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)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2023

FINANCIAL HIGHLIGHTS

	For the year ended 31 December	
	2023	2022
	(Audited)	(Audited)
Results:		
Revenue for the year (HK$ million)	**355.8**	381.0
Loss for the year (HK$ million)	**(20.0)**	(59.9)
Loss per share-basic (HK cents)	**(1.65)**	(5.47)

Net Assets Value:

As at 31 December 2023, the Group had net assets value per share of approximately HK$0.28 (31 December 2022: HK$0.30).

Remaining Contract Sum:

As at 31 December 2023, the Group had remaining contract sum of approximately HK$454.1 million (31 December 2022: HK$429.5 million).

Bank Balances and Cash:

As at 31 December 2023, the Group had bank balances and cash of approximately HK$148.9 million (31 December 2022: approximately HK$153.3 million).

Final Dividend:

The Board does not recommend the payment of final dividend for the year ended 31 December 2023.

ANNUAL 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 audited consolidated annual results of the Company and its subsidiaries (collectively, the "**Group**") for the year ended 31 December 2023 (the "**Year**") together with the audited comparative figures for the corresponding year ended 31 December 2022 (the "**Previous Year**") as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2023

	NOTES	**2023** *HK$'000*	2022 *HK$'000*
Revenue	*3*	**355,803**	381,002
Cost of sales		**(216,534)**	(241,752)
Gross profit		**139,269**	139,250
Other gains and losses	*5*	**(821)**	(5,098)
Impairment losses on trade receivables and contract assets under expected credit loss model		**(24,724)**	(30,351)
Other income	*6*	**1,493**	3,191
Selling expenses		**(20,833)**	(26,516)
Administrative expenses		**(107,238)**	(136,519)
Finance costs	*7*	**(4,431)**	(3,683)
Loss before taxation		**(17,285)**	(59,726)
Income tax expense	*8*	**(2,690)**	(162)
Loss for the year	*9*	**(19,975)**	(59,888)
Other comprehensive expense that may be reclassified subsequently to profit or loss			
Exchange differences arising on translation of foreign operations		**(3,172)**	(23,293)
Total comprehensive expense for the year		**(23,147)**	(83,181)

	NOTES	**2023** **HK$'000**	2022 HK$'000
(Loss) profit for the year attributable to:			
— Owners of the Company		**(18,841)**	(62,441)
— Non-controlling interests		**(1,134)**	2,553
		(19,975)	(59,888)
Total comprehensive (expense) income for the year attributable to:			
— Owners of the Company		**(21,883)**	(84,997)
— Non-controlling interests		**(1,264)**	1,816
		(23,147)	(83,181)
Loss per share (expressed in Hong Kong cents)	*11*		
— Basic		**(1.65)**	(5.47)
— Diluted		**(1.65)**	(5.47)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 DECEMBER 2023

	NOTES	2023 HK$'000	2022 HK$'000
Non-current Assets			
Property, plant and equipment		**13,211**	13,872
Right-of-use assets	12	**43,685**	39,499
Intangible assets		**1,668**	2,028
Goodwill		**1,187**	1,205
Deposits paid for acquisition of property, plant and equipment		**3,269**	4,503
Rental deposits		**5,419**	6,327
Deferred tax assets		**52,393**	44,280
		120,832	111,714
Current Assets			
Inventories		**50**	42
Trade receivables	13	**136,106**	174,515
Other receivables, deposits and prepayments		**9,136**	16,430
Contract assets	14	**80,171**	66,781
Tax recoverable		**734**	263
Pledged bank deposits	15	**211**	–
Restricted bank balances	15	**1,723**	–
Bank balances and cash	15	**148,892**	153,338
		377,023	411,369
Current Liabilities			
Trade payables	16	**43,914**	40,737
Other payables and accrued charges	16	**20,684**	24,336
Bank borrowings	17	**30,000**	30,000
Lease liabilities		**20,232**	16,490
Contract liabilities	18	**15,103**	24,044
Tax liabilities		**20,516**	22,263
		150,449	157,870
Net Current Assets		**226,574**	253,499
Total Assets less Current Liabilities		**347,406**	365,213

	NOTES	2023 HK$'000	2022 HK$'000
Capital and Reserves			
Share capital	*19*	**11,414**	11,414
Reserves		**293,124**	315,007
Equity attributable to owners of the Company		**304,538**	326,421
Non-controlling interests		**11,520**	12,784
Total Equity		**316,058**	339,205
Non-current Liabilities			
Deferred tax liabilities		**6,314**	1,335
Lease liabilities		**25,034**	24,673
		31,348	26,008
		347,406	365,213

NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION

1. GENERAL INFORMATION

The Company was incorporated as an exempted company and registered in the Cayman Islands with limited liability under the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands on 9 December 2016 and its shares were listed on the Stock Exchange of Hong Kong Limited (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 ("**BVI**"), 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 Company acts as an investment holding company and provides corporate management services.

The consolidated financial statements are presented in Hong Kong dollars ("**HK$**"), which is also the functional currency of the Company.

2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

Basis of preparation of consolidated financial statements

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"). For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**") and by the Hong Kong Companies Ordinance.

Going Concern Assessment

The Directors have, at the time of approving the consolidated financial statements, a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the consolidated financial statements.

The consolidated financial statements have been prepared on the historical cost basis at the end of each reporting period.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2 *Share-based Payment*, leasing transactions that are accounted for in accordance with HKFRS 16 *Leases* and measurements that have some similarities to fair value but are not fair value, such as net realisable value in Hong Kong Accounting Standards ("**HKAS**") 2 *Inventories* or value in use in HKAS 36 *Impairment of Assets*.

New and amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following new and amendments to HKFRSs issued by the HKICPA for the first time, which are mandatorily effective for the annual period beginning on or after 1 January 2023 for the preparation of the consolidated financial statements:

HKFRS 17	Insurance Contracts
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosures of Accounting Policies
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to HKAS 12	International Tax Reform-Pillar Two Model Rules

Other than the amendment to HKAS 1 and HKFRS Practice Statement 2, the application of the new and amendments to HKFRSs in the current year had no material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

2.1 Insurance Contracts

HKFRS 17 was issued as replacement for HKFRS 4 Insurance Contracts. It requires a current measurement model where estimates are remeasured in each reporting period. Contracts are measured using the building blocks of:

- discounted probability-weighted cash flows
- an explicit risk adjustment, and
- a contractual service margin (CSM) representing the unearned profit of the contract which is recognised as revenue over the coverage period.

The standard allows a choice between recognising changes in discount rates either in the statement of profit or loss or directly in other comprehensive income. The choice is likely to reflect how insurers account for their financial assets under HKFRS 9.

An optional, simplified premium allocation approach is permitted for the liability for the remaining coverage for eligible groups of insurance contracts, which are often written by non-life insurers.

There is a modification of the general measurement model called the 'variable fee approach' for certain contracts written by life insurers where policyholders share in the returns from underlying items. When applying the variable fee approach, the entity's share of the fair value changes of the underlying items is included in the CSM. The results of insurers using this model are therefore likely to be less volatile than under the general model.

The new rules will affect the financial statements and key performance indicators of all entities that issue insurance contracts or investment contracts with discretionary participation features.

Further amendments made in February 2022 added a transition option that permits an entity to apply an optional classification overlay in the comparative period(s) presented on initial application of HKFRS 17. The classification overlay applies to all financial assets, including those held in respect of activities not connected to contracts within the scope of HKFRS 17. It allows those assets to be classified in the comparative period(s) in a way that aligns with how the entity expects those assets to be classified on initial application of HKFRS 9. The classification can be applied on an instrument-by-instrument basis.

The standard does not have a material impact on the consolidated financial statements as the Group does not have contracts within the scope of HKFRS 17.

2.2 Amendments to HKAS 1 Presentation of Financial Statements and HKFRS Practice Statement 2 Making Materiality Judgements — Disclosure of Accounting Policies

The amendments change the requirements in HKAS 1 and guidance on HKFRS Practice Statement 2 with regard to disclosure of accounting policies and providing guidance and examples. The amendments replace all instances of the term "significant accounting policies" with "material accounting policy information". Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The supporting paragraphs in HKAS 1 are also amended to clarify that accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed. Accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material. If the entity chooses to disclose immaterial accounting policy information, such information must not obscure material accounting policy information.

These amendments have no effect on the measurement or presentation of any items in the consolidated financial statements of the Group but affect the disclosure of accounting policies of the Group.

2.3 Amendments to HKAS 8 Accounting Policies, Changes in Accounting Estimates and Errors — Definition of Accounting Estimates

The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty".

