

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



STEVE LEUNG DESIGN GROUP LIMITED

梁志天設計集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2262)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2021

FINANCIAL HIGHLIGHTS	For the six months period ended 30 June		% Change
	2021 (Unaudited)	2020 (Unaudited)	
Results:			
Revenue for the period (HK\$'million)	212.8	186.9	13.9%
Profit for the period (HK\$'million)	4.1	6.4	(35.9%)
Financial Information:			
Earnings per share-basic (HK Cents)	0.32	0.53	(39.6%)
Net assets value per share (HK\$)	0.42	0.40	5.0%
Bank Balances and Cash:			
As at 30 June 2021, the Group had bank balances and cash of approximately HK\$186.0 million.			
Interim Dividend:			
The Board does not recommend the payment of interim dividend for the six months period ended 30 June 2021.			

INTERIM RESULTS

The board (the “**Board**”) of directors (the “**Directors**”) of STEVE LEUNG DESIGN GROUP LIMITED 梁志天設計集團有限公司 (the “**Company**”) hereby announces the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively, the “**Group**”) for the six months period ended 30 June 2021 (the “**Period**”) together with the unaudited comparative figures for the corresponding six months period ended 30 June 2020 (the “**Previous Period**”) as follows:

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME**
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2021

	NOTES	Six months period ended 30 June	
		2021 (Unaudited) HK\$'000	2020 (Unaudited) HK\$'000
Revenue	3	212,808	186,932
Cost of sales		<u>(133,036)</u>	<u>(107,011)</u>
Gross profit		79,772	79,921
Other gains and losses		5,447	(111)
Impairment losses on trade receivables and contract assets under expected credit loss model	4	(5,039)	(5,121)
Other income		5,010	8,135
Administrative expenses		(71,915)	(66,637)
Finance costs		<u>(2,078)</u>	<u>(2,059)</u>
Profit before taxation		11,197	14,128
Income tax expense	5	<u>(7,139)</u>	<u>(7,695)</u>
Profit for the period	6	<u>4,058</u>	<u>6,433</u>
<i>Other comprehensive income (expense) that may be reclassified subsequently to profit or loss</i>			
Exchange differences arising on translation of foreign operations		<u>3,853</u>	<u>(3,985)</u>
Total comprehensive income for the period		<u><u>7,911</u></u>	<u><u>2,448</u></u>
Profit for the period attributable to:			
– Owners of the Company		3,609	6,073
– Non-controlling interests		<u>449</u>	<u>360</u>
		<u><u>4,058</u></u>	<u><u>6,433</u></u>
Total comprehensive income (expense) for the period attributable to:			
– Owners of the Company		7,361	2,505
– Non-controlling interests		<u>550</u>	<u>(57)</u>
		<u><u>7,911</u></u>	<u><u>2,448</u></u>
Earnings per share	8	HK cents	HK cents
– Basic		<u>0.32</u>	<u>0.53</u>
– Diluted		<u>0.31</u>	<u>0.53</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 30 JUNE 2021

	<i>NOTES</i>	30 June 2021 (Unaudited) HK\$'000	31 December 2020 (Audited) HK\$'000
Non-current Assets			
Property, plant and equipment	9	29,860	31,636
Right-of-use assets	9	48,059	57,896
Intangible assets		2,846	3,065
Goodwill		1,293	1,278
Deposits paid for acquisition of property, plant and equipment	12	580	1,572
Rental deposits	12	2,861	5,235
Deferred tax assets		<u>27,619</u>	<u>25,854</u>
		<u>113,118</u>	<u>126,536</u>
Current Assets			
Inventories		1,088	1,158
Financial assets at fair value through profit or loss	10	82,065	–
Trade receivables	11	210,551	219,898
Other receivables, deposits and prepayments	12	31,453	29,064
Contract assets	13	63,517	50,525
Tax recoverable		–	264
Pledged bank deposits	17	547	7,339
Bank balances and cash		<u>186,044</u>	<u>275,263</u>
		<u>575,265</u>	<u>583,511</u>
Current Liabilities			
Trade payables	14	25,029	32,763
Other payables and accrued charges		15,923	44,697
Dividends payable		34,228	–
Bank borrowings	15	35,155	26,063
Lease liabilities		23,312	24,721
Contract liabilities	13	27,637	18,336
Tax liabilities		<u>25,457</u>	<u>25,401</u>
		<u>186,741</u>	<u>171,981</u>
Net Current Assets		<u>388,524</u>	<u>411,530</u>
Total Assets less Current Liabilities		<u>501,642</u>	<u>538,066</u>

	<i>NOTE</i>	30 June 2021 (Unaudited) HK\$'000	31 December 2020 (Audited) HK\$'000
Capital and Reserves			
Share capital	16	11,409	11,409
Reserves		<u>450,311</u>	<u>476,392</u>
Equity attributable to owners of the Company		461,720	487,801
Non-controlling interests		<u>12,610</u>	<u>12,060</u>
Total Equity		<u>474,330</u>	<u>499,861</u>
Non-current Liabilities			
Deferred tax liabilities		717	1,959
Lease liabilities		<u>26,595</u>	<u>36,246</u>
		<u>27,312</u>	<u>38,205</u>
		<u>501,642</u>	<u>538,066</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2021

1. GENERAL INFORMATION AND BASIS OF PREPARATION

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

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

2. PRINCIPAL ACCOUNTING POLICIES

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

Other than changes in accounting policies resulting from the application of amendments to Hong Kong Financial Reporting Standards (“**HKFRSs**”), the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months period ended 30 June 2021 are the same as those presented in the Group’s annual consolidated financial statements for the year ended 31 December 2020.

