SLD

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 2024

FINANCIAL HIGHLIGHTS

	For the year ended 31 December	
	2024	2023
	(Audited)	(Audited)
Results:		
Revenue for the Year (HK$ million)	**367.7**	355.8
Profit (loss) attributable to equity owners of the Company	**1.8**	(18.8)
Earnings (loss) per share-basic (HK cents)	**0.16**	(1.65)

Net Assets Value:

As at 31 December 2024, the Group had net assets value per share of approximately HK$0.28 (31 December 2023: approximately HK$0.28).

Remaining Contract Sum:

As at 31 December 2024, the Group had remaining contract sum of approximately HK$507.1 million (31 December 2023: approximately HK$454.1 million).

Bank Balances and Cash:

As at 31 December 2024, the Group had bank balances and cash of approximately HK$140.9 million (31 December 2023: approximately HK$148.9 million).

Final Dividend:

The Board did not recommend the payment of final dividend for the year ended 31 December 2024.

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 2024 (the "**Year**") together with the audited comparative figures for the year ended 31 December 2023 (the "**Previous Year**") as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2024

	NOTES	**2024** *HK$'000*	2023 *HK$'000*
Revenue	*3*	**367,695**	355,803
Cost of sales		**(220,871)**	(216,534)
Gross profit		**146,824**	139,269
Other gains and losses	*5*	**(4,080)**	(821)
Impairment losses on trade receivables and contract assets under expected credit loss model		**(6,446)**	(24,724)
Other income	*6*	**2,775**	1,493
Selling expenses		**(19,431)**	(20,833)
Administrative expenses		**(105,787)**	(107,238)
Finance costs	*7*	**(3,574)**	(4,431)
Profit (loss) before taxation		**10,281**	(17,285)
Income tax expense	*8*	**(9,075)**	(2,690)
Profit (loss) for the year	*9*	**1,206**	(19,975)
Other comprehensive expense that may be reclassified subsequently to profit or loss			
Exchange differences arising on translation of foreign operations		**(3,205)**	(3,172)
Total comprehensive expense for the year		**(1,999)**	(23,147)

	NOTES	2024 HK$'000	2023 HK$'000
Profit (loss) for the year attributable to:			
— Owners of the Company		**1,805**	(18,841)
— Non-controlling interests		**(599)**	(1,134)
		1,206	(19,975)
Total comprehensive expense for the year attributable to:			
— Owners of the Company		**(1,265)**	(21,883)
— Non-controlling interests		**(734)**	(1,264)
		(1,999)	(23,147)
Earnings (loss) per share (expressed in Hong Kong cents)	11		
— Basic		**0.16**	(1.65)
— Diluted		**0.16**	(1.65)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 31 DECEMBER 2024

	NOTES	2024 HK$'000	2023 HK$'000
Non-current Assets			
Property, plant and equipment		**15,509**	13,211
Right-of-use assets	12	**40,174**	43,685
Intangible assets		**1,251**	1,668
Goodwill		**1,166**	1,187
Deposits paid for acquisition of property, plant and equipment		**–**	3,269
Rental deposits		**5,377**	5,419
Deferred tax assets		**51,558**	52,393
		115,035	120,832
Current Assets			
Inventories		**26**	50
Trade receivables	13	**138,730**	136,106
Other receivables, deposits and prepayments		**9,390**	9,136
Contract assets	14	**90,323**	80,171
Tax recoverable		**247**	734
Pledged bank deposits	15	**–**	211
Restricted bank balances	15	**2,720**	1,723
Bank balances and cash	15	**140,883**	148,892
		382,319	377,023
Current Liabilities			
Trade payables	16	**50,625**	43,914
Other payables and accrued charges	16	**20,242**	20,684
Bank borrowings	17	**20,000**	30,000
Lease liabilities		**17,506**	20,232
Contract liabilities	18	**19,384**	15,103
Tax liabilities		**21,510**	20,516
		149,267	150,449
Net Current Assets		**233,052**	226,574
Total Assets less Current Liabilities		**348,087**	347,406

	NOTES	2024 HK$'000	2023 HK$'000
Capital and Reserves			
Share capital	19	**11,414**	11,414
Reserves		**291,859**	293,124
Equity attributable to owners of the Company		**303,273**	304,538
Non-controlling interests		**10,786**	11,520
Total Equity		**314,059**	316,058
Non-current Liabilities			
Deferred tax liabilities		**9,839**	6,314
Lease liabilities		**24,189**	25,034
		34,028	31,348
		348,087	347,406

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, 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 HKFRS ACCOUNTING 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 Standard ("**HKAS**") 2 *Inventories* or value in use in HKAS 36 *Impairment of Assets*.

Amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following 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 2024 for the preparation of the consolidated financial statements:

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)
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements

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

2.1 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) ("HK INT 5 (Revised)")

Amendments made to HKAS 1 *Presentation of Financial Statements* in 2020 and 2022 clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period.

Classification is unaffected by the entity's expectations or events after the reporting date (for example, the receipt of a waiver or a breach of covenant that an entity is required to comply with only after the reporting period).

Covenants of loan arrangements will not affect classification of a liability as current or non-current at the reporting date if the entity must only comply with the covenants after the reporting date. However, if the entity must comply with a covenant either on or before the reporting date, this needs to be considered in the classification as current or non-current even if the covenant is only tested for compliance after the reporting date.

The amendments require disclosures if an entity classifies a liability as non-current and that liability is subject to covenants with which the entity must comply within 12 months of the reporting date. The disclosures include:

- the carrying amount of the liability;
- information about the covenants (including the nature of the covenants and when the entity is required to comply with them); and
- facts and circumstances, if any, that indicate that the entity might have difficulty complying with the covenants.

The amendments also clarify what HKAS 1 means when it refers to the 'settlement' of a liability. Terms of a liability that could, at the option of the counterparty, result in its settlement by the transfer of the entity's own equity instrument can only be ignored for the purpose of classifying the liability as current or non-current if the entity classifies the option as an equity instrument. However, conversion options that are classified as a liability must be considered when determining the current/non-current classification of a convertible note.

The amendments must be applied retrospectively in accordance with the requirements in HKAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*.

Special transitional rules apply if an entity had early adopted the 2020 amendments regarding the classification of liabilities as current or non-current.

HK Int 5 (Revised) has incorporated the references to Amendments to HKAS 1 *Classification of Liabilities as Current or Non-current* and Amendments to HKAS 1 *Non-current Liabilities with Covenants*. But its conclusions are not impacted by these amendments.

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

2.2 Amendments to HKFRS 16 Lease Liability in a Sale and Leaseback

The HKICPA finalised narrow-scope amendments to the requirements for sale and leaseback transactions in HKFRS 16 *Leases* which explain how an entity accounts for a sale and leaseback after the date of the transaction.

