

# DESIGN WITHOUT LIMITS

**STEVE LEUNG** DESIGN GROUP LIMITED

INTERIM REPORT 2025  
Stock Code : 2262





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## CORPORATE INFORMATION

### BOARD OF DIRECTORS

#### Executive Directors

LEUNG Chi Tien Steve, BBS  
SIU Man Hei (*Chief Executive Officer*)  
YIP Kwok Hung Kevin (*Chief Financial Officer*)  
DING Chunya (resigned with effect from 12 February 2025)

#### Non-Executive Directors

XU Xingli (*Chairman*)  
DING Jingyong  
WONG Man Hei (appointed with effect from 12 February 2025)

#### Independent Non-Executive Directors

LIU Yi  
TSANG Ho Ka Eugene  
WANG Wanjun

### AUDIT COMMITTEE

TSANG Ho Ka Eugene (*Chairman*)  
LIU Yi  
WANG Wanjun

### REMUNERATION COMMITTEE

LIU Yi (*Chairman*)  
XU Xingli  
TSANG Ho Ka Eugene

### NOMINATION COMMITTEE

XU Xingli (*Chairman*)  
TSANG Ho Ka Eugene  
WANG Wanjun (appointed with effect from 19 June 2025)  
LIU Yi (ceased to be a member with effect from 19 June 2025)

### RISK MANAGEMENT COMMITTEE

TSANG Ho Ka Eugene (*Chairman*)  
YIP Kwok Hung Kevin (*Chief Financial Officer*)  
SIU Man Hei (*Chief Executive Officer*)

### INVESTMENT COMMITTEE

XU Xingli (*Chairman*)  
SIU Man Hei (*Chief Executive Officer*)  
YIP Kwok Hung Kevin (*Chief Financial Officer*)  
TSANG Ho Ka Eugene  
DING Jingyong

### COMPANY SECRETARY

YIP Kwok Hung Kevin (*Chief Financial Officer*)

### REGISTERED OFFICE

Cricket Square  
Hutchins Drive  
P.O. Box 2681  
Grand Cayman, KY1-1111  
Cayman Islands

### HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

30/F Manhattan Place  
23 Wang Tai Road  
Kowloon Bay  
Hong Kong

**CORPORATE INFORMATION (CONTINUED)****PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE**

Conyers Trust Company (Cayman) Limited  
 Cricket Square  
 Hutchins Drive  
 P.O. Box 2681  
 Grand Cayman, KY1-1111  
 Cayman Islands

**STOCK CODE**

2262

**COMPANY'S WEBSITE**

[www.sldgroup.com](http://www.sldgroup.com)

**INVESTOR RELATIONS CONTACT****HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE**

TRICOR INVESTOR SERVICES LIMITED  
 (appointed with effect from 7 July 2025)  
 17/F, Far East Finance Centre  
 16 Harcourt Road  
 Hong Kong

[ir@steveleung.com](mailto:ir@steveleung.com)

**AUTHORISED REPRESENTATIVES**

YIP Kwok Hung Kevin (*Chief Financial Officer*)  
 SIU Man Hei (*Chief Executive Officer*)

**INDEPENDENT EXTERNAL AUDITOR**

BDO Limited  
 Certified Public Accountants  
 Registered Public Interest Entity Auditor in accordance with  
 the Financial Reporting Council Ordinance

**PRINCIPAL BANKERS**

Hang Seng Bank Limited  
 Dah Sing Bank

## MANAGEMENT DISCUSSION AND ANALYSIS

### MARKET OVERVIEW

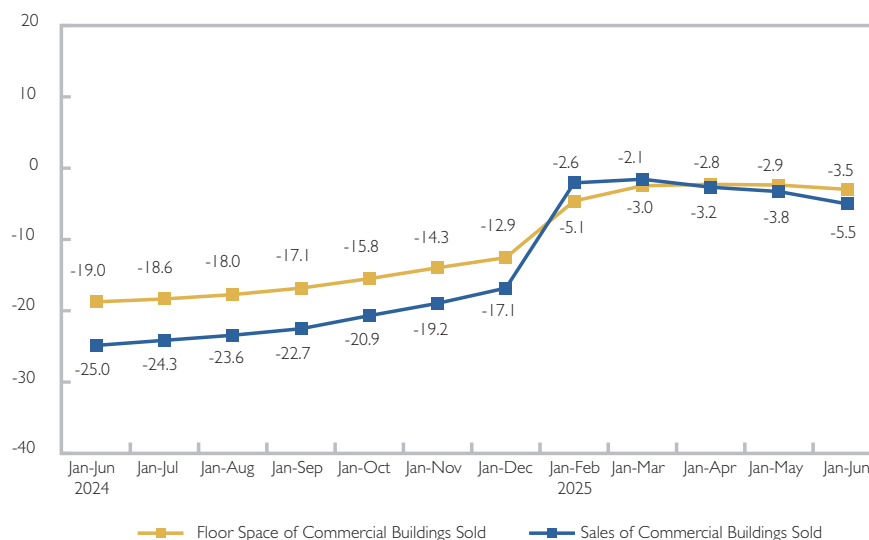
In the first half of 2025, the global economy maintained stable growth amid multiple pressures, though overall performance remained lackluster. According to the International Monetary Fund (IMF)'s World Economic Outlook released in April 2025, global economic growth was projected to be a modest 2.8% expansion for 2025, which was slightly downgraded from January, reflecting persistently weak recovery momentum.

Dramatically volatile trade policies emerged as a critical factor shaping the global economic landscape. Following Donald Trump's return to the White House in January 2025, the United States of America (the "U.S.") rapidly escalated trade protectionist measures by implementing a new "Reciprocal Tariffs 2.0" policy. This move triggered an accelerated global supply chain restructuring, along with sharp exchange rate fluctuations and significant capital flow adjustments. In June 2025, a World Bank report noted that intensifying trade tensions and expanding policy uncertainty had further dampened global economic growth.

Meanwhile, the People's Republic of China (the "PRC") property market continued on a path of gradual recovery. Data released by the National Bureau of Statistics of China (the "NBS") reveals that, the growth rate of floor space and newly built commercial buildings sold nationwide declined by 3.5% for the six months period ended 30 June 2025 (the "Period") compared with the six months period ended 30 June 2024 (the "Previous Period"), with the rate of decline narrowed significantly by 15.5%, signalling improving market conditions. Although the growth rate of investment funds for real estate development enterprises remained negative over the past 12 months, it has rebounded substantially from the trough in early 2024, indicating a gradual improvement in financial conditions.

#### Growth Rate of Floor Space and Newly Built Commercial Buildings Sold

Accumulated growth rate (%)

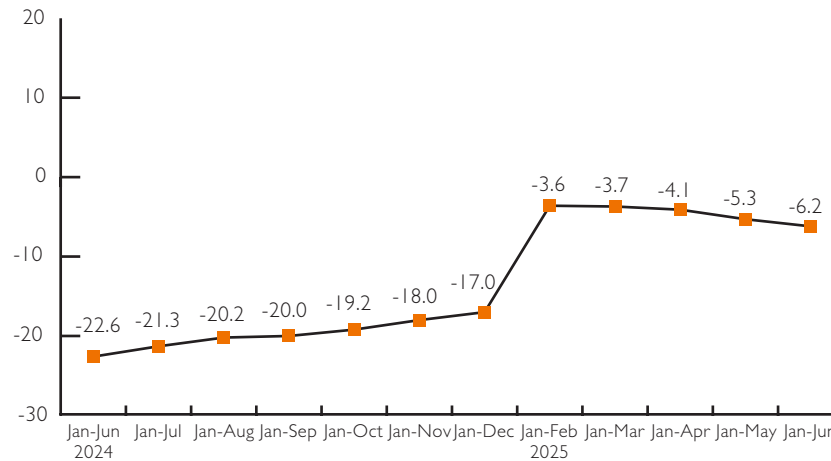


Source: the NBS

## MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

### Growth Rate of Investment Funds for Real Estate Development Enterprises

Accumulated growth rate (%)



Source: the NBS

To stabilise the property market, central and local governments implemented a series of intensive and high-frequency measures targeting three key objectives: market stabilisation, risk prevention, and transformation promotion. “Market stabilisation” focused on stimulating demand for existing housing through urban renewal projects, expanding affordable housing supply, and promoting the renovation of aging communities. “Risk prevention” prioritised optimising the financing environment for existing commercial housing, improving the “white list” mechanism, and strengthening oversight of pre-sale funds to prevent risk contagion. “Transformation promotion” aimed to shift the industry from a high-leverage, high-turnover model to a high-quality development model, encouraging industry upgrades and transformation through the provision of high-quality supply. The Committee of the Political Bureau of the Central Committee of the Communist Party of China reaffirmed its commitment to reinforcing market stability during its meeting.