Application of amendments to HKFRSs

In the current period, the Group has applied, for the first time, the following amendments to HKFRSs issued by the HKICPA which are mandatorily effective for the annual period beginning on or after 1 January 2021 for the preparation of the Group’s condensed consolidated financial statements:

Amendments to HKAS 39, Interest Rate Benchmark Reform – Phase 2
HKFRS 4, HKFRS 7,
HKFRS 9 and HKFRS 16

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

2.1 Impacts on application of Amendments to HKAS 39, HKFRS 4, HKFRS 7, HKFRS 9 and HKFRS 16 “Interest Rate Benchmark Reform – Phase 2”

The amendments provide temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR).

The amendments include the following practical expedients:

- A practical expedient to require contractual changes, or changes to cash flows that are directly required by the reform, to be treated as changes to a floating interest rate, equivalent to a movement in a market rate of interest
- Permit changes required by IBOR reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued
- Provide temporary relief to entities from having to meet the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component

These amendments had no impact on the interim unaudited condensed consolidated financial statements of the Group. The Group intends to use the practical expedients for future periods if they become applicable.

3. REVENUE AND SEGMENT INFORMATION

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

An analysis of the Group's revenue for the six months period ended 30 June 2021 and 30 June 2020 are as follows:

	Six months period ended 30 June	
	2021	2020
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Service revenue	169,136	146,752
License fee revenue	1,478	508
Trading income	42,194	39,672
	<u>212,808</u>	<u>186,932</u>

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

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

1. Interior design services: Provision of interior design services
2. Interior decorating and furnishing services: Provision of interior decorating and furnishing design services and trading of interior decorative products
3. Product design services: Provision of product design services and license arrangement for product design services

Disaggregation of revenue from contracts with customers

	Six months period ended 30 June 2021 (unaudited)			
	Interior design services HK\$'000	Interior decorating and furnishing services HK\$'000	Product design services HK\$'000	Total HK\$'000
Geographical markets				
Hong Kong	15,763	1,131	–	16,894
PRC	130,567	50,742	626	181,935
Other regions	12,497	630	852	13,979
	<u>158,827</u>	<u>52,503</u>	<u>1,478</u>	<u>212,808</u>
Timing of revenue recognition				
Over time				
Service revenue	<u>158,827</u>	<u>10,309</u>	<u>–</u>	<u>169,136</u>
At point in time				
License fee revenue	–	–	1,478	1,478
Trading income	–	42,194	–	42,194
	<u>–</u>	<u>42,194</u>	<u>1,478</u>	<u>43,672</u>
	<u>158,827</u>	<u>52,503</u>	<u>1,478</u>	<u>212,808</u>
	Six months period ended 30 June 2020 (unaudited)			
	Interior design services HK\$'000	Interior decorating and furnishing services HK\$'000	Product design services HK\$'000	Total HK\$'000
Geographical markets				
Hong Kong	6,876	1,322	–	8,198
PRC	120,778	46,019	148	166,945
Other regions	11,059	52	678	11,789
	<u>138,713</u>	<u>47,393</u>	<u>826</u>	<u>186,932</u>
Timing of revenue recognition				
Over time				
Service revenue	<u>138,713</u>	<u>7,721</u>	<u>318</u>	<u>146,752</u>
At point in time				
License fee revenue	–	–	508	508
Trading income	–	39,672	–	39,672
	<u>–</u>	<u>39,672</u>	<u>508</u>	<u>40,180</u>
	<u>138,713</u>	<u>47,393</u>	<u>826</u>	<u>186,932</u>

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

Segment revenue and results

	Interior design services <i>HK\$'000</i>	Interior decorating and furnishing services <i>HK\$'000</i>	Product design services <i>HK\$'000</i>	Total <i>HK\$'000</i>
For the six months period ended 30 June 2021 (unaudited)				
<i>Revenue</i>				
Segment revenue from external customers	<u>158,827</u>	<u>52,503</u>	<u>1,478</u>	<u>212,808</u>
<i>Results</i>				
Segment results	<u>10,658</u>	<u>3,845</u>	<u>950</u>	15,453
Unallocated expenses (<i>Note 1</i>)				(4,764)
Changes in fair value of financial assets at fair value through profit or loss (“FVTPL”)				2,214
Interest income				372
Finance costs				<u>(2,078)</u>
Profit before taxation				<u>11,197</u>
For the six months period ended 30 June 2020 (unaudited)				
<i>Revenue</i>				
Segment revenue from external customers	<u>138,713</u>	<u>47,393</u>	<u>826</u>	<u>186,932</u>
<i>Results</i>				
Segment results	<u>15,872</u>	<u>1,509</u>	<u>470</u>	17,851
Unallocated expenses (<i>Note 1</i>)				(4,244)
Interest income				2,580
Finance costs				<u>(2,059)</u>
Profit before taxation				<u>14,128</u>

Notes:

1. Unallocated expenses mainly represented headquarters expenses without allocation to segments.
2. There are no inter-segment revenue for both periods.

Segment results represent the profit earned by each segment without allocation of certain unallocated expenses, changes in fair value of financial assets at FVTPL, interest income and finance costs. This is the measure reported to the CODMs for the purposes of resource allocation and performance assessment.