The amendments specify that, in measuring the lease liability subsequent to the sale and leaseback, the seller-lessee determines 'lease payments' and 'revised lease payments' in a way that does not result in the seller-lessee recognising any amount of the gain or loss that relates to the right of use that it retains. This could particularly impact sale and leaseback transactions where the lease payments include variable payments that do not depend on an index or a rate.

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

2.3 Amendments to HKAS 7 and HKFRS 7 Supplier Finance Arrangements

The HKICPA issued amendments to HKAS 7 and HKFRS 7 to require specific disclosures about supplier finance arrangements ("**SFAs**"). The amendments respond to the investors' need for more information about SFAs to be able to assess how these arrangements affect an entity's liabilities, cash flows and liquidity risk.

The new disclosures will provide information about:

(1) The terms and conditions of SFAs.

(2) The carrying amount of financial liabilities that are part of SFAs, and the line items in which those liabilities are presented.

(3) The carrying amount of the financial liabilities in (2), for which the suppliers have already received payment from the finance providers.

(4) The range of payment due dates for both the financial liabilities that are part of SFAs, and comparable trade payables that are not part of such arrangements.

(5) Non-cash changes in the carrying amounts of financial liabilities in (2).

(6) Access to SFA facilities and concentration of liquidity risk with the finance providers.

Entities will be required to aggregate the information that they provide about SFAs. However, entities should disaggregate information about terms and conditions that are dissimilar, disclose explanatory information where the range of payment due dates is wide, and disclose the type and effect of non-cash changes that are needed for comparability between periods.

The HKICPA has provided transitional relief by not requiring comparative information in the first year, and also not requiring disclosure of specified opening balances. Further, the required disclosures are only applicable for annual periods during the first year of application. Therefore, the earliest that the new disclosures will have to be provided is in annual financial reports for December 2024 year-ends, unless an entity has a financial year of less than 12 months.

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

New and amendments to HKFRSs in issue but not yet effective

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

HKFRS 18	Presentation and Disclosure in Financial Statements[1]
HKFRS 19	Subsidiaries without Public Accountability: Disclosures[1]
Amendments to HKAS 21 and HKFRS 1	Lack of Exchangeability[2]
Amendments to HKFRS 1, HKFRS 7, HKFRS 9, HKFRS 10 and HKAS 7	Annual Improvements to HKFRS Accounting Standards – Volume 11[3]
Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments[3]
Amendments to HKFRS 9 and HKFRS 7	Contracts Referencing Nature-dependent Electricity[3]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]

1 Effective for annual periods beginning on or after 1 January 2027
2 Effective for annual periods beginning on or after 1 January 2025
3 Effective for annual periods beginning on or after 1 January 2026
4 Effective for annual periods beginning on or after a date to be determined

Except mentioned below, the Directors anticipate that the application of all of the above new and amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

HKFRS 18 *Presentation and Disclosure in Financial Statements*, which was issued by the HKICPA in July 2024 supersedes HKAS 1 and will result in major consequential amendments to HKFRS Accounting Standards including HKAS 8 *Basis of Preparation of Financial Statements* (renamed from *Accounting Policies, Changes in Accounting Estimates and Errors*). Even though HKFRS 18 will not have any effect on the recognition and measurement of items in the consolidated financial statements, it is expected to have a significant effect on the presentation and disclosure of certain items. These changes include categorisation and sub-totals in the statement of profit or loss, aggregation/disaggregation and labelling of information, and disclosure of management-defined performance measures.

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 2024 and 31 December 2023 is as follows:

	2024	2023
	HK$'000	*HK$'000*
Service revenue	**269,225**	261,969
License fee revenue	**1,578**	2,477
Trading income	**96,892**	91,357
	367,695	355,803

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.

	SLD	**SLL**	**JHD**	**Total**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***
For the year ended 31 December 2024				
Geographical markets				
Hong Kong	**20,991**	**2,966**	**–**	**23,957**
PRC	**168,994**	**103,097**	**46,333**	**318,424**
Other regions	**24,688**	**626**	**–**	**25,314**
	214,673	**106,689**	**46,333**	**367,695**
Timing of revenue recognition				
Over time				
Service revenue	**213,095**	**11,856**	**44,274**	**269,225**
At point in time				
License fee revenue	**1,578**	**–**	**–**	**1,578**
Trading income	**–**	**94,833**	**2,059**	**96,892**
	1,578	**94,833**	**2,059**	**98,470**
	214,673	**106,689**	**46,333**	**367,695**

	SLD *HK$'000*	SLL *HK$'000*	JHD *HK$'000*	Total *HK$'000*
For the year ended 31 December 2023				
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

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 the 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.

As at 31 December 2024, the aggregated amount of the transaction price allocated to the remaining performance obligations under the Group's existing contracts is HK$507,144,000 (2023: HK$454,086,000). The expected timing of recognising revenue on transaction price related to the performance obligations (unsatisfied or partially unsatisfied) as at 31 December 2024 is within one to two years (2023: one year).

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.

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 below.

Segment revenue and results

	SLD *HK$'000*	SLL *HK$'000*	JHD *HK$'000*	Total *HK$'000*
For the year ended 31 December 2024				
Revenue				
Segment revenue	**220,548**	**112,666**	**48,245**	**381,459**
Inter-segment revenue	**(5,875)**	**(5,977)**	**(1,912)**	**(13,764)**
Segment revenue from external clients	**214,673**	**106,689**	**46,333**	**367,695**
Gross profit	**95,440**	**41,561**	**9,823**	**146,824**
Selling expenses	**(9,156)**	**(4,492)**	**(5,783)**	**(19,431)**
Administrative expenses	**(69,407)**	**(28,909)**	**(7,471)**	**(105,787)**
Impairment losses on trade receivables and contract assets under expected credit loss ("**ECL**") model	**(3,876)**	**(1,876)**	**(694)**	**(6,446)**
Other operating income (expenses)	**932**	**(28)**	**(2,209)**	**(1,305)**
Finance costs	**(3,330)**	**(224)**	**(20)**	**(3,574)**
Profit (loss) before taxation	**10,603**	**6,032**	**(6,354)**	**10,281**

	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 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)

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 2024				
Amortisation of intangible assets	**387**	**–**	**7**	**394**
Depreciation of property, plant and equipment	**3,817**	**569**	**653**	**5,039**
Depreciation of right-of-use assets	**17,684**	**1,513**	**355**	**19,552**
Gain on disposals of property, plant and equipment	**(40)**	**–**	**–**	**(40)**
(Reversal of) impairment losses on trade receivables under ECL model	**(2,902)**	**917**	**(861)**	**(2,846)**
Impairment losses on contract assets under ECL model	**6,778**	**959**	**1,555**	**9,292**
Provision for litigations	**–**	**–**	**2,242**	**2,242**
Interest income	**196**	**51**	**16**	**263**

	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

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.

	For the year ended 31 December	
	2024	2023
	HK$'000	*HK$'000*
External revenue:		
Hong Kong	**23,957**	17,415
PRC	**318,424**	324,781
Other regions	**25,314**	13,607
	367,695	355,803

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.

