jangho Chuangxin Group**") since the Group became a part of Jangho Group in 2014.

---

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

---

Having considered the reasons and benefits above, and in particularly that:

- (i) the Transactions are conducted in the ordinary and usual course of business of the Group;
- (ii) the Group's long-term relationship and synergy with Jangho Group and Jangho Chuangxin Group; and
- (iii) the Transactions will strengthen the Group's visibility in respect of interior design services and interior decorating and furnishing services in the PRC and also expand the source of income stream of the Group,

we concur with the Directors that the Transactions are conducted in ordinary and usual course of business of the Group and are in the interests of the Company and the Shareholders as a whole.

### 2. The Framework Agreements

On 24 June 2021, the Company (for itself and on behalf of its subsidiaries) entered into the Framework Agreements with Jangho Co. (for and on behalf of Jangho Group) and Jangho Chuangxin (for and on behalf of Jangho Chuangxin Group), respectively, pursuant to which the Company agreed to provide or procure any of its subsidiaries to provide, interior design services and interior decorating and furnishing services to Jangho Co, Jangho Chuangxin, and/or their respective subsidiaries.

Set out below is a summary of the principal terms of the Framework Agreements:

**Date:** 24 June 2021

**Parties:** *Jangho Co. Framework Agreement*

- (i) the Company (for itself and on behalf of its subsidiaries); and
- (ii) Jangho Co., (for and on behalf of Jangho Group)

*Jangho Chuangxin Framework Agreement*

- (i) the Company (for itself and on behalf of its subsidiaries); and
- (ii) Jangho Chuangxin (for and on behalf of Jangho Chuangxin Group)

**Duration:** Effective upon the date of obtaining the Independent Shareholders' approval to 31 December 2023

---

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

---

**Subject matter:**     ***Jangho Co. Framework Agreement***

The Company has agreed to provide or procure any of its subsidiaries to provide interior design services and interior decorating and furnishing services to Jangho Co. and/or its subsidiaries (excluding the Group), which shall be effected and governed by the individual contracts to be entered into between Jangho Co. or any of its subsidiaries and the Company or any of its subsidiaries in accordance with the terms of the Jangho Co. Framework Agreement. If there is any conflict between the terms of such contract and the Jangho Co. Framework Agreement, the latter agreement shall prevail.

***Jangho Chuangxin Framework Agreement***

The Company has agreed to provide or procure any of its subsidiaries to provide, the interior design services and interior decorating and furnishing services to Jangho Chuangxin and/or its subsidiaries, which shall be effected and governed by the individual contracts to be entered into between Jangho Chuangxin or its subsidiaries and the Company or any of its subsidiaries in accordance with the terms of the Jangho Chuangxin Framework Agreement. If there is any conflict between the terms of such contract and the Jangho Chuangxin Framework Agreement, the latter agreement shall prevail.

**Pricing basis:**

The fees under the individual contracts as per the Framework Agreements shall be determined in accordance with:

- (i) the pricing standard prescribed by the state and/or regional price administration authorities (the “**Prescribed Price**”);
- (ii) if the Prescribed Price is not available, the price should be determined on an arm’s length basis between Jangho Co. or Jangho Chuangxin and the Company and be on terms similar to, or more favourable (in terms of the interests of the Group) to the Group than those agreed between the Group and its Independent Third Party clients, with reference to the following:
  - a. the prevailing market price for the provision of services of comparable nature and scale (if available). For the avoidance of doubt, the Company would solicit at least two quotations, if possible;