4. IMPAIRMENT LOSSES ON TRADE RECEIVABLES AND CONTRACT ASSETS UNDER EXPECTED CREDIT LOSS MODEL

	Six months period ended 30 June	
	2021	2020
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Net impairment losses recognised in respect of		
– trade and other receivables	1,746	5,121
– contract assets	3,293	–
	5,039	5,121

The basis of determining the data, assumptions and the estimation techniques used in the condensed consolidated financial statements for the six months period ended 30 June 2021 are the same as those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2020.

During the six months period ended 30 June 2021, the Group provided impairment allowance of HK\$16,327,000 (for the six months period ended 30 June 2020: HK\$9,480,000) and reversed impairment allowance of HK\$11,288,000 (for the six months period ended 30 June 2020: HK\$4,359,000).

5. INCOME TAX EXPENSE

	Six months period ended 30 June	
	2021	2020
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Current tax:		
– Hong Kong Profits Tax	107	630
– PRC Enterprise Income Tax	9,824	6,903
	9,931	7,533
Under (over) provision in prior years:		
– Hong Kong Profits Tax	180	(263)
Deferred taxation	(2,972)	425
	7,139	7,695

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

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

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

6. PROFIT FOR THE PERIOD

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

	Six months period ended 30 June	
	2021	2020
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Amortisation of intangible assets		
– included in cost of sales	134	226
– included in administrative expenses	<u>122</u>	<u>195</u>
	256	421
Changes in fair value of financial assets at FVTPL	(2,214)	–
Cost of inventories recognised as an expense	25,854	27,301
Depreciation of property, plant and equipment	6,738	3,810
Depreciation of right-of-use assets	13,170	13,567
Exchange (gain) loss, net	(1,108)	111
Interest income from banks	(372)	(834)
Interest income from note receivable	–	(1,746)
Interest on bank borrowings	850	698
Interest on lease liabilities	1,228	1,361
Loss on disposals of property, plant and equipment	10	–
Gain on lease modification	(2,135)	–
Grants received from local government (<i>Note 1</i>)	(749)	(1,714)
PRC incentive rebates (<i>Note 2</i>)	<u>(2,095)</u>	<u>(3,301)</u>

Notes:

1. The amounts represent grants provided by the relevant PRC authorities to certain PRC subsidiaries of the Group. There were no other terms to the grants and therefore, the Group recognised the grants in other income upon approvals being obtained from the relevant PRC authorities.
2. The amounts represent certain incentive to attract foreign investments from the relevant PRC local authorities in the form of incentive rebates in Tianjin, the PRC.

7. DIVIDEND

Six months period ended 30 June	
2021	2020
HK\$'000	HK\$'000
(Unaudited)	(Unaudited)

Dividends for ordinary shareholders of the Company recognised as distribution during the period:

Final dividend for the year ended 31 December 2020 of HK3.00 cents per share (for the six months period ended 30 June 2020: final dividend for the year ended 31 December 2019 of HK1.30 cents per share)

<u>34,228</u>	<u>14,821</u>
<u><u>34,228</u></u>	<u><u>14,821</u></u>

The directors of the Company do not recommend the payment of an interim dividend for the six months period ended 30 June 2021.

8. EARNINGS PER SHARE

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

Six months period ended 30 June	
2021	2020
HK\$'000	HK\$'000
(Unaudited)	(Unaudited)

Earnings

Profit for the period attributable to owners of the Company for the purposes of basic and diluted earnings per share

<u>3,609</u>	<u>6,073</u>
--------------	--------------

Six months period ended 30 June	
2021	2020

Number of shares

Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share

1,140,918,000	1,140,039,000
---------------	---------------

Effect of dilutive potential ordinary shares in respect of outstanding share options

<u>11,304,268</u>	<u>16,302,936</u>
-------------------	-------------------

Weighted average number of ordinary shares for the purpose of diluted earnings per share

<u><u>1,152,222,268</u></u>	<u><u>1,156,341,936</u></u>
-----------------------------	-----------------------------

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

During the six months period ended 30 June 2021, the Group acquired property, plant and equipment of HK\$4,656,000 (for the six months period ended 30 June 2020: HK\$11,983,000) mainly comprised of office equipment, leasehold improvement and motor vehicles for business operations and expansion.

During the six months period ended 30 June 2021, the Group did not enter into new lease agreements. During the six months period ended 30 June 2020, the Group entered into new lease agreements for the use of properties ranging from 3 to 5 years and recognised right-of-use assets of HK\$21,076,000 and lease liabilities of HK\$20,603,000 on lease commencement.

10. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	At 30 June 2021 <i>HK\$'000</i> (Unaudited)	At 31 December 2020 <i>HK\$'000</i> (Audited)
Financial assets of FVTPL		
– Unlisted fund investments	<u>82,065</u>	<u>–</u>

11. TRADE RECEIVABLES

	At 30 June 2021 <i>HK\$'000</i> (Unaudited)	At 31 December 2020 <i>HK\$'000</i> (Audited)
Trade receivables	247,843	255,268
Less: allowance for credit losses	<u>(37,292)</u>	<u>(35,370)</u>
	<u>210,551</u>	<u>219,898</u>

Included in the carrying amount of trade receivables as at 30 June 2021 is an amount of HK\$13,630,000 (31 December 2020: HK\$11,667,000) due from related parties controlled by a controlling shareholder of the Company.

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

	At	At
	30 June	31 December
	2021	2020
	HK\$'000	HK\$'000
	(Unaudited)	(Audited)
0 to 30 days	89,355	107,953
31 to 90 days	34,707	34,096
91 to 180 days	14,109	14,051
Over 180 days	72,380	63,798
	<u>210,551</u>	<u>219,898</u>

There is no credit period given on billing for its customers.