	For the year ended 31 December	
	2024	2023
	HK$'000	*HK$'000*
Hong Kong	**19,501**	29,318
PRC	**43,976**	39,121
	63,477	68,439

Information about major clients

During the years ended 31 December 2024 and 2023, none of the Group's single customer attributed to more than 10% of the Group's total external revenue.

5. OTHER GAINS AND (LOSSES)

	For the year ended 31 December	
	2024	2023
	HK$'000	*HK$'000*
Exchange loss, net	**(1,878)**	(220)
Gain (loss) on disposals of property, plant and equipment	**40**	(210)
Loss on lease termination	**–**	(404)
Gain on lease modification	**–**	13
Provision for litigations *(Note)*	**(2,242)**	–
	(4,080)	(821)

Note: During the year, the Group has encountered two legal disputes involving restricted bank balances. These disputes have been treated as follows:

(i) A PRC subsidiary of the Group has a contractual dispute related to interior decorating and furnishing services provided to a client. The legal proceedings for this case are approaching their final judgment. The Group's internal assessment indicates a substantial likelihood of the need for compensation to such client. Consequently, the case has been recognised a provision with an estimated liability of approximately in Renminbi ("**RMB**") 1,566,000 (equivalent to approximately HK$1,699,000). As at 31 December 2024, a bank account of approximately RMB1,566,000 was frozen due to the dispute.

(ii) A PRC subsidiary of the Group has a labour dispute related to compensation to a former employee. The dispute has already been resolved through a labour and personnel dispute arbitration committee, resulting in an estimated liability of approximately RMB501,000 (equivalent to approximately HK$543,000). As at 31 December 2024, a bank account of approximately RMB501,000 was frozen due to the case.

6. OTHER INCOME

	For the year ended 31 December	
	2024	2023
	HK$'000	*HK$'000*
Grants received from local government *(Note (a))*	**188**	262
Interest income from bank deposits	**263**	351
Membership fee income *(Note (b))*	**1,660**	–
Miscellaneous income	**664**	880
	2,775	1,493

Notes:

(a) 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.

(b) Membership fee income arising from the Group's newly established "Design Hub", which is a design-driven social community space by utilising its idle office area of the Group.

7. FINANCE COSTS

	For the year ended 31 December	
	2024	2023
	HK$'000	*HK$'000*
Interest on bank borrowings	**1,940**	2,373
Interest on lease liabilities	**1,634**	2,058
	3,574	4,431

8. INCOME TAX EXPENSE

	For the year ended 31 December	
	2024	2023
	HK$'000	*HK$'000*
Current tax:		
Hong Kong Profits Tax	**495**	–
PRC Enterprise Income Tax	**4,516**	6,022
	5,011	6,022
Under provision in prior years:		
PRC Enterprise Income Tax	**389**	55
Deferred taxation	**3,675**	(3,387)
	9,075	2,690

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 the 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 profit (loss) before taxation per the consolidated statement of profit or loss and other comprehensive income as follows:

	For the year ended 31 December	
	2024	2023
	HK$'000	*HK$'000*
Profit (loss) before taxation	**10,281**	(17,285)
Tax at applicable tax rate of 16.5% (2023: 16.5%)	**1,697**	(2,852)
Tax effect of income not taxable for tax purpose	**(206)**	(95)
Tax effect of expenses not deductible for tax purpose	**1,981**	1,444
Tax effect of tax losses not recognised	**2,593**	3,029
Utilisation of tax losses previously not recognised	**(260)**	(92)
Effect of different tax rate of the PRC subsidiaries operating in other jurisdiction	**2,881**	1,201
Under provision in prior years	**389**	55
Income tax expense for the year	**9,075**	2,690

9. PROFIT (LOSS) FOR THE YEAR

Profit (loss) for the year has been arrived at after charging:

	For the year ended 31 December	
	2024	2023
	HK$'000	*HK$'000*
Amortisation of intangible assets		
— included in cost of sales	**170**	173
— included in administrative expenses	**224**	236
	394	409
Auditor's remunerations	**1,080**	1,080
Cost of inventories recognised as an expense	**61,413**	63,287
Depreciation of property, plant and equipment	**5,039**	5,037
Depreciation of right-of-use assets	**19,552**	20,597
Staff costs:		
Directors' emoluments	**15,970**	12,217
Other staffs		
— basic salaries, allowances and other benefits	**118,815**	130,471
— discretionary bonus	**14,463**	9,833
— retirement benefits scheme contributions	**17,004**	18,679
	150,282	158,983
	166,252	171,200

10. DIVIDEND

The Directors did not recommend the payment of any final dividend for both 2023 and 2024.

11. EARNINGS (LOSS) PER SHARE

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

	For the year ended 31 December	
	2024	2023
	HK$'000	*HK$'000*
Profit (loss)		
Profit (loss) for the year attributable to owners of the Company for the purposes of basic and diluted earnings (loss) per share	**1,805**	(18,841)

	For the year ended 31 December	
	2024	2023
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted earnings (loss) per share	**1,141,401,000**	1,141,401,000

Diluted earnings per share for the year ended 31 December 2024 is the same as basic earnings per share as there is no potential dilutive ordinary shares in existence during the year presented.

The computation of diluted loss per share for the year ended 31 December 2023 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 year.

12. RIGHT-OF-USE ASSETS

	Leased properties *HK$'000*	Office equipment *HK$'000*	Motor vehicle *HK$'000*	Total *HK$'000*
AS AT 31 DECEMBER 2024				
Carrying amounts	**38,264**	**1,910**	**–**	**40,174**
AS AT 31 DECEMBER 2023				
Carrying amounts	39,609	2,333	1,743	43,685
FOR THE YEAR ENDED 31 DECEMBER 2024				
Depreciation charge	**18,033**	**1,254**	**265**	**19,552**
Expense relating to short-term leases				**2,034**
Total cash flow for leases				**24,733**
Additions to right-of-use assets				**858**
Transfer to property, plant and equipment				**1,478**
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

During both years, the Group leased various office premises, office equipment and motor vehicle for its operations. Lease contracts are entered into for fixed term of 2 years to 5 years (2023: 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 2024 and 2023, 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

	As at 31 December	
	2024	2023
	HK$'000	*HK$'000*
Trade receivables	**168,559**	156,284
Less: allowance for credit losses	**(58,672)**	(59,431)
Trade receivables (net carrying amount)	**109,887**	96,853
Unbilled receivables *(Note)*	**57,779**	71,654
Less: allowance for credit losses	**(28,936)**	(32,401)
Unbilled receivables (net carrying amount)	**28,843**	39,253
	138,730	136,106

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 2024 is an amount of HK$7,278,000 (31 December 2023: HK$11,747,000) 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.