The definition of a change in accounting estimates was deleted. However, the HKICPA retained the concept of changes in accounting estimates in the Standard with the following clarifications:

- A change in accounting estimate that results from new information or new developments is not the correction of an error

- The effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors

These amendments had no material impact on the consolidated financial statements of the Group.

2.4 Amendments to HKAS 12 Income Taxes — Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The amendments introduce a further exception from the initial recognition exemption. Under the amendments, an entity does not apply the initial recognition exemption for transactions that give rise to equal taxable and deductible temporary differences.

Depending on the applicable tax law, equal taxable and deductible temporary differences may arise on initial recognition of an asset and liability in a transaction that is not a business combination and affects neither accounting nor taxable profit. For example, this may arise upon recognition of a lease liability and the corresponding right-of-use asset applying HKFRS 16 at the commencement date of a lease.

The Group has applied the amendments for the first time in the current year. In accordance with the transition provision, the Group has applied the new account policy retrospectively to transactions that occurred on or after 1 January 2022. The application of the amendments had no material impact on the Group and hence no adjustment was made to the beginning retained profits, or other component of equity.

Amendments to HKFRSs in issue but not yet effective

The Group has not early applied the following amendments to HKFRSs that have been issued but are not yet effective:

Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[2]
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback[1]
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current, Non-current Liabilities with Covenants and related amendments to Hong Kong Interpretation 5 (Revised)[1]
Amendments to HKAS 21	Lack of Exchangeability[3]
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangement[1]

[1] Effective for annual periods beginning on or after 1 January 2024
[2] The amendments shall be applied prospectively to the sale or contribution of assets occurring in annual periods beginning on or after a date to be determined
[3] Effective for annual periods beginning on or after 1 January 2025

The Directors anticipate that the application of all of the above amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

3. REVENUE

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 years ended 31 December 2023 and 31 December 2022 is as follows:

	2023	2022
	HK$'000	*HK$'000*
Service revenue	**261,969**	280,387
License fee revenue	**2,477**	2,896
Trading income	**91,357**	97,719
	355,803	381,002

Disaggregation of revenue from contracts with customers

The Group generates revenue from the transfer of goods and services over time and at point in time within the following brand divisions and geographical areas. Further details regarding the Group's principal activities are disclosed in note 4.

For the year ended 31 December 2023

	SLD	**SLL**	**JHD**	**Total**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***
Geographical markets				
Hong Kong	**11,973**	**5,442**	**–**	**17,415**
PRC	**170,872**	**96,400**	**57,509**	**324,781**
Other regions	**12,999**	**608**	**–**	**13,607**
	195,844	**102,450**	**57,509**	**355,803**
Timing of revenue recognition				
Over time				
Service revenue	**193,367**	**11,093**	**57,509**	**261,969**
At point in time				
License fee revenue	**2,477**	**–**	**–**	**2,477**
Trading income	**–**	**91,357**	**–**	**91,357**
	2,477	**91,357**	**–**	**93,834**
	195,844	**102,450**	**57,509**	**355,803**

For the year ended 31 December 2022 (re-presented)

	SLD	SLL	JHD	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Geographical markets				
Hong Kong	19,751	3,877	–	23,628
PRC	153,930	107,056	69,059	330,045
Other regions	26,586	743	–	27,329
	200,267	111,676	69,059	381,002
Timing of revenue recognition				
Over time				
Service revenue	197,371	13,957	69,059	280,387
At point in time				
License fee revenue	2,896	–	–	2,896
Trading income	–	97,719	–	97,719
	2,896	97,719	–	100,615
	200,267	111,676	69,059	381,002

The Group provides interior design services, interior decorating and furnishing design services and product design services to clients. Such services are recognised as a performance obligation satisfied over time as the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date. Revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation using input method.

The Group's service contracts include payment schedules which require stage payments over the design period once certain specified milestones are reached. The Group requires certain clients to provide upfront deposits range from 10% to 20% of total contract sum, when the Group receives a deposit before design service commences, this will give rise to contract liabilities at the start of a contract, until the revenue recognised on the specific contract exceeds the amount of the deposit.

A contract asset, net of contract liability related to the same contract, is recognised over the period in which the design services are performed, representing the Group's right to consideration for the services performed because the rights are conditioned on the Group's future performance in achieving specified milestones. The contract assets are transferred to trade receivables when the rights become unconditional upon meeting the billing milestones.

The Group sells interior decorative products to clients, such trading income is recognised when control of the goods has been transferred, at which time the goods have been delivered to the specific location and confirmed by our clients.

The Group grants the right to use the Group's designed products to clients and the license fee revenue is recognised at a point in time at which the license is granted to the clients.

The expected timing of recognising revenue on transaction price related to the performance obligations (unsatisfied or partially unsatisfied) as at 31 December 2023 and 2022 is within one year. As permitted under HKFRS 15 *Revenue from Contracts with Customers*, the transaction price allocated to these unsatisfied contracts is not disclosed.

4. OPERATING SEGMENTS

The operating business units are identified based on internal reports of the Group that are regularly reviewed by the Company's chief operating decision maker ("**CODMs**"), i.e. the executive Directors for the purpose of allocating resources to segments and assessing their performance. In prior years, operating segments were organised according to the nature of the services provided or goods sold and divided into 3 business units: interior design services, interior decorating and furnishing services and product design services. In order to obtain more reliable and relevant accounting information for making strategic decision and provide a more appropriate presentation of the Group's business operations, starting from 2023, the Group changed its operating segments based on the brand division, as follows:

1. SLD (Steve Leung Design): Provision of interior design services and licensing arrangement under all "Steve Leung" related brands, which mainly focus on the residential market.

2. SLL (Steve Leung Lifestyle): Provision of interior decorating and furnishing design services and trading of interior decorative products under "Steve Leung" related brands, which mainly focus on the residential market.

3. JHD (Jangho Design): Provision of interior design services and interior decorating and furnishing design services under "Jangho" brand, which mainly focus on the hospitality and commercial projects in the PRC.

The change in operating business units is consistent with the way in which segment information is presented in the internal reports provided to CODMs. The comparative amounts have been re-presented to conform with the current period's presentation.

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

Segment revenue and results

	SLD *HK$'000*	**SLL** *HK$'000*	**JHD** *HK$'000*	**Total** *HK$'000*
For the year ended 31 December 2023				
Revenue				
Segment revenue	**202,326**	**111,150**	**57,581**	**371,057**
Inter-segment revenue	**(6,482)**	**(8,700)**	**(72)**	**(15,254)**
Segment revenue from external clients	**195,844**	**102,450**	**57,509**	**355,803**
Gross profit	**84,037**	**32,610**	**22,622**	**139,269**
Selling expenses	**(12,280)**	**(1,051)**	**(7,502)**	**(20,833)**
Administrative expenses	**(65,298)**	**(34,230)**	**(7,710)**	**(107,238)**
Impairment losses on trade receivables and contract assets under expected credit loss ("**ECL**") model	**(8,480)**	**(4,230)**	**(12,014)**	**(24,724)**
Other operating income (expenses)	**817**	**(218)**	**73**	**672**
Finance costs	**(4,031)**	**(359)**	**(41)**	**(4,431)**
Loss before taxation	**(5,235)**	**(7,478)**	**(4,572)**	**(17,285)**

	SLD *HK$'000*	SLL *HK$'000*	JHD *HK$'000*	Total *HK$'000*
For the year ended 31 December 2022 (re-presented)				
Revenue				
Segment revenue	205,842	123,514	72,225	401,581
Inter-segment revenue	(5,575)	(11,838)	(3,166)	(20,579)
Segment revenue from external clients	200,267	111,676	69,059	381,002
Gross profit	69,724	39,574	29,952	139,250
Selling expenses	(13,495)	(4,739)	(8,282)	(26,516)
Administrative expenses	(80,566)	(47,384)	(8,569)	(136,519)
Impairment losses on trade receivables and contract assets under ECL model	(23,785)	(9,739)	3,173	(30,351)
Other operating (expenses) income	(3,109)	1,070	132	(1,907)
Finance costs	(2,954)	(729)	–	(3,683)
(Loss) profit before taxation	(54,185)	(21,947)	16,406	(59,726)

The accounting policies of the reportable and operating segments are the same as the Group's accounting policies. Segment results represent the profit earned by each segment. This is the measure reported to the CODMs for the purposes of resource allocation and performance assessment.

The CODMs make decisions according to operating results of each segment. No analysis of segment asset and segment liability is presented as the CODMs do not regularly review such information for the purposes of resources allocation and performance assessment. Therefore, only segment revenue and segment results are presented.