---

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

---

- b. the costs incurred or to be incurred in relation to the provision of the relevant interior design services and/or interior decorating and furnishing services, subject to a reasonable profit margin requirement;
- c. in relation to the fee for the provision of interior design services, such fee shall be determined based on the reference unit price formulated by the Group, adjusted by factors such as the general discounts given to its long-term strategic clients or any other discount that is in the interest of the Group. Such discount would normally be within the range of 5% to 10% of the total fee; and
- d. in relation to the fee for the provision of interior decorating and furnishing services which may consist of the fee for concept design and detail design and the fee for procurement, supply, installation and/or setting up of furniture, fittings and accessories,
  - (i) the fee for concept design and detail design shall be determined based on the reference unit price formulated by the Group, adjusted by factors such as the general discounts given to its long-term strategic clients or any other discount that is in the interest of the Group. Such discount would normally be within the range of 5% to 10% of the total fee;
  - (ii) the fee for the procurement, supply, installation and/or setting up of furniture, fittings and accessories shall be determined based on the reference price for the provision of similar services at comparable location formulated by the Group with its Independent Third Party clients; and
  - (iii) for the avoidance of doubt, a discount of up to approximately 50% of the total fee for concept design and detail design as part of the provision of interior decorating and furnishing services may be granted if the Group is engaged to provide full interior decorating and furnishing services (i.e. concept design, detailed design and procurement, supply, installation and/or setting up of furniture, fittings and accessories).

---

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

---

**Payment terms:** The payment terms are as stated in the Framework Agreements, unless otherwise agreed between the parties to the individual contracts, whereby such agreed payment terms must be fair, reasonable and normal commercial terms (or terms more favourable to the Group than those stipulated in the Framework Agreements). The payment terms as stated in the Framework Agreements are as follows:

**Interior design services:**

- (i) 20% of the fee shall be paid within seven business days after the date of signing of the relevant contract;
- (ii) 10% of the fee shall be paid within seven business days after submission of the concept design;
- (iii) 10% of the fee shall be paid within seven business days after confirmation of the concept design;
- (iv) 15% of the fee shall be paid within seven business days after submission of the detail design;
- (v) 15% of the fee shall be paid within seven business days after confirmation of the detail design;
- (vi) 10% of the fee shall be paid within seven business days after submission of the tender drawings;
- (vii) 10% of the fee shall be paid within seven business days after approval of tender drawings; and
- (viii) the remaining 10% of the fee shall be paid within seven business days after inspection and acceptance of the work.

**Interior decorating and furnishing services:**

- (i) in relation to concept design and detail design only,
  - (i) 20% of the fee shall be paid within seven business days after the date of signing of the relevant contract;
  - (ii) 10% of the fee shall be paid within seven business days after submission of the concept design;

---

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

---

- (iii) 10% of the fee shall be paid within seven business days after confirmation of the concept design;
  - (iv) 15% of the fee shall be paid within seven business days after submission of the detail design;
  - (v) 15% of the fee shall be paid within seven business days after confirmation of the detail design;
  - (vi) 10% of the fee shall be paid within seven business days after submission of the tender drawings;
  - (vii) 10% of the fee shall be paid within seven business days after approval of tender drawings; and
  - (viii) the remaining 10% of the fee shall be paid within seven business days after inspection and acceptance of the work.
- (ii) in relation to the procurement, supply, installation and/or setting up of furniture, fittings and accessories only,
    - (a) 50% of the fees shall be paid on the date of signing of the relevant contract; and
    - (b) the remaining 50% of the fees shall be paid within seven business days after issuing the invoice for such fee but prior to the delivery of the furniture, fittings and accessories.

Further details of the Framework Agreements are set out in the section headed “B. THE FRAMEWORK AGREEMENTS” in the Board Letter.

For our due diligence purpose, we randomly selected and obtained 10 sets of sample historical contracts in respect of the provision of interior design services and interior decorating and furnishing services to (i) Jangho Group and Jangho Chuangxin Group; and (ii) Independent Third Party customers by the Group (the “**Sample Contracts**”), we noted from the aforesaid Sample Contracts that the pricing basis was in line with the pricing basis under the Framework Agreements. As the Sample Contracts were randomly selected by us and covered different types of services and periods, i.e. at least 3 contracts signed respectively for each type of services and for each of the three years ended 31 December 2020 with each of Jangho Group, Jangho Chuangxin Group and Independent Third Party clients, and as advised by the Management, the contracts issued by the Group to its clients were generally standardised for each type of services, we are of view that the sample size of the Sample Contracts is fair and representative.

---

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

---

As advised by the Directors, the Group adopted various internal control measures (the “**IC Measures**”) to ensure prices of each of the transactions are in accordance with the pricing policies under the Framework Agreements. Upon our request, the Management also provided us with an extract of the Group’s internal policies in relation to the IC Measures.