	As at 31 December	
	2024	2023
	HK$'000	*HK$'000*
0 to 30 days	**50,546**	32,119
31 to 90 days	**6,162**	19,275
91 to 180 days	**8,875**	9,905
181 days to 1 year	**7,461**	5,597
Over 1 year	**36,843**	29,957
	109,887	96,853

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

As at 31 December 2024, included in the Group's trade receivables balance are debtors with aggregate carrying amount of HK$109,887,000 (31 December 2023: HK$96,853,000) which are past due as at the reporting date. Out of the past due balances, HK$53,179,000 (31 December 2023: HK$45,459,000) 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 2024, the Group's trade receivables of HK$9,654,000 (31 December 2023: HK$7,120,000) are collateralised by certain clients' PRC properties, of which HK$7,945,000 (31 December 2023: HK$7,120,000) are related to debtors with balances due over 1 year.

14. CONTRACT ASSETS

	As at 31 December	
	2024	2023
	HK$'000	*HK$'000*
Interior design services	**124,798**	107,525
Interior decorating and furnishing services	**8,692**	7,078
Less: allowance for credit losses	**(43,167)**	(34,432)
	90,323	80,171

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 2024 is an amount of HK$698,000 (31 December 2023: HK$1,122,000) 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 2024, no bank deposits were pledged to any bank (31 December 2023: a bank deposit of HK$211,000 was pledged to a bank to secure a performance bond).

As at 31 December 2024, the restricted bank balance of HK$2,720,000 (31 December 2023: HK$1,723,000), which was due to legal disputes in the PRC, details of which are set out in notes 5 and 20.

Cash at banks earns interest at market interest rates.

As at 31 December 2024, the bank balances and cash of the Group denominated in RMB amounted to HK$121,742,000 (31 December 2023: HK$124,477,000).

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:

	As at 31 December	
	2024	2023
	HK$'000	*HK$'000*
0 to 180 days	**36,893**	32,262
Over 180 days	**13,732**	11,652
	50,625	43,914

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

	As at 31 December	
	2024	2023
	HK$'000	*HK$'000*
Accrued staff benefits	**10,191**	13,859
Other payables and accrued charges	**7,809**	6,825
Provision for litigations (note 5)	**2,242**	–
	20,242	20,684

17. BANK BORROWINGS

	As at 31 December	
	2024	2023
	HK$'000	*HK$'000*
Unsecured	**20,000**	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	**20,000**	30,000

As at 31 December 2024, included in the Group's borrowings are variable-rate borrowings of HK$20,000,000 (2023: HK$30,000,000) carrying interest ranging from 3.00% to 3.75% (2023: 3.25% to 3.75%) per annum over Hong Kong Interbank Offering Rate.

18. CONTRACT LIABILITIES

	As at 31 December	
	2024	2023
	HK$'000	*HK$'000*
Interior design services	**9,253**	6,529
Interior decorating and furnishing services	**10,131**	8,574
	19,384	15,103

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:

	2024	2023
	HK$'000	*HK$'000*
Balance at the beginning of the year	**15,103**	24,044
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	**(5,840)**	(15,094)
Increase in contract liabilities as a result of receiving deposits from the clients	**10,835**	6,425
Exchange realignments	**(714)**	(272)
Balance at the end of the year	**19,384**	15,103

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 2023, 31 December 2023 and 31 December 2024	4,000,000,000	40,000,000
Issued and fully paid		
At 1 January 2023, 31 December 2023 and 31 December 2024	1,141,401,000	11,414,010

20. CONTINGENT LIABILITIES

During the Year, a vendor filed a lawsuit against a PRC subsidiary of the Group in November 2024 in relation to a contractual dispute involving the provision of constructions drawings services. A sum of approximately RMB450,000 (equivalent to approximately HK$486,000) in a bank account of such PRC subsidiary has been frozen pursuant to a court order in January 2025. This case is currently in the litigation stage. Since the legal proceeding is still at early stages, it is impractical to assess the potential impact to the Group. A contingent liability of approximately RMB450,000 (equivalent to approximately HK$486,000) has been noted up to the date of this announcement.

MANAGEMENT DISCUSSION AND ANALYSIS

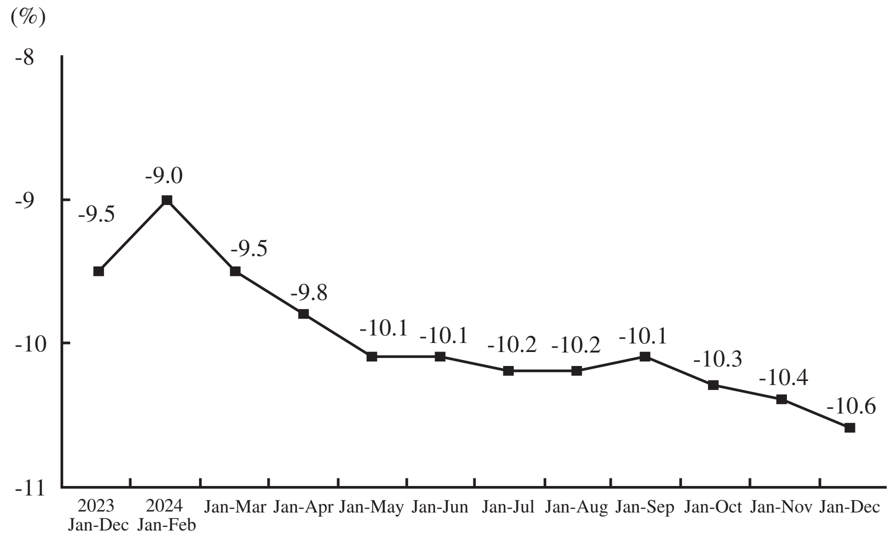
Market Overview

In 2024, the global economy entered into a new phase of development. The first half of the Year was characterised by economic stagnation, but as countries implemented targeted policies to revitalise their economies, positive results began to emerge in the latter half of the Year. However, international geopolitical conflicts intensified: Donald Trump ("**Trump**") returned to the White House following the United States of America (the "**U.S.**") election results, raising concerns about the potential continuation of his macroeconomic and foreign trade policies; the three-year stalemate of the Russia-Ukraine war, and the stance of Trump's new administration has introduced further uncertainties to the war; the ongoing conflict in Gaza exacerbated the Israeli-Palestinian tensions, raising the risk of the violence spilling over into neighboring regions; and in Asia, South Korea faced political turmoil due to the declaration of 'flash mob' martial law at the end of the Year. These developments undermined the fragile global economic recovery. In September 2024, the U.S. Federal Reserve (the "**Fed**") announced a 0.5% interest rate cut – the first in four and a half years – followed by a 0.25% cut in November 2024. Amidst these international uncertainties, the Fed lowered interest rates again by 0.25% in its final meeting of the Year in December, aligning with market expectations.

