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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)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2026

FINANCIAL HIGHLIGHTS

	For the six months period ended 30 June	
	2026	2025
	(Unaudited)	(Unaudited)
Results:		
Revenue for the period (HK\$ million)	186.7	194.6
Profit attributable to equity owners of the Company (HK\$ million)	2.3	1.6
Earnings per share-basic (HK cents)	0.20	0.14

Net Assets Value:

As at 30 June 2026, the Group had net assets value per share of approximately HK\$0.30 (31 December 2025: approximately HK\$0.29).

Remaining Contract Sum:

As at 30 June 2026, the Group had remaining contract sum of approximately HK\$544.9 million (31 December 2025: approximately HK\$560.0 million).

Net Cash:

As at 30 June 2026, the Group had net cash of approximately HK\$147.0 million (31 December 2025: approximately HK\$153.3 million).

Interim Dividend:

The Board resolved not to declare the payment of any interim dividend for the six months period ended 30 June 2026.

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 2026 (the “**Period**”) together with the unaudited comparative figures for the corresponding six months period ended 30 June 2025 (the “**Previous Period**”) as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2026

		Six months period ended 30 June	
		2026	2025
	NOTES	(Unaudited) HK\$'000	(Unaudited) HK\$'000
Revenue	3	186,692	194,592
Cost of sales		(111,404)	(121,593)
Gross profit		75,288	72,999
Other (losses) and gains		(398)	874
Impairment losses on trade receivables and contract assets under expected credit loss model	4	(10,215)	(9,793)
Other income		1,424	2,325
Selling expenses		(5,270)	(10,159)
Administrative expenses		(53,675)	(51,202)
Share of profit of an associate		39	—
Finance costs		(561)	(1,239)
Profit before taxation		6,632	3,805
Income tax expense	5	(5,384)	(2,834)
Profit for the period	6	1,248	971
<i>Other comprehensive income that may be reclassified subsequently to profit or loss</i>			
Exchange differences arising on translation of foreign operations		7,904	3,518
Total comprehensive income for the period		9,152	4,489

		Six months period ended 30 June	
		2026	2025
		(Unaudited)	(Unaudited)
<i>NOTES</i>		HK\$'000	HK\$'000
Profit (loss) for the period attributable to:			
– Owners of the Company		2,324	1,590
– Non-controlling interests		(1,076)	(619)
		1,248	971
Total comprehensive income (expense) for the period attributable to:			
– Owners of the Company		9,945	5,014
– Non-controlling interests		(793)	(525)
		9,152	4,489
Earnings per share (expressed in Hong Kong cents)			
– Basic	<i>7</i>	0.20	0.14
– Diluted	<i>7</i>	0.20	0.14

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 30 JUNE 2026

		At 30 June 2026 (Unaudited) HK\$'000	At 31 December 2025 (Audited) HK\$'000
	NOTES		
Non-current Assets			
Property, plant and equipment	8	8,721	8,697
Right-of-use assets	8	38,251	45,106
Intangible assets		761	910
Investment in an associate		324	284
Goodwill		1,241	1,192
Deposits paid for acquisition of property, plant and equipment	10	732	—
Rental deposits	10	2,514	4,098
Deferred tax assets		55,475	52,635
		<u>108,019</u>	<u>112,922</u>
Current Assets			
Inventories		—	16
Trade receivables	9	169,071	156,868
Other receivables, deposits and prepayments	10	9,423	9,980
Contract assets	11	71,559	84,304
Tax recoverable		247	247
Restricted bank balances	12	1,923	139
Bank balances and cash		147,028	153,336
		<u>399,251</u>	<u>404,890</u>
Current Liabilities			
Trade payables	13	59,465	65,968
Other payables and accrued charges	13	14,769	20,035
Lease liabilities		9,175	10,632
Contract liabilities	11	21,502	20,860
Tax liabilities		22,190	23,678
		<u>127,101</u>	<u>141,173</u>
Net Current Assets		<u>272,150</u>	<u>263,717</u>
Total Assets less Current Liabilities		<u><u>380,169</u></u>	<u><u>376,639</u></u>

		At 30 June 2026 (Unaudited) HK\$'000	At 31 December 2025 (Audited) HK\$'000
	NOTES		
Capital and Reserves			
Share capital	14	11,414	11,414
Reserves		<u>317,948</u>	<u>308,003</u>
Equity attributable to owners of the Company		329,362	319,417
Non-controlling interests		<u>10,112</u>	<u>10,905</u>
Total Equity		<u>339,474</u>	<u>330,322</u>
Non-current Liabilities			
Deferred tax liabilities		10,543	10,388
Lease liabilities		<u>30,152</u>	<u>35,929</u>
		<u>40,695</u>	<u>46,317</u>
		<u>380,169</u>	<u>376,639</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2026

1. GENERAL INFORMATION AND BASIS OF PREPARATION

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, whereas the directors of the Company (the “**Directors**”) 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 (“**HKICPA**”) as well as the applicable disclosure requirements of Appendix D2 to the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”).

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

2. MATERIAL ACCOUNTING POLICIES

These condensed consolidated financial statements have been prepared under the historical cost convention, except for certain financial instruments that are measured at their fair value.

Other than the adoption of new and revised standards which are mandatorily effective in the current interim period, the accounting policies adopted in the preparation of the condensed consolidated financial statements for the six months ended 30 June 2026 are consistent with those presented in the Group’s annual consolidated financial statements for the year ended 31 December 2025. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Application of Amendments to HKFRS Accounting Standards

In the current period, the Group has applied, for the first time, the following amendments to HKFRS Accounting Standards issued by the HKICPA which are mandatorily effective for the annual period beginning on or after 1 January 2026 for the preparation of the Group’s condensed consolidated financial statements:

Amendments to HKFRS 1, HKFRS 7, HKFRS 9, HKFRS 10 and HKAS 7	Annual Improvements to HKFRS Accounting Standards – Volume 11
Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments
Amendments to HKFRS 9 and HKFRS 7	Contracts Referencing Nature-dependent Electricity

None of the above amendments have had a significant financial effect to the Group. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

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 2026 and 30 June 2025 is as follows:

	Six months period ended 30 June 2026 HK\$'000 (Unaudited)	2025 HK\$'000 (Unaudited)
Service revenue	131,898	137,181
License fee revenue	1,556	881
Trading income	53,238	56,530
	186,692	194,592

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, i.e. the executive Directors, for the purpose of allocating resources to segments and assessing their performance.

Specifically, the Group's reportable segments under HKFRS 8 *Operating Segments* are 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, interior decorating and furnishing design services and trading of interior decorative products under "Jangho" brand, which mainly focus on the hospitality and commercial projects in the PRC.