The central government has continued to introduce accommodative policies to boost market confidence, actively implementing the specific and proactive economic support policy to reverse market fundamentals. Emphasising tailored measures for different cities and promoting a “good cities and good housing” development model, focusing on two major directions, activating demand and optimising supply while introducing policies to encourage “good housing”. Although third- and fourth-tier cities continue to undergo market adjustments, first-tier cities have shown relatively stronger performance, indicating initial signs of policy effectiveness.

## MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

### OVERALL PERFORMANCE AND BUSINESS REVIEW

Amid challenges arising from an uncertain macroeconomic environment and heightened volatility in trade policy, the Group's newly awarded contract sum remained stable, experiencing only a slight decline of approximately 1.8% during the Period compared to the Previous Period.

The Group demonstrated strong resilience by flexibly adjusting its development strategies and leveraging its solid business foundation. We actively seized market opportunities and realigned our business operations layout.

While consolidating its core business, the Group proactively explored overseas markets and other business sectors. Diversified development strategy has laid a solid foundation for long-term growth. Through continuous optimisation of its business structure and enhanced refined management, the Group successfully turned losses into profits during the Period.

Total revenue of the Group increased by approximately 18.3% to approximately HK\$194.6 million during the Period (Previous Period: approximately HK\$164.5 million). Gross profit of the Group increased by approximately 14.2% to HK\$73.0 million during the Period (Previous Period: approximately HK\$63.9 million). However, due to the regression of JHD business segment, the overall gross profit margin decreased slightly from approximately 38.8% in the Previous Period to approximately 37.5% for the Period. Driven by the improvement in gross profit, an increase in other gains and income, and a reduction in finance costs resulting from the lower average bank borrowings during the Period, the Group achieved a significant improvement in the condensed consolidated results for the Period, recording a net profit of approximately HK\$1.0 million (Previous Period: net loss of approximately HK\$7.4 million).

As a well-established, reputable, and upscale interior design company, maintaining a stable project pipeline provided a firm foundation during the Period. This stability also reflects our ability to secure client trust through unwavering commitment to quality, even in challenging market conditions. As at 30 June 2025, the aggregate remaining contract sum of the Group was approximately HK\$538.5 million (31 December 2024: approximately HK\$507.1 million).

The cash position and liquidity of the Group remained positive. As at 30 June 2025, the bank balances and cash of the Group were approximately HK\$112.7 million (31 December 2024: approximately HK\$140.9 million) and the current ratio remained at approximately 2.8 (31 December 2024: approximately 2.6). The Group's operating cash flow position improved significantly during the Period, with the net operating cash outflow narrowing by 83.7% to approximately HK\$4.3 million (Previous Period: approximately HK\$26.4 million). This positive shift was primarily driven by increased revenue and successful debt recovery initiatives.

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 approximately 1.6% (31 December 2024: approximately 6.6%). The Group had net cash (bank balances and cash less total debt) of approximately HK\$107.7 million as at 30 June 2025 (31 December 2024: approximately HK\$120.9 million).



## MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

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 2025				For the six months period ended 30 June 2024			
	SLD HK\$ million	SLL HK\$ million	JHD HK\$ million	Total HK\$ million	SLD HK\$ million	SLL HK\$ million	JHD HK\$ million	Total HK\$ million
<b>Remaining contract sum at the beginning of the period</b>	<b>285.8</b>	<b>146.4</b>	<b>74.9</b>	<b>507.1</b>	250.6	114.5	89.0	454.1
Add: New contract sum awarded during the period	132.7	115.4	39.0	287.1	143.4	110.9	38.0	292.3
Less: VAT for newly awarded contracts	(6.6)	(12.7)	(2.5)	(21.8)	(7.0)	(12.2)	(2.2)	(21.4)
Less: Revenue recognised during the period	(116.1)	(55.5)	(22.1)	(193.7)	(99.1)	(39.6)	(25.1)	(163.8)
Less: Variation order	(16.0)	(7.1)	(25.4)	(48.5)	(14.9)	(5.1)	(0.6)	(20.6)
Add: Exchange realignments	4.8	2.7	0.8	8.3	(1.7)	(0.5)	(0.1)	(2.3)
<b>Remaining contract sum at the end of the period</b>	<b>284.6</b>	<b>189.2</b>	<b>64.7</b>	<b>538.5</b>	271.3	168.0	99.0	538.3

The remaining contract sum for SLD and JHD reduced from approximately HK\$285.8 million and HK\$74.9 million as at 31 December 2024 to approximately HK\$284.6 million and HK\$64.7 million as at 30 June 2025, respectively. In addition to the reduced new contract sum awarded, the increase in negative variation orders arising from changes in sales strategies and marketing plans by our clients also attributed to the decline in remaining contract sum.

The remaining contract sum of SLL increased from approximately HK\$146.4 million as at 31 December 2024 to approximately HK\$189.2 million as at 30 June 2025, 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.

The following table sets forth the Group's new contract sum by brand and types of projects awarded during the periods indicated:

	For the six months period ended 30 June 2025				For the six months period ended 30 June 2024			
	SLD HK\$ million	SLL HK\$ million	JHD HK\$ million	Total HK\$ million	SLD HK\$ million	SLL HK\$ million	JHD HK\$ million	Total HK\$ million
<b>New contract sum awarded during the period</b>								
Residential project	105.1	103.9	7.6	216.6	109.5	109.2	8.6	227.3
Private residence project	4.3	1.6	–	5.9	12.5	0.1	–	12.6
Hospitality project	9.7	0.1	14.9	24.7	10.6	1.3	10.9	22.8
Commercial project	0.8	9.5	14.6	24.9	10.8	0.3	16.7	27.8
*Others	12.8	0.3	1.9	15.0	–	–	1.8	1.8
<b>Total</b>	<b>132.7</b>	<b>115.4</b>	<b>39.0</b>	<b>287.1</b>	143.4	110.9	38.0	292.3

\* Others mainly consists of mixed-use development projects.

The new contract sum awarded slightly dropped by approximately 1.8% from approximately HK\$292.3 million for the Previous Period to approximately HK\$287.1 million for the Period. The decrease was mainly contributed from the intense competition in the residential and private residence interior design market.

## MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

The following table sets forth the breakdown of remaining contract sum by brand and types of projects as at the dates indicated:

	As at 30 June 2025					As at 31 December 2024				
	SLD HK\$ million	SLL HK\$ million	JHD HK\$ million	Total HK\$ million	% of total remaining contract sum %	SLD HK\$ million	SLL HK\$ million	JHD HK\$ million	Total HK\$ million	% of total remaining contract sum %
<b>Remaining contract sum</b>										
Residential project	215.6	175.1	8.6	399.3	74.1	201.9	142.2	16.4	360.5	71.1
Private residence project	34.1	1.8	–	35.9	6.7	45.0	1.5	–	46.5	9.2
Hospitality project	8.7	0.7	20.5	29.9	5.5	15.1	1.2	18.3	34.6	6.8
Commercial project	12.1	10.4	26.3	48.8	9.1	12.1	0.1	27.2	39.4	7.8
*Others	14.1	1.2	9.3	24.6	4.6	11.7	1.4	13.0	26.1	5.1
<b>Total</b>	<b>284.6</b>	<b>189.2</b>	<b>64.7</b>	<b>538.5</b>	<b>100.0</b>	<b>285.8</b>	<b>146.4</b>	<b>74.9</b>	<b>507.1</b>	<b>100.0</b>

\* Others mainly consists of mixed-use development projects.