While the external economic environment was fraught with uncertainties, the PRC faced difficulties in the first half of the Year as its economic activities struggled. However, beginning in the third quarter, the PRC central government implemented specific and proactive economic support measures that effectively boosted the domestic economy, allowing it to maintain stability in the latter half of the Year. The real estate market became a focal point of the the PRC central government's policies. At the start of the Year, the PRC central government reiterated the principle of "housing are not for speculation" and emphasised tailored measures for different cities. By mid-year, it acknowledged the new dynamics of supply and demand in the real estate market and aimed to accelerate the establishment of a new model for real estate development. In the third quarter, support for "white-list" financing was increased, and efforts to stabilise the property market were emphasised. By year-end, the Political Bureau of the Central Committee introduced the measures to stabilise the property market and fully unleash the potential demand for new and improved housing, demonstrating that the PRC central government has been stepping up its efforts on market stabilisation.

With active support from the PRC central government, the domestic property market appears to have gradually emerged from the depths of recent years. Data from the National Bureau of Statistics (the "**NBS**") reveals that, although the growth rate of capital in place for real estate development enterprises and the real estate development sentiment index remain at low levels, they have begun to recover from their early 2024 lows. However, consumer confidence remained fragile, and real estate developers remained cautiously about initiating new projects. According to the NBS, as of December 2024, the growth rate of investment in real estate development continues to decline, down 10.6% year-on-year, and the area of newly-constructed housing further down 23% year-on-year, indicating that the real estate market requires further expansion of confidence and demand from consumers to regain an upward trajectory.

Growth Rate of Investment in Real Estate Development



Source: the NBS

Business and Operational Review

The Group specialised in the field of interior design and is committed to provide exceptional design services to clients worldwide. High-end residential properties, luxury hotels and commercial spaces are the main core businesses, serving real estate developers, internationally renowned brands, upscale private clubs and well-known domestic enterprises. During the Year, the Group's projects primarily spread across the PRC, Hong Kong and Macau. At the same time, the Group has been actively exploring the overseas markets and continuously broadening its footprint.

As the property market undergoes a period of adjustment, the interior design industry, being an upstream sector, must stay attuned to market changes and adjust its development strategies accordingly. In terms of business development, regional differences are evident: first- and second-tier cities were primarily benefited from improved demand, which facilitated new residential interior design projects. In contrast, third- and fourth-tier cities continue to face de-inventorying pressures, leading to underutilisation of the interior design business.

Overall, business operations have been challenging, as real estate developers grapple with tight cash flow situations. Some have even encountered liquidity constraints due to financing arrangements, leading to extended project payment cycles and reduced design budgets. These factors have directly impacted the entire real estate-related industry, including the Group.

In response to rising operating costs and cash flow pressures, competition within the interior design industry has become increasingly fierce, leading to significant market involution. The Group has met these challenges by adopting cost control and productivity enhancement strategies, strengthening management practices, and optimising its business structure. These initiatives have successfully enabled the Group to remain resilient in a turbulent and highly competitive market. Despite the surrounding market volatility, the Group has maintained stable performance, successfully turning a loss into a profit during the Year.

The Group is also actively exploring opportunities in the overseas market and other business sectors such as hotels, prestige membership clubs and catering, etc. to mitigate the risk of over-concentration in the PRC 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 products 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 the dates indicated:

	As at 31 December 2024					As at 31 December 2023				
	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	**201.9**	**142.2**	**16.4**	**360.5**	**71.1**	154.1	109.0	14.4	277.5	61.1
Private residence project	**45.0**	**1.5**	**–**	**46.5**	**9.2**	32.8	1.8	–	34.6	7.6
Hospitality project	**15.1**	**1.2**	**18.3**	**34.6**	**6.8**	44.4	1.8	26.3	72.5	16.0
Commercial project	**12.1**	**0.1**	**27.2**	**39.4**	**7.8**	9.9	0.4	32.6	42.9	9.4
Others	**11.7**	**1.4**	**13.0**	**26.1**	**5.1**	9.4	1.5	15.7	26.6	5.9
Total	**285.8**	**146.4**	**74.9**	**507.1**	**100.0**	250.6	114.5	89.0	454.1	100.0

Overall Performance

During the Year, the Group recorded a total revenue of approximately HK$367.7 million (Previous Year: approximately HK$355.8 million), representing an increase of approximately 3.3%. Gross profit also increased to approximately HK$146.8 million (Previous Year: approximately HK$139.3 million), whereas gross profit margin increased from approximately 39.2% for the Previous Year to approximately 39.9% for the Year, resulting from the continuous implementation of effective cost control measures.

The Group has achieved a turnaround from a loss of approximately HK$20.0 million for the Previous Year to a profit, recording a net profit after tax of approximately HK$1.2 million this Year. This encouraging result was mainly due to (i) a significant reduction in the impairment losses on trade receivables and contract assets under the expected credit loss model of the Group for the Year, which was driven by signs of stabilisation of the PRC property market during the Year, and the Group has established an adequate level of impairment provisions under the expected credit loss model to account for the credit risk associated with the downturn in the PRC property market during the past years; (ii) an increase in gross profit and other income; (iii) a decrease in selling and administrative expenses as a consequence of continued cost control measures; and (iv) a decrease in finance costs as a result of the decrease in average bank borrowings.

The Group also recorded a profit attributable to owners of the Company, improving from a loss of approximately HK$18.8 million attributable to owners for the Previous Year to a profit of approximately HK$1.8 million of profit attributable to owners for the Year.

The Board did not recommend the payment of final dividend for both 2023 and 2024.

As at 31 December 2024, the Group's total assets were valued at approximately HK$497.4 million (31 December 2023: approximately HK$497.9 million), of which current assets were approximately HK$382.3 million (31 December 2023: approximately HK$377.0 million), being 2.6 times (31 December 2023: 2.5 times) of the current liabilities. Equity attributable to owners of the Company was approximately HK$303.3 million (31 December 2023: approximately HK$304.5 million).

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

	For the year ended 31 December 2024					For the year ended 31 December 2023				
	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	**143.0**	**102.4**	**8.1**	**253.5**	**68.9**	130.7	96.9	7.8	235.4	66.2
Private residence project	**13.2**	**0.5**	**-**	**13.7**	**3.7**	9.4	2.5	–	11.9	3.3
Hospitality project	**42.5**	**2.8**	**13.1**	**58.4**	**15.9**	45.8	2.7	17.5	66.0	18.5
Commercial project	**9.5**	**0.6**	**23.3**	**33.4**	**9.1**	3.2	0.1	25.4	28.7	8.1
Others	**6.5**	**0.4**	**1.8**	**8.7**	**2.4**	6.8	0.2	6.8	13.8	3.9
Total	**214.7**	**106.7**	**46.3**	**367.7**	**100.0**	195.9	102.4	57.5	355.8	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.

This segment remained focused on the residential project sector during the Year. The entire SLD brand contributed approximately 58.4% of the Group's revenue (Previous Year: approximately 55.1%). Segment revenue increased from approximately HK$195.9 million for the Previous Year to approximately HK$214.7 million for the Year, representing an increase of approximately 9.6%. Such increase was mainly arising from the interior design services of residential related sectors. The residential related sectors' progress remained stable with an increasing trend as driven by the PRC stimulating policies on the property market during the Year. With the progression completion of certain gifted projects in the hospitality sector, the revenue contribution from this sector has decreased, while the revenue contribution from residential related sectors has correspondingly increased.