As at 30 June 2021, included in the Group's trade receivables balance are debtors with aggregate carrying amount of HK\$210,551,000 (31 December 2020: HK\$219,898,000) which are past due as at the reporting date. Out of the past due balances, HK\$86,489,000 (31 December 2020: HK\$77,849,000) has been past due more than 90 days and is not considered as in default since the amounts are still considered as recoverable based on historical experience and forward-looking estimates. The Group does not hold any collateral over these balances.

The basis of determining the inputs and assumptions and the estimation techniques for the assessment of the impairment losses under expected credit loss model used in the unaudited condensed consolidated financial statements for the six months period ended 30 June 2021 are the same as those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2020.

12. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	At 30 June 2021 <i>HK\$'000</i> (Unaudited)	At 31 December 2020 <i>HK\$'000</i> (Audited)
Other receivables	7,812	5,580
Value-added tax recoverable	3,922	5,894
Prepayments of expenses	6,698	9,512
Rental deposits	6,481	5,909
PRC tax rebates	8,686	6,627
Deposits paid for acquisition of property, plant and equipment	580	1,572
Other deposits	715	777
	<u>34,894</u>	<u>35,871</u>
Analysed as:		
Current	31,453	29,064
Non-current – Deposits paid for acquisition of property, plant and equipment	580	1,572
Non-current – Rental deposits	2,861	5,235
	<u>34,894</u>	<u>35,871</u>

13. CONTRACT ASSETS (LIABILITIES)

	At 30 June 2021 <i>HK\$'000</i> (Unaudited)	At 31 December 2020 <i>HK\$'000</i> (Audited)
Contract assets		
Interior design services	72,452	56,150
Interior decorating and furnishing services	2,006	2,034
Less: allowance for credit losses	<u>(10,941)</u>	<u>(7,659)</u>
	<u>63,517</u>	<u>50,525</u>

The contract assets primarily relate to the Group's right to consideration for work completed and not billed because the rights are conditioned on the Group's future performance in achieving specified milestones at the reporting date on the design services. The contract assets are transferred to trade receivables when the rights become unconditional. The Group typically transfers contract assets to trade receivables upon achieving the specified milestones in the contracts.

Included in the carrying amount of contract assets as at 30 June 2021 is an amount of HK\$4,633,000 (31 December 2020: HK\$4,156,000) from related parties controlled by a controlling shareholder of the Company.

	At 30 June 2021 <i>HK\$'000</i> (Unaudited)	At 31 December 2020 <i>HK\$'000</i> (Audited)
Contract liabilities		
Interior design services	4,866	2,401
Interior decorating and furnishing services	<u>22,771</u>	<u>15,935</u>
	<u>27,637</u>	<u>18,336</u>

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

14. TRADE PAYABLES

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

	At 30 June 2021 <i>HK\$'000</i> (Unaudited)	At 31 December 2020 <i>HK\$'000</i> (Audited)
0 to 180 days	8,922	15,891
Over 180 days	<u>16,107</u>	<u>16,872</u>
	<u>25,029</u>	<u>32,763</u>

15. BANK BORROWINGS

	At 30 June 2021 HK\$'000 (Unaudited)	At 31 December 2020 HK\$'000 (Audited)
Secured	–	20,969
Unsecured	<u>35,155</u>	<u>5,094</u>
	<u><u>35,155</u></u>	<u><u>26,063</u></u>

The carrying amounts of the bank loans that contain a repayment on demand clause (shown under current liabilities) and the maturity analysis based on the scheduled repayment dates set out in the loan agreements are within one year

	<u>35,155</u>	<u>26,063</u>
	<u><u>35,155</u></u>	<u><u>26,063</u></u>

As at 30 June 2021, included in the Group's borrowings are variable-rate borrowings of HK\$30,000,000 and HK\$5,155,000 carrying interest at 2.5% to 3.75% over Hong Kong Interbank Offering Rate ("HIBOR") and 1.58% plus Renminbi Loan Prime Rate, respectively.

As at 31 December 2020, included in the Group's borrowings are variable-rate borrowings of HK\$26,063,000 carrying interest at 1.58% plus Renminbi Loan Prime Rate.

As at 31 December 2020, the secured borrowings were secured by pledged bank deposits amounting to HK\$7,339,000, bearing interest of 1.55% per annum. The secured borrowings were fully repaid during the six months period ended 30 June 2021. HK\$35,155,000 (31 December 2020: HK\$5,094,000) of the group's unsecured borrowings are guaranteed by the Company.

16. SHARE CAPITAL

	Number of shares	HK\$
Ordinary shares of the Company of HK\$0.01 each		
Authorised		
At 1 January 2020, 31 December 2020 and 30 June 2021	<u>4,000,000,000</u>	<u>40,000,000</u>
Issued and fully paid		
At 1 January 2020	1,140,039,000	11,400,390
Issue of shares upon exercise of share options (Note (a))	150,000	1,500
Issue of shares upon exercise of share options (Note (b))	<u>729,000</u>	<u>7,290</u>
At 31 December 2020 and 30 June 2021	<u><u>1,140,918,000</u></u>	<u><u>11,409,180</u></u>

Notes:

- (a) On 20 November 2020, 150,000 ordinary shares of the Company were issued at a price of HK\$0.44 per share pursuant to exercise of share options under the Pre-IPO share option scheme adopted on 11 June 2018 by an employee of the Group.
- (b) On 22 December 2020, 729,000 ordinary shares of the Company were issued at a price of HK\$0.44 per share pursuant to exercise of share options under the Pre-IPO share option scheme adopted on 11 June 2018 by an employee of the Group.