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

	For the six months period ended 30 June 2025					For the six months period ended 30 June 2024				
	SLD HK\$ million	SLL HK\$ million	JHD HK\$ million	Total HK\$ million	% of total revenue %	SLD HK\$ million	SLL HK\$ million	JHD HK\$ million	Total HK\$ million	% of total revenue %
<b>Revenue</b>										
Residential project	85.4	53.9	5.7	145.0	74.5	58.8	37.4	4.8	101.0	61.4
Private residence project	13.5	0.9	–	14.4	7.4	5.5	0.7	–	6.2	3.8
Hospitality project	11.1	0.6	6.0	17.7	9.1	23.1	0.8	6.9	30.8	18.7
Commercial project	1.0	–	9.7	10.7	5.5	5.5	–	11.9	17.4	10.6
*Others	6.0	0.1	0.7	6.8	3.5	6.9	0.7	1.5	9.1	5.5
<b>Total</b>	<b>117.0</b>	<b>55.5</b>	<b>22.1</b>	<b>194.6</b>	<b>100.0</b>	<b>99.8</b>	<b>39.6</b>	<b>25.1</b>	<b>164.5</b>	<b>100.0</b>

\* Others mainly consists of mixed-use development projects.

As mentioned above, the Group's total revenue increased by approximately 18.3% during the Period. The increase was mainly resulted from the service revenue from the provision of interior design services and interior decorating and furnishing design services during the Period. Detailed performance of each segment was analysed as below.

## MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

### SLD

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

During the Period, this segment maintained its focus on the residential project sector. The entire SLD brand contributed approximately 60.1% to the Group’s total revenue (Previous Period: approximately 60.7%). Segment revenue increased from approximately HK\$99.8 million for the Previous Period to approximately HK\$117.0 million for the Period, representing an increase of approximately 17.2%. The increase in revenue was mainly attributable to the growth in the residential and private residence project sectors, driven by advancements in project progress. This growth reflected the overall upward trend in investment and sales volume of the property market in the first half of 2025. In addition, there has been a gradual recovery in market confidence across first- and second-tier cities in the PRC. As a result, property developers have demonstrated greater willingness to launch new residential development projects.

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\$0.9 million (Previous Period: approximately HK\$0.7 million).

As at 30 June 2025, this business segment had a stable remaining contract sum of approximately HK\$284.6 million (31 December 2024: approximately HK\$285.8 million), which is expected to be realised based on the stages of completion and the general progress of projects during the second half of 2025 through 2027.

### 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 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 28.5% to the Group’s total revenue for the Period (Previous Period: approximately 24.0%). SLL maintained its focus on the residential project sector during the Period. Revenue of SLL recorded a significant increase of approximately 40.2% to approximately HK\$55.5 million during the Period (Previous Period: approximately HK\$39.6 million). This growth was primarily driven by the rebound in the PRC property market, which commenced in first- and second-tier cities. Property developers in these regions have shown increased confidence for launching high-end residential development projects in prime urban locations, which are well aligned with SLL’s strategic focus and competitive strengths.

As at 30 June 2025, this business segment had a remaining contract sum of approximately HK\$189.2 million (31 December 2024: approximately HK\$146.4 million), which is expected to be realised based on the stages of completion of projects and the delivery of interior decorative products.

## MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

### 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 11.4% to the Group's total revenue for the Period (Previous Period: approximately 15.3%), with segment revenue decreased by approximately 12.0%, from approximately HK\$25.1 million for the Previous Period to approximately HK\$22.1 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 2025, this business segment had a remaining contract sum of approximately HK\$64.7 million (31 December 2024: approximately HK\$74.9 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 2025 through 2027.

## FINANCIAL REVIEW

### REVENUE AND GROSS PROFIT

During the Period, the Group's revenue increased by approximately HK\$30.1 million or 18.3%, from approximately HK\$164.5 million for the Previous Period to approximately HK\$194.6 million for the Period. The increase in total revenue was mainly contributed by the increase in revenue from residential and private residence projects sectors as a result of the recovery of the PRC's property market.

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 2025				For the six months period ended 30 June 2024			
	SLD HK\$ million	SLL HK\$ million	JHD HK\$ million	Total HK\$ million	SLD HK\$ million	SLL HK\$ million	JHD HK\$ million	Total HK\$ million
Service revenue	116.1	4.7	16.4	137.2	99.1	5.6	23.3	128.0
License fee revenue	0.9	-	-	0.9	0.7	-	-	0.7
Trading income	-	50.8	5.7	56.5	-	34.0	1.8	35.8
<b>Total Revenue</b>	<b>117.0</b>	<b>55.5</b>	<b>22.1</b>	<b>194.6</b>	<b>99.8</b>	<b>39.6</b>	<b>25.1</b>	<b>164.5</b>
<b>Gross Profit</b>	<b>49.1</b>	<b>21.0</b>	<b>2.9</b>	<b>73.0</b>	<b>45.4</b>	<b>12.2</b>	<b>6.3</b>	<b>63.9</b>
Gross Profit Margin	42.0%	37.8%	13.1%	37.5%	45.5%	30.8%	25.1%	38.8%

Service revenue increased from approximately HK\$128.0 million for the Previous Period to approximately HK\$137.2 million for the Period. The increase in service revenue is mainly attributable to the improving performance in the residential and private residence projects.

The Group's gross profit increased by approximately HK\$9.1 million or 14.2%, from approximately HK\$63.9 million for the Previous Period to approximately HK\$73.0 million for the Period, while gross profit margin decreased to approximately 37.5% (Previous Period: approximately 38.8%). The decrease was primarily due to the downturn of JHD segment which is affected by the slump of the PRC's hospitality and commercial property market during the Period.

## MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

### OTHER GAINS AND LOSSES

The Group recorded other gains of approximately HK\$0.9 million for the Period as compared with other losses of approximately HK\$2.9 million for the Previous Period. The increase was primarily due to the reduction of provision for litigations during the Period. For details, please refer to note 6 to the condensed consolidated financial statements of this report.

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

Impairment losses on trade receivables and contract assets for the Period were approximately HK\$9.8 million (Previous Period: approximately HK\$5.4 million). The increase was mainly attributable to the higher trade receivables and contract assets balances assessed under the ECL model resulting from the growth in revenue. For details, please refer to the section headed “Credit Risk Exposure” of this report.

### OTHER INCOME

Other income of the Group mainly includes the membership fee income, government grants and interest income from bank deposits. The increase in other income from approximately HK\$1.0 million for the Previous Period to approximately HK\$2.3 million for the Period was mainly attributable to the increase in membership fee income arising from the “Design Hub” which 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.

### SELLING EXPENSES

Selling expenses of the Group increased from approximately HK\$7.7 million for the Previous Period to approximately HK\$10.2 million for the Period, representing an increase of approximately 32.5%. The increase was mainly due to the increase in business consultancy fees resulted from the revenue growth and the increase in staff resources and manpower in business developing during the Period.

### ADMINISTRATIVE EXPENSES

Administrative expenses of the Group remained stable at approximately HK\$51.2 million for the Period, compared to approximately HK\$51.5 million for the Previous Period. This stability was supported by the Group’s ongoing cost control measurement, including the retention of existing back-office staffing levels.

### FINANCE COSTS

Finance costs of the Group comprised interest on lease liabilities and the bank borrowings for financing the Group’s operations. Finance costs decreased from approximately HK\$2.0 million for the Previous Period to approximately HK\$1.2 million for the Period. The decrease was mainly attributable to the decrease in average bank borrowings during the Period.

### PROFIT (LOSS) FOR THE PERIOD

As a result of the foregoing, the Group recorded a significant improvement from a net loss of approximately HK\$7.4 million for the Previous Period to a net profit of approximately HK\$1.0 million for the Period.

### BASIC EARNINGS (LOSS) PER SHARE

The Company’s basic earnings per share for the Period was approximately HK0.14 cents (Previous Period: approximately HK0.54 cents of basic loss per share).

## MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

### OUTLOOK AND PROSPECTS

Data from the National Macroeconomic Monitoring and Forecasting System indicated that the PRC's Gross Domestic Product (GDP) grew by 5.3% year-on-year in the first half of 2025, aligning with market expectations and signalling sustained economic recovery. However, escalating geopolitical tensions, heightened uncertainty in global trade policies, and fragile domestic consumption growth present potential risks to macro-financial stability. Amid the intertwined challenges, consumer confidence remained under pressure, and the overall business environment requires cautious navigation.

Despite external uncertainties, the Group has adhered to a strategy of steady progress while actively expanding into other business segments. We continue to expand our presence in the high-end interior design services sector and remain committed to exploring diversified development opportunities. During the Period, the Group actively broadened the scope of its design services, creating more projects with iconic and cultural value. Meanwhile, we explored cross-industry collaborations to develop innovative design products and service solutions to meet the market's diverse demands.

To further strengthen its regional competitive advantage, the Group will focus on three strategic pillars: "Rejuvenation, Diversification, Globalisation", transforming the Group into a multifaceted lifestyle brand that transcends traditional boundaries. The vision will be realised through merit-based talent acquisition and brand rejuvenation; the Group plans to establish overseas footholds, assembling multicultural professional design teams to target high-potential markets across Southeast Asia and the Middle East. In early 2025, the Group formally launched a new brand in Milan, established in collaboration with an emerging Italian designer. This milestone not only signifies a major step forward in the Company's strategic expansion into the European market, but also serves as a new platform for Sino-European cultural and design exchange. This strategic partnership is anticipated to significantly strengthen the Group's presence and influence across Milan and the broader European region, further solidifying the Group's competitive standing in the fast-evolving global marketplace. In addition, the Group will continue to optimise its cost control measures and resource allocation efficiency to enhance organisational resilience and risk resistance, enabling a stable response to economic cycle fluctuations.

Looking ahead, the Group will fully leverage its industry experience to explore new business opportunities. By upholding our professional standards and embracing innovation, we will stay attuned to market trends while continuously sharpening our core competitiveness to deliver exceptional value to our clients and generate sustainable long-term returns 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.

As at 30 June 2025, the Group's total debt (representing total interest-bearing borrowings excluding lease liabilities arising from the adoption of HKFRS 16) to total asset ratio was approximately 1.0% (31 December 2024: approximately 4.0%). 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 1.6% (31 December 2024: approximately 6.6%). The Group had net cash (bank balances and cash less total debt) of approximately HK\$107.7 million as at 30 June 2025 (31 December 2024: approximately HK\$120.9 million).

## MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

The bank borrowings of approximately HK\$5.0 million as at 30 June 2025 (31 December 2024: approximately HK\$20.0 million) were unsecured and guaranteed by the Company. No bank borrowings were secured by pledged bank deposits. Details are disclosed in note 14 to the condensed consolidated financial statements of this report. Further costs for operations and expansion will be partially financed by unutilised bank facilities. As at 30 June 2025 and up to the date of this report, the bank borrowings were mainly for financing the Group's daily operation.

The liquidity of the Group maintained stable as the current ratio (current assets/current liabilities) of the Group as at 30 June 2025 was approximately 2.8 (31 December 2024: approximately 2.6). The Group also has sufficient committed and unutilised loan and working capital facility and guarantee facilities to meet the needs of the Group's business development. The Group will cautiously seek development opportunities with a view to balancing the risk and opportunity in maximising Shareholders' value.

As at 30 June 2025, the share capital and equity attributable to owners of the Company amounted to approximately HK\$11.4 million (31 December 2024: approximately HK\$11.4 million) and approximately HK\$308.3 million (31 December 2024: approximately HK\$303.3 million), respectively.

### PLEDGE OF ASSETS AND RESTRICTED BANK BALANCES

No assets were pledged as at 30 June 2025 and 31 December 2024.

As at 30 June 2025, there were restricted bank balances of approximately HK\$2.3 million (31 December 2024: approximately HK\$2.7 million) which were due to legal disputes in the PRC. For details, please refer to notes 6, 12, and 19 to the condensed consolidated financial statements of this report.

### CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS

During the Period, a client filed a lawsuit against a PRC subsidiary of the Group in relation to a contractual dispute involving the provision of interior design services, which 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 sum of approximately Renminbi ("RMB") 308,000 (equivalent to approximately HK\$338,000) in a bank account of a PRC subsidiary of the Group has been frozen pursuant to a court order on pre-litigation property attachment in July 2025. A contingent liability of approximately RMB308,000 (equivalent to approximately HK\$338,000) has been noted up to the date of this report.

In 2024, the Group had a contingent liability of approximately RMB450,000 (equivalent to approximately HK\$486,000) arising from a contractual dispute related to the provision of construction drawing services. A lawsuit was filed against a PRC subsidiary of the Group in November 2024. Pursuant to a court order issued in January 2025, a sum of approximately RMB450,000 (equivalent to approximately HK\$486,000) held in the bank account of the PRC subsidiary was frozen. The case was fully settled in May 2025, and the frozen bank balance was subsequently released in June 2025.

The Group did not have any significant capital commitments as at 30 June 2025 and 31 December 2024.

### EVENTS AFTER THE REPORTING PERIOD

Except for the event disclosed in the section headed "Contingent Liabilities and Capital Commitments" of this report, there are no significant events subsequent to 30 June 2025 and up to the date of this report which may materially affect the Group's operating and financial performance.

## MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

### EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES AND INTEREST RATES AND CORRESPONDING HEDGING ARRANGEMENTS

The Group's bank borrowings as at 30 June 2025 were in Hong Kong dollars and have been made at floating rates. 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 consist of institutional organisations and reputable property developers, credit risk remains at a high level. While the PRC property market has shown the sign of recovery, a notable rebound has yet to materialise.

The real estate market has demonstrated signs of stabilisation since the fourth quarter of 2024, driven by a series of policy measures that have gradually bolstered market confidence. The Real Estate Prosperity Index released by the NBS exhibited a steady upward trend, indicating a steady improvement in market sentiment steadily improved. This positive trend has been underpinned by persistent demand and reinforced by ongoing policy interventions.

Amid the market's transition from downturn to stabilisation, the Group has reinforced its business relationships with 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 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 the PRC property developers has gradually eased. According to data from the People's Bank of China, at the end of the second quarter of 2025, the balance of real estate development loans recorded as RMB13.81 trillion, reflecting a year-on-year increase of 0.3%. In the first half of 2025, the balance rose by RMB292.6 billion from the end of 2024. 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.



## MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

As at 30 June 2025, trade receivables (in gross amount) amounted to approximately HK\$253.0 million (31 December 2024: approximately HK\$226.3 million), increased by approximately HK\$26.7 million. The increase in trade receivables was mainly resulted from the growth of revenue, which also led to the increase in the accumulated allowance to approximately HK\$94.0 million (31 December 2024: approximately HK\$87.6 million) and average loss rate of trade receivables to approximately 37.2% (31 December 2024: approximately 38.7%).

As at 30 June 2025, contract assets (in gross amount) amounted to approximately HK\$132.5 million (31 December 2024: approximately HK\$133.5 million). The accumulated allowance for credit losses for contracts assets increased to approximately HK\$48.0 million (31 December 2024: approximately HK\$43.2 million) and the average loss rate also increased to approximately 36.2% (31 December 2024: approximately 32.4%).

As at 30 June 2025, the overall accumulated allowance for credit losses was approximately HK\$142.0 million (31 December 2024: approximately HK\$130.8 million), and the average loss rate was approximately 36.8% (31 December 2024: approximately 36.4%), which are similar to 31 December 2024. As of the date of this report, approximately HK\$37.4 million of the trade receivables as at 30 June 2025 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 2025 has been performed appropriately and sufficient impairment losses has been made.

## RISK MANAGEMENT

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

## EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2025, the Group had 434 (as at 30 June 2024: 399) full-time employees. The total remuneration of the employees (including the Directors' remuneration) was approximately HK\$91.3 million for the Period (Previous Period: approximately HK\$82.2 million). The increase in total remuneration of the employees was mainly due to the increase 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.