Segment gross profit increased approximately 13.6% to approximately HK$95.4 million (Previous Year: approximately HK$84.0 million), resulting from the effectively implementation of cost control 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, the revenue of which was recognised with reference to the sales volume of the designed products by clients of the Group. While this component contributed minimally to the Group's revenue, it added value to the overall interior design, decorating and furnishing layout of projects, thereby enhancing customer satisfaction. This is one of the Group's important marketing and branding strategies. During the Year, our product design services continued to maintained at a minimal level, with revenue of approximately HK$1.6 million (Previous Period: approximately HK$2.5 million).

As at 31 December 2024, this brand segment had a remaining contract sum of approximately HK$285.8 million (31 December 2023: approximately HK$250.6 million), which is expected to be realised based on the stage of completion and the general progress of projects in 2025 and 2026.

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 and performed stably. This segment contributed approximately 29.0% of the Group's total revenue for the Year (Previous Year: approximately 28.8%). Segment revenue recorded an increase of approximately 4.2% to approximately HK$106.7 million (Previous Year: approximately HK$102.4 million). Such increase was mainly arising from the increase in trading income as a result of the recovery of the residential market in the first- and second-tier cities of the PRC which also led to the increase in new contract sum awarded during the Year.

As at 31 December 2024, this brand segment had a remaining contract sum of approximately HK$146.4 million (31 December 2023: approximately HK$114.5 million), which is expected to be realised based on the stages of completion of projects and the delivery and handover of interior decorative products in 2025 and 2026.

JHD

JHD (Jangho Design) segment refers to 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 12.6% of the Group's total revenue for the Year (Previous Year: approximately 16.1%). Segment revenue substantially dropped by approximately 19.5% from approximately HK$57.5 million for the Previous Year to approximately HK$46.3 million for the Year. Such reduction in revenue was mainly arising from the hospitality and other sectors, which dropped from approximately HK$17.5 million and approximately HK$6.8 million for the Previous Year to approximately HK$13.1 million and approximately HK$1.8 million for the Year respectively. The decrease is mainly due to (i) slowdown in project progress and the decrease in hotel projects awarded to JHD as a result of financial hardship for the real estate hotel developers; and (ii) the decrease in other projects awarded to JHD, such as public utilities.

As at 31 December 2024, this brand segment had a remaining contract sum of approximately HK$74.9 million (31 December 2023: approximately HK$89.0 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 2025 and 2026.

AWARDS AND ACCREDITATIONS IN 2024

The Group received numerous awards over the years for its continuous delivery of high-quality interior design services and outstanding corporate performance. Awards and accreditations received by the Group during the Year were as follows:

Corporate Honours

Best of the Best 2024 by Robb Report
Designer of the Year

Interior Design Awards

International Hotel & Property Awards 2024 by Design et al magazine – Shortlisted – Global: Hotel Suite
Marina Bay Sands The Paiza Royal Collection, Singapore

Food in Space Awards 2024 Winner – Fast Food
McDonald's CUBE, Flagship Restaurant, Shanghai, China

2024/2025 Elle Decoration China Interior Architecture Design Awards – Shortlisted – Real Estate
The Landmark, Foshan, China

2024 China Interior Design Annual Commercial Retail Selected Works
Qeelin Tokyo Ginza Flagship Store

Financial Review

Revenue and Gross Profit

The Group's revenue increased by approximately HK$11.9 million or 3.3%, from approximately HK$355.8 million for the Previous Year to approximately HK$367.7 million for the Year. The increase in total revenue was mainly contributed by the service revenue from the provision of interior design services and interior decorating and furnishing design services during the Year.

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 revenue and gross profit by brand and nature during the years indicated:

Revenue and Gross Profit by Brand and Nature

	For the year ended 31 December 2024				For the year ended 31 December 2023			
	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	**213.1**	**11.9**	**44.2**	**269.2**	193.4	11.1	57.5	262.0
License fee revenue	**1.6**	**-**	**-**	**1.6**	2.5	–	–	2.5
Trading income	**-**	**94.8**	**2.1**	**96.9**	–	91.3	–	91.3
Total revenue	**214.7**	**106.7**	**46.3**	**367.7**	195.9	102.4	57.5	355.8
Gross profit	**95.4**	**41.6**	**9.8**	**146.8**	84.1	32.6	22.6	139.3
Gross profit margin	**44.4%**	**39.0%**	**21.2%**	**39.9%**	42.9%	31.8%	39.3%	39.2%

Service revenue increased from approximately HK$262.0 million for the Previous Year to approximately HK$269.2 million for the Year, representing approximately 73.6% and approximately 73.2% of the total revenue for the respective years. The increase in service revenue is mainly attributable to the SLD segment in residential related sectors as a result of the recovery of overall project progress but was at the same time offset by the drop in revenue from the JHD segment in hospitality and other sectors, in particular, the PRC hotel projects. While the trading revenue also slightly increased from approximately HK$91.3 million for the Previous Year to approximately HK$96.9 million for the Year, representing approximately 25.7% and approximately 26.4% of the total revenue, respectively. The increase was mainly due to the gradual recovery of the PRC residential market and the stable new contract sum awarded during the Year.

The Group's gross profit increased to approximately HK$146.8 million for the Year (Previous Year: approximately HK$139.3 million), which was primarily due to the continuous optimisation of costs during the Year. Gross profit margin therefore increased slightly by approximately 0.7 percentage points to approximately 39.9% (Previous Year: approximately 39.2%), of which the SLL segment showed a significant increase.

Remaining Contract Sum

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

	For the year ended 31 December 2024				For the year ended 31 December 2023			
	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	**250.6**	**114.5**	**89.0**	**454.1**	212.5	117.9	99.1	429.5
Add: New contract sum awarded during the year	**312.3**	**189.4**	**62.6**	**564.3**	305.6	160.2	94.0	559.8
Less: VAT for newly awarded contracts	**(14.1)**	**(20.6)**	**(3.8)**	**(38.5)**	(14.8)	(17.3)	(5.4)	(37.5)
Less: Revenue recognised during the year	**(213.1)**	**(106.7)**	**(46.3)**	**(366.1)**	(193.4)	(102.4)	(57.5)	(353.3)
Less: Variation order	**(44.6)**	**(28.8)**	**(25.6)**	**(99.0)**	(56.4)	(41.6)	(39.8)	(137.8)
Less: Exchange realignments	**(5.3)**	**(1.4)**	**(1.0)**	**(7.7)**	(2.9)	(2.3)	(1.4)	(6.6)
Remaining contract sum at the end of the year	**285.8**	**146.4**	**74.9**	**507.1**	250.6	114.5	89.0	454.1

The remaining contract sum for SLD increased from approximately HK$250.6 million as at 31 December 2023 to approximately HK$285.8 million as at 31 December 2024 while the remaining contract sum for SLL also increased from approximately HK$114.5 million as at 31 December 2023 to approximately HK$146.4 million as at 31 December 2024. However, the remaining contract sum for JHD decreased from approximately HK$89.0 million as at 31 December 2023 to approximately HK$74.9 million as at 31 December 2024.