17. PLEDGE OF ASSETS

As at 30 June 2021, a bank deposit of HK\$547,000 was pledged to a bank to secure a performance bond.

As at 31 December 2020, bank deposits of HK\$7,339,000 were pledged to banks to secure the Group's bank borrowings in the PRC.

18. CAPITAL COMMITMENTS

	At	At
	30 June	31 December
	2021	2020
	HK\$'000	HK\$'000
	(Unaudited)	(Audited)
Capital expenditures in respect of the acquisition of property, plant and equipment contracted for but not provided in the unaudited condensed consolidated financial statements	<u><u>6</u></u>	<u><u>217</u></u>

MANAGEMENT DISCUSSION AND ANALYSIS

Market Overview

In the first half of 2021, although impacts of the Coronavirus disease (“**COVID-19**”) still tremored across industries and geographical boundaries, the global economy was on a path of steady recovery, especially as the rate of vaccination coverage had spectacularly improved among major economies. China, one of the first countries to fend off the threat of COVID-19, was able to demonstrate its strength and success. With its implementation of “dual-circulation” strategy focusing on boosting its domestic consumption, it is expecting a world-leading annual GDP growth rate of 8.2% in 2021.

During the Period, the Government of the PRC continued to adhere to the principles of “Houses are for living in, not for speculation” and “Stabilising land prices, housing prices and expectation”, coupled with the continued tightening of housing measures, including field surveys in 13 cities such as Shenzhen, Beijing, Shanghai and Hangzhou, in order to closely monitor the property market and promote the steady and healthy development of the market. Local governments have also introduced policies to stabilise the real estate market. Along with the implementation of “The Three Red Lines” policy, which strictly prohibits excessive gearing and restricts funding to real estate developers, China’s real estate market was on a path of sustainable growth. Real estate developers have generally become more prudent in project investment, as reflected in the sharp decrease in the number of terminated projects.

As a result of increasing demand and moderating supply, China’s real estate industry enjoyed an upward momentum in the first half of 2021. According to the data from China Index Academy, the average monthly transaction volume of commercial real estate in 50 cities in the first half of 2021 was about 35.8 million square meters, representing an increase of 40.8% as compared with the same period last year, which is the highest record for the same period in the past five years. In the first half of 2021, 19 real estate companies recorded sales over RMB100 billion, 6 more than that of the same period last year, and 132 real estate companies recorded sales over RMB10 billion, 25 more than that of the same period last year.

Benefitting from the upward momentum, there is a steady growth of the interior design industry. Real estate developers continued to focus on the interior design of their projects to differentiate themselves from other competitors and hence favoured well-established, reputable and premium interior design companies, as they maintained a stable financial position and provide good services with satisfactory quality at the same time. In short, despite the operating environment remained challenging and ever-changing, notable players such as the Group, was able to boost its orders and market share in the first half of 2021.

Overall Performance and Business Review

Benefitting from the global economic recovery and the heavy demand for housing in the PRC, the Group's performance has rebounded steadily during the Period. The Group also made significant progress in exploring potential clients and working closely with existing clients.

The total revenue increased by 13.9% to HK\$212.8 million (Previous Period: HK\$186.9 million), which was mainly attributable to the growing new contract sum of 26.2%. The surge in demand lays a firm foundation for accelerated growth in the second half of 2021, with the remaining contract sum as at 30 June 2021 grew by 15.7% to HK\$571.0 million, as compared with HK\$493.4 million as at 31 December 2020. However, in the absence of anti-epidemic subsidies provided by the Hong Kong and PRC government, there was pressure on the Group's profit margin, hence a decrease in profit was recorded for the Period.

Nonetheless, the Group managed to maintain a healthy net cash position despite the volatile external operating environment. As at 30 June 2021, the bank balances and cash were approximately HK\$186.0 million (31 December 2020: HK\$275.3 million), whereas gearing and current ratios were being maintained at a low level of 7.6% and 3.1 time, respectively (31 December 2020: 5.3%; 3.4 times). Meanwhile, as a result of tightened credit policy, the Group has seen improvement on receivable turnover days from 204 days for the Previous Period to 185 days for the Period, and cash conversion cycle was improved to 157 days during the Period (Previous Period: 160 days).

(i) Interior Design Services

Revenue for the interior design services increased from HK\$138.7 million for the Previous Period to HK\$158.8 million for the Period, accounting for 74.6% of total revenue (Previous Period: 74.2%). Such increase was mainly attributable to the increase in newly awarded projects as a result of the recovery in the property market during the Period. Segment gross profit stood at approximately HK\$58.2 million (Previous Period: HK\$62.4 million).

As at 30 June 2021, this business segment had a remaining contract sum of HK\$333.9 million, which is expected to be realised based on the stages of completion of projects in the second half of 2021 and 2022.

(ii) Interior Decorating and Furnishing Services

The interior decorating and furnishing services business commenced operation in 2016, and has achieved notable growth during past few years. During the Period, revenue for this segment recorded an increase of 10.8% to HK\$52.5 million (Previous Period: HK\$47.4 million), accounting for 24.7% of total revenue (Previous Period: 25.4%). The gross profit of such segment also increased from HK\$16.8 million to HK\$20.2 million.

As at 30 June 2021, this business segment had a remaining contract sum of HK\$237.1 million, which is expected to be realised based on the stages of completion of projects and the delivery of interior decorative products.