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

Disaggregation of revenue from contracts with customers

	SLD	SLL	JHD	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
For the six months period ended				
30 June 2026 (unaudited)				
Geographical markets				
Mainland China	79,158	54,132	9,410	142,700
Hong Kong, Macao and Taiwan	13,895	3,159	–	17,054
Overseas	26,237	701	–	26,938
	119,290	57,992	9,410	186,692

Timing of revenue recognition

Over time				
Service revenue	117,734	4,987	9,177	131,898
At point in time				
License fee revenue	1,556	–	–	1,556
Trading income	–	53,005	233	53,238
	1,556	53,005	233	54,794
	119,290	57,992	9,410	186,692

	SLD	SLL	JHD	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000

For the six months period ended

30 June 2025 (unaudited)

Geographical markets

Mainland China	91,642	53,200	22,040	166,882
Hong Kong, Macao and Taiwan	16,152	2,119	–	18,271
Overseas	9,212	227	–	9,439

117,006	55,546	22,040	194,592
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Timing of revenue recognition

Over time				
Service revenue	116,125	4,699	16,357	137,181
At point in time				
License fee revenue	881	–	–	881
Trading income	–	50,847	5,683	56,530
	881	50,847	5,683	57,411
	117,006	55,546	22,040	194,592

Segment revenue and results

	<u>SLD</u>	<u>SLL</u>	<u>JHD</u>	<u>Total</u>
	<u>HK\$'000</u>	<u>HK\$'000</u>	<u>HK\$'000</u>	<u>HK\$'000</u>
For the six months period ended				
30 June 2026 (unaudited)				
<i>Revenue</i>				
Segment revenue	122,443	59,114	11,207	192,764
Inter-segment revenue	(3,153)	(1,122)	(1,797)	(6,072)
Segment revenue from external customers	119,290	57,992	9,410	186,692
<i>Segment results</i>	19,435	3,715	(6,370)	16,780
Corporate expenses				(10,652)
Other (losses) and gains				(398)
Other income				1,424
Share of profit of an associate				39
Finance costs				(561)
Profit before taxation				6,632
	<u>SLD</u>	<u>SLL</u>	<u>JHD</u>	<u>Total</u>
	<u>HK\$'000</u>	<u>HK\$'000</u>	<u>HK\$'000</u>	<u>HK\$'000</u>
For the six months period ended				
30 June 2025 (unaudited)				
<i>Revenue</i>				
Segment revenue	119,675	57,760	22,757	200,192
Inter-segment revenue	(2,669)	(2,214)	(717)	(5,600)
Segment revenue from external customers	117,006	55,546	22,040	194,592
<i>Segment results</i>	12,703	5,897	(4,422)	14,178
Corporate expenses				(12,333)
Other (losses) and gains				874
Other income				2,325
Finance costs				(1,239)
Profit before taxation				3,805

4. IMPAIRMENT LOSSES ON TRADE RECEIVABLES AND CONTRACT ASSETS UNDER EXPECTED CREDIT LOSS (“ECL”) MODEL

	Six months period ended 30 June	
	2026	2025
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Net impairment losses recognised in respect of		
– trade receivables	7,958	5,251
– contract assets	2,257	4,542
	<u>10,215</u>	<u>9,793</u>

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 2026 are the same as those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2025.

5. INCOME TAX EXPENSE

	Six months period ended 30 June	
	2026	2025
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Current tax:		
PRC Enterprise Income Tax	5,924	3,025
Overseas Corporate Income Tax	–	14
	<u>5,924</u>	<u>3,039</u>
Under provision in prior years:		
PRC Enterprise Income Tax	1,081	21
Deferred taxation	<u>(1,621)</u>	<u>(226)</u>
	<u>5,384</u>	<u>2,834</u>

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.

Taxation for overseas subsidiary is charged at the appropriate current rate of taxation ruling in the relevant jurisdiction.

Deferred tax for both periods mainly arose from temporary differences arising from accelerated tax depreciation, allowance for credit losses, tax losses and unrealised profits.

The Group is controlled by Jangho Group Co., Ltd., which is within the scope of tax law enacted or substantively enacted to implement the Organisation for Economic Co-operation and Development (“**OECD**”) Pillar Two model rules (“**Pillar Two income taxes**”). The Group has applied the mandatory temporary exception to recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes.

For the six months period ended 30 June 2026, the Group has assessed its own exposure to Pillar Two income taxes based on its financial results. As the effective tax rate of the Group for the period exceeded 15%, thus no current tax expense related to Pillar Two income taxes has been recognised in profit or loss. The Group does not expect any material exposure to Pillar Two income taxes in the foreseeable future.

6. PROFIT FOR THE PERIOD

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

	Six months period ended 30 June	
	2026	2025
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Amortisation of intangible assets		
– included in cost of sales	89	87
– included in administrative expenses	95	101
	184	188
Cost of inventories recognised as an expense	34,075	33,713
Depreciation of property, plant and equipment	1,086	2,452
Depreciation of right-of-use assets	7,338	9,246
Exchange gain, net	(1,378)	(38)
Interest income from banks	(75)	(114)
Interest on bank borrowings	–	454
Interest on lease liabilities	561	785
Loss (gain) on lease termination	1,776	(15)
Gain on lease modification	–	(821)
Grants received from local government (<i>Note 1</i>)	(590)	(26)
PRC incentive rebates (<i>Note 2</i>)	(126)	(296)

Notes:

1. The amounts represent grants provided by the relevant PRC authorities to certain PRC subsidiaries of the Company. There were no other terms to the grants, the Group recognised the grants in other income when the grants received from the relevant PRC authorities.
2. The amounts represent incentive rebates for Individual Income Tax withholding in PRC and certain incentive to attract foreign investments from the relevant PRC local authorities in the form of incentive rebates in Tianjin, the PRC.

7. 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	
	2026	2025
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Profit		
Profit for the period attributable to owners of the Company for the purposes of basic and diluted earnings per share	<u>2,324</u>	<u>1,590</u>
	Six months period ended 30 June	
	2026	2025
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share	<u>1,141,401,000</u>	<u>1,141,401,000</u>

Diluted earnings per share for the six months period ended 30 June 2026 and 2025 are the same as basic earnings per share as there are no potential dilutive ordinary shares in existence during the periods presented.

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

During the six months period ended 30 June 2026, the Group acquired property, plant and equipment of HK\$860,000 (six months period ended 30 June 2025: HK\$612,000).

During the six months period ended 30 June 2026, the Group did not enter into new lease arrangements. The Group early terminated a lease with the lease liability of HK\$196,000, with a corresponding reduction in the right-of-use assets of HK\$192,000.

During the six months period ended 30 June 2025, the Group entered into new lease arrangements for the use of properties and office equipment ranging from 1 to 5 years and recognised right-of-use assets of HK\$433,000 and lease liabilities of HK\$433,000 on lease commencement. The Group early terminated a lease with the lease liability of HK\$133,000, with a corresponding reduction in the right-of-use asset of HK\$118,000. The Group modified three leases with aggregate lease liabilities of HK\$2,800,000, resulting in a corresponding adjustment to the right-of-use assets of HK\$3,621,000.

9. TRADE RECEIVABLES

	At 30 June 2026 <i>HK\$'000</i> (Unaudited)	At 31 December 2025 <i>HK\$'000</i> (Audited)
Trade receivables	205,105	197,791
Less: allowance for credit losses	<u>(77,395)</u>	<u>(68,890)</u>
Trade receivables (net carrying amount)	<u>127,710</u>	<u>128,901</u>
Unbilled receivables (<i>Note</i>)	77,515	60,709
Less: allowance for credit losses	<u>(36,154)</u>	<u>(32,742)</u>
Unbilled receivables (net carrying amount)	<u>41,361</u>	<u>27,967</u>
	<u>169,071</u>	<u>156,868</u>

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 period end.

Included in the carrying amount of trade receivables as at 30 June 2026 is an amount of HK\$5,291,000 (31 December 2025: HK\$6,334,000) 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:

	At 30 June 2026 <i>HK\$'000</i> (Unaudited)	At 31 December 2025 <i>HK\$'000</i> (Audited)
0 to 30 days	31,337	46,671
31 to 90 days	11,701	24,380
91 to 180 days	11,683	9,858
181 days to 1 year	35,327	10,286
Over 1 year	<u>37,662</u>	<u>37,706</u>
	<u>127,710</u>	<u>128,901</u>

There is no credit period given on billing for clients of the Group.