## **MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)**

### **SIGNIFICANT INVESTMENTS/MATERIAL ACQUISITION AND DISPOSALS**

The Group did not hold any significant investments as at 30 June 2025.

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**

The Group did not have any solid plans for material investments and capital assets as at 30 June 2025.

### **APPRECIATION**

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

## CORPORATE GOVERNANCE AND OTHER INFORMATION

### INTERIM DIVIDEND

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

### DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 30 June 2025, the interests and short positions of the Directors and the chief executives of the Company in the shares and underlying shares of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "**SFO**")) which were required (a) to be notified to the Company and the Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were deemed or taken to have under such provisions of the SFO); (b) to be entered in the register required to be kept by the Company pursuant to section 352 of the SFO; or (c) to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix C3 to The Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**"), are set out as follows:

Name of Directors or chief executives	Long/ Short position	Capacity/ Nature of interest	Number of shares held	Approximate percentage of the issued share capital of the Company <sup>(Note 1)</sup>
Mr. Leung Chi Tien Steve, BBS <sup>(Note 2)</sup>	Long	Interest in controlled corporation	256,500,000	22.47%

Notes:

- On the basis of 1,141,401,000 shares in issue as at 30 June 2025.
- Sino Panda Group Limited ("**Sino Panda**") is wholly and beneficially owned by Mr. Leung Chi Tien Steve, BBS ("**Mr. Steve Leung**") and therefore Mr. Steve Leung is deemed to be interested in the shares held by Sino Panda under the SFO.

Save as disclosed in the foregoing, as at 30 June 2025, having made sufficient enquiry and to the best knowledge of the Directors or chief executives of the Company, none of the Directors or chief executives of the Company had any interests or short positions in the shares and underlying shares of the Company and its associated corporations (within the meaning of Part XV of the SFO) which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he was taken or deemed to have under such provisions of the SFO); (b) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) pursuant to the Model Code to be notified to the Company and the Stock Exchange.

## CORPORATE GOVERNANCE AND OTHER INFORMATION (CONTINUED)

## SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 30 June 2025, the interests and/or short positions of the persons (other than being a Director or chief executive of the Company) in the shares and the underlying shares of the Company as notified to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO or as recorded in the register required to be kept under Section 336 of the SFO, are set out as follows:

Name of Shareholders	Long/ Short position	Capacity/ Nature of interest	Number of shares	Approximate percentage of the issued share capital of the Company <sup>(Note 1)</sup>
Eagle Vision Development Limited	Long	Beneficial owner	598,500,000	52.44%
Peacemark Enterprises Limited <sup>(Note 2)</sup>	Long	Interest in controlled corporation	598,500,000	52.44%
Jangho Hong Kong Holdings Limited <sup>(Note 3)</sup>	Long	Interest in controlled corporation	598,500,000	52.44%
Jangho Group Co., Ltd <sup>(Note 4)</sup>	Long	Interest in controlled corporation	598,500,000	52.44%
北京江河源控股有限公司 (Beijing Jiangheyuan Holdings Co., Ltd.) <sup>(Note 5) (Note 6)</sup>	Long	Interest in controlled corporation	598,500,000	52.44%
Mr. Liu Zaiwang <sup>(Note 6)</sup>	Long	Interest in controlled corporation	598,500,000	52.44%
Ms. Fu Haixia <sup>(Note 7)</sup>	Long	Interest of spouse	598,500,000	52.44%
Sino Panda	Long	Beneficial owner	256,500,000	22.47%
Ms. Chan Siu Wan <sup>(Note 8)</sup>	Long	Interest of spouse	256,500,000	22.47%

Notes:

- On the basis of 1,141,401,000 shares in issue as at 30 June 2025.
- Eagle Vision Development Limited ("**Eagle Vision**") is beneficially owned as to approximately 42.86% by Peacemark Enterprises Limited ("**Peacemark Enterprises**") and therefore Peacemark Enterprise is deemed to be interested in the shares held by Eagle Vision under the SFO.
- Peacemark Enterprises is wholly and beneficially owned by Jangho Hong Kong Holdings Limited ("**Jangho HK**") and therefore Jangho HK is deemed to be interested in the shares indirectly held by Peacemark Enterprises through Eagle Vision under the SFO.
- Jangho HK is wholly and beneficially owned by Jangho Group Co., Ltd. ("**Jangho Co.**") and therefore Jangho Co. is deemed to be interested in the shares indirectly held by Jangho HK through Peacemark Enterprises and Eagle Vision under the SFO.
- Ms. Fu Haixia ("**Ms. Fu**"), the spouse of Mr. Liu Zaiwang ("**Mr. Liu**"), is the sole director of Beijing Jiangheyuan Holdings Co., Ltd. ("**Jiangheyuan**"). The board of directors of Jangho Co. is controlled by Jiangheyuan and therefore Jiangheyuan is deemed to be interested in the shares held by Jangho Co. through Jangho HK, Peacemark Enterprises and Eagle Vision under the SFO.

## CORPORATE GOVERNANCE AND OTHER INFORMATION (CONTINUED)

6. Jangho Co. is beneficially owned as to approximately 27.86% by Jiangheyuan (a company which is 85% and 15% beneficially owned by Mr. Liu and his spouse Ms. Fu, respectively), and beneficially owned as to approximately 25.53% by Mr. Liu and therefore, Mr. Liu is deemed to be interested in the shares indirectly held by Jangho Co. through Jangho HK, Peacemark Enterprises and Eagle Vision under the SFO.
7. Ms. Fu is the spouse of Mr. Liu and is therefore deemed to be interested in the shares that Mr. Liu is interested in under the SFO.
8. Ms. Chan Siu Wan is the spouse of Mr. Steve Leung and is therefore deemed to be interested in the shares that Mr. Steve Leung is interested in under the SFO.

Save as disclosed above, the Directors are not aware of any persons (other than the Directors and chief executives of the Company) who, as at 30 June 2025, has an interest or a short position in the shares which will be required to be disclosed to the Company and the Stock Exchange under the provisions of Division 2 and 3 of Part XV of the SFO or would be, directly or indirectly, interested in 5% or more of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group.

## SHARE OPTION SCHEME

On 11 June 2018, the Company adopted a share option scheme ("**Share Option Scheme**") for the primary purpose of motivating the Eligible Persons (as defined below) to optimise their future contributions to the Group and/or to reward them for their past contributions, attracting and retaining or otherwise maintaining on-going relationships with such Eligible Persons who are significant to and/or whose contributions are or will be beneficial to the performance, growth or success of the Group, and additionally in the case of Executives (as defined below), enabling the Group to attract and retain individuals with experience and ability and/or rewarding them for their past contributions. Subject to the terms of the Share Option Scheme, the Board shall be entitled at any time during the life of the Share Option Scheme to offer the grant of any options ("**Options**") to subscribe for such number of shares to any Eligible Person as the Board may in its absolute discretion select. The basis of eligibility shall be determined by the Board from time to time.

## CORPORATE GOVERNANCE AND OTHER INFORMATION (CONTINUED)

Persons satisfying any of the following ("**Eligible Persons**") may be offered with Options by the Board, at its absolute discretion:

- (a) any executive director of, manager of, or other employee holding an executive, managerial, supervisory or similar position in any member of the Group ("**Executives**");
- (b) any proposed employee, any full-time or part-time employee, or a person for the time being seconded to work full-time or part – time for any member of the Group;
- (c) a director or proposed director (including an independent non-executive director) of any member of the Group;
- (d) a direct or indirect shareholder of any member of the Group;
- (e) a supplier of goods or services to any member of the Group;
- (f) a client, consultant, business or joint venture partner, franchisee, contractor, agent or representative of any member of the Group;
- (g) a person or entity that provides design, research, development or other support or any advisory, consultancy, professional or other services to any member of the Group; and
- (h) an associate (as defined in the Listing Rules) of any of the persons referred to in paragraphs (a) to (g) above.