Other segment information

Amounts included in the measure of segment results

	SLD	**SLL**	**JHD**	**Total**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***
For the year ended 31 December 2023				
Amortisation of intangible assets	**402**	**–**	**7**	**409**
Depreciation of property, plant and equipment	**4,762**	**53**	**222**	**5,037**
Depreciation of right-of-use assets	**18,536**	**1,699**	**362**	**20,597**
Loss on disposals of property, plant and equipment	**209**	**1**	**–**	**210**
(Reversal of) impairment losses on trade receivables under ECL model	**(732)**	**3,047**	**4,399**	**6,714**
Impairment losses on contract assets under ECL model	**9,212**	**1,183**	**7,615**	**18,010**
Interest income	**237**	**99**	**15**	**351**

	SLD	SLL	JHD	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
For the year ended 31 December 2022 (re-presented)				
Amortisation of intangible assets	424	–	–	424
Written-off of inventories	–	974	–	974
Depreciation of property, plant and equipment	10,081	639	225	10,945
Depreciation of right-of-use assets	20,064	4,469	254	24,787
Loss on disposals of property, plant and equipment	15	–	–	15
Impairment losses on trade receivables under ECL model	18,687	9,149	2,626	30,462
(Reversal of) impairment losses on contract assets under ECL model	5,098	590	(5,799)	(111)
Interest income	222	186	23	431

Geographical information

The Group's revenue from external clients is mainly derived from clients located in Hong Kong and the PRC, which is determined based on the location of projects.

	2023	2022
	HK$'000	*HK$'000*
External revenue:		
Hong Kong	**17,415**	23,628
PRC	**324,781**	330,045
Other regions	**13,607**	27,329
	355,803	381,002

The Group's non-current assets (excluding deferred tax assets) are located in Hong Kong and the PRC, which is determined based on the geographical location of these assets.

	2023	2022
	HK$'000	*HK$'000*
PRC	**39,121**	55,659
Hong Kong	**29,318**	11,775
	68,439	67,434

Information about major clients

During the years ended 31 December 2023 and 2022, none of the Group's single client attributed to more than 10% of the Group's total external revenue.

5. OTHER GAINS AND (LOSSES)

	2023	2022
	HK$'000	*HK$'000*
Exchange loss, net	**(220)**	(5,083)
Loss on disposals of property, plant and equipment	**(210)**	(15)
Loss on lease termination	**(404)**	–
Gain on lease modification	**13**	–
	(821)	(5,098)

6. OTHER INCOME

	2023	2022
	HK$'000	*HK$'000*
Grants received from local government *(Note)*	**262**	1,226
Interest income from bank deposits	**351**	431
Miscellaneous income	**880**	1,534
	1,493	3,191

Note: The amounts mainly represented subsidies received by the Group from PRC's local government authorities as incentives to support the Group's business. There were no other specific conditions to the grants and therefore, the Group recognised the grants upon approval being obtained from the relevant PRC government authorities.

7. FINANCE COSTS

	2023	2022
	HK$'000	*HK$'000*
Interest on bank borrowings	**2,373**	1,821
Interest on lease liabilities	**2,058**	1,862
	4,431	3,683

8. INCOME TAX EXPENSE

	2023	2022
	HK$'000	*HK$'000*
Current tax:		
Hong Kong Profits Tax	**–**	–
PRC Enterprise Income Tax	**6,022**	11,584
	6,022	11,584
Under provision in prior years:		
Hong Kong Profits Tax	**–**	244
PRC Enterprise Income Tax	**55**	31
	55	275
Deferred taxation	**(3,387)**	(11,697)
	2,690	162

On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the "**Bill**") which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day. Under the two-tiered profits tax rates regime, the first HK$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

The Directors considered the amount involved upon implementation of the two-tiered profits tax rates regime as insignificant to the consolidated financial statements. Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both years.

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 years.

The EIT Law requires withholding tax to be levied on distribution of profits earned by PRC entities for profits generated after 1 January 2008 at rate of 5% for Hong Kong resident companies, which are the beneficial owners of the dividend received.

The income tax expense for the year can be reconciled from the loss before taxation per the consolidated statement of profit or loss and other comprehensive income as follows:

	2023	2022
	HK$'000	*HK$'000*
Loss before taxation	**(17,285)**	(59,726)
Tax at applicable tax rate of 16.5% (2022: 16.5%)	**(2,852)**	(9,855)
Tax effect of income not taxable for tax purpose	**(95)**	(632)
Tax effect of expenses not deductible for tax purpose	**1,444**	2,369
Tax effect of tax losses not recognised	**3,029**	7,773
Utilisation of tax losses previously not recognised	**(92)**	(12)
Effect of different tax rate of the PRC subsidiaries operating in other jurisdiction	**1,201**	244
Under provision in prior years	**55**	275
Income tax expense for the year	**2,690**	162

9. LOSS FOR THE YEAR

Loss for the year has been arrived at after charging:

	2023	2022
	HK$'000	*HK$'000*
Amortisation of intangible assets		
— included in cost of sales	**173**	198
— included in administrative expenses	**236**	226
	409	424
Auditor's remunerations	**1,080**	1,080
Cost of inventories recognised as an expense	**63,287**	61,307
Written off of inventories	**–**	974
Depreciation of right-of-use assets	**20,597**	24,787
Depreciation of property, plant and equipment	**5,037**	10,945
Staff costs *(Note)*:		
Directors' emoluments	**12,217**	11,670
Other staff		
— basic salaries, allowances and other benefits	**130,471**	172,393
— discretionary bonus	**9,833**	15,820
— retirement benefits scheme contributions	**18,679**	23,842
— expense recognised in respect of Conversion Scheme and share option scheme	**–**	1,048
	158,983	213,103
	171,200	224,773

Note: For the year ended 31 December 2022, COVID-19 related government assistance amounted to HK$3,112,000 in relation to the Employment Support Scheme under the Anti-epidemic Fund launched by the Hong Kong Special Administrative Region Government have been offset against the staff costs. No such subsidy has been recognised in the year ended 31 December 2023.

10. DIVIDEND

	2023	2022
	HK$'000	*HK$'000*
Dividends for ordinary shareholders of the Company recognised as distributions during the year:		
2021 special dividend-HK5.00 cents per share	**–**	57,070

The Directors do not recommend the payment of any dividend for the year ended 31 December 2023 (2022: Nil).

11. LOSS PER SHARE

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

	2023	2022
	HK$'000	*HK$'000*
Loss		
Loss for the year attributable to owners of the Company for the purposes of basic and diluted loss per share	**(18,841)**	(62,441)

	2023	2022
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	**1,141,401,000**	1,141,401,000

The computation of diluted loss per share for the years ended 31 December 2023 and 2022 did not assume the conversion of the Company's outstanding share options since their assumed exercise would result in a decrease in loss per share for the years.

12. RIGHT-OF-USE ASSETS

	Leased properties *HK$'000*	Office equipment *HK$'000*	Motor vehicle *HK$'000*	Total *HK$'000*
AS AT 31 DECEMBER 2023				
Carrying amount	**39,609**	**2,333**	**1,743**	**43,685**
AS AT 31 DECEMBER 2022				
Carrying amount	35,838	3,661	–	39,499
FOR THE YEAR ENDED 31 DECEMBER 2023				
Depreciation charge	**19,220**	**1,301**	**76**	**20,597**
Expense relating to short-term leases				**1,529**
Total cash flow for leases				**23,575**
Additions to right-of-use assets				**1,819**
FOR THE YEAR ENDED 31 DECEMBER 2022				
Depreciation charge	23,132	1,464	191	24,787
Expense relating to short-term leases				1,689
Expense relating to leases of low-value assets, excluding short-term leases of low-value assets				16
Total cash flow for leases				28,629
Additions to right-of-use assets				22,864

For both years, the Group leased various offices premises, office equipment and motor vehicle for its operations. Lease contracts are entered into for fixed term of 2 years to 5 years (2022: 2 years to 5 years). Lease terms are negotiated on an individual basis and contained different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applied the definition of a contract and determines the period for which the contract is enforceable.

The Group regularly entered into short-term leases for office premises. As at 31 December 2023 and 2022, the portfolio of short-term leases is similar to the portfolio of short-term leases to which the short-term expense disclosed above.

Restriction or covenants on leases

The lease arrangements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purpose.