As at 30 June 2026, included in the Group's trade receivables balance are debtors with aggregate carrying amount of HK\$127,710,000 (31 December 2025: HK\$128,901,000) which are past due as at the reporting date. Out of the past due balances, HK\$84,672,000 (31 December 2025: HK\$57,850,000) 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 30 June 2026, the Group's trade receivables of HK\$8,197,000 (31 December 2025: HK\$7,858,000) are collateralised by certain PRC properties of clients, of which HK\$8,197,000 (31 December 2025: HK\$7,858,000) are related to debtors with balances due over 1 year.

The basis of determining the inputs and assumptions and the estimation techniques for the assessment of the impairment losses under ECL model used in the condensed consolidated financial statements for the six months period ended 30 June 2026 are the same as those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2025.

10. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	At 30 June 2026 HK\$'000 (Unaudited)	At 31 December 2025 HK\$'000 (Audited)
Other receivables	4,511	4,570
Value-added tax recoverable	1,225	604
Prepayments of expenses	2,576	3,490
Deposits paid for acquisition of property, plant and equipment	732	—
Rental deposits	2,514	4,098
Other deposits	1,111	1,316
	<u>12,669</u>	<u>14,078</u>
Analysed as:		
Current	9,423	9,980
Non-current — Deposits paid for acquisition of property, plant and equipment	732	—
Non-current — Rental deposits	2,514	4,098
	<u>12,669</u>	<u>14,078</u>

Including in the carrying amount of other receivables as at 30 June 2026 is HK\$290,000 (31 December 2025: HK\$1,239,000), which is unsecured, interest free and repayable on demand, due from a related party controlled by a controlling shareholder of the Company.

11. CONTRACT ASSETS AND CONTRACT LIABILITIES

	At 30 June 2026 HK\$'000 (Unaudited)	At 31 December 2025 HK\$'000 (Audited)
Contract assets		
Interior design services	122,821	126,822
Interior decorating and furnishing services	382	5,124
Less: allowance for credit losses	<u>(51,644)</u>	<u>(47,642)</u>
	<u>71,559</u>	<u>84,304</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 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 achieves specified milestones as stipulated in the contracts.

Included in the carrying amount of contract assets as at 30 June 2026 is an amount of HK\$352,000 (31 December 2025: HK\$438,000) from related parties controlled by a controlling shareholder of the Company.

	At 30 June 2026 HK\$'000 (Unaudited)	At 31 December 2025 HK\$'000 (Audited)
Contract liabilities		
Interior design services	7,628	8,811
Interior decorating and furnishing services	13,874	12,049
	<u>21,502</u>	<u>20,860</u>

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

12. RESTRICTED BANK BALANCES

As at 30 June 2026, the restricted bank balances amounted to approximately Renminbi ("RMB")1,672,000 (equivalent to approximately HK\$1,923,000) was due to a labour dispute initiated by a former employee against a PRC subsidiary of the Company in April 2026. The frozen balance has not yet been released as at the date of this announcement, details of which are set out in note 15.

As at 31 December 2025, the restricted bank balance amounted to approximately HK\$139,000 was due to a legal dispute initiated by a vendor against a PRC subsidiary of the Company in December 2025 involving the provision of construction drawings services. A sum of approximately RMB126,000 (equivalent to approximately HK\$139,000) in a bank account of such PRC subsidiary has been frozen pursuant to a court order in December 2025. This case has been fully settled and the frozen balance was fully released in January 2026.

13. 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:

	At 30 June 2026 HK\$'000 (Unaudited)	At 31 December 2025 HK\$'000 (Audited)
0 to 180 days	40,533	38,132
Over 180 days	18,932	27,836
	<u>59,465</u>	<u>65,968</u>

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

	At 30 June 2026 HK\$'000 (Unaudited)	At 31 December 2025 HK\$'000 (Audited)
Accrued staff benefits	8,197	13,514
Other payables and accrued charges	<u>6,572</u>	<u>6,521</u>
	<u><u>14,769</u></u>	<u><u>20,035</u></u>

Including in the carrying amount of other payables as at 30 June 2026 is an amount of HK\$590,000 (31 December 2025: nil), which is unsecured, interest free and repayable on demand, due to a related party controlled by a controlling shareholder of the Company.

14. SHARE CAPITAL

	Number of shares	HK\$
Ordinary shares of the Company of HK\$0.01 each		
Authorised		
At 1 January 2025 (audited), 31 December 2025 (audited) and 30 June 2026 (unaudited)	<u>4,000,000,000</u>	<u>40,000,000</u>
Issued and fully paid		
At 1 January 2025 (audited), 31 December 2025 (audited) and 30 June 2026 (unaudited)	<u>1,141,401,000</u>	<u>11,414,010</u>

15. CONTINGENT LIABILITIES

As at 30 June 2026, the Group had the following contingent liabilities arising from legal proceedings:

1. In April 2026, a former employee initiated a labour dispute against a PRC subsidiary of the Company. Consequently, a sum of approximately RMB1,672,000 (equivalent to approximately HK\$1,923,000) in a bank account of such PRC subsidiary has been frozen pursuant to a court order in April 2026 and the frozen balance has not yet been released as at the date of this announcement. The case is currently in the first-instance proceeding before the Beijing Shunyi District People's Court.
2. In June 2026, a vendor filed five lawsuits against a PRC subsidiary of the Company in June 2026 in relation to contractual disputes concerning the provision of construction drawings services. The aggregate amount claimed in these cases is approximately RMB361,000 (equivalent to approximately HK\$415,000). These cases are currently at the pre-litigation mediation stage.

Since the legal proceedings of the cases mentioned above are still at an early stage, it is impractical to assess the potential impact to the Group. As at the date of this announcement, an aggregate contingent liability of approximately RMB2,033,000 (equivalent to approximately HK\$2,338,000) has been noted.

In addition, as at 30 June 2026, the Group had contingent liabilities in respect of performance bond issued by a bank to guarantee the due and proper performance of the contractual obligation undertaken by the Company's subsidiary for a project amounting on approximately RMB158,000 (equivalent to approximately HK\$182,000). The performance bond was issued in the ordinary course of business and is expected to be released in accordance with the terms of the relevant interior design contract.

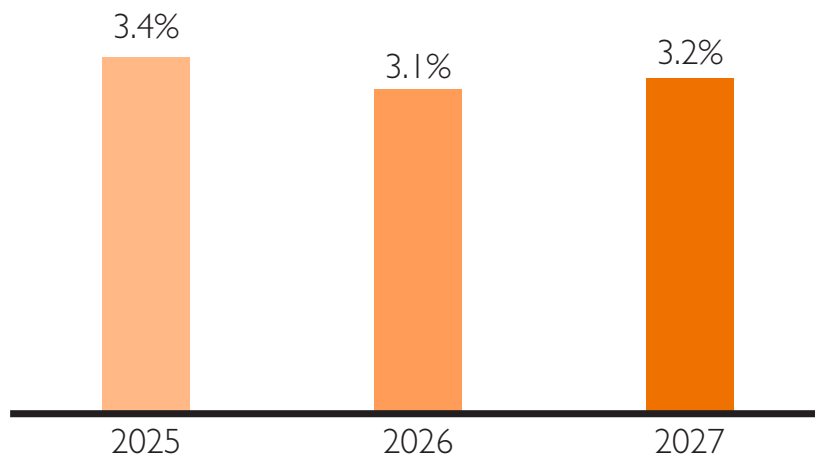
MANAGEMENT DISCUSSION AND ANALYSIS

Market Overview

In the first half of 2026, the global economic recovery remained protracted, while ongoing geopolitical conflicts continued to destabilise international supply chains and cost structures, resulting in heightened macroeconomic uncertainties. Against this backdrop, the economy of the PRC maintained steady operations under the strategic framework of “seeking steady growth while optimising structural adjustments”. Nevertheless, the domestic real estate market continued to undergo significant structural realignment and intensive inventory clearance. Consequently, the interior design industry faced the dual imperatives of a contracting incremental market and the revitalisation of existing inventory. The core growth logic of the industry has fundamentally pivoted from being driven by new-build fully-fitted residential projects to the optimisation and upgrading of existing spatial stock. In the face of these substantial operational headwinds, the Group has proactively demonstrated its corporate resilience in the interior design industry, steadily advancing its strategic transformation in response to this evolving market landscape.