Having obtained and reviewed the internal policies in relation to the IC Measures, and considered that the Group adopted measures to ensure that the Transactions are conducted under the terms and the pricing basis similar to, or more favourable (in terms of the interest of the Group) than those agreed between the Group and its Independent Third Party customers when there is no Prescribed Price, details of which are set out under the section headed “E. Internal Control Measures in relation to the Framework Agreements” of the Board Letter, we consider the effective implementation of the IC Measures will help to ensure fair pricing of the Transactions.

Having discussed with Management and reviewed the Sample Contracts, we noted that the payment terms under the Framework Agreements are similar to, or, in the interest of the Group, better than, the payments terms offered by the Group to Independent Third Party customers for the provision of similar services. We are of the view that the payment terms of the Framework Arrangements is fair and reasonable and on normal commercial terms.

In light of the above factors and having reviewed the Framework Agreements, we are of the view that the terms of the Framework Agreements are on normal commercial terms and are fair and reasonable.

---

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

---

### Proposed Annual Caps for the Framework Agreements

Set out below are the (i) historical transaction amounts of the fees paid to the Group by Jangho Group, and Jangho Chuangxin Group for the provision of the interior design services and interior decorating and furnishing services for the three years ended 31 December 2020 and five months ended 31 May 2021, and (ii) the proposed annual caps for each of the Jangho Co. Transactions (the “**Jangho Co. Caps**”) and Jangho Chuangxin Transactions (the “**Jangho Chuangxin Caps**”) for the three years ending 31 December 2023 for the provision of interior design services and interior decorating and furnishing services (the “**Proposed Caps**”):

	For the year ended 31 December			For the five months ended 31 May
	2018	2019	2020	2021
	<i>(RMB)</i>	<i>(RMB)</i>	<i>(RMB)</i>	<i>(RMB)</i>
<u>Historical transaction amounts</u>				
Jangho Group	5,096,311	3,375,301	3,138,569	1,382,821
Jangho Chuangxin Group	19,400,460	6,325,056	923,458	13,207
Total	24,496,771	9,700,357	4,062,027	1,396,028
<u>Proposed Cap(s)</u>				
	For the year ended 31 December			
	2021	2022	2023	
	<i>(RMB)</i>	<i>(RMB)</i>	<i>(RMB)</i>	
Jangho Co. Cap(s)	18,000,000	18,000,000	18,000,000	
Jangho Chuangxin Cap(s)	14,000,000	14,000,000	14,000,000	
Total	32,000,000	32,000,000	32,000,000	

With reference to the Board Letter, as depicted in the table above, the significant decreases of the historical transaction amount for the year ended 31 December 2019, were mostly attributable to the PRC government’s tightening of the regulatory controls on home purchases and restricted access to credit for developers and homebuyers in 2019, which led to a significant decrease in consumption and investment appetite, in turn adversely impacting the demand for the Group’s interior design and interior decorating and furnishing services and slowing down the progress of its projects.

The further decreases for the year ended 31 December 2020 were mainly caused by the COVID-19 pandemic in 2020 and the subsequent lockdown, which further increased pressure on the PRC property sector, in turn causing a decrease in the number of the Group’s newly awarded interior design and interior decorating and furnishing projects.

---

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

---

With reference to the Board Letter and as advised by the Directors, the Proposed Caps for the Framework Agreements were determined based on:

- (i) the awarded contract sum of the relevant contracts;
- (ii) the contracts under bidding and/or the preliminary quotations or estimates provided to the clients of the Group for similar contracts; and
- (iii) the prevailing and expected market conditions as well as the input of the management based on their experience and expertise.

As at the Latest Practicable Date, in terms of the Group's projects with member(s) of the Jangho Group and/or Jangho Chuangxin (or its subsidiaries) (the "**Projects**"), there were 14 newly signed projects with an aggregate contract value of RMB1,432,000, and 100 prospective projects under bidding or at the preliminary quotation stage with an aggregate contract value of RMB67,498,000.