13. TRADE RECEIVABLES

	2023	2022
	HK$'000	*HK$'000*
Trade receivables	**156,284**	169,001
Less: allowance for credit losses	**(59,431)**	(54,480)
Trade receivables (net carrying amount)	**96,853**	114,521
Unbilled receivables *(Note)*	**71,654**	94,904
Less: allowance for credit losses	**(32,401)**	(34,910)
Unbilled receivables (net carrying amount)	**39,253**	59,994
	136,106	174,515

Note: Unbilled receivables primarily relate to the Group's unconditional right to consideration for work completed in achieving specified milestones as stipulated in the contracts but the related invoices have not yet been issued as at the year end.

Included in the carrying amount of trade receivables as at 31 December 2023 is an amount of HK$11,747,000 (2022: HK$20,192,000) due from related parties controlled by a controlling shareholder of the Company.

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

	2023	2022
	HK$'000	*HK$'000*
0 to 30 days	**32,119**	35,838
31 to 90 days	**19,275**	13,165
91 to 180 days	**9,905**	19,162
181 days to 1 year	**5,597**	17,244
Over 1 year	**29,957**	29,112
	96,853	114,521

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

As at 31 December 2023, included in the Group's trade receivables balance are debtors with aggregate carrying amount of HK$96,853,000 (2022: HK$114,521,000) which are past due as at the reporting date. Out of the past due balances, HK$45,459,000 (2022: HK$65,518,000) 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. As at 31 December 2023, the Group's trade receivables of HK$7,120,000 (31 December 2022: HK$19,142,000) are collateralised by certain PRC properties of clients, of which HK$7,120,000 (31 December 2022: HK$16,865,000) are related to debtors with balances due over 1 year.

14. CONTRACT ASSETS

	2023	2022
	HK$'000	*HK$'000*
Interior design services	**107,525**	78,696
Interior decorating and furnishing services	**7,078**	4,801
Less: allowance for credit losses	**(34,432)**	(16,716)
	80,171	66,781

The contract assets primarily relate to the Group's right to consideration for work completed and not billed because the rights are conditional on the Group's future performance in satisfying respective performance obligations as at the reporting date in respect of the design services. The contract assets are transferred to trade receivables when the rights become unconditional, which is typically at the time the Group achieve specified milestones as stipulated in the contracts.

Included in the carrying amount of contract assets as at 31 December 2023 is an amount of HK$1,122,000 (2022: HK$2,042,000) from related parties controlled by a controlling shareholder of the Company.

The Group's design services include payment schedules which require stage payments over the service period once certain specified milestones are reached. The Group requires certain clients to provide upfront deposits range from 10% to 20% of total contract sum as part of its credit risk management policies.

There was no retention monies held by clients for contract works performed at the end of each reporting period.

The Group classifies these contract assets as current because the Group expects to realise them in its normal operating cycle.

15. BANK BALANCES AND CASH, PLEDGED BANK DEPOSITS AND RESTRICTED BANK BALANCES

As at 31 December 2023, a bank deposit HK$211,000 (2022: Nil) was pledged to a bank to secure a performance bond.

As at 31 December 2023, the restricted bank balance of HK$1,723,000 (2022: Nil) was due to a pre-trial property preservation in PRC.

Cash at banks earns interest at market interest rates. Short term deposits during the year are placed for periods ranging from one day to three months and earn interest at respective short-term deposits rates.

As at 31 December 2023, the bank balances and cash of the Group denominated in Renminbi amounted to HK$124,477,000 (2022: HK$116,073,000).

16. TRADE PAYABLES, OTHER PAYABLES AND ACCRUED CHARGES

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

	2023	2022
	HK$'000	*HK$'000*
0 to 180 days	**32,262**	21,335
Over 180 days	**11,652**	19,402
	43,914	40,737

The following is the analysis of other payables and accrued charges at the end of each reporting period:

	2023	2022
	HK$'000	*HK$'000*
Accrued staff benefits	**13,859**	16,526
Deposits received from clients	**–**	139
Other payables and accrued charges	**6,825**	7,671
	20,684	24,336

17. BANK BORROWINGS

	2023	2022
	HK$'000	*HK$'000*
Unsecured	**30,000**	30,000
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	**30,000**	30,000

As at 31 December 2023, included in the Group's borrowings are variable-rate borrowings of HK$30,000,000 (2022: HK$30,000,000) carrying interest ranging from 3.25% to 3.75% (2022: 2.50% to 3.75%) per annum over Hong Kong Interbank Offered Rate.

18. CONTRACT LIABILITIES

	2023	2022
	HK$'000	*HK$'000*
Interior design services	**6,529**	8,667
Interior decorating and furnishing services	**8,574**	15,377
	15,103	24,044

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

Movements in contract liabilities:

	2023	2022
	HK$'000	*HK$'000*
Balance at the beginning of the year	**24,044**	25,353
Decrease in contract liabilities as a result of recognising revenue during the year that was included in the contract liabilities at the beginning of the year	**(15,094)**	(13,973)
Increase in contract liabilities as a result of receiving deposits from the clients	**6,425**	14,968
Exchange realignments	**(272)**	(2,304)
Balance at the end of the year	**15,103**	24,044

When the Group receives a deposit before the design services commence, this will give rise to contract liabilities at the start of a contract, until the revenue recognised on the relevant contract exceeds the amount of the deposit.

19. SHARE CAPITAL

	Number of shares	**HK$**
Ordinary share of the Company of HK$0.01 each		
Authorised		
At 1 January 2022, 31 December 2022 and 31 December 2023	4,000,000,000	40,000,000
Issued and fully paid		
At 1 January 2022, 31 December 2022 and 31 December 2023	1,141,401,000	11,414,010

20. CONTINGENT LIABILITIES

During the year ended 31 December 2023, a bank account of a PRC subsidiary of the Group totalled HK$1,723,000 have been frozen due to a contractual dispute involving the provision of interior decorating and furnishing services to a client. This case is currently in the pre-litigation mediation stage, and the court has not yet filed a case for trial. Since the legal proceeding has not yet been initiated, it is impractical to estimate the potential impact to the Group, a contingent liability of approximately RMB1,566,000, equivalent to approximately HK$1,723,000, was noted as at 31 December 2023.

MANAGEMENT DISCUSSION AND ANALYSIS

Market Overview

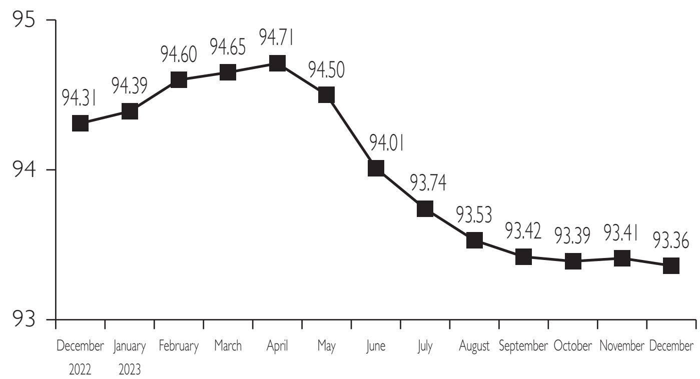
In 2023, the global economy embarked on a path of recovery following the pandemic, industries across the board were eager to regain the ground lost during the challenging three-year pandemic period. However, the pace of overall economic normalisation fell short of expectations. While economic activities gradually resumed, headwinds were encountered in the form of rising raw material and transportation costs, leading to a sustained increase in global prices. Consequently, countries implemented measures to mitigate inflationary risks, including tightening monetary policies such as interest rate hikes and reductions in money supply. The US Federal Reserve, for instance, raised interest rates four times throughout the Year, causing global interest rate fluctuations. While these measures aimed to control inflation, they also introduced currency exchange rate risks and financial market volatility, thereby adding uncertainty to the global economic landscape.

Within this challenging macro environment, China's overall economic growth in 2023 remained suppressed. Despite the initial signs of recovery observed in the first quarter of 2023, the growth rate of Gross Domestic Product (GDP) in the subsequent quarters failed to catch up with the first quarter and even decelerated compared with the COVID-19 pandemic period. This trend of weakness persisted throughout the Year.

The performance of the PRC domestic real estate market mirrored the broader economic conditions and can be characterised as a "front-loaded, mid-low, and late stabilised" pattern in 2023. In January, as the pandemic was effectively controlled and restrictive measures were gradually lifted, there was a surge of pent-up demand for housing, resulting in a brief period of revitalisation in the real estate sector during the first quarter of 2023. However, this pent-up demand was exhausted by April. Coupled with sluggish economic growth, mounting inflationary pressures and subdued consumer sentiment, the PRC real estate market lost momentum. This further exacerbated the challenges faced by domestic real estate enterprises, which were already grappling with the risk of funding chain disruptions.

The challenging market conditions were also reflected in the National Real Estate Climate Index released by the National Bureau of Statistics of China (the "**NBSC**"), which reached its peak at 94.71 in April 2023 but experienced a subsequent decline, ultimately settling at 93.36 in December 2023.