The global economy faced widespread downward pressures during the period of turbulence. According to the World Economic Outlook Report published by the International Monetary Fund (the “IMF”) in April 2026, the global economic growth forecast for 2026 was revised downward by 0.2% to 3.1%, while the global inflation forecast was raised to 4.4%, characterised by persistent high inflation and decelerating growth and placed widespread downward pressure on corporate profitability worldwide.

WORLD ECONOMIC OUTLOOK APRIL 2026 GLOBAL ECONOMIC GROWTH FORECAST



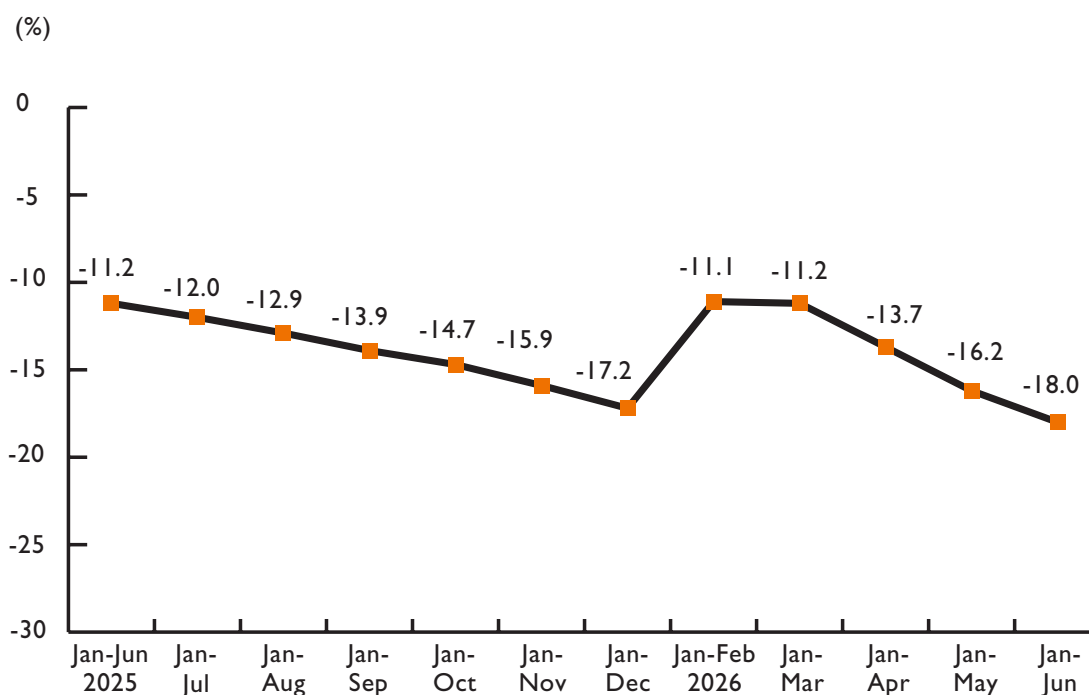
Source: IMF

Shifting geopolitical dynamics and evolving trade policies also generated significant spillover effects across the economic spectrum. Continued instability in the Middle East triggered sharp increases in global oil prices and fuel surcharges, directly driving up cross-border logistics, transportation, building material distribution, and raw materials costs, which are the essential components for our interior design projects. These developments have exerted widespread pressure on profit margins across the industry.

According to the 2026 State Council Report on the Work of the Government, the nation's annual GDP growth target was anchored between 4.5% and 5.0%. This target was supported by proactive fiscal and prudent monetary policies, including the strategic issuance of ultra-long special treasury bonds to fully promote economic structural upgrading. Nonetheless, the domestic real estate market remained in a phase of deep structural adjustment and intensive inventory clearance, which restricted upstream and downstream demand across correlated industries.

Data from the National Bureau of Statistics of China (the “**NBS**”) indicated that for the first half of 2026, real estate development investment fell by 18.0% year-on-year, while the newly started construction area dropped by 23.4%. Meanwhile, data released by the PRC Index Academy showed that the transaction volume of new commercial residential properties across 100 core cities decreased by approximately 12% year-on-year in the first half of 2026. Notably, secondary property transactions accounted for nearly 70% of total volume across first-tier and core second-tier cities. This indicates that the dividend from “incremental business” – once driven by massive new property launches and bulk fully-fitted residential projects – is rapidly drawing to a close. Instead, the concentration of secondary market transactions and the accelerating demand for existing home remodeling have shifted the interior design industry's focus squarely toward existing property renovations and spatial stock optimisation.

Growth Rate of National Investment in Real Estate Development



Source: the NBS

To stabilise property market expectations and foster a healthy industry cycle, central and local governments implemented targeted, counter-cyclical adjustment measures in the first half of 2026. Authorities comprehensively accelerated “urban renewal” initiatives and the “renovation of old residential communities” to stimulate demand for retrofits of existing residential and commercial properties. First-tier cities, such as Shanghai and Guangzhou, normalised “trade-in” housing pilot programs, which complemented the central government’s consumer stimulus initiatives. Furthermore, under the guidance of “city-specific policies” and “inventory reduction,” local governments were encouraged to acquire unsold commercial properties for conversion into affordable rental or shared-ownership housing.

Despite the intensive rollout of these supportive policies, the restoration of market confidence remained gradual. Property developers continued to adopt a cautious approach toward new investments, leading to a general slowdown in project commencements. This directly resulted in a substantial contraction in bulk interior design tenders and public decoration projects initiated by developers.

Overall Performance and Business Review

As a highly reputable brand in the interior design sector, the Group has consistently maintained a leading position in the premium market, anchored in its exceptional creative capabilities, stringent quality control, and strong brand equity.

In the first half of 2026, the global macroeconomic environment remained volatile and uncertain. Persistent geopolitical tensions, unresolved localised conflicts, and shifting international trade policies collectively amplified global supply chain volatility and inflationary pressures.

Against the backdrop of slowing macroeconomic growth, investment sentiment in the PRC property market shifted toward caution, giving rise to a long-term structural pattern characterised by “contracting new property supply and rising existing property transactions.” Although various property market regulatory policies were implemented nationwide during the first half of this year, including the normalisation of “property trade-in” schemes in Shanghai and Guangzhou, the acquisition of unsold commercial housing across multiple regions for conversion into affordable rental housing, and the allocation of central government special funds for the renovation of old urban residential communities, property developers’ willingness to invest and develop remained slow to recover. As a result, the bidding scale for large-scale residential communities and commercial bulk fit-out design projects declined significantly, leading to a deceleration in demand growth within the interior design industry. Undoubtedly, this created substantial headwinds for the Group’s overall operating environment. As at 30 June 2026, the aggregate remaining contract sum of the Group was approximately HK\$544.9 million (31 December 2025: approximately HK\$560.0 million).

Despite these formidable headwinds, the Group has proactively taken responsive measures to innovate its business models and drive diversification, including exploring overseas markets and high potential new business segments to capture new opportunities. During the Period, we continued to deepen our market penetration with the proportion of awarded contract values from Hong Kong, Macao and Taiwan, and overseas markets increasing significantly to approximately 30.2%. This strategy not only enabled us to unlock new revenue streams, but also further strengthened our competitive edge in a tightening market.