Compared with the Previous Year, the negative variation order decreased significantly from approximately HK$137.8 million to approximately HK$99.0 million for the Year. The decrease was mainly due to the decrease in the number of projects that have been terminated or reduced in design scope as a result of better project planning and marketing strategy by the Group's clients under the current market environment and condition.

Other Gains and Losses

The Group recorded other losses of approximately HK$4.1 million for the Year (Previous Year: approximately HK$0.8 million). The significant increase was primarily due to the relatively fluctuated exchange rate of RMB for the Year as compared with the Previous Year, resulting in an increase in exchange losses. Also, the provision for litigations (for details, please refer to note 5 to the consolidated financial information of this announcement) also contributed a major portion of such increase.

Impairment Losses on Trade Receivables and Contract Assets Under ECL Model

The impairment losses on trade receivables and contract assets decreased significantly from approximately HK$24.7 million for the Previous Year to approximately HK$6.4 million for the Year. As the property market in the PRC has shown signs of stabilisation during the Year, in view that the Group has established an adequate level of impairment provisions under ECL model to reflect the credit risk associated with the downturn in the PRC property market during the past years, impairment losses on trade receivables and contract assets under ECL model for the Year decreased significantly. 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, interest income from bank deposits and membership fee income during the Year. The increase in other income from approximately HK$1.5 million for the Previous Year to approximately HK$2.8 million for the Year was mainly contributed from the membership fee income arising from the Group's newly established "Design Hub". Design Hub is a design-driven social community space that utilises unused office area of the Group. It aims to leverage the Group's design resources and infrastructure to foster a design community for participants from creative and design related industries to connect, collaborate and share. 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$20.8 million for the Previous Year to approximately HK$19.4 million for the Year, representing a decrease of approximately 6.7% 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 resulting from the optimisation of staff resources and manpower during the Year.

Administrative Expenses

The Group's administrative expenses decreased from approximately HK$107.2 million for the Previous Year to approximately HK$105.8 million for the Year, representing a decrease of approximately 1.3% 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 decreased from approximately HK$4.4 million for the Previous Year to approximately HK$3.6 million for the Year, representing a decrease of approximately 18.2%. The decrease was mainly attributable to the decrease in interest rate and the average bank borrowings during the Year. For details, please refer to note 7 to the consolidated financial information of this announcement.

Income Tax Expense

The Group's income tax expense increased from approximately HK$2.7 million for the Previous Year to approximately HK$9.1 million for the Year, representing an increase of approximately 2.4 times during the Year. The significant increase was mainly due to the income tax expense was recognised for the profits of PRC's subsidiaries and no income tax credit was recognised for any losses of subsidiaries as they are no longer probable that sufficient taxable profits will be recovered for the loss.

Profit (Loss) for the Year

As a result of the foregoing, the Group recorded a profit for the Year amounting to approximately HK$1.2 million (Previous Year: a loss of approximately HK$20.0 million).

Basic Earnings (Loss) Per Share

The Company's basic earnings per share for the Year was approximately HK0.16 cents (Previous Year: approximately HK1.65 cents of basic loss per share), representing an increase of approximately HK1.81 cents. Details of earnings (loss) per share are set out in note 11 to the consolidated financial information of this announcement.

Dividend

The Board did not recommend the payment of final dividend for both 2023 and 2024.

Outlook and Prospects

Looking ahead to 2025, both favourable and unfavourable factors are expected to shape the overall landscape. The global economy, domestic market, and interior design industry are navigating significant challenges. International geopolitical risks remain high, and the outcomes of conflicts and wars in various regions remain uncertain. Additionally, the implications of Trump's approach on global trade, monetary policy, and the broader economic environment remain key areas of concern.

According to the United Nations report, the growth of the two largest economies, the U.S. and the PRC, is expected to continue decelerating. Coupled with weak investment sentiment, sluggish productivity growth, and high global debt levels, this trend is likely to constrain global economic expansion. The United Nations projects world economic growth to remain at 2.8% in 2025, unchanged from 2024 and still below the pre-pandemic level of 3.2%. The World Economic Outlook, released by the International Monetary Fund in early 2025, also forecasts stable global growth this year, accompanied by a slowdown in persistent inflation.

In contrast to the challenging global outlook, the PRC's domestic economic growth appears to be relatively stable, though potential risks remain high. Following Trump's return to the White House, additional tariffs on imports from the PRC have been reintroduced. The market widely anticipates a resurgence of trade tension between the PRC and the U.S., which is likely to exert additional pressure on the PRC's domestic economic growth. Given the escalating uncertainties in foreign trade, promoting domestic consumption is expected to be a key focus of policy efforts, providing essential support for the domestic economy.

Regarding the domestic property market, while the PRC central government has implemented targeted support and a comprehensive array of policies, these measures are likely to stabilise the market only in the short term. Achieving long-term recovery towards healthy and stable development remains a significant challenge. According to the China Index Academy, a PRC research institute, the property market continues to face numerous obstacles, and the overall market may still be in the bottoming-out phase. Domestic property developers are struggling with operational challenges, high debt burdens, and a decrease in investment for new development projects.

Amid this challenging landscape, the interior design industry continues to face significant difficulties. The Company remains committed to continuously enhancing its capabilities and adapting to effectively address the challenges ahead. The Company's future development will be guided by three strategic pillars: "Rejuvenation, Diversification, and Globalisation". "Rejuvenation" extends beyond achieving breakthroughs in design aesthetics; it encompasses nurturing talent and empowering promising young in-house designers to realise their full potential, cultivating an environment where every individual can excel, whilst injecting fresh energy into the brand. The Company will also conduct thorough research into the enhancing design processes through artificial intelligence technology, ensuring sustainable business growth. "Diversification" centres on broadening both our design portfolio and business scope, including exploring cross-industry collaborations to develop innovative design products and services. "Globalisation" remains a cornerstone of the development strategy, and in the coming year, the Company shall accelerate its international expansion. With plans to establish offices in the overseas, the Company aims at building multicultural design teams whilst leveraging these hubs to actively develop potential markets across Southeast Asia, the Middle East and beyond.

While approaching new challenges in a proactive yet prudent manner, the Company will remain steadfast in its commitment to upholding the highest standards of professionalism and integrity, ensuring superior service for clients to maintain its leading market position. At the same time, the Company will closely monitor market developments to identify growth opportunities, explore strategic partnerships, and pursue emerging investment avenues. By continuously advancing its capabilities, leveraging industry expertise and adaptability, and maintaining its established professionalism and competitive edge, the Company is well-prepared to navigate challenges and drive sustained progress.