For the year ending 31 December 2021, the Group's estimated income expected to be generated from the Projects is approximately RMB27,403,000. Within this estimated amount, transactions with Jangho Group would account for approximately RMB14,045,000, representing approximately 78% of the Jangho Co. Cap; and transactions with Jangho Chuangxin and/or its subsidiaries would account for approximately RMB13,358,000, representing approximately 95% of the Jangho Chuangxin Cap. The Group's estimated income expected to be generated from the Projects represents the majority of such proposed annual caps for the two years ending 31 December 2023.

The significant increase of annual cap as compared to the historical amounts of 2019 and 2020 was mainly attributable to (i) the aforesaid expected growth in the business segment of interior design and interior decorating and furnishing services and the projection of the anticipated transaction amounts; and (ii) the significant decrease in the transaction amounts in 2019 and 2020 as compared to the previous years as explained in above.

For our due diligence purpose, we obtained the detailed calculation for the Proposed Caps for the three years ending 31 December 2023 (the "**Caps Calculation**"). The Caps Calculation was prepared based on the estimated contractual amount of and income generated from the contracts were awarded or may be awarded to the Group under the Framework Agreements with reference to the project planning of Jangho Group and Jangho Chuangxin Group for the three years ending 31 December 2023. We also obtained respective list of contacts entered into between the Group and Jangho Group and Jangho Chuangxin Group for each of the three years ended 31 December 2020 (the "**Historical Lists**").

---

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

---

According to the Caps Calculation and the Historical Lists, and as advised by the Directors, we noted that

- (i) the aforementioned Company's projection in relation to the contract sum, number of projects and estimated income of the Transactions is in line with the Caps Calculation, and
- (ii) the Group entered into aggregately over 100 projects with Jangho Group and Jangho Chuangxin Group for the three years ended 31 December 2020, amid the unfavourable market environment in 2019 and 2020.

We further discussed with the Management regarding the information of the Projects in the Caps Calculation, and obtained relevant materials (signed/draft contracts, background information about the projects, and etc.) and conducted subsequent desktop research, we understood that

- (i) the projected completion time of the Projects are estimated in accordance with the development pipeline of the relevant real estate projects of Jangho Group and Jangho Chuangxin Group, in particular, the Group is securing the contracts of a project with Jangho Group in Shandong Province and another project with Jangho Chuangxin Group in Hunan Province, the contract sum of which constitute approximately 35–50% of the Jangho Co. Cap and Jangho Chuangxin Cap respectively for the year ended 31 December 2021, and the information of the projects we obtained is consistent with our independent desktop research results, and
- (ii) the contracts to be granted to the Group are mainly the provision of interior design and interior decorating and furnishing services to certain parts of residential and/or commercial projects (such as sales offices, show flats, and etc.), and the average contract amount would be considerably immaterial compared with the entire development costs of the residential and/or commercial projects of Jangho Group and Jangho Chuangxin Group in the Caps Calculation.

Based on the above, the Management are of view that the Group would eventually secure the contracts and there is potential for the Group to negotiate and engage into more projects with Jangho Group and Jangho Chuangxin Group, therefore, the Company would like to maintain the same Proposed Cap for each of two years ending 31 December 2023 as for the year ending 31 December 2021, so as to not limit the potential business opportunity and revenue that could be generated from the Framework Agreements.

We also conducted independent research on the PRC real estate market to obtain insights into the prevailing and expected market conditions of the Transactions.

---

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

---

In 2020, The People's Bank of China and the Ministry of Housing and Urban-Rural Development of the PRC imposed a new set of financing rules for real estate companies in order to control house prices, known as "Three Red Lines (三條紅線)" policy, which causes deleveraging pressure on developers and may impact their short-term businesses.

According to the National Bureau of Statistics of the PRC (the "NBS"), the Gross Domestic Product (the "GDP") contributed by the real estate sector in 2019 and 2020 is around RMB6,963.1 billion and RMB7,455.3 billion respectively, both showing sluggish year growth rates of 3% and 2.9%. However, the GDP contributed by the real estate sector is around RMB1,946 billion in the first quarter of 2021, up 21.4% year-on-year, indicating a strong recovery.