At the same time, we maintained a prudent yet focused approach to business development, actively secured high-quality project orders with strong value-adding potential and promising returns, while systematically nurturing long-term strategic relationships with existing clients. The Group has established a comprehensive, multi-dimensional client selection and evaluation mechanism to rigorously screen and select high-quality clients. We prioritise deepening our relationships with collaborative partners who demonstrate robust financial strength, excellent credit credentials, and outstanding industry reputations. We also strategically focus on leading enterprises and premium institutional client segments that exhibit long-term growth potential, stable operational capabilities, and a sustained willingness for strategic cooperation.

On the foundation of pursuing design excellence, the Group continuously refines its project delivery standards and implements stringent quality control measures. Furthermore, we have proactively steered clear of the 'red ocean' of low-price competition, significantly mitigating the adverse impact of market saturation on our profit margins and brand positioning. This strategic positioning enables the Group to demonstrate strong operational resilience amidst market volatility. Through the implementation of refined management practices, the Group not only guarantees the high quality of our design schemes, but also further enhances client satisfaction, thereby consolidating and sustaining our premium brand equity and leading position in the industry.

As a result of the Group's proactive strategies to optimise its project portfolio structure, strictly select high-quality clients, and adopt stringent project screening criteria, the Group's new contract sum awarded for the Period decreased by HK\$100.7 million, or approximately 35.1%, as compared to the Previous Period. Although this has placed certain pressure on the Group's revenue growth in the short term, it has effectively safeguarded the overall quality and gross profit margin of the Group's backlog projects, laying a solid foundation for the Group's sustainable development.

Total revenue of the Group decreased by approximately 4.1% to approximately HK\$186.7 million during the Period (Previous Period: approximately HK\$194.6 million). Gross profit of the Group increased by approximately 3.2% to HK\$75.3 million during the Period (Previous Period: approximately HK\$73.0 million). Due to the timely and effective implementation of the employee optimisation program and the strict containment of other operating costs by the Group, the overall gross profit margin increased from approximately 37.5% for the Previous Period to approximately 40.3% for the Period. The Group recorded a consolidated net profit of approximately HK\$1.2 million for the Period (Previous Period: approximately HK\$1.0 million).

The Group remains deeply committed to the principles of prudent financial management. While exploring new business avenues, we continuously intensified our efforts in accounts receivable recovery. In order to further enhance profitability, management regularly reviews the performance and profitability of each business segment and optimises resource allocation, while implementing our cost-reduction and efficiency enhancing measures. This allowed us to maintain a healthy cash position and comfortable liquidity. As at 30 June 2026, the bank balances and cash of the Group were approximately HK\$147.0 million (31 December 2025: approximately HK\$153.3 million) and the current ratio increased to approximately 3.1 (31 December 2025: approximately 2.9). During the Period, the Group's operating cash flow position improved significantly, with net operating cash outflow significantly decreased by 88.4% to approximately HK\$0.5 million (Previous Period: approximately HK\$4.3 million).

On the leverage front, the gearing ratio (net debt excluding lease liabilities arising from the adoption of HKFRS 16 to equity attributable to owners of the Company) was nil as at 30 June 2026 and 31 December 2025. The Group had net cash (bank balances and cash less total debt) of approximately HK\$147.0 million as at 30 June 2026 (31 December 2025: approximately HK\$153.3 million).

The following table sets forth the Group's remaining contract sum and its movement during the periods indicated:

	For the six months period ended 30 June 2026				For the six months period ended 30 June 2025			
	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 period	316.9	185.2	57.9	560.0	285.8	146.4	74.9	507.1
Add: New contract sum awarded during the period	101.4	81.5	3.5	186.4	132.7	115.4	39.0	287.1
Less: VAT for newly awarded contracts	(2.6)	(9.0)	(0.2)	(11.8)	(6.6)	(12.7)	(2.5)	(21.8)
Less: Revenue recognised during the period	(117.7)	(58.0)	(9.4)	(185.1)	(116.1)	(55.5)	(22.1)	(193.7)
Less: Variation order	(15.0)	(1.7)	(9.0)	(25.7)	(16.0)	(7.1)	(25.4)	(48.5)
Add: Exchange realignments	10.1	8.8	2.2	21.1	4.8	2.7	0.8	8.3
Remaining contract sum at the end of the period	<u>293.1</u>	<u>206.8</u>	<u>45.0</u>	<u>544.9</u>	<u>284.6</u>	<u>189.2</u>	<u>64.7</u>	<u>538.5</u>

The remaining contract sum for SLD and JHD reduced from approximately HK\$316.9 million and HK\$57.9 million as at 31 December 2025 to approximately HK\$293.1 million and HK\$45.0 million as at 30 June 2026, respectively. Compared with the Previous Period, the new contract sum awarded for the Period decreased, reflecting both the unfavourable market sentiment and the Group's strict strategy of selecting high-quality clients and projects.

The remaining contract sum of SLL increased from approximately HK\$185.2 million as at 31 December 2025 to approximately HK\$206.8 million as at 30 June 2026, reflecting growing client recognition following several years of development. The emerging synergy with the SLD brand has also begun to contribute positively to this momentum.

Pipeline Projects

The following tables set forth a breakdown of new contract sum awarded by brand, types of projects and geographical markets, respectively, during the periods indicated:

	For the six months period ended 30 June 2026				For the six months period ended 30 June 2025			
	SLD	SLL	JHD	Total	SLD	SLL	JHD	Total
	HK\$ million	HK\$ million	HK\$ million	HK\$ million	HK\$ million	HK\$ million	HK\$ million	HK\$ million
New contract sum awarded during the period								
Residential project	64.2	68.1	0.5	132.8	105.1	103.9	7.6	216.6
Private residence project	20.4	4.1	–	24.5	4.3	1.6	–	5.9
Hospitality project	9.8	9.2	0.8	19.8	9.7	0.1	14.9	24.7
Commercial project	5.9	0.1	1.7	7.7	0.8	9.5	14.6	24.9
*Others	1.1	–	0.5	1.6	12.8	0.3	1.9	15.0
Total	<u>101.4</u>	<u>81.5</u>	<u>3.5</u>	<u>186.4</u>	<u>132.7</u>	<u>115.4</u>	<u>39.0</u>	<u>287.1</u>

* Others mainly consists of mixed-use development projects.

	For the six months period ended 30 June 2026				For the six months period ended 30 June 2025			
	SLD	SLL	JHD	Total	SLD	SLL	JHD	Total
	HK\$ million	HK\$ million	HK\$ million	HK\$ million	HK\$ million	HK\$ million	HK\$ million	HK\$ million
New contract sum awarded during the period								
Mainland China	49.3	77.4	3.5	130.2	117.5	111.7	39.0	268.2
Hong Kong, Macao and Taiwan	36.1	3.2	–	39.3	11.6	3.6	–	15.2
Overseas	16.0	0.9	–	16.9	3.6	0.1	–	3.7
Total	101.4	81.5	3.5	186.4	132.7	115.4	39.0	287.1

The new contract sum awarded dropped by approximately 35.1% from approximately HK\$287.1 million for the Previous Period to approximately HK\$186.4 million for the Period. The decrease was mainly attributable to the intense competition in the residential and commercial interior design markets, particularly in the JHD segment, and the strict strategy in selecting high-quality clients and projects.