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 headquarter 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 2024, 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 4.0% (31 December 2023: approximately 6.0%). 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 6.6% (31 December 2023: approximately 9.9%). As at 31 December 2024, the Group had net cash (i.e. bank balances and cash (including pledged bank deposits) less total debt) of approximately HK$120.9 million (31 December 2023: approximately HK$119.1 million).

Bank borrowings of approximately HK$20.0 million as at 31 December 2024 (31 December 2023: approximately HK$30.0 million) were unsecured and guaranteed by the Company. No bank borrowing as at 31 December 2024 and 31 December 2023 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. Bank borrowings during the Year were 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 2024 was approximately 2.6 (31 December 2023: approximately 2.5). 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 value of the Company's shareholders.

As at 31 December 2024, the share capital and equity attributable to owners of the Company amounted to approximately HK$11.4 million (31 December 2023: approximately HK$11.4 million) and approximately HK$303.3 million (31 December 2023: approximately HK$304.5 million), respectively.

Pledge of Assets and Restricted Bank Balances

As at 31 December 2024, no bank deposits were pledged to any bank (31 December 2023: a bank deposit of approximately HK$0.2 million was pledged to a bank to secure a performance bond). For details, please refer to note 15 to the consolidated financial information of this announcement.

As at 31 December 2024, there were restricted bank balance of approximately HK$2.7 million (31 December 2023: approximately HK$1.7 million) was due to legal disputes in the PRC. For details, please refer to notes 5, 15 and 20 to the consolidated financial information of this announcement.

Contingent Liabilities and Capital Commitments

During the Year, a vendor filed a lawsuit against a PRC subsidiary of the Group in November 2024 in relation to a contractual dispute involving the provision of constructions drawings services. A sum of approximately RMB450,000 (equivalent to approximately HK$486,000) in a bank account of such PRC subsidiary has been frozen pursuant to a court order in January 2025. This case is currently in the litigation stage. Since the legal proceeding is still at early stages, it is impractical to assess the potential impact to the Group. A contingent liability of approximately RMB450,000 (equivalent to approximately HK$486,000) has been noted up to the date of this announcement.

The Group did not have any significant capital commitments as at 31 December 2024 and 31 December 2023.

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

The Group's bank borrowings as at 31 December 2024 were in Hong Kong dollars at floating rates. The Group operates in various regions with different foreign currencies including RMB and U.S. Dollar. The exchange rate of U.S. Dollar was relatively stable while RMB 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 primarily arises from trade receivables and contract assets. Despite the Group's major clients being institutional organisations and reputable property developers, the property market in the PRC remains in the recovery stage, with weak buyer sentiment persisting, credit risk continued to maintain at a high level.

However, the real estate market reversed its downward trend in the fourth quarter of 2024 due to a series of policy measures, leading to gradual improvement in market confidence. According to data from the NBS, as rigid and improved housing demand continues to be released, the supply-demand relationship in the market has improved, stabilising housing prices. In December 2024, the sales prices of new residential properties in first-tier cities increased by 0.2% month-on-month, marking the first rise since June 2023. Additionally, the sales prices of second-hand homes rose by 0.3% month-on-month, achieving three consecutive months of growth.

Due to the depressed market conditions, the Group has strengthened its business relationships with financially stable clients with strong financial performance and reliable repayment ability, such as state-owned enterprises.

The Group has adopted prudent credit policies to deal with credit risk exposure. The Group conducts ongoing credit evaluation of 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 for specific clients, with credit terms determined on a case-by-case basis. The Group performs a monthly review on ageing periods of receivables and a quarterly review of project progress, and undertakes debts recovery actions for long-aged 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 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 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.

Due to supportive policies from the PRC central government, the financing pressure on PRC property developers has gradually eased. According to data from the People's Bank of China, at the end of 2024, the balance of RMB real estate development loans increased by 3.2% year-on-year, with the growth rate being 1.7 percentage points higher than that at the end of 2023. This development has positively impacted the progress of the real estate projects, thereby increasing liquidity in the industry and benefiting the Group's cash collection.

As at 31 December 2024, trade receivables (in gross amount) amounted to approximately HK$226.3 million (31 December 2023: approximately HK$227.9 million), representing a slight decrease of approximately HK$1.6 million. The decrease in trade receivables was mainly resulted from continuous effort on the debt's collection by the Group, which also led to the decrease in the accumulated allowance to approximately HK$87.6 million (31 December 2023: approximately HK$91.9 million) and average loss rate of trade receivables to approximately 38.7% (31 December 2023: approximately 40.3%).

As at 31 December 2024, contract assets (in gross amount) increased by approximately HK$18.9 million to approximately HK$133.5 million (31 December 2023: approximately HK$114.6 million). The increase in contract assets was mainly due to the (i) instability of the overall real estate sales market, which made clients more cautious about the approval process of design drawings; (ii) the Group's debt collection strategy by withholding certain design drawings until the outstanding balance of previous stage was settled; and (iii) clients tend to demand stricter payment terms to alleviate their cash flow pressure. These also led to the accumulated allowance for credit losses for contracts assets increased to approximately HK$43.2 million (31 December 2023: approximately HK$34.4 million) and the average loss rate also increased to approximately 32.4% (31 December 2023: approximately 30.0%).

As at 31 December 2024, the overall accumulated allowance for credit losses was approximately HK$130.8 million (31 December 2023: approximately HK$126.3 million), and the average loss rate was approximately 36.4% (31 December 2023: approximately 36.9%), which are similar to 31 December 2023. As of the date of this announcement, approximately HK$32.5 million of the trade receivables as at 31 December 2024 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 2024 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

Save as disclosed in this announcement, there were no significant events subsequent to 31 December 2024 and up to the date of this announcement which may materially affect the Group's operating and financial performance.

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 2024, the Group had 401 (31 December 2023: 400) full-time employees. The total remuneration of the employees (including the Directors' remuneration) was approximately HK$166.3 million for the Year (Previous Year: approximately HK$171.2 million). The decrease in total remuneration of the employees was mainly due to the continuous implementation of cost saving and manpower streaming measures throughout the Year.

To retain its competitiveness, the Group continues to offer attractive remuneration package, discretionary bonus and may also grant share incentives 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 2024. 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 or capital assets as at 31 December 2024.

CORPORATE GOVERNANCE AND OTHER INFORMATION

DIVIDEND

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

CLOSURE OF REGISTER OF MEMBERS

In order to determine shareholders' eligibility to attend and voting at the AGM to be held on 29 May 2025, the register of members of the Company will be closed from 26 May 2025 to 29 May 2025, 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, MUFG Corporate Markets Pty Limited (formerly known as "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 23 May 2025 (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 comprises all the three independent non-executive Directors, namely Mr. Tsang Ho Ka Eugene (Chairman of the Audit Committee), Mr. Liu Yi and Ms. Wang Wanjun. 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 2024 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 containing 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, 19 March 2025

As at the date of this announcement, the executive Directors are Mr. Leung Chi Tien Steve, 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. Liu Yi, Mr. Tsang Ho Ka Eugene and Ms. Wang Wanjun.