National Real Estate Climate Index

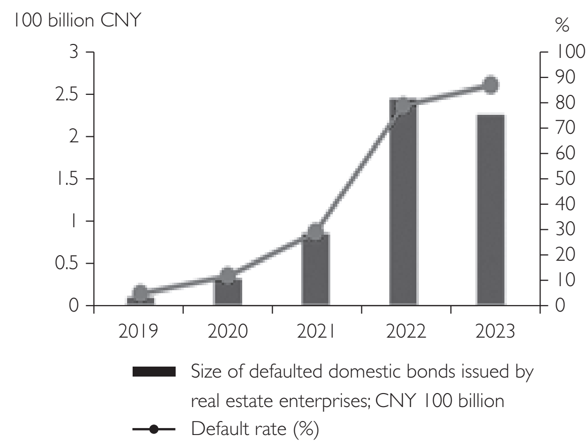


Source: the NBSC

To address these circumstances and stabilise the real estate market, the PRC Central Government implemented a series of stimulus measures. In particular in the second half of 2023, real estate control policies in various regions have significantly accelerated the pace of relaxation and intensified adjustments. These initiatives included policies such as "allowing first-home homebuyers to enjoy preferential mortgage rates regardless of previous credit records" (認房不認貸), reducing down payment requirements, and lowering mortgage rates. A multi-faceted approach was adopted, targeting the demand side, land supply side, and financial side, with the aim of warming up the real estate market and providing crucial support. Throughout 2023, nearly 600 regulatory policies were issued by over 200 provinces and cities nationwide, as reported by the China Index Academy (中指研究院). These policies encompassed various aspects, including optimising restrictions on purchases, loans, sales, and prices, adjusting housing provident funds and subsidies, and enhancing pre-sale fund supervision. Additionally, major financial institutions actively engaged with real estate enterprises through symposiums to explore avenues for increased financing support.

While the implementation of these optimisation policies brought the overall real estate market environment closer to the most lenient period observed in 2014, concerns remained about the potential existence of an expectation bubble in the market. According to a report from Donghai Securities Institute (東海證券研究所), approximately US$16.0 billion worth of overseas bonds issued by 38 PRC real estate companies experienced substantial defaults or extensions in 2023. Notably, almost half of these cases involved bonds from private real estate enterprises, with the remainder distributed among bonds from central and local state-owned enterprises. Although improvement was demonstrated in the default situation compared to the peak period in 2022, the importance of remaining vigilant towards associated risks is recognised. Consequently, consumers' confidence in real estate investments remained subdued, causing the comprehensive optimisation policies to take longer to materialise fully.

Size of defaulted domestic bonds issued by real estate enterprises



Source: Wind, Donghai Securities Institute

Business and Operational Review

In the face of the Year filled with uncertainty, the Group, along with the entire market, encountered various challenges. The cautious attitude of consumers towards property purchases led to a slowdown in the local real estate sector, with a reduction in new development projects and a deceleration or even suspension of ongoing projects. Consequently, the Group's revenue for the Year experienced a decline of approximately 6.6% compared to the Previous Year.

Nevertheless, these challenges were tackled with a proactive approach. Throughout the Year, the Group implemented a series of cost reduction and productivity enhancement measures. These initiatives included optimisation of employee structure, adjustments to performance evaluation standards for business development personnel, development of internal e-platforms to improve overall efficiency, optimisation of office spaces, and the review of outsourced professional services, etc. Positive results have already been observed as a result of these measures. Gross profit margin increased from 36.6% for the Previous Year to 39.2% for the Year. In particular, administrative and selling expenses witnessed a significant decrease due to the implementation of personnel optimisation measures. Consequently, loss for the Year of the Group was substantially narrowed by 66.6% compared to the Previous Year. Excluding the impact of impairment losses on trade receivables and contract assets, profitability was even achieved in 2023.

Furthermore, the Group also intensified its efforts in debt collection, leading to a noticeable improvement in the Group's debt collection rate compared to the Previous Year. By successfully restoring a positive operating cash flow, investors' confidence in the stable future development of the Group can be enhanced.

In addition to internal improvement measures, the Group also actively engaged in external expansion. The lifting of travel restrictions caused by the pandemic has allowed our business development team to reconnect with our recurring clients after three years of absence and establish connections with new prospects, effectively showcasing the proactiveness and competitiveness of the Group. Although the newly awarded contract sum has not yet reached the pre-pandemic levels, an upward trend is expected. Additionally, the remaining contract sum for the Year rebounded to approximately HK$454.1 million (Previous Year: HK$429.5 million), laying a solid foundation for the Group's future business development.

The Group is also actively exploring opportunities in other sectors such as hotels, prestige membership clubs and catering, etc. to mitigate the risk of over-concentration in the residential market. The Group has established business relationships with several well-known companies engaged in these sectors, which will diversify the Group's existing business and enable the Group to launch new design projects in the coming year by leveraging the business networks of these clients.

The following table sets forth a breakdown of remaining contract sum by brand and types of projects.

	As at 31 December 2023					As at 31 December 2022				
	SLD	**SLL**	**JHD**	**Total**	**% of total remaining contract sum**	SLD	SLL	JHD	Total	% of total remaining contract sum
	HK$ million	***HK$ million***	***HK$ million***	***HK$ million***	***%***	*HK$ million*	*HK$ million*	*HK$ million*	*HK$ million*	*%*
Residential project	**154.1**	**109.0**	**14.4**	**277.5**	**61.1**	151.1	114.3	20.2	285.6	66.5
Private residence project	**32.8**	**1.8**	**–**	**34.6**	**7.6**	34.6	1.8	1.6	38.0	8.8
Hospitality project	**44.4**	**1.8**	**26.3**	**72.5**	**16.0**	13.1	0.5	34.8	48.4	11.3
Commercial project	**9.9**	**0.4**	**32.6**	**42.9**	**9.4**	13.0	0.3	24.3	37.6	8.8
Others	**9.4**	**1.5**	**15.7**	**26.6**	**5.9**	0.7	1.0	18.2	19.9	4.6
Total	**250.6**	**114.5**	**89.0**	**454.1**	**100.0**	212.5	117.9	99.1	429.5	100.0

Overall Performance

During the Year, the Group recorded a total revenue of approximately HK$355.8 million (Previous Year: HK$381.0 million), representing a decrease of approximately 6.6%. Gross profit remained as approximately HK$139.3 million, basically the same as the Previous Year, whereas gross profit margin increased from approximately 36.6% for the Previous Year to approximately 39.2% for the Year, mainly attributable to the decrease in cost of sales, in particular, staff cost during the Year.

Loss for the Year narrowed significantly from approximately HK$59.9 million for the Previous Year to approximately HK$20.0 million for the Year, mainly due to the decrease in administrative and selling expenses as a result of the continuous implementation of a series of productivity enhancement and cost reduction measures throughout the Year; and the decrease in exchange loss due to the relatively slight fluctuation in Renminbi exchange rate during the Year as compared with the Previous Year. Loss attributable to owners of the Company also decreased from approximately HK$62.4 million for the Previous Year to approximately HK$18.8 million for the Year.

The Board does not recommend the payment of final dividend for the Year (Previous Year: nil).

As at 31 December 2023, the Group's total assets were valued at approximately HK$497.9 million (31 December 2022: HK$523.1 million), of which current assets were approximately HK$377.0 million (31 December 2022: HK$411.4 million), being 2.5 times (31 December 2022: 2.6 times) of the current liabilities. Equity attributable to owners of the Company was approximately HK$304.5 million (31 December 2022: HK$326.4 million).

The following table sets forth a breakdown of revenue by brand and types of projects.

	For the year ended 31 December 2023					For the year ended 31 December 2022				
	SLD	**SLL**	**JHD**	**Total**	**% of total revenue**	SLD	SLL	JHD	Total	% of total revenue
	HK$ million	***HK$ million***	***HK$ million***	***HK$ million***	***%***	*HK$ million*	*HK$ million*	*HK$ million*	*HK$ million*	*%*
Residential project	**130.7**	**96.9**	**7.8**	**235.4**	**66.2**	142.5	107.7	9.7	259.9	68.2
Private residence project	**9.4**	**2.5**	**–**	**11.9**	**3.3**	20.1	2.0	–	22.1	5.8
Hospitality project	**45.8**	**2.7**	**17.5**	**66.0**	**18.5**	19.8	0.9	33.5	54.2	14.2
Commercial project	**3.2**	**0.1**	**25.4**	**28.7**	**8.1**	14.5	1.1	19.7	35.3	9.3
Others	**6.8**	**0.2**	**6.8**	**13.8**	**3.9**	3.4	–	6.1	9.5	2.5
Total	**195.9**	**102.4**	**57.5**	**355.8**	**100.0**	200.3	111.7	69.0	381.0	100.0

SLD

SLD (Steve Leung Design) segment includes the "Steve Leung" brand, such as SLD, SLC, SL2.0, SLH, SLA, SLW, etc. All these brands cover the provision of interior design and product design for different project types and natures. This segment is also the major business segment of the Group.