The following tables set forth a breakdown of remaining contract sum by brand, types of projects and geographical markets, respectively, as at the dates indicated:

	As at 30 June 2026					As at 31 December 2025				
	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	%
Remaining contract sum										
Residential project	195.2	179.5	6.4	381.1	69.9	213.7	168.5	8.3	390.5	69.7
Private residence project	47.5	5.3	1.9	54.7	10.0	44.7	1.7	1.9	48.3	8.6
Hospitality project	26.3	9.2	14.4	49.9	9.2	38.3	2.8	15.4	56.5	10.1
Commercial project	11.1	11.4	14.0	36.5	6.7	7.9	10.8	22.1	40.8	7.3
*Others	13.0	1.4	8.3	22.7	4.2	12.3	1.4	10.2	23.9	4.3
Total	293.1	206.8	45.0	544.9	100.0	316.9	185.2	57.9	560.0	100.0

* Others mainly consists of mixed-use development projects.

	As at 30 June 2026					As at 31 December 2025				
	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	%
Remaining contract sum										
Mainland China	215.0	202.4	45.0	462.4	84.9	250.8	181.0	57.9	489.7	87.5
Hong Kong, Macao and Taiwan	40.8	3.2	-	44.0	8.1	19.4	3.1	-	22.5	4.0
Overseas	37.3	1.2	-	38.5	7.0	46.7	1.1	-	47.8	8.5
Total	293.1	206.8	45.0	544.9	100.0	316.9	185.2	57.9	560.0	100.0

The following table sets forth a breakdown of revenue by brand and types of projects during the periods indicated:

	For the six months period ended 30 June 2026					For the six months period ended 30 June 2025				
	SLD	SLL	JHD	Total	% of revenue	SLD	SLL	JHD	Total	% of revenue
	HK\$ million	HK\$ million	HK\$ million	HK\$ million	%	HK\$ million	HK\$ million	HK\$ million	HK\$ million	%
Revenue										
Residential project	75.1	55.6	1.8	132.5	71.0	85.4	53.9	5.7	145.0	74.5
Private residence project	16.3	0.1	-	16.4	8.8	13.5	0.9	-	14.4	7.4
Hospitality project	21.9	2.3	2.2	26.4	14.1	11.1	0.6	6.0	17.7	9.1
Commercial project	3.5	-	4.4	7.9	4.2	1.0	-	9.7	10.7	5.5
*Others	2.5	-	1.0	3.5	1.9	6.0	0.1	0.7	6.8	3.5
Total	119.3	58.0	9.4	186.7	100.0	117.0	55.5	22.1	194.6	100.0

* Others mainly consists of mixed-use development projects.

As mentioned above, the Group's total revenue decreased by approximately 4.1% during the Period. The decrease was mainly resulted from the decline in service revenue from the provision of interior design services in the JHD segment during the Period. Detailed performance of each segment was analysed as follows.

SL D

SLD (Steve Leung Design) segment includes the "Steve Leung" brands, such as SLD, SLH, SLC, SLA, SLW, SL2.0, 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 Period, this segment maintained its focus on the residential project sector. The entire SLD brand contributed approximately 63.9% to the Group's total revenue (Previous Period: approximately 60.1%). Segment revenue increased from approximately HK\$117.0 million for the Previous Period to approximately HK\$119.3 million for the Period, representing an increase of approximately 2.0%. The increase in revenue was mainly attributable to the growth in the hospitality project sector, driven by the renovation projects undertaken by the luxury hotels across Asia.

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 Period, revenue generated from license fee amounted to approximately HK\$1.6 million (Previous Period: approximately HK\$0.9 million).

As at 30 June 2026, this business segment had a stable remaining contract sum of approximately HK\$293.1 million (31 December 2025: approximately HK\$316.9 million), which is expected to be realised based on the stages of completion and the general progress of projects during the second half of 2026 through 2028.

SL L

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 optimise 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.

This segment contributed approximately 31.1% to the Group's total revenue for the Period (Previous Period: approximately 28.5%). SLL maintained its focus on the residential project sector during the Period. Revenue of SLL recorded an increase of approximately 4.5% to approximately HK\$58.0 million during the Period (Previous Period: approximately HK\$55.5 million). This growth was primarily driven by the residential project sector, which is well aligned with SLL's strategic focus and competitive strengths.

As at 30 June 2026, this business segment had a remaining contract sum of approximately HK\$206.8 million (31 December 2025: approximately HK\$185.2 million), which is expected to be realised based on the stages of completion of projects and the delivery of interior decorative products.

JH D

JHD (Jangho Design) segment specialises in the provision of interior design services, interior decorating and furnishing design services and trading of interior decorative products under the “Jangho” brand which mainly focuses on hospitality and commercial project sectors in the PRC.

JHD contributed approximately 5.0% to the Group's total revenue for the Period (Previous Period: approximately 11.4%), with segment revenue decreasing significantly by approximately 57.5%, from approximately HK\$22.1 million for the Previous Period to approximately HK\$9.4 million for the Period. The decline was primarily attributable to subdued domestic demand in the PRC's hospitality and commercial real estate sectors, which exerted downward pressure on the segment's overall performance.

As at 30 June 2026, this business segment had a remaining contract sum of approximately HK\$45.0 million (31 December 2025: approximately HK\$57.9 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 during the second half of 2026 through 2027.

Financial Review

Revenue and Gross Profit

During the Period, the Group's revenue decreased by approximately HK\$7.9 million or 4.1%, from approximately HK\$194.6 million for the Previous Period to approximately HK\$186.7 million for the Period. The decrease in total revenue was mainly attributable to the slowdown in the progress of projects in the PRC's property market, particularly in the hospitality and commercial building sectors, which are the principal focus of the JHD segment.

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

The following table sets forth the Group's breakdown of revenue and gross profit by brand and nature during the periods indicated:

Revenue and Gross Profit by Brand and Nature

	For the six months period ended 30 June 2026				For the six months period ended 30 June 2025			
	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	117.7	5.0	9.2	131.9	116.1	4.7	16.4	137.2
License fee revenue	1.6	–	–	1.6	0.9	–	–	0.9
Trading income	–	53.0	0.2	53.2	–	50.8	5.7	56.5
Total Revenue	119.3	58.0	9.4	186.7	117.0	55.5	22.1	194.6
Gross Profit	54.8	20.4	0.1	75.3	49.1	21.0	2.9	73.0
Gross Profit Margin	45.9%	35.2%	1.1%	40.3%	42.0%	37.8%	13.1%	37.5%

Service revenue decreased from approximately HK\$137.2 million for the Previous Period to approximately HK\$131.9 million for the Period. The decrease in service revenue is mainly attributable to the reduction in revenue from the JHD segment.

The Group's gross profit increased by approximately HK\$2.3 million or 3.2%, from approximately HK\$73.0 million for the Previous Period to approximately HK\$75.3 million for the Period, while gross profit margin increased to approximately 40.3% (Previous Period: approximately 37.5%). The increase was primarily driven by the employee optimisation program and the strict containment of other operating costs during the Period.

Other (Losses) and Gains

The Group recorded other losses of approximately HK\$0.4 million for the Period as compared with other gains of approximately HK\$0.9 million for the Previous Period. The decrease was primarily due to the loss on lease termination for "Design Hub" during the Period.

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

Impairment losses on trade receivables and contract assets for the Period were approximately HK\$10.2 million (Previous Period: approximately HK\$9.8 million). The increase was mainly attributable to prolonged settlement procedures of certain groups of clients. For details, please refer to the section headed “Credit Risk Exposure” of this announcement.

Other Income

Other income of the Group mainly includes membership fee income, government grants and interest income from bank deposits during the Period. The decrease in other income from approximately HK\$2.3 million for the Previous Period to approximately HK\$1.4 million for the Period was mainly attributable to the discontinuation of “Design Hub” operations in March 2026, which resulted in the cessation of all subsequent membership fee income.