The Board shall set out in the offer the terms on which the option is to be granted. The maximum number of shares which may be issued upon exercise of all outstanding Options granted and yet to be exercised under the Share Option Scheme and any other schemes of the Company must not exceed 30% of the shares in issue from time to time. No Options shall be granted under the Share Option Scheme at any time if such grant shall result in the scheme limit being exceeded.

The total number of shares which may be issued upon exercise of all Options to be granted under the Share Option Scheme and any other schemes of the Company shall not in aggregate exceed 10% of the total number of shares in issue as at the Listing Date (i.e. 114,000,000 shares, representing approximately 9.99% of the total number of issued shares of the Company as at the date of this report). The Company may seek approval of its shareholders in general meeting for refreshing such 10% limit.

The maximum number of shares issued and to be issued upon exercise of the Options granted to each Eligible Person (including both exercised and outstanding Options) in any 12-month period shall not exceed 1% of the shares in issue from time to time. Any further grant of Options in excess of this limit is subject to shareholders' approval in a general meeting.

## CORPORATE GOVERNANCE AND OTHER INFORMATION (CONTINUED)

Any grant of Options to any Director, chief executive or substantial shareholder (as such term as defined in the Listing Rules) of the Company, or any of their respective associates under the Share Option Scheme is subject to the prior approval of the independent non-executive Directors (excluding independent non-executive Directors who or whose associates is the grantee of an Option). Where any grant of Options to a substantial shareholder or an independent non-executive Director, or any of their respective associates, would result in the shares issued and to be issued upon exercise of all Options already granted and to be granted (including Options exercised, cancelled and outstanding) to such person in the 12-month period up to and including the date of such grant (i) representing in aggregate over 0.1% of the shares in issue on the date of such grant; and (ii) having an aggregate value, based on the closing price of the shares at the date of grant, in excess of HK\$5.0 million, such for the grant of the Options shall be subject to prior approval of the shareholders with such person and his associates abstaining from voting in favour of general meeting.

An offer for the grant of Option must be accepted within 28 days from the offer date. Options granted shall be taken up upon payment of HK\$1 as consideration for the grant of Option. Options may be exercised at any time from the date which Option is deemed to be granted and accepted and expired on the date as the Board in its absolute discretion determine and which shall not exceeding a period of 10 years from the date on which the Options are deemed to be granted and accepted but subject to the provisions for early termination thereof contained in the Share Option Scheme.

The subscription price is determined by the Board, and shall not be less than whichever is the highest of (i) the closing price of the shares as stated in the Stock Exchange's daily quotations sheet on the date of offer; and (ii) the average closing price of the shares as stated in the Stock Exchange's daily quotations sheet for the five business days immediately preceding the offer date.

The Share Option Scheme shall be valid and effective for a period of 10 years commencing from 11 June 2018. No share options under the Share Option Scheme have been granted since its adoption and up to the date of this report. No share options were outstanding under the Share Option Scheme and thus the number of options available for grant under the Share Option Scheme remained 114,000,000 at the beginning and the end of the Period.

Should the Company decide to grant any share option under the Share Option Scheme, such grant(s) will be made in compliance with Chapter 17 of the Listing Rules.

## DIRECTORS', CHIEF EXECUTIVES' AND EMPLOYEES' INTERESTS UNDER THE SHARE OPTION SCHEME OF THE COMPANY

None of the Directors or chief executives or employees of the Company had any interests under any share option scheme of the Company during 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 AND OTHER INFORMATION (CONTINUED)

### SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the Directors as at the date of this report, the Company has maintained a sufficient public float during the Period and up to the date of this report as required under the Listing Rules.

### 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 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 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 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 this report.

The audit committee of the Board (the **"Audit Committee"**), which comprises all of the three independent non-executive Directors, namely Mr. Tsang Ho Ka Eugene (Chairman of the Audit Committee), Mr. Liu Yi and Ms. Wang Wanjun, has reviewed and discussed with the management for the Group's interim results for the Period and examined the unaudited condensed consolidated financial statements for the Period and this report. Members of the Audit Committee and BDO Limited agree with the accounting treatments adopted in the preparation of the unaudited condensed consolidated financial statements.

On behalf of the Board

**XU Xingli**

*Chairman*

26 August 2025



# REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS



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## TO THE BOARD OF DIRECTORS OF STEVE LEUNG DESIGN GROUP LIMITED

*(incorporated in the Cayman Islands with limited liability)*

### Introduction

We have reviewed the interim condensed consolidated financial statements set out on pages 24 to 42 which comprise the condensed consolidated statement of financial position of Steve Leung Design Group Limited and its subsidiaries (collectively referred to as the “**Group**”) as of 30 June 2025 and the related condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-month period then ended, and notes to the condensed consolidated financial statements including material accounting policy information (the “**Condensed Consolidated Financial Statements**”). The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 “Interim Financial Reporting” (“**HKAS 34**”) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”). The directors are responsible for the preparation and presentation of the Condensed Consolidated Financial Statements in accordance with HKAS 34. Our responsibility is to express a conclusion on the Condensed Consolidated Financial Statements based on our review. This report is made solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

### Scope of Review

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the HKICPA. A review of these interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the Condensed Consolidated Financial Statements are not prepared, in all material respects, in accordance with HKAS 34.

### BDO Limited

*Certified Public Accountants*

Lau Kin Tat, Terry  
Practising Certificate no. P07676

Hong Kong, 26 August 2025

## CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months period ended 30 June 2025

	NOTES	Six months period ended 30 June	
		2025 (Unaudited) HK\$'000	2024 (Unaudited) HK\$'000
Revenue	3	194,592	164,514
Cost of sales		(121,593)	(100,583)
Gross profit		72,999	63,931
Other gains and losses		874	(2,937)
Impairment losses on trade receivables and contract assets under expected credit loss model	4	(9,793)	(5,390)
Other income		2,325	1,021
Selling expenses		(10,159)	(7,706)
Administrative expenses		(51,202)	(51,507)
Finance costs		(1,239)	(2,000)
Profit (loss) before taxation		3,805	(4,588)
Income tax expense	5	(2,834)	(2,786)
Profit (loss) for the period	6	971	(7,374)
<i>Other comprehensive income (expense) that may be reclassified subsequently to profit or loss</i>			
Exchange differences arising on translation of foreign operations		3,518	(890)
Total comprehensive income (expense) for the period		4,489	(8,264)
Profit (loss) for the period attributable to:			
— Owners of the Company		1,590	(6,139)
— Non-controlling interests		(619)	(1,235)
		971	(7,374)
Total comprehensive income (expense) for the period attributable to:			
— Owners of the Company		5,014	(6,986)
— Non-controlling interests		(525)	(1,278)
		4,489	(8,264)
Earnings (loss) per share (expressed in Hong Kong cents)			
Basic	7	0.14	(0.54)
Diluted	7	0.14	(0.54)

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

At 30 June 2025

	NOTES	30 June 2025 (Unaudited) HK\$'000	31 December 2024 (Audited) HK\$'000
<b>Non-current Assets</b>			
Property, plant and equipment	8	13,821	15,509
Right-of-use assets	8	35,210	40,174
Intangible assets		1,080	1,251
Goodwill		1,182	1,166
Rental deposits	10	5,308	5,377
Deferred tax assets		52,060	51,558
		<b>108,661</b>	<b>115,035</b>
<b>Current Assets</b>			
Inventories		27	26
Trade receivables	9	158,919	138,730
Other receivables, deposits and prepayments	10	11,534	9,390
Contract assets	11	84,429	90,323
Tax recoverable		247	247
Restricted bank balances	12	2,265	2,720
Bank balances and cash		112,671	140,883
		<b>370,092</b>	<b>382,319</b>
<b>Current Liabilities</b>			
Trade payables	13	53,943	50,625
Other payables and accrued charges	13	14,120	20,242
Bank borrowings	14	5,000	20,000
Lease liabilities		17,752	17,506
Contract liabilities	11	18,333	19,384
Tax liabilities		22,337	21,510
		<b>131,485</b>	<b>149,267</b>
<b>Net Current Assets</b>		<b>238,607</b>	<b>233,052</b>
<b>Total Assets less Current Liabilities</b>		<b>347,268</b>	<b>348,087</b>
<b>Capital and Reserves</b>			
Share capital	15	11,414	11,414
Reserves		296,873	291,859
Equity attributable to owners of the Company		308,287	303,273
Non-controlling interests		10,261	10,786
<b>Total Equity</b>		<b>318,548</b>	<b>314,059</b>
<b>Non-current Liabilities</b>			
Deferred tax liabilities		9,838	9,839
Lease liabilities		18,882	24,189
		<b>28,720</b>	<b>34,028</b>
		<b>347,268</b>	<b>348,087</b>

