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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)

PROFIT WARNING

This announcement is made by STEVE LEUNG DESIGN GROUP LIMITED (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09(2)(a) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The board (the “**Board**”) of directors (the “**Directors**”) of the Company wishes to inform the shareholders and potential investors of the Company that, based on the preliminary assessment of the unaudited consolidated management accounts of the Group for the six months period ended 30 June 2022 (the “**Period**”) and the information currently available to the Board, the Group is expected to record a net loss in the range of approximately HK\$30 million to approximately HK\$38 million for the Period (subject to further adjustments and impairment assessment), as compared to a net profit of approximately HK\$4 million for the six months period ended 30 June 2021 (the “**Previous Period**”).

Based on the information currently available, the Board considers that the Group’s weakened financial performance for the Period was mainly attributable to the following factors:

1. decrease in revenue and gross profit margin primarily due to the (i) decrease in the number of projects awarded to the Group; and (ii) increase in the number of projects with prolonged progression and the additional costs resulting from mass lockdowns and restrictions in Hong Kong and the People’s Republic of China (“**PRC**”) due to the outbreak of the new wave of COVID-19 pandemic during the first half of 2022; and

2. decrease in other income and other gains mainly due to the (i) absence of gain in fair value of financial assets subsequent to the redemption of certain investment funds and absence of gain on lease modification; (ii) decrease in tax rebate from the relevant PRC local authorities upon the decrease in net profit and relevant tax liabilities of certain PRC subsidiaries; and (iii) change to exchange loss during the Period as compared to the exchange gain during the Previous Period as a result of the depreciation of Renminbi in the first half of 2022.

The information contained in this announcement represents a preliminary assessment by the Board with reference to the unaudited consolidated management accounts of the Group and other information currently available to the Board. Such information as well as the unaudited consolidated management accounts of the Group have not been reviewed by the auditor or the audit committee of the Company. As the Company is still in the process of finalising its results for the Period, the actual results for the Period may be different from the information set out in this announcement. Further details of such interim results will be included in the Company's interim results announcement, which is expected to be published in late July 2022.

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the shares of the Company.

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, 4 July 2022

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