Selling Expenses

Selling expenses of the Group decreased from approximately HK\$10.2 million for the Previous Period to approximately HK\$5.3 million for the Period, representing a decrease of approximately 48.0%. The decrease was mainly due to staff cost savings arising from the workforce optimisation during the Period.

Administrative Expenses

The Group’s administrative expenses slightly increased from approximately HK\$51.2 million for the Previous Period to approximately HK\$53.7 million for the Period, representing an increase of approximately 4.9% during the Period. The increase was primarily due to one-off severance payments from workforce optimisation during the Period.

Finance Costs

Finance costs of the Group comprised interest on lease liabilities. Finance costs decreased from approximately HK\$1.2 million for the Previous Period to approximately HK\$0.6 million for the Period. The decrease was mainly attributable to the absence of bank borrowings during the Period.

Income Tax Expense

The Group’s income tax expense increased from approximately HK\$2.8 million for the Previous Period to approximately HK\$5.4 million for the Period, representing an increase of approximately 92.9% during the Period. The increase was mainly attributable to higher profits generated by the PRC subsidiaries, along with the loss of the concessionary tax rate applicable to small enterprises due to increased profit levels. In addition, the increase reflected an under-provision of PRC Enterprise Income Tax in prior years. These factors collectively resulted in a higher effective tax rate for the Group.

Profit for the Period

As a result of the foregoing, the Group recorded an increase in net profit from approximately HK\$1.0 million for the Previous Period to approximately HK\$1.2 million for the Period.

Basic Earnings Per Share

The Company’s basic earnings per share for the Period was approximately HK0.20 cents (Previous Period: approximately HK0.14 cents).

Outlook and Prospects

The global economic landscape has been undergoing a slow and uneven recovery amidst persistent volatility, where uncertainty has effectively become the new normal. Squeezed by escalating trade barriers, supply chain restructuring, and fluctuating inflation, the overall growth momentum of major global economies has slowed down and the intensification of geopolitical conflicts has further disrupted international financial markets.

In the first half of 2026, the PRC's real estate sector continued a phase of deep adjustment and intensive destocking, marking a fundamental structural shift in market supply and demand dynamics. Although macro policies have steadily released liquidity and expanded targeted support for urban renewal and the acquisition of existing property inventory, the full restoration of consumer confidence and a comprehensive market recovery will need time to materialise.

Notably, amid these profound challenges, emerging economies are demonstrating remarkable resilience and robust growth momentum. Driven by economic diversification, infrastructure investment, and domestic demand, emerging economies in the Middle East and Central Asia have revealed significant long-term growth potential; certain core emerging markets, buoyed by robust domestic demand, are expected to become regional growth highlights. However, ongoing geopolitical conflicts in the Middle East, persistently high international logistics costs, and tightening trade restrictions will continue to pose challenges to the expansion pace and operational stability of overseas projects. These remain critical issues that the Group must prudently navigate when expanding its international presence.

Faced with an intricate external environment, the Group has consistently maintained its strategic resolve and adhered to the general keynote of “seeking progress while maintaining stability,” further resolutely advancing its three strategic directions of “Rejuvenation, Diversification, Internationalisation”. “Rejuvenation” is systematically increasing its investment in advanced digital technologies, including Artificial Intelligence, and deeply integrating them into our operational workflows to enhance quality and efficiency. At the same time, we are strengthening our social media engagement and brand revitalisation to bolster our appeal among younger demographics. “Diversification” continues to optimise our business portfolio. While solidifying our established strengths in premium residential and hospitality design, we are proactively branching into broader business segments to create a more resilient, risk-resistant, and diversified revenue structure that can withstand market shocks. “Internationalisation” is proactively extending our footprint into high-growth overseas “blue ocean” markets, including the Middle East and Central Asia. By deepening strategic partnerships with globally renowned property developers and international hospitality groups, we aim to shape these regions into key growth engines for our future performance.

Furthermore, we will closely monitor the evolution of geopolitical and conflict dynamics in regions like the Middle East, conduct periodic risk assessments and stand ready to make agile adjustments to our internationalisation strategy to ensure operational stability and safeguard the long-term interests of the Group.

On the client and project development front, the Group remains steadfast in its core principle of upholding its premium brand positioning and elevating its industry stature. We proactively steer clear of destructive low-price competition and reject disorderly industry hyper-competition. By establishing a multi-dimensional selection and evaluation mechanism, we meticulously screen for partners with excellent comprehensive profiles and prioritise high-quality projects with strong profitability prospects and favorable payment terms. This effectively mitigates the impact of industry hyper-competition on our operational performance, while simultaneously enhancing overall cash collection efficiency and project delivery quality.

In addition, the Group continuously streamlines its personnel structure, cost control mechanisms and optimises internal resource allocation efficiency. These efforts comprehensively strengthen the Group's profitability, bolster our resilience and risk mitigation capabilities, ensuring us to navigate economic cycle fluctuations with composure and agility.

Looking ahead, the Group will continue to leverage its exceptional design capabilities and strategic agility to move forward through the waves. We look forward to delivering increasingly innovative design work and maintaining a resilient financial performance, thereby continuing to create long-term, sustainable value for the shareholders of the Company (the "**Shareholders**").

CORPORATE FINANCE AND RISK MANAGEMENT

Liquidity, Financial Resources and Capital Structure

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 and bank borrowings to finance its operations and expansion.

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 nil as at 30 June 2026 and 31 December 2025. The gearing ratio (net debt excluding lease liabilities arising from the adoption of HKFRS 16 to equity attributable to owners of the Company) was nil as at 30 June 2026 and 31 December 2025. The Group had net cash (bank balances and cash less total debt) of approximately HK\$147.0 million as at 30 June 2026 (31 December 2025: approximately HK\$153.3 million).

As at 30 June 2026 and 31 December 2025, the Group had no bank borrowings. The liquidity of the Group remained stable, with a current ratio (current assets/current liabilities) of approximately 3.1 as at 30 June 2026 (31 December 2025: approximately 2.9). The Group also has sufficient committed and unutilised loan and working capital and guarantee facilities to support the needs of the Group's business development and daily operations. The Group will continue to pursue development opportunities prudently with a view to balancing the risk and opportunity in maximising Shareholders' value.

As at 30 June 2026, the share capital and equity attributable to owners of the Company amounted to approximately HK\$11.4 million (31 December 2025: approximately HK\$11.4 million) and approximately HK\$329.4 million (31 December 2025: approximately HK\$319.4 million), respectively.

Pledge of Assets and Restricted Bank Balances

No assets were pledged as at 30 June 2026 and 31 December 2025.

As at 30 June 2026, the Group had restricted bank balances of approximately HK\$1.9 million (31 December 2025: approximately HK\$0.1 million), which was due to a legal dispute in the PRC. For details, please refer to notes 12 and 15 to the condensed consolidated financial statements of this announcement.

Contingent Liabilities and Capital Commitments

As at 30 June 2026, the Group had the following contingent liabilities arising from legal proceedings:

1. In April 2026, a former employee initiated a labour dispute against a PRC subsidiary of the Company. Consequently, a sum of approximately RMB1.7 million (equivalent to approximately HK\$1.9 million) in a bank account of such PRC subsidiary has been frozen pursuant to a court order in April 2026 and the frozen balance has not yet been released as at the date of this announcement. The case is currently in the first-instance proceeding before the Beijing Shunyi District People's Court.
2. In June 2026, a vendor filed five lawsuits against a PRC subsidiary of the Company in relation to contractual disputes concerning the provision of construction drawings services. The aggregate amount claimed in these cases is approximately RMB0.4 million (equivalent to approximately HK\$0.4 million). These cases are currently at the pre-litigation mediation stage.