In the first five months in 2021, the PRC real estate market recorded (i) an investment capital inflow of RMB5,431.8 billion, up 18.3% year-on-year and up 17.9% when compared with 2019, (ii) a year-on-year increase of 52.4% in the sales revenue, and (iii) a year-on-year increase of 36.3% in the total floor size of premises sold. The Real Estate Climate Index ("國房景氣指數") published by the NBS also rose from 99.46 in May 2020 to 101.17 in May 2021, indicating a more favourable business environment for real estate developers.

Additionally, we observed from the quarterly report and operational figures for the first quarter of 2021 published by Jangho Co. on the website of Shanghai Stock Exchange, (i) it recorded a growth of 33.6% in operating revenue and a growth of 848.1% in net profit attributable to the shareholders as compared with the same period of 2020, and (ii) it won a total number of 258 bids for the three months ended 31 March 2021, representing a growth of 45.8% as compared with the same period of 2020, which demonstrated its strong business momentum with the improving COVID-19 situation in the PRC.

In light of the above, we consider the Proposed Caps for the three years ending 31 December 2023 to be fair and reasonable.

Shareholders should note that as the Proposed Caps are relating to future events and was estimated based on assumptions which may or may not remain valid for the entire period up to 31 December 2023, and they do not represent forecasts of revenue or income to be generated from the Transactions. Consequently, we express no opinion as to how closely the actual revenue or income to be generated from the Transactions will correspond with the Proposed Caps.

In light of the above, we consider that the terms of the Transactions (including the Proposed Caps) are on normal commercial terms and are fair and reasonable.

### REPORTING REQUIREMENTS AND CONDITIONS OF THE TRANSACTIONS

The Directors confirmed that the Company shall comply with the requirements of Rules 14A.53 to 14A.59 of the Listing Rules pursuant to which (i) the values of the Transactions must be restricted by the respective proposed annual caps; (ii) the terms of the Transactions must be

---

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

---

reviewed by the independent non-executive Directors annually; and (iii) details of independent non-executive Directors' annual review on the terms of the Transactions must be included in the Company's subsequent published annual reports.

Furthermore, it is also required by the Listing Rules that the auditor of the Company must provide a letter to the Board confirming whether anything has come to their attention that causes them to believe that the Transactions (i) have not been approved by the Board; (ii) were not, in all material respects, in accordance with the pricing policies of the Group if the Transactions involve the provision of goods or services by the Group; (iii) were not entered into, in all material respects, in accordance with the relevant agreement governing the Transactions; and (iv) have exceeded the proposed annual caps. In the event that the total amounts of the Transactions are anticipated to exceed the proposed annual caps, or that there is any proposed material amendment to the terms of the Transactions, as confirmed by the Directors, the Company shall comply with the applicable provisions of the Listing Rules governing continuing connected transactions.

Given the above stipulated requirements for continuing connected transactions pursuant to the Listing Rules, we are of the view that there are adequate measures in place to monitor the Transactions and thus the interest of the Independent Shareholders would be safeguarded.

### RECOMMENDATION

Having considered the principal factors and reasons discussed above, we are of the opinion that (i) the terms of the Framework Agreements are on normal commercial terms and are fair and reasonable; (ii) the Transactions are in the interests of the Company and the Shareholders as a whole, and are conducted in the ordinary and usual course of business of the Group. Accordingly, we advise the Independent Board Committee to recommend, and we ourselves recommend, the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the EGM to approve the Framework Agreements and the Transactions.

Yours faithfully,  
For and on behalf of  
**HeungKong Capital Limited**  
**Billy Wong**  
*Managing Director*

*Mr. Billy Wong is a responsible officer under the Securities and Future Ordinance to carry on Type 6 (advising on corporate finance) regulated activities and has over 10 years' experience in participation and advising in various initial public offerings and transactions involving companies listed in Hong Kong.*

## I. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the 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 circular 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 circular misleading.