During the Year, this segment maintained its main focus on the residential project sector. The entire SLD brand contributed approximately 55.1% of the Group's revenue (Previous Year: 52.6%). Segment revenue slightly decreased from approximately HK$200.3 million for the Previous Year to approximately HK$195.9 million for the Year, representing a decrease of approximately 2.2%. Such decrease was mainly arising from the interior design services of residential related sectors for slowdown in project progress as a consequence of the overall decreasing trend in investment and sales volume of the property market in the first half of 2023, with its effect partly offset with the increase in the design revenue from hospitality sector due to the award of certain gifted hospitality projects by the Group during the Year. Despite the decrease in revenue, segment gross profit increased approximately 20.7% to approximately HK$84.1 million (Previous Year: HK$69.7 million), resulting from the effectively implementation of cost reduction measures, such as optimisation of staff structure, and efficiency enhancement measures throughout the Year.

Another important component of this segment is the provision of and the licensing arrangement for product design services, which adds value to the overall interior design, decorating and furnishing layout of projects, hence enhancing client satisfaction. This is one of the Group's important marketing and branding strategies. During the Year, our product design services continued to perform steadily, with revenue reaching approximately HK$2.5 million (Previous Period: HK$2.9 million).

As at 31 December 2023, this brand segment had a remaining contract sum of approximately HK$250.6 million (31 December 2022: approximately HK$212.5 million), which is expected to be realised based on the stage of completion and the general progress of projects in 2024.

SLL

SLL (Steve Leung Lifestyle) segment represents another "Steve Leung" brand that focuses on the provision of interior decorating and furnishing design services and trading of interior decorative products. This segment complements with the interior design services provided by the Group under SLD brand to further perfect our projects. Revenue for this segment was largely contributed by the trading of interior decorative products, which would be recognised upon delivery of interior decorative products to the physical sites.

During the Year, this segment maintained its main focus on the PRC residential project sector. This segment contributed around 28.8% of the Group's total revenue for the Year (Previous Year: 29.3%). Segment revenue recorded a decrease of approximately 8.3% to approximately HK$102.4 million (Previous Year: HK$111.7 million). Such decrease was mainly arising from the decrease in trading income as a result of the overall weak PRC residential market and the decrease in new contract sum awarded during the Year.

As at 31 December 2023, this brand segment had a remaining contract sum of approximately HK$114.5 million (31 December 2022: approximately HK$117.9 million), which is expected to be realised based on the stages of completion of projects and the delivery and handover of interior decorative products.

JHD

JHD (Jangho Design) segment refers to the provision of interior design and interior decorating and furnishing services under the "Jangho" brand which mainly focuses on hospitality and commercial project sectors in the PRC.

JHD contributed approximately 16.1% of the Group's total revenue for the Year (Previous Year: 18.1%). Segment revenue substantially dropped by approximately 16.7% from approximately HK$69.0 million for the Previous Year to approximately HK$57.5 million for the Year. The major reduction in revenue is arising from the hospitality sector, which dropped from approximately HK$33.5 million for the Pervious Year to approximately HK$17.5 million for the Year. The decrease is mainly due to slowdown in project progress and the decrease in hotel projects awarded to JHD as a result of financial hardship for real estate hotel developers.

As at 31 December 2023, this brand segment had a remaining contract sum of approximately HK$89.0 million (31 December 2022: HK$99.1 million), which is expected to be realised based on the stages of completion, the general progress of projects, and the delivery of interior decorative products in 2024.

AWARDS AND ACCREDITATIONS FOR 2023

The Group received numerous awards over the years for its continuous delivery of high-quality interior design services and outstanding corporate performance.

Corporate Honours

Andrew Martin International Interior Design Awards
(Known as the Oscars of the interior design profession)
Awarded for 17 times since 1999

2023 Top 500 China Real Estate Enterprises Award by China Real Estate Association and E-house China R&D Institute
Top 1 Best Interior Design Firm

Home Journal Awards 2023
Lifetime Achievement

Interior Design Awards

iF Design Award
Winner — Hospitality Interiors — Club C+, Hong Kong
Winner — Hospitality Interiors — God of Teppanyaki, Hong Kong

Financial Review

Revenue and Gross Profit

During the Year, the Group's revenue decreased by approximately HK$25.2 million or 6.6%, from approximately HK$381.0 million for the Previous Year to approximately HK$355.8 million for the Year. The decrease in total revenue was mainly contributed by the slowdown in the progress of projects as a consequence of continuous financial hardship of PRC real estate developers during the Year.

The Group's revenue can be segregated into three major natures, which consists of (i) service revenue from provision of interior design and interior decorating and furnishing design service, (ii) trading income from trading of interior decorating products; and (iii) license fee revenue from product design service.

The following states the Group's revenue and gross profit by nature and brand during the Year:

Gross Profit by Segment

	For the year ended 31 December 2023				For the year ended 31 December 2022			
	SLD	**SLL**	**JHD**	**Total**	SLD	SLL	JHD	Total
	HK$ million	***HK$ million***	***HK$ million***	***HK$ million***	*HK$ million*	*HK$ million*	*HK$ million*	*HK$ million*
Service revenue	**193.4**	**11.1**	**57.5**	**262.0**	197.4	14.0	69.0	280.4
License fee revenue	**2.5**	**–**	**–**	**2.5**	2.9	–	–	2.9
Trading income	**–**	**91.3**	**–**	**91.3**	–	97.7	–	97.7
Total Revenue	**195.9**	**102.4**	**57.5**	**355.8**	200.3	111.7	69.0	381.0
Gross Profit	**84.1**	**32.6**	**22.6**	**139.3**	69.7	39.6	30.0	139.3
Gross Profit Margin	**42.9%**	**31.8%**	**39.3%**	**39.2%**	34.8%	35.5%	43.5%	36.6%

Service revenue decreased from approximately HK$280.4 million for the Previous Year to approximately HK$262.0 million for the Year, both representing approximately 73.6% of the total revenue for the respective years. The decrease in service revenue is mainly attributable to the drop in revenue from the JHD segment in hospitality sector, in particular, the PRC hotel projects, and the SLD segment in residential related sectors as a result of the slowdown in overall project progress. While the trading revenue also decreased from approximately HK$97.7 million for the Previous Year to approximately HK$91.3 million for the Year, representing approximately 25.6% and approximately 25.7% of the total revenue, respectively. The decrease was mainly due to the overall weak PRC residential market and the decrease in new contract sum awarded during the Year.

Despite the decrease in total revenue, the Group's gross profit maintained at approximately HK$139.3 million for the Year (Previous Year: HK$139.3 million), which was resulted from the decrease in cost of sales, in particular, reduction in staff cost from measures for optimisation of staff structure implemented during the Year. Gross profit margin therefore increased by approximately 2.6 percentage points to approximately 39.2% (Previous Year: 36.6%), of which the SLD segment showed a significant increase.

Remaining Contract Sum

The following states the Group's remaining contract sum and its movement during the Year:

	For the year ended 31 December 2023				For the year ended 31 December 2022			
	SLD	**SLL**	**JHD**	**Total**	SLD	SLL	JHD	Total
	HK$ million	***HK$ million***	***HK$ million***	***HK$ million***	*HK$ million*	*HK$ million*	*HK$ million*	*HK$ million*
Remaining contract sum at the beginning of the year	**212.5**	**117.9**	**99.1**	**429.5**	206.3	127.6	88.3	422.2
Add: New contract sum awarded during the year	**305.6**	**160.2**	**94.0**	**559.8**	282.6	168.3	100.9	551.8
Less: VAT for newly awarded contracts	**(14.8)**	**(17.3)**	**(5.4)**	**(37.5)**	(13.7)	(17.7)	(5.7)	(37.1)
Less: Revenue recognised during the year	**(193.4)**	**(102.4)**	**(57.5)**	**(353.3)**	(197.4)	(111.7)	(69.0)	(378.1)
Less: Variation order	**(56.4)**	**(41.6)**	**(39.8)**	**(137.8)**	(47.9)	(37.7)	(6.1)	(91.7)
Less: Exchange realignments	**(2.9)**	**(2.3)**	**(1.4)**	**(6.6)**	(17.4)	(10.9)	(9.3)	(37.6)
Remaining contract sum at the end of the year	**250.6**	**114.5**	**89.0**	**454.1**	212.5	117.9	99.1	429.5

The remaining contract sum for SLD increased from approximately HK$212.5 million as at 31 December 2022 to approximately HK$250.6 million as at 31 December 2023 while the remaining contract sum for SLL reduced slightly from approximately HK$117.9 million as at 31 December 2022 to approximately HK$114.5 million as at 31 December 2023. The remaining contract sum for JHD also decreased from approximately HK$99.1 million as at 31 December 2022 to approximately HK$89.0 million as at 31 December 2023.