Since the legal proceedings of the cases mentioned above are still at an early stage, it is impractical to assess the potential impact to the Group. As at the date of this announcement, an aggregate contingent liability of approximately RMB2.0 million (equivalent to approximately HK\$2.3 million) has been noted.

In addition, as at 30 June 2026, the Group had contingent liabilities in respect of performance bond issued by a bank to guarantee the due and proper performance of the contractual obligation undertaken by the Company's subsidiary for a project amounting to approximately RMB0.2 million (equivalent to approximately HK\$0.2 million). The performance bond was issued in the ordinary course of business and is expected to be released in accordance with the terms of the relevant interior design contract.

As at 30 June 2026, the Group had capital commitment contracted for approximately HK\$6.3 million (31 December 2025: nil).

Events After The Reporting Period

Except for the event disclosed in the section headed "Contingent Liabilities and Capital Commitments" of this announcement, there are no significant events subsequent to 30 June 2026 and up to the date of this announcement which may materially affect the Group's operating and financial performance.

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

The Group operates in various regions under different foreign currencies, including RMB and the U.S. Dollar. The exchange rate of the U.S. Dollar was relatively stable while that of RMB 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's credit risk primarily arises from trade receivables and contract assets. Despite the Group's major clients are institutional organisations and reputable property developers, the property market in the PRC remains in a recovery stage. As weak buyer sentiment persists, the Group's credit risk remains at a high level.

Although the PRC government continues to implement measures to stabilise the property market, the recovery of demand-side confidence remains subdued. Meanwhile, the ongoing financial pressures on developers continue to exert downward pressure on the sector, resulting in a market environment characterised by mild recovery and persistent structural adjustments. According to data from the NBS, the sales area and the sales value of newly built residential properties for the Period recorded year-on-year declines of 11.6% and 13.7%, respectively. This prolonged weakness in market conditions has slowed the progress of certain projects and has also placed pressure on the Group's cash collection.

The Group has adopted prudent credit policies to manage its credit risk exposure. The Group conducts ongoing credit evaluation on the financial conditions of its clients and implement monitoring procedures to ensure timely follow-up actions are taken to recover overdue debts. Although the Group generally does not grant any credit period to clients, exceptions may be made on a case-by-case basis. The Group conducts monthly reviews on ageing periods of receivables and quarterly reviews of project progress, and undertakes debt recovery actions for long-outstanding debts or slow-moving projects unless there is reasonable and substantiated information supporting a decision not to proceed with such actions. The Group will also actively seek collaterals for trade receivables from client groups with significantly increased credit risk or credit-impaired.

The Group assesses the recoverable amount of trade receivables and contract assets on a collective basis, except for balances relating to clients with distinct historical loss patterns or those deemed to be credit-impaired which are evaluated individually. This approach ensures that adequate impairment provisions would be made for irrecoverable amounts. When assessing impairment losses, the Group takes into account the characteristics and credit risks of different clients, ageing analysis, historical and subsequent settlement, any litigation or business disputes with clients, and other observable changes in economic conditions that correlate with default on receivables. Based on historical settlement record, it normally takes approximately three years for the Group to collect its outstanding debts. Despite a 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 30 June 2026, trade receivables (in gross amount) amounted to approximately HK\$282.6 million (31 December 2025: approximately HK\$258.5 million), increased by approximately HK\$24.1 million. The increase in trade receivables was mainly due to prolonged settlement procedures of certain groups of clients, which also led to the increase in the accumulated allowance to approximately HK\$113.5 million (31 December 2025: approximately HK\$101.7 million) and average loss rate of trade receivables to approximately 40.2% (31 December 2025: approximately 39.3%).

As at 30 June 2026, contract assets (in gross amount) amounted to approximately HK\$123.2 million (31 December 2025: approximately HK\$131.9 million). The decline was primarily attributable to a decrease in the aggregate value of new contracts awarded during the Period, resulting in a reduced scale of project execution and lower service revenue generated. The accumulated allowance for credit losses for contracts assets increased to approximately HK\$51.6 million (31 December 2025: approximately HK\$47.6 million) and the average loss rate also increased to approximately 41.9% (31 December 2025: approximately 36.1%). The increase was mainly due to the slower-than-expected progress of certain projects during the Period was, which resulted in a longer ageing profile of the related contract assets.

As at 30 June 2026, the overall accumulated allowance for credit losses was approximately HK\$165.1 million (31 December 2025: approximately HK\$149.3 million), and the average loss rate was approximately 40.7% (31 December 2025: approximately 38.2%). As at the date of this announcement, approximately HK\$24.0 million of the trade receivables as at 30 June 2026 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 30 June 2026 has been performed appropriately and sufficient impairment losses have been made.

Risk Management

In order to broaden its revenue streams, the Group is actively looking for opportunities to diversify both its project nature and business operations. The Group will continue to evaluate market conditions and make decisions to ensure effective implementation of the Group's expansion strategy from time to time. The Group also remains committed to strengthening internal control and risk control procedures by regularly reviewing the market risks (including foreign exchange risk and interest rate risk), operation risks, finance risks, policy risks, legal risks, contract risks, labor risks, as well as risks associated with artificial intelligence, information technology, and customers and market credit.

EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2026, the Group had 393 (as at 30 June 2025: 434) full-time employees. The total remuneration of the employees (including the Directors' remuneration) was approximately HK\$86.8 million for the Period (Previous Period: approximately HK\$91.3 million). The decrease in total remuneration of the employees was mainly due to the decrease in the number of employees and average salaries of employees during the Period. To retain our competitiveness, the Group offers attractive remuneration policy, discretionary bonus and share options may 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

The Group did not hold any significant investments as at 30 June 2026.

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

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

Save as disclosed in this announcement, the Group did not have any plans for material investments and capital assets as at 30 June 2026.

CORPORATE GOVERNANCE AND OTHER INFORMATION

INTERIM DIVIDEND

The Board resolved not to declare the payment of any interim dividend for the Period.

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

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

CORPORATE GOVERNANCE

The Company is committed to maintaining high standards of corporate governance. It also recognises that sound and effective corporate governance practices are fundamental to the smooth, effective and transparent operation of the 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.

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 during the Period.

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 Issuers (the "**Model Code**") set out in Appendix C3 to 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 Period.

EXTERNAL AUDITOR AND AUDIT COMMITTEE REVIEWS

The unaudited condensed consolidated financial statements of the Group for the Period have been reviewed by the Group's external auditor, BDO Limited, in accordance with the Hong Kong Standard on Review Engagements 2410 "Review of interim financial information performed by the independent auditor of the entity" issued by the Hong Kong Institute of Certified Public Accountants, whose unmodified review report for the Period is included in the interim report to be sent to the Shareholders.

The audit committee of the Board (the "**Audit Committee**"), which comprises of all of the three independent non-executive Directors, namely Mr. Tsang Ho Ka Eugene (Chairman of the Audit Committee), Mr. Liu Yi and Ms. Wang Wanjun, has reviewed and discussed with the management 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 Limited 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 the information required by the Listing Rules will be dispatched to the 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 of the Group for their support and 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, 11 August 2026

As at the date of this announcement, the executive Directors are Mr. Leung Chi Tien Steve, BBS, Mr. Siu Man Hei (Chief Executive Officer) and Mr. Yip Kwok Hung Kevin (Chief Financial Officer), the non-executive Directors are Mr. Xu Xingli (Chairman), Mr. Ding Jingyong and Mr. Wong Man Hei, and the independent non-executive Directors are Mr. Tsang Ho Ka Eugene, Mr. Liu Yi and Ms. Wang Wanjun.