## 2. DISCLOSURE OF INTERESTS AND CONFIRMATIONS

As at the Latest Practicable Date, the interests of the Directors and chief executive of the Company in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which were required to be (a) notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have taken under such provisions of the SFO); or (b) entered in the register required to be kept by the Company pursuant to Section 352 of the SFO; or (c) notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies (the “**Model Code**”) as set out in Appendix 10 to the Listing Rules, were as follows:

Name of Director	Nature of interest/Capacity	Number of shares held	Number of underlying shares held <sup>(Note 1)</sup>	Approximate percentage of shareholding in issued shares
Siu Man Hei	Beneficial Owner	—	10,032,000	0.88%
Ding Jingyong	Beneficial Owner	90,000	—	0.01%

Note:

- All interests stated are long positions.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or chief executive of the Company had any interests or short positions in the shares and underlying shares of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which was required to be (a) notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have taken under such provisions of the SFO); or (b) entered in the register required to be kept by the Company pursuant to Section 352 of the SFO; or (c) notified to the Company and the Stock Exchange pursuant to the Model Code.

### 3. DIRECTORS' INTEREST IN CONTRACTS AND ASSETS

- (i) None of the Directors was materially interested in any contract or arrangement subsisting at the Latest Practicable Date which is significant in relation to the business of the Group, apart from their service contracts.
- (ii) As at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any assets which have been, since the date to which the latest published audited financial statements of the Group were made up, acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group.

### 4. SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS HOLDING DISCLOSEABLE INTERESTS IN THE COMPANY

As at the Latest Practicable Date, as far as known to the Directors and chief executive of the Company, the following persons had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO, or who are directly or indirectly interested in 5% or more of the nominal value of any class of share capital carrying rights to vote at a general meeting under all circumstances:

Name of Shareholder	Nature of interest/Capacity	Number of shares held (Note 1)	Approximate percentage of shareholding in issued shares
Eagle Vision	Beneficial owner	598,500,000	52.46%
Peacemark Enterprises Limited <sup>(Note 2)</sup>	Interest in controlled corporation	598,500,000	52.46%
Jangho Hong Kong Holdings Limited <sup>(Note 3)</sup>	Interest in controlled corporation	598,500,000	52.46%
Jangho Co. <sup>(Note 4)</sup>	Interest in controlled corporation	598,500,000	52.46%
Jiangheyuan <sup>(Note 5) (Note 6)</sup>	Interest in controlled corporation	598,500,000	52.46%
Mr. Liu <sup>(Note 6)</sup>	Interest in controlled corporation	598,500,000	52.46%
Ms. Fu <sup>(Note 7)</sup>	Interest of spouse	598,500,000	52.46%
Sino Panda Group Limited	Beneficial owner	256,500,000	22.48%
Mr. Leung Chi Tien Steve <sup>(Note 8)</sup>	Interest in controlled corporation	256,500,000	22.48%
Ms. Chan Siu Wan <sup>(Note 9)</sup>	Interest of spouse	256,500,000	22.48%

*Notes:*

- All interests stated are long positions.
- Eagle Vision is beneficially owned as to approximately 42.86% by Peacemark Enterprises Limited (“**Peacemark Enterprises**”) and therefore Peacemark Enterprises is deemed to be interested in the shares held by Eagle Vision under the SFO.
- Peacemark Enterprises is wholly and beneficially owned by Jangho Hong Kong Holdings Limited (“**Jangho HK**”) and therefore Jangho HK is deemed to be interested in the shares indirectly held by Peacemark Enterprises through Eagle Vision under the SFO.

4. Jangho HK is wholly and beneficially owned by Jangho Co. and therefore Jangho Co. is deemed to be interested in the shares indirectly held by Jangho HK through Peacemark Enterprises and Eagle Vision under the SFO.
5. Ms. Fu is the sole director of Jiangheyuan. The board of directors of Jangho Co. is controlled by Jiangheyuan and therefore Jiangheyuan is deemed to be interested in the shares indirectly held by Jangho Co. through Jangho HK, Peacemark Enterprises and Eagle Vision under the SFO.
6. Jangho Co. is beneficially owned as to approximately 27.35% by Jiangheyuan (a company which is 85% and 15% beneficially owned by Mr. Liu and Ms. Fu, respectively) and beneficially owned as to approximately 25.07% by Mr. Liu and therefore, Mr. Liu is deemed to be interested in the shares indirectly held by Jangho Co. through Jangho HK, Peacemark Enterprises and Eagle Vision under the SFO.
7. Ms. Fu is the spouse of Mr. Liu and is therefore deemed to be interested in the shares that Mr. Liu is interested in under the SFO.
8. Sino Panda Group Limited (“**Sino Panda**”) is wholly and beneficially owned by Mr. Leung Chi Lien Steve (“**Mr. Steve Leung**”) and therefore Mr. Steve Leung is deemed to be interested in the shares held by Sino Panda under the SFO.
9. Ms. Chan Siu Wan is the spouse of Mr. Steve Leung and is therefore deemed to be interested in the shares that Mr. Steve Leung is interested in under the SFO.