Compared with the Previous Year, the negative variation order increased significantly from approximately HK$91.7 million to approximately HK$137.8 million for the Year. The increase was mainly due to the increase in the number of projects that have been terminated or reduced in design scopes as a result of changes in sales strategies or marketing plan by our clients under the current market environment.

Other Gains and Losses

The Group recorded other losses of approximately HK$0.8 million for the Year (Previous Year: HK$5.1 million), the significant decrease was primarily due to the relatively slight fluctuation in Renminbi exchange rate for the Year as compared with the Previous Year, resulting in a decrease in exchange losses.

Impairment Losses on Trade Receivables and Contract Assets Under ECL Model

The impairment losses on trade receivables and contract assets decreased from approximately HK$30.4 million for the Previous Year to approximately HK$24.7 million for the Year. For details, please refer to the section headed "Corporate Finance and Risk Management — Credit Risk Exposure" of this announcement.

Other Income

Other income mainly includes government grants and interest income from bank deposits. The decrease in other income from approximately HK$3.2 million for the Previous Year to approximately HK$1.5 million for the Year was mainly contributed from the decrease in subsidies received by the Group from PRC local government authorities. For details, please refer to note 6 to the consolidated financial information of this announcement.

Selling Expenses

Selling expenses of the Group decreased from approximately HK$26.5 million for the Previous Year to approximately HK$20.8 million for the Year, representing a decrease of approximately 21.5% during the Year. The decrease was mainly due to the continuous implementation of efficiency boosting and cost saving measures, together with decrease in staff cost from the re-allocation of staff resources and manpower streamlining measures implemented during the Year.

Administrative Expenses

The Group's administrative expenses decreased from approximately HK$136.5 million for the Previous Year to approximately HK$107.2 million for the Year, representing a decrease of approximately 21.5% during the Year. The decrease was primarily due to the continued cost control and manpower streamlining measures implemented during the Year.

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 increased from approximately HK$3.7 million for the Previous Year to approximately HK$4.4 million for the Year, representing an increase of approximately 18.9%. The increase was mainly attributable to the increase in interest rate of the bank borrowings during the Year. For details, please refer to note 7 to the consolidated financial information of this announcement.

Loss for the Year

As a result of the foregoing, the Group recorded a loss for the Year amounted to approximately HK$20.0 million (Previous Year: HK$59.9 million).

Basic Loss Per Share

The Company's basic loss per share for the Year was approximately HK1.65 cents (Previous Year: HK5.47 cents), representing a decrease of approximately HK3.82 cents, which was in line with the narrowing of loss for the Year. Details of loss per share are set out in note 11 to the consolidated financial information of this announcement.

Dividend

The Board does not recommend the payment of final dividend for the Year (Previous Year: nil).

Outlook and Prospects

Looking ahead, the outlook for macroeconomic development remains uncertain in the coming year, and the situation in the domestic real estate market is far from optimistic. Based on current market trends, it is expected that the real estate sector will continue to face downward pressure, with sales expected to decline. Moreover, major real estate companies are grappling with funding instability and are yet to fully meet their "delivery guarantee" commitments. As a result, new construction areas and development investments are likely to experience further setbacks.

The PRC Central Government is adopting a cautious approach towards the overall economic development in 2024. The central economic work conference of the Political Bureau of the CPC Central Committee held in December 2023 set the economic policy direction for the coming year as "continuously and effectively preventing and defusing risks in key areas," with real estate being one of those key areas. The conference emphasised the need to proactively and prudently address real estate risks while ensuring fair access to financing for real estate enterprises under different ownership. This signals the government's intention to implement refined and comprehensive policies aimed at warming up the housing market from both the supply and demand perspectives.

At the beginning of 2024, the People's Bank of China announced a 0.5 percentage point reserve requirement ratio cut, aiming to promote credit support for the real economy through targeted policy measures. Subsequently, the People's Bank of China, along with the National Financial Regulatory Administration, issued a joint notice allowing commercial banks to provide loans to developers using "operational properties" (such as shopping malls, commercial properties, hotels, and cultural tourism projects) as collateral. These loans can be utilised not only for commercial properties but also for repaying real estate-related loans and publicly traded bonds, marking an initial step towards comprehensive support for real estate enterprises.

In addition to risk prevention and managing expectations, stimulating housing demand will be a crucial factor in driving the real estate market. In 2024, the domestic real estate market will expedite the implementation of the "Three Major Projects": planning and constructing affordable housing, development of normal and emergency dual-purpose public infrastructure, and renovation of shanty towns in cities. These projects embody the principle of "housing is for living, not for speculation" and aim to foster long-term stability and growth in the real estate market. They are regarded as innovative models for future real estate development.

In light of the aforementioned market conditions and the challenges, as well as opportunities, facing the real estate industry, the Group approaches the upcoming year with a cautious yet optimistic attitude.

The Group recognises the need to navigate through uncertainties and volatility while remaining vigilant to potential risks. However, we firmly believe that challenges always come along with opportunities. We are committed to equipping ourselves to adapt to the evolving landscape of the real estate market with proactive and responsive attitudes. Upholding the highest standards of professionalism, integrity, and client service will certainly be prioritised to maintain our strong market position.

Furthermore, we are determined to seise all potential opportunities arising in the industry. This includes identifying new market niches, exploring strategic partnerships, and seeking out emerging investment prospects. With a commitment to continuous improvement, up-to-date and leading industry knowledge, and adaptability, coupled with our professionalism and competitive edge, we are well-positioned to thrive in the future.

CORPORATE FINANCE AND RISK MANAGEMENT

Liquidity and Financial Resources

The management and control of the Group's financial, capital management and external financing functions are centralised at the headquarters in Hong Kong. The Group has been adhering to the principle of prudent financial management in order to minimise financial and operational risks. The Group mainly relies upon internally generated funds and bank borrowings.

As at 31 December 2023, the Group's total debt (representing total interest-bearing borrowings excluding lease liabilities arising from the adoption of HKFRS 16) to total assets ratio was approximately 6.0% (Previous Year: 5.7%). 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 9.9% (Previous Year: 9.2%). As at 31 December 2023, the Group had net cash (i.e. bank balances and cash (including pledged bank deposits) less total debt) of approximately HK$119.1 million (Previous Year: HK$123.3 million).

Bank borrowings of HK$30.0 million as at 31 December 2023 and 31 December 2022 were unsecured and guaranteed by the Company. No bank borrowing as at 31 December 2023 and 31 December 2022 were secured by pledged bank deposits. For details, please refer to note 17 to the consolidated financial information of this announcement. Further costs for operations and expansion will be partially financed by the Group's unutilised bank facilities. As at 31 December 2023 and up to the date of this announcement, bank borrowings are mainly for financing the Group's daily operation only.

The liquidity of the Group remains positive as the current ratio (i.e. current assets/current liabilities) of the Group as at 31 December 2023 was approximately 2.5 (Previous Year: 2.6). 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 for development opportunities with a view to balancing the risk and opportunity in maximising shareholders' value.

As at 31 December 2023, the share capital and equity attributable to owners of the Company amounted to approximately HK$11.4 million (Previous Year: HK$11.4 million) and approximately HK$304.5 million (Previous Year: HK$326.4 million), respectively.

Pledge of Assets and Restricted Bank Balances

As at 31 December 2023, a bank deposit of approximately HK$0.2 million (31 December 2022: nil) was pledged to a bank to secure a performance bond.

As at 31 December 2023, the restricted bank balance of approximately HK$1.7 million (31 December 2022: nil) was due to a pre-trial property preservation in PRC. For details, please refer to notes 15 and 20 to the consolidated financial information of this announcement.

Contingent Liabilities and Capital Commitments

As of 31 December 2023, the Group had a contingent liability of approximately HK$1.7 million (31 December 2022: nil) due to a pre-trial property preservation in PRC. For detail, please refer to note 20 to the consolidated financial information of this announcement. The Group did not have any significant capital commitments as at 31 December 2023 and 31 December 2022.