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

For the six months period ended 30 June 2025

	Attributable to owners of the Company									
	Share capital	Share premium	Merger reserve	Statutory reserve	Exchange reserve	Long-term employee benefit reserve	Shareholder's contribution	Retained profits	Total	Non-controlling interests
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Note (a))	(Note (a))	(Note (b))	(Note (c))	(Note (d))	(Note (d))	(Note (e))			
At 1 January 2024 (audited)	11,414	258,224	(112,360)	7,745	(19,877)	12,964	43,119	103,309	304,538	11,520
Loss for the period	-	-	-	-	-	-	-	(6,139)	(6,139)	(1,235)
Exchange difference arising on translation of foreign operations	-	-	-	-	(847)	-	-	-	(847)	(43)
Total comprehensive expense for the period	-	-	-	-	(847)	-	-	(6,139)	(6,986)	(1,278)
Transfer of reserves	-	-	-	309	-	-	-	(309)	-	-
At 30 June 2024 (unaudited)	11,414	258,224	(112,360)	8,054	(20,724)	12,964	43,119	96,861	297,552	10,242
At 1 January 2025 (audited)	11,414	258,224	(112,360)	8,343	(22,947)	-	43,119	117,480	303,273	10,786
Profit (loss) for the period	-	-	-	-	-	-	-	1,590	1,590	(619)
Exchange difference arising on translation of foreign operations	-	-	-	-	3,424	-	-	-	3,424	94
Total comprehensive income (expense) for the period	-	-	-	-	3,424	-	-	1,590	5,014	(525)
Transfer of reserves	-	-	-	181	-	-	-	(181)	-	-
At 30 June 2025 (unaudited)	11,414	258,224	(112,360)	8,524	(19,523)	-	43,119	118,889	308,287	10,261

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)***For the six months period ended 30 June 2025*

Notes:

(a) Share premium included

(i) the difference between the nominal amount of the share capital issued by Steve Leung Design Group Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) and the aggregate of the nominal amount of the share capital and other reserves of SLD Group Holdings Limited, a subsidiary which was incorporated pursuant to the group reorganisation (the “**Reorganisation**”) of the Group in connection with the listing of the shares of the Company on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) as set out in the section headed “History, Development and Reorganisation” in the prospectus of the Company dated 22 June 2018 (the “**Prospectus**”); and

(ii) the share premium arising from the issuance of new shares upon the exercise of share options under share option scheme.

(b) Merger reserve represents the difference between the amount of share capital and share premium of the Company issued, and the share capital of Steve Leung Designers Limited (“**SLDL**”) exchanged in connection with the Reorganisation.

(c) The articles of association of the Company’s subsidiaries established in the People’s Republic of China (the “**PRC**”) state that they may make an appropriation of 10% of their profit for the year (prepared under generally accepted accounting principles in the PRC) each year to the statutory reserve until the balance reaches 50% of their paid-in capital. The statutory reserve shall only be used for making good losses, capitalisation into paid-in capital and expansion of their production and operation.

(d) The amount represents the recognition of the equity settled long-term employee benefit scheme of a subsidiary of the Company in respect of “Share-linked Bonus and Share Conversion Scheme” (the “**Conversion Scheme**”) and share option scheme, details of share option scheme is set out in note 18.

(e) The amount represents the contribution from a shareholder pursuant to the sale and purchase agreement of SLDL Acquisition as defined in the section headed “History, Development and Reorganisation” in the Prospectus. The seller (who is also the non-controlling shareholder of SLDL) had guaranteed a certain level of profit of SLDL for the three years ended 31 December 2016 and the Group will receive from the seller 50% of the shortfall of actual profit generated by SLDL with the guarantee profit as contribution. An approximate amount of HK\$43,119,000 was confirmed by shareholders of SLDL and the amount was received and recognised by the Group as a shareholder’s contribution on 24 November 2017.

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS***For the six months period ended 30 June 2025*

	<b>Six months period ended 30 June</b>	
	<b>2025</b>	<b>2024</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
<b>OPERATING ACTIVITIES</b>		
Operating cash flows before movements in working capital	<b>25,773</b>	17,204
(Increase) decrease in inventories	<b>(1)</b>	19
Increase in trade receivables	<b>(24,530)</b>	(10,770)
Increase in other receivables, deposits and prepayments	<b>(2,075)</b>	(627)
Decrease (increase) in contract assets	<b>2,597</b>	(24,438)
Decrease in pledged bank deposits	<b>–</b>	211
Decrease (increase) in restricted bank balances	<b>455</b>	(542)
Increase (decrease) in trade payables	<b>3,318</b>	(6,541)
Decrease in other payables and accrued charges	<b>(6,122)</b>	(3,476)
(Decrease) increase in contract liabilities	<b>(1,124)</b>	4,564
Income taxes paid	<b>(2,621)</b>	(2,022)
<b>NET CASH USED IN OPERATING ACTIVITIES</b>	<b>(4,330)</b>	(26,418)
<b>INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	<b>(612)</b>	(1,596)
Purchase of intangible assets	<b>(2)</b>	(2)
Interest received	<b>114</b>	155
Proceeds from disposal of property, plant and equipment	<b>–</b>	80
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(500)</b>	(1,363)
<b>FINANCING ACTIVITIES</b>		
Repayments of bank borrowings	<b>(20,000)</b>	(160,000)
Repayments of lease liabilities	<b>(8,514)</b>	(9,535)
Interest paid for lease liabilities	<b>(785)</b>	(856)
Interest paid	<b>(454)</b>	(1,144)
New bank borrowings raised	<b>5,000</b>	150,000
<b>NET CASH USED IN FINANCING ACTIVITIES</b>	<b>(24,753)</b>	(21,535)
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(29,583)</b>	(49,316)
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD</b>	<b>140,883</b>	148,892
<b>EFFECT OF FOREIGN EXCHANGE RATE CHANGES</b>	<b>1,371</b>	(14)
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD, REPRESENTED BY BANK BALANCES AND CASH</b>	<b>112,671</b>	99,562

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months period ended 30 June 2025

## 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 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 PRC with its shares listed on the Shanghai Stock Exchange.

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard (**"HKAS"**) 34 *Interim Financial Reporting* issued by the Hong Kong Institutes of Certified Public Accountants (the **"HKICPA"**) as well as the applicable disclosure requirements of Appendix D2 to the Rules Governing the Listing of Securities on the Stock Exchange.

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

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

Other than changes in accounting policies resulting from the application of amendments to HKFRS Accounting Standards, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months period ended 30 June 2025 are the same as those presented in the Group's annual consolidated financial statements for the year ended 31 December 2024.

### 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 2025 for the preparation of the Group's condensed consolidated financial statements:

Amendments to HKAS 21 and HKFRS 1	Lack of Exchangeability
-----------------------------------	-------------------------

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

### 2.1 IMPACTS ON APPLICATION OF AMENDMENTS

#### Amendments to HKAS 21 and HKFRS 1 Lack of Exchangeability

The amendments specify when a currency is exchangeable into another currency and when it is not and how an entity estimates the spot exchange rate when a currency is not exchangeable. In addition, the amendments require disclosure of information that enables users of its financial statements to evaluate how a currency's lack of exchangeability affects, or is expected to affect, the entity's financial performance, financial position and cash flows.

The amendments are effective for annual reporting periods beginning on or after 1 January 2025, with early application permitted. The application of the amendments is not expected to have significant impact on the financial position and performance of the Group.