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

(iii) *Product Design Services*

Another important segment of the Group's operation is the provision of product design services, which add value to the overall interior design, decorating and furnishing layout of projects, hence enhancing customer satisfaction, being the Group's important marketing and branding strategies. During the Period, the segment continued to perform steadily, with revenue reaching HK\$1.5 million (Previous Period: HK\$0.8 million).

Financial Review

Revenue and Gross Profit

During the Period, the Group's revenue increased by approximately HK\$25.9 million or 13.9%, from approximately HK\$186.9 million for the Previous Period to approximately HK\$212.8 million for the Period. Revenue from the interior design services increased from approximately HK\$138.7 million for the Previous Period to approximately HK\$158.8 million for the Period, representing approximately 74.2% and approximately 74.6% of the total revenue, respectively. Revenue from the interior decorating and furnishing services increased from approximately HK\$47.4 million for the Previous Period to approximately HK\$52.5 million for the Period, representing approximately 25.4% and approximately 24.7% of the total revenue, respectively. The increase in revenue of the Group was mainly contributed by an increase in the demand of the property market as compared to the lock-down due to COVID-19 pandemic in the Previous Period.

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

Revenue and Gross Profit by Segment

	Six months period ended 30 June 2021 (Unaudited)			Six months period ended 30 June 2020 (Unaudited)		
	Revenue <i>HK\$</i> <i>million</i>	Gross profit <i>HK\$</i> <i>million</i>	Gross profit margin %	Revenue <i>HK\$</i> <i>million</i>	Gross profit <i>HK\$</i> <i>million</i>	Gross profit margin %
Interior design services	158.8	58.2	36.6%	138.7	62.4	45.0%
Interior decorating and furnishing services	52.5	20.2	38.5%	47.4	16.8	35.4%
Product design services	1.5	1.4	93.3%	0.8	0.7	87.5%
Total	<u>212.8</u>	<u>79.8</u>	<u>37.5%</u>	<u>186.9</u>	<u>79.9</u>	<u>42.8%</u>

The Group's gross profit slightly decreased by approximately HK\$0.1 million or 0.1%, from approximately HK\$79.9 million for the Previous Period to approximately HK\$79.8 million for the Period, while gross profit margin decreased to approximately 37.5% (Previous Period: 42.8%). The decrease was primarily due to the increase in the overall staff cost and the absence of government subsidies during the Period.

The interior decorating and furnishing services segment consists of provision of interior decorating and furnishing design services and trading of interior decorative products, both of which are in the early stages of development. With more than three years of operational experience and established relationships with its suppliers, the gross profit margin of the interior decorating and furnishing services segment had improved during the Period.

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

	Six months period ended 30 June 2021			Six months period ended 30 June 2020		
	Interior decorating and furnishing services		Total	Interior decorating and furnishing services		Total
	Interior design services			Interior design services		
	HK\$ million	HK\$ million	HK\$ million	HK\$ million	HK\$ million	HK\$ million
Remaining contract sum at the beginning of the period	<u>281.0</u>	<u>212.4</u>	<u>493.4</u>	<u>290.3</u>	<u>142.1</u>	<u>432.4</u>
Add: New contract sum awarded during the Period	250.2	92.5	342.7	152.3	119.2	271.5
Less: VAT for newly awarded contracts	(13.1)	(10.7)	(23.8)	(6.5)	(12.6)	(19.1)
Less: Revenue recognised during the Period	(158.8)	(52.5)	(211.3)	(138.7)	(47.4)	(186.1)
Less: Purchase made	-	(2.2)	(2.2)	-	(2.4)	(2.4)
(Less) add: Variation order	(31.2)	(3.8)	(35.0)	1.3	(0.9)	0.4
Add (less): Exchange realignment	<u>5.8</u>	<u>1.4</u>	<u>7.2</u>	<u>(7.6)</u>	<u>(0.5)</u>	<u>(8.1)</u>
Remaining contract sum at the end of the period	<u><u>333.9</u></u>	<u><u>237.1</u></u>	<u><u>571.0</u></u>	<u><u>291.1</u></u>	<u><u>197.5</u></u>	<u><u>488.6</u></u>

Due to the increase in newly awarded contract sums during the Period, the remaining contract sum for the interior design services increased from approximately HK\$281.0 million as at 31 December 2020 to approximately HK\$333.9 million as at the end of the Period, while the remaining contract sum for the interior decorating and furnishing services increased from approximately HK\$212.4 million as at 31 December 2020 to approximately HK\$237.1 million as at the end of the Period as a consequence of the newly awarded contracts expected to be realised as revenue for the second half of 2021 and 2022.

Other Gains and Losses

The Group recorded other gains of approximately HK\$5.4 million for the Period (Previous Period: other losses of HK\$0.1 million), which were primarily derived from the fair value gain of the financial assets at FVTPL, gain on lease modification and net exchange gain resulting from appreciation of Renminbi.

Impairment Losses on Trade Receivables and Contract Assets Under Expected Credit Loss Model

The amount represents the expected credit loss allowance on trade receivables and contract assets. The amount maintained at approximately HK\$5.0 million during the Period (Previous Period: HK\$5.1 million).

For details, please refer to the section headed “Credit Risk Exposure” of this announcement.

Other Income

Other income mainly includes government grants, the interest income from bank deposits and note receivables, and PRC incentive rebates. The decrease in other income from approximately HK\$8.1 million to approximately HK\$5.0 million during the Period was mainly contributed from the absence of interest income from note receivables and the decrease in the PRC incentive rebates during the Period.