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

The Group's bank borrowings as at 31 December 2023 were in Hong Kong dollars at floating rates. The Group operates in various regions with different foreign currencies including Renminbi and United States Dollar. The exchange rate of United States Dollar was relatively stable while that of Renminbi was more volatile during the Year. The Group has no hedging arrangements for foreign currencies or interest rates. The Group reviews the exchange risk regularly and closely monitors the fluctuation of foreign currencies and will make proper adjustments and consider hedging if necessary.

Credit Risk Exposure

The Group's credit risk is primarily attributable to its trade receivables and contract assets. Although the Group's major clients are institutional organisations and reputable property developers, due to forward-looking uncertainties arising from the external market and financing environment, the credit risk continued to maintain at high level.

According to statistics released by China Index Academy (中指研究院) on 31 December 2023, cumulative contract sales of 100 typical real estate enterprises for the Year fell by 17.3% compared with the Previous Year. Around 70% of the enterprises experienced declines, and 31 out of the 100 enterprises even experienced sales declines of over 30%. The poor sales performance will further aggravate the financial position of the developers and credit risk exposure of the Group.

The Group has adopted prudent credit policies to deal with credit risk exposure. The Group has performed continuous credit evaluation of the financial conditions of our clients and other monitoring procedures to ensure that appropriate follow-up actions taken to recover any overdue debts. Although the Group generally does not grant any credit period to our clients, for some specific individual clients, credit period is considered on case-by-case basis. The Group performs monthly review on ageing periods of receivables and quarterly review of project progress, and takes debts recovery actions for long aged debts or slow-moving projects unless the Group has reasonable and supportable information justifying not to do so. The Group will also actively seek collaterals for trade receivables from client group with significantly increased credit risk or credit-impaired.

The Group reviews the recoverable amount of trade receivables and contract assets on a collective basis other than clients with different historical loss patterns or credit-impaired which are reviewed individually, so as to ensure that adequate impairment losses would be made for irrecoverable amounts. In the impairment loss assessment, the Group takes into account the characteristics and credit risks of different clients, ageing analysis, historical and subsequent settlement, any litigations or business disputes with clients, and other observable changes in economic conditions that correlate with default on receivables. By reference to historical settlement record, normally it takes approximately 3 years for the Group to collect its outstanding debts. Despite the seemingly longer recovery period, in general, the Group can subsequently collect and/or realise most of the trade receivables and contract assets through the Group's debt collection mechanism.

As at 31 December 2023, trade receivables (in gross amount) was approximately HK$227.9 million (31 December 2022: HK$263.9 million), represented a decrease of approximately HK$36.0 million while contract assets (in gross amount) increased by approximately HK$31.1 million to HK$114.6 million (31 December 2022: HK$83.5 million). The decrease in trade receivables was mainly resulted from continuous effort on the debt's collection by the Group. While the increase in contract assets relative to the decrease in trade receivables was mainly due to the (i) instability of the overall real estate sales market and the financial pressure facing by our clients during the Year, which made our clients more cautious about the approval process of design drawings; and (ii) the Group's debt collection strategy by withholding certain design drawings until the outstanding balance of previous stage was settled. As at 31 December 2023, the accumulated allowance for credit losses was approximately HK$126.3 million (31 December 2022: HK$106.1 million), among which the accumulated allowance for credit losses for trade receivables and contracts assets were approximately HK$91.9 million (31 December 2022: HK$89.4 million) and HK$34.4 million (31 December 2022: HK$16.7 million) respectively. The average loss rate was approximately 36.9% (31 December 2022: 30.5%), among which the average loss rate for trade receivables and contract assets were approximately 40.3% (31 December 2022: 33.9%) and 30.0% (31 December 2022: 20.0%) respectively. The increase in the accumulated allowance and average loss rate of trade receivables and contract assets is mainly due to the increased uncertainty on the settlement from clients. As of the date of this announcement, HK$31.1 million of the trade receivables as at 31 December 2023 have been subsequently settled.

Based on the Group's review of the project progress, ageing period, settlement record and financial positions of clients and other available forward-looking information as mentioned above, the Directors believe that the impairment loss assessment on the trade receivables and contract assets as at 31 December 2023 has been performed appropriately and sufficient impairment losses has been made.

Risk Management

In order to broaden the sources of revenue of the Group, 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 (include foreign exchange risk and interest rate risk), operation risk, finance risk, policy risk, legal risk, political risk, contract risk and credit risk of clients and the markets.

EVENTS AFTER THE REPORTING PERIOD

There were no significant events subsequent to 31 December 2023 which may materially affect the Group's operating and financial performance as at the date of this announcement.

SHARE CAPITAL

Details of movements in the share capital of the Company during the Year are set out in note 19 to the consolidated financial information of this announcement.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2023, the Group had 400 (31 December 2022: 442) full-time employees. The total remuneration of the employees (including the Directors' remuneration) were approximately HK$171.2 million for the Year (Previous Year: HK$224.8 million). The decrease of total remuneration of the employees was mainly due to the continuous implementation of cost saving and manpower streaming measures throughout the Year.

To retain our competitiveness, the Group continues to offer attractive remuneration policy, discretionary bonus and may also grant share options to eligible staff based on individual performance in recognition of their contribution and hard work. The Group also provides external training programme which are complementary to certain job functions.

SIGNIFICANT INVESTMENTS/MATERIAL ACQUISITION AND DISPOSALS

The Group did not hold any significant investments as at 31 December 2023 and 31 December 2022. The Group's management, investment committee and the Board will review investment opportunities and market risk from time to time, and monitor the financial position of the Group in order to balance the risk and investment opportunities in maximising shareholders' value.

The Group made no material acquisition and disposal of subsidiaries, associates or joint ventures during the Year.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

The Group did not have any plans for material investments and capital assets as at 31 December 2023.

CORPORATE GOVERNANCE AND OTHER INFORMATION

DIVIDEND

The Board does not recommend the payment of final dividend for the Year.

CLOSURE OF REGISTER OF MEMBERS

In order to establish entitlements to attend and voting at the AGM to be held on 30 May 2024, the register of members of the Company will be closed from 27 May 2024 to 30 May 2024, both days inclusive, during which no transfer of shares will be registered. All transfers of shares accompanied by the relevant share certificates and properly completed transfer forms must be lodged with the branch share registrar of the Company in Hong Kong, Link Market Services (Hong Kong) Pty Limited, at Suite 1601, 16/F, Central Tower, 28 Queen's Road Central, Hong Kong, for registration not later than 4:30 p.m. on 24 May 2024 (Friday).

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 Year.

CORPORATE GOVERNANCE

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

In the opinion of the Directors, the Company has complied, to the extent applicable and permissible with the code provisions as set out in the Corporate Governance Code under Part 2 of Appendix C1 to the Listing Rules for the Year and up to the date of this announcement.

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 for Securities Transactions by Directors of Listed Issuer (the "**Model Code**") set out in Appendix C3 of the Listing Rules. 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 Year.

AUDIT COMMITTEE REVIEW

The audit committee of the Board (the "**Audit Committee**") has reviewed with the Group's management and auditor, BDO Limited, the accounting principles and policies adopted by the Group, reviewed and discussed the financial information of the Group and the annual results of the Group for the Year.

The Audit Committee, which comprises all of the three independent non-executive Directors, namely Mr. Tsang Ho Ka Eugene (Chairman of the Audit Committee), Mr. Liu Yi and Mr. Sun Yansheng. Members of the Audit Committee agree with the accounting treatments adopted in the preparation of the consolidated financial statements for the Year.

SCOPE OF WORK OF BDO LIMITED

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2023 as set out in the preliminary announcement have been agreed by the Group's auditor, BDO Limited, to the amounts set out in the Group's audited consolidated financial statements for the Year. The work performed by BDO Limited in this respect did not constitute an assurance engagement and consequently no assurance conclusion has been expressed by BDO Limited on the preliminary announcement.

PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This annual results announcement is available for reviewing on the websites of the Stock Exchange (http://www.hkexnews.hk) and the Company (http://www.sldgroup.com), and the annual report of the Company for the year ended 31 December 2023 containing also the information required by the Listing Rules will be despatched 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 staff, shareholders, business partners and other professional parties for their support and commitment to the Group during these challenging years.

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

Hong Kong, 27 March 2024

As at the date of this announcement, the executive Directors are Mr. Leung Chi Tien Steve, Mr. Siu Man Hei (Chief Executive Officer), Mr. Yip Kwok Hung Kevin (Chief Financial Officer) and Mr. Ding Chunya, 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.