Save as disclosed in this circular, the Directors and chief executive of the Company are not aware that there is any party who, as at the Latest Practicable Date, had an interest or a short position in the shares and underlying shares which would fall to be disclosed to the Company pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO or who are directly or indirectly interested in 5% or more of the nominal value of any class of share capital carrying rights to vote at a general meeting under all circumstances.

## 5. SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had entered, or was proposing to enter, into any service contract with the Company or its subsidiaries which was not expiring or might not be terminated by the Company within a year without payment of any compensation, other than statutory compensation.

## 6. COMPETING INTEREST

As at the Latest Practicable Date, so far as the Directors are aware, none of the Directors and his/her respective associate(s) was interested in any business apart from the Group’s business, which competes or is likely to compete, either directly or indirectly, with the Group’s business.

## 7. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial position or trading position of the Group since 31 December 2020, being the date to which the latest audited financial statements of the Group were made up.

## 8. QUALIFICATION OF EXPERT AND CONSENT

The following are the qualifications of the expert who has provided opinion or advice contained in this circular:

<b>Name</b>	<b>Qualification</b>
HeungKong Capital Limited	a corporation licensed to carry out Type 6 (advising on corporate finance) regulated activity under the SFO

- (a) HeungKong Capital Limited has given and has not withdrawn its written consents to the issue of this circular with inclusion of its letter (as the case may be) and the reference to its name included herein in the form and context in which they currently appear.
- (b) As at the Latest Practicable Date, HeungKong Capital Limited did not hold any beneficial interest in the share capital of any member of the Group, nor did it have the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.
- (c) As at the Latest Practicable Date, HeungKong Capital Limited did not have any direct or indirect interest in any assets which have been, since 31 December 2020 (being the date to which the latest published audited annual financial statements of the Group were made up), acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group.

## 9. OTHER INFORMATION

The English text of this circular shall prevail over the Chinese text in the event of inconsistency.

## 10. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection during normal business hours at the principal place of business of the Company in Hong Kong at 30/F Manhattan Place, 23 Wang Tai Road, Kowloon Bay, Kowloon, Hong Kong from the date of this circular up to and including Monday, 30 August 2021:

- (a) the letter from the Board, full text of which is set out on pages 4 to 17 of this circular;
- (b) the letter from the Independent Board Committee, full text of which is set out on page 18 of this circular;
- (c) the letter from the Independent Financial Adviser, full text of which is set out on pages 19 to 35 of this circular;

- (d) the written consent of HeungKong Capital Limited referred to paragraph 8 of this appendix;
- (e) the Jangho Co. Framework Agreement;
- (f) the Jangho Chuangxin Framework Agreement; and
- (g) this circular.

---

## NOTICE OF THE EGM

---



### 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)**

**NOTICE IS HEREBY GIVEN** that an extraordinary general meeting (the “**EGM**”) of STEVE LEUNG DESIGN GROUP LIMITED (the “**Company**”) will be held at 30/F, Manhattan Place, 23 Wang Tai Road, Kowloon Bay, Kowloon, Hong Kong at 11:00 a.m. on Monday, 30 August 2021, to consider and, if thought fit, pass the following resolution, which will be proposed as an ordinary resolution of the Company:

#### **ORDINARY RESOLUTION**

I. “**THAT**

- (a) the framework agreements dated 24 June 2021 and entered into between the Company and 江河創建集團股份有限公司 (Jangho Group Co., Ltd.\*) and 江河創新地產股份有限公司 (Jangho Chuangxin Real Estate Co., Ltd.\*) respectively (the “**Framework Agreements**”) and the transactions contemplated thereunder (copies of the Framework Agreements are tabled at the meeting and marked “A” and initialed by the chairman of the meeting for identification purpose) be and are hereby approved, confirmed and ratified;
- (b) the proposed annual caps of the transactions contemplated under the Framework Agreements for each of the three financial years ending 31 December 2023 be and are hereby approved and confirmed; and
- (c) any one director of the Company, or any two directors of the Company if the affixation of the common seal is necessary, be and is/are hereby authorised to, on behalf of the Company, sign and execute all documents, instruments and agreements and do all such acts or things or prior actions deemed by him/her to be incidental to, ancillary to or in connection with or to give effect to the Framework Agreements and the transactions contemplated thereunder.”

By order of the Board

**Xu Xingli**

*Chairman*

Hong Kong, 10 August 2021

---

## NOTICE OF THE EGM

---

*Registered office:*

Cricket Square  
Hutchins Drive PO Box 2681  
Grand Cayman KY1-1111  
Cayman Islands

*Principal place of business:*

30/F Manhattan Place  
No. 23 Wang Tai Road  
Kowloon Bay  
Kowloon  
Hong Kong

*Notes:*

- (a) Any shareholder of the Company (“**Shareholder**”) entitled to attend and vote at the EGM is entitled to appoint a proxy to attend and vote on behalf of him/her. A proxy needs not be a Shareholder. A Shareholder who is the holder of two or more shares may appoint more than one proxy to represent him/her to attend and vote on his/her behalf. If more than one proxy is so appointed, the appointment shall specify the number and class of shares in respect of which each such proxy is so appointed.
- (b) In order to be valid, a form of proxy together with the power of attorney or other authority, if any, under which it is signed or a certified copy of that power or authority, must be deposited at the Company’s branch share registrar in Hong Kong, Link Market Services (Hong Kong) Pty Limited, at Suite 1601, 16/F., Central Tower, 28 Queen’s Road Central, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the EGM or any adjournment thereof. Delivery of the form of proxy shall not preclude a Shareholder from attending and voting in person at the EGM and, in such event, the form of proxy shall be deemed to be revoked.
- (c) The share register of the Company will be closed from Wednesday, 25 August 2021 to Monday, 30 August 2021 (both days inclusive), during which no transfer of shares will be effected. In order to be entitled to attend the EGM and vote at the EGM, all completed share transfer forms accompanied with the relevant share certificates must be lodged with the Company’s branch share registrar in Hong Kong, Link Market Services (Hong Kong) Pty Limited, not later than 4:30 p.m. on Tuesday, 24 August 2021. The address of Link Market Services (Hong Kong) Pty Limited is Suite 1601, 16/F., Central Tower, 28 Queen’s Road Central, Hong Kong.
- (d) Where there are joint registered holders of any shares, any one of such persons may vote at any meeting (or at any adjournment of it), either personally or by proxy, in respect of such shares as if he/she were solely entitled thereto; but if more than one of such joint holders be present at any meeting personally or by proxy, that one of the said persons so present being the most, or, as the case may be, the more senior shall alone be entitled to vote in respect of the relevant joint holding and, for this purpose, seniority shall be determined by reference to the order in which the names of the joint holders stand in the register in respect of the relevant joint holding.
- (e) The resolution set out in this notice will be voted by way of a poll.
- (f) If tropical cyclone warning signal No. 8 or above is in force or “extreme conditions” caused by super typhoons or black rainstorm warning signal is in force at or at any time after 7:00 a.m. on the date of the EGM, the EGM will be postponed and members will be informed of the date, time and venue of the postponed EGM by a supplementary notice, posted on the respective websites of the Company and Hong Kong Exchanges and Clearing Limited.

The EGM will be held as scheduled when amber or red rainstorm warning signal is in force.

After considering their own situations, members should decide whether they would attend the EGM under bad weather condition and if they do so, they are advised to exercise care and caution.

- (g) \* For identification purpose only