Administrative Expenses

The Group’s administrative expenses increased from approximately HK\$66.6 million to approximately HK\$71.9 million, representing an increase of approximately 8.0% during the Period. The increase was primarily due to the increase in staff costs and the absence of government subsidies during the Period.

Finance Costs

The finance costs comprised interest on lease liabilities and the bank borrowings for financing the Group’s operations. The finance costs of the Group maintained at HK\$2.0 million during the Period and Previous Period.

Profit for the Period

The Group’s profit for the Period amounted to approximately HK\$4.1 million (Previous Period: HK\$6.4 million), representing a decrease of approximately HK\$2.3 million or approximately 35.9% mainly due to a decrease in gross profit margin and the increase in the administrative expenses as a consequence of the increase in overall staff cost and the absence of government subsidies.

Basic Earnings Per Share

The Company’s basic earnings per share for the Period was approximately HK0.32 cents (Previous Period: HK0.53 cents), representing a decrease of approximately HK0.21 cents or 39.6%, which was in line with the decrease in profit for the Period.

Outlook and Prospects

Looking into the second half of 2021, the market conditions remain uncertain given the unpredictable global environment, particularly as the new Delta variant of the COVID-19 pandemic continues to lead to new spikes in infection rates across different countries. The complex trade relationship between China and other major countries, coupled with the dynamics of real estate policies in the PRC, also add further instability to the second half of 2021 that is beyond prediction.

Despite the uncertainties and challenges ahead, the Group remains cautiously optimistic about its future business development. The remaining contract amounts to be realised gives the Group reasons to be optimistic, and as a well-established market player, the market disruption brought by the COVID-19 pandemic could also lead to opportunities in gaining market share and raising the brand profile. To better prepare for unexpected challenges, the Group will remain vigilant and maintain a prudent financial position and strict operations management. The Group will continue to embrace its pursuit of “Design Without Limits”, uphold its brand value, and deliver long-term valuable return to the shareholders of the Company.

CORPORATE FINANCE AND RISK MANAGEMENT

Liquidity and Financial Resources

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

As at 30 June 2021, the Group’s total debt (representing total interest-bearing borrowings excluding lease liabilities arising from the adoption of HKFRS 16) to total asset ratio was approximately 5.1% (as at 31 December 2020: 3.7%). The gearing ratio (net debt excluding lease liabilities arising from the adoption of HKFRS 16 to equity attributable to owners of the Company) was approximately 7.6% (as at 31 December 2020: 5.3%) as the Group has net cash (bank balances and cash less total debt) of approximately HK\$151.4 million as at 30 June 2021 (as at 31 December 2020: HK\$256.5 million). The reduction in net cash was mainly contributed by the investment in funds during the Period. For details, please refer to the section headed “Significant Investments/Material Acquisition and Disposals”.

The bank borrowings of approximately HK\$21.0 million as at 31 December 2020 were secured by pledged bank deposits. The secured borrowings were fully repaid during the Period. The bank borrowings of approximately HK\$35.2 million as at 30 June 2021 (31 December 2020: HK\$5.1 million) were unsecured and guaranteed by the Company. Details are disclosed in note 15 to the unaudited condensed consolidated financial statements. Further costs for operations and expansion will be partially financed by unutilised bank facilities. Up to this announcement date, the bank borrowings of approximately HK\$15.2 million as at 30 June 2021 were repaid by the Group's internally generated fund. As at 30 June 2021 and up to this announcement date, the bank borrowings are mainly for financing the Group's daily operation.

The liquidity of the Group maintained strong and healthy as the current ratio (current assets/current liabilities) of the Group as at 30 June 2021 was 3.1 (as at 31 December 2020: 3.4). The Group also has sufficient committed and unutilised loan and working capital facility and guarantee facilities to meet the needs of the Group's business development. The Group will cautiously seek development opportunities with a view to balancing the risk and opportunity in maximising shareholders' value.

As at 30 June 2021, the share capital and equity attributable to owners of the Company amounted to approximately HK\$11.4 million (as at 31 December 2020: HK\$11.4 million) and approximately HK\$461.7 million (as at 31 December 2020: HK\$487.8 million), respectively.

Pledge of Assets

As at the end of the Period, the Group's performance bond was secured by a pledged bank deposit of approximately HK\$0.5 million. As at 31 December 2020, the Group's bank borrowings of approximately HK\$21.0 million were secured by pledged bank deposits of approximately HK\$7.3 million.

Contingent Liabilities and Capital Commitments

The Group did not have any significant contingent liabilities as at the end of the Period. For capital commitments, please refer to note 18 to the unaudited condensed consolidated financial statements. The Group intends to meet its capital commitments by internally generated fund.

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

The Group's bank borrowings as at 30 June 2021 were in Hong Kong dollars and Renminbi, and have been made at floating rates. The Group operates in various regions under different foreign currencies, including Renminbi and United States Dollar. The exchange rate of the United States Dollar was relatively stable while that of Renminbi was more volatile during the Period. The Group currently has no hedging arrangements for foreign currencies or

interest rates. The Group reviews the currency exchange risks regularly and closely monitors the fluctuation of foreign currencies. The Group will make proper adjustments and consider hedging arrangements if necessary.

Credit Risk Exposure

The Group has adopted prudent credit policies to deal with credit exposure arising from its clients. Although the Group's major clients are institutional organisations and reputable property developers, due to forward-looking market uncertainties as a consequence of the COVID-19 pandemic, the credit risk continued to maintain at high level. The Group's policy in respect of expected credit loss allowance for the Period was an amount equivalent to the lifetime expected credit losses of the trade receivables and contract assets, depending on whether there has been a significant increase in credit risk since initial recognition.