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)***For the six months period ended 30 June 2025***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 2025 and 30 June 2024 are as follows:

	<b>Six months period ended 30 June</b>	
	<b>2025</b>	2024
	<b>HK\$'000</b>	HK\$'000
	<b>(Unaudited)</b>	(Unaudited)
Service revenue	<b>137,181</b>	128,032
License fee revenue	<b>881</b>	742
Trading income	<b>56,530</b>	35,740
	<b>194,592</b>	164,514

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.



**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

For the six months period ended 30 June 2025

**3. REVENUE AND SEGMENT INFORMATION (CONTINUED)**

Segment information about these reportable and operating segments is presented as below. The prior period segment information for comparative purposes has been restated as a result of alteration to the presentation of the reportable segments, intended to enhance the reliability of the segment information.

**DISAGGREGATION OF REVENUE FROM CONTRACTS WITH CUSTOMERS**

	SLD HK\$'000	SLL HK\$'000	JHD HK\$'000	Total HK\$'000
<b>Six months period ended 30 June 2025</b>				
<b>(unaudited)</b>				
<b>Geographical markets</b>				
Hong Kong	13,279	970	–	14,249
PRC	94,515	54,349	22,040	170,904
Other regions	9,212	227	–	9,439
	<u>117,006</u>	<u>55,546</u>	<u>22,040</u>	<u>194,592</u>
<b>Timing of revenue recognition</b>				
Over time				
Service revenue	<u>116,125</u>	<u>4,699</u>	<u>16,357</u>	<u>137,181</u>
At point in time				
License fee revenue	881	–	–	881
Trading income	–	50,847	5,683	56,530
	<u>881</u>	<u>50,847</u>	<u>5,683</u>	<u>57,411</u>
	<u>117,006</u>	<u>55,546</u>	<u>22,040</u>	<u>194,592</u>
	SLD HK\$'000	SLL HK\$'000	JHD HK\$'000	Total HK\$'000
<b>Six months period ended 30 June 2024</b>				
<b>(unaudited)</b>				
<b>Geographical markets</b>				
Hong Kong	5,855	347	–	6,202
PRC	76,375	38,595	25,120	140,090
Other regions	17,581	641	–	18,222
	<u>99,811</u>	<u>39,583</u>	<u>25,120</u>	<u>164,514</u>
<b>Timing of revenue recognition</b>				
Over time				
Service revenue	<u>99,069</u>	<u>5,613</u>	<u>23,350</u>	<u>128,032</u>
At point in time				
License fee revenue	742	–	–	742
Trading income	–	33,970	1,770	35,740
	<u>742</u>	<u>33,970</u>	<u>1,770</u>	<u>36,482</u>
	<u>99,811</u>	<u>39,583</u>	<u>25,120</u>	<u>164,514</u>

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

For the six months period ended 30 June 2025

**3. REVENUE AND SEGMENT INFORMATION (CONTINUED)****SEGMENT REVENUE AND RESULTS**

	<b>SLD</b>	<b>SLL</b>	<b>JHD</b>	<b>Total</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>	<b>HK\$'000</b>	<b>HK\$'000</b>
<b>For the six months period ended</b>				
<b>30 June 2025 (unaudited)</b>				
<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 gains and losses				874
Other income				2,325
Finance costs				(1,239)
Profit before taxation				3,805

	<b>SLD</b>	<b>SLL</b>	<b>JHD</b>	<b>Total</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>	<b>HK\$'000</b>	<b>HK\$'000</b>
<b>For the six months period ended</b>				
<b>30 June 2024 (unaudited) (restated)</b>				
<i>Revenue</i>				
Segment revenue	101,011	42,202	25,186	168,399
Inter-segment revenue	(1,200)	(2,619)	(66)	(3,885)
Segment revenue from external customers	99,811	39,583	25,120	164,514
<i>Segment results</i>	14,448	642	(4,732)	10,358
Corporate expenses				(11,030)
Other gains and losses				(2,937)
Other income				1,021
Finance costs				(2,000)
Loss before taxation				(4,588)

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

For the six months period ended 30 June 2025

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

	<b>Six months period ended 30 June</b>	
	<b>2025</b>	2024
	<b>HK\$'000</b>	HK\$'000
	<b>(Unaudited)</b>	(Unaudited)
Net impairment losses recognised (reversed) in respect of		
— trade receivables	<b>5,251</b>	(4,527)
— contract assets	<b>4,542</b>	9,917
	<b>9,793</b>	5,390

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 2025 are the same as those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2024.

**5. INCOME TAX EXPENSE**

	<b>Six months period ended 30 June</b>	
	<b>2025</b>	2024
	<b>HK\$'000</b>	HK\$'000
	<b>(Unaudited)</b>	(Unaudited)
Current tax:		
Hong Kong Profits Tax	—	—
PRC Enterprise Income Tax	<b>3,025</b>	2,753
Overseas Corporate Income Tax	<b>14</b>	—
	<b>3,039</b>	2,753
Under (over) provision in prior years:		
Hong Kong Profits Tax	—	—
PRC Enterprise Income Tax	<b>21</b>	(5)
	<b>21</b>	(5)
Deferred taxation	<b>(226)</b>	38
	<b>2,834</b>	2,786

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.

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

For the six months period ended 30 June 2025

**6. PROFIT (LOSS) FOR THE PERIOD**

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

	<b>Six months period ended 30 June</b>	
	<b>2025</b>	2024
	<b>HK\$'000</b>	HK\$'000
	<b>(Unaudited)</b>	(Unaudited)
Amortisation of intangible assets		
— included in cost of sales	<b>87</b>	71
— included in administrative expenses	<b>101</b>	128
	<b>188</b>	199
Cost of inventories recognised as an expense	<b>33,713</b>	24,845
Depreciation of property, plant and equipment	<b>2,452</b>	2,263
Depreciation of right-of-use assets	<b>9,246</b>	9,935
Exchange (gain) loss, net	<b>(38)</b>	777
Interest income from banks	<b>(114)</b>	(155)
Interest on bank borrowings	<b>454</b>	1,144
Interest on lease liabilities	<b>785</b>	856
Gain on disposals of property, plant and equipment	<b>—</b>	(80)
Gain on lease termination	<b>(15)</b>	—
Gain on lease modification	<b>(821)</b>	—
Grants received from local government (Note 1)	<b>(26)</b>	(28)
PRC incentive rebates (Note 2)	<b>(296)</b>	(54)
Provision for litigations (Note 3)	<b>—</b>	2,240

Notes:

- The amounts represent grants provided by the relevant PRC authorities to certain PRC subsidiaries of the Group. There were no other terms to the grants, the Group recognised the grants in other income when the grants received from the relevant PRC authorities.
- 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.
- During the six months period ended 30 June 2024, the Group had encountered two legal disputes involving restricted bank balances. These disputes had been treated as follows:
  - A PRC subsidiary of the Group had a contractual dispute related to interior decorating and furnishing services provided to a client. The subsidiary was ordered by the Beijing Chaoyang District People's Court to compensate the client of approximately Renminbi ("RMB") 1,370,000. The case is currently under appeal proceedings at the No. 3 Intermediate People's Court of Beijing Municipality. In view of the ongoing proceedings, the Group has recognised a provision for this case, estimating the liability to be approximately RMB1,566,000 (equivalent to approximately HKD1,697,000) for the six months period ended 30 June 2024. As at 30 June 2025 and 31 December 2024, bank accounts totalling approximately RMB1,566,000 have been frozen due to the dispute.
  - A PRC subsidiary of the Group had a labour dispute related to compensation to a former employee. The subsidiary was ordered by the Beijing Chaoyang District People's Court to compensate the former employee of approximately RMB1,360,000. The case is currently under appeal proceedings at the No. 3 Intermediate People's Court of Beijing Municipality. In view of the ongoing proceedings, the Group has recognised a provision for this case, estimating the liability to be approximately RMB501,000 (equivalent to approximately HKD543,000) for the six months period ended 30 June 2024. As at 30 June 2025 and 31 December 2024, bank accounts totalling approximately RMB501,000 have been frozen due to the dispute.

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

For the six months period ended 30 June 2025

**7. EARNINGS (