As at 30 June 2021, the accumulated expected credit loss allowance was approximately HK\$48.2 million (31 December 2020: HK\$43.1 million), among which the accumulated expected credit loss allowance for trade receivables was approximately HK\$37.3 million (31 December 2020: HK\$35.4 million) and the accumulated expected credit loss allowance for contract assets was approximately HK\$10.9 million (31 December 2020: HK\$7.7 million). Although the overall settlement of trade receivables from clients were satisfactory, due to the uncertainties resulting from COVID-19 pandemic, the accumulated expected credit loss allowance had increased and maintained at high level. The Group will continue to strengthen its cooperation with its clients in response to the possible negative impact brought by the pandemic in the future.

Saved as disclosed above, there is no other significant credit risk exposure. The Group's management reviews the recoverability of trade receivables and contract assets from time to time and closely monitor the financial position and creditability of its clients in order to keep low credit risk exposure of the Group.

Risk Management

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

Events After the Reporting Period

There are no significant events subsequent to 30 June 2021 which may materially affect the Group's operating and financial performance up to the date of this announcement.

Employees and Remuneration Policies

As at 30 June 2021, the Group had approximately 556 (as at 30 June 2020: 549) full-time employees. The total remuneration of the employees (including the Directors' remuneration) were approximately HK\$96.4 million for the Period (Previous Period: HK\$83.6 million). The increase in total remuneration of the employees was mainly due to the increase in number of the employees and average salaries of the employees. The Group offers attractive remuneration policy, discretionary bonus and share options will also be granted to eligible staff based on individual performance in recognition of their contribution and hard work. The Group also provides external training programmes which are complementary to certain job functions.

Significant Investments/Material Acquisition and Disposals

During the Period, the Group subscribed for three investment funds, namely Cithara Global Multi-Strategy SPC – Cithara Series One Fund SP, FUTEU Special Growth Fund SPC – FUTEU International Bond Fund and Sino Opulence Multi-Value Strategy Fund SPC – Stable Growth Fund SP, with subscription amount of HK\$30.0 million, USD2.5 million and USD3.9 million, respectively. Details of the fund investments are set out as follows:

	Cost HK\$'000	Fair value gain for the Period HK\$'000	Exchange realignments HK\$'000	Fair value as at 30 June 2021 HK\$'000	Percentage to the total assets as at 30 June 2021	Percentage of return as at 30 June 2021
Cithara Global Multi-Strategy SPC – Cithara Series One Fund SP	30,000	307	—	30,307	4.4%	1.02%
FUTEU Special Growth Fund SPC – FUTEU International Bond Fund	19,384	1,458	24	20,866	3.0%	7.52%
Sino Opulence Multi-Value Strategy Fund SPC – Stable Growth Fund SP	30,406	449	37	30,892	4.5%	1.48%
	<u>79,790</u>	<u>2,214</u>	<u>61</u>	<u>82,065</u>		

The Group is subject to the market risks associated with its investments. The management of the Group will closely monitor the performance of these funds and redeem at the appropriate time to protect the interests of the Group and the shareholders.

No material acquisition and disposal of subsidiaries, associates or joint ventures during the Period.

CORPORATE GOVERNANCE AND OTHER INFORMATION

INTERIM DIVIDEND

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

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

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

CORPORATE GOVERNANCE

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

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

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

DIRECTORS' SECURITIES TRANSACTIONS

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

USE OF PROCEEDS

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

As at 30 June 2021, the Net Proceeds received were applied as follows:

	Original allocation of Net Proceeds <i>HK\$ million</i>	Reallocation of Unutilised Net Proceeds <i>HK\$ million</i>	Utilised Net Proceeds up to 31 December 2020 <i>HK\$ million</i>	Unutilised Net Proceeds up to 31 December 2020 <i>HK\$ million</i>	Utilised Net Proceeds during the Period <i>HK\$ million</i>	Unutilised Net Proceeds up to 30 June 2021 <i>HK\$ million</i>
Strengthening our interior design services and developing specialisation	67.0	(28.1)	(37.6)	1.3	(1.3)	-
Further developing our interior decorating & furnishing services	31.1	7.2	(37.0)	1.3	-	1.3
Pursuing growth through selective mergers and acquisitions	28.4	11.6	-	40.0	-	40.0
Improving our information technology systems	22.1	(5.7)	(16.4)	-	-	-
Repaying existing bank borrowings	19.0	-	(19.0)	-	-	-
Enhancing our brand recognition	11.0	-	(8.5)	2.5	(1.1)	1.4
Further developing our product design services	3.1	-	(3.1)	-	-	-
Working capital and other general corporate purposes	13.3	-	(13.3)	-	-	-
Developing a new brand (“ SL2.0 ”) and teams for middle-end and specialised interior design services market	-	15.0	(11.3)	3.7	(3.7)	-
Total	195.0	-	(146.2)	48.8	(6.1)	42.7

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

AUDIT COMMITTEE REVIEW

The unaudited interim results of the Group for the Period have been reviewed by the Group's external auditor, BDO Limited (“**BDO**”), in accordance with Hong Kong Standard on Review Engagements 2410 “Review of interim financial information performed by the independent auditor of the entity” issued by the HKICPA, whose unmodified review report for the Period will be included in the interim report to be sent to the shareholders of the Company.

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

PUBLICATION OF INTERIM RESULT ANNOUNCEMENT AND INTERIM REPORT

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

APPRECIATION

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

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

Hong Kong, 26 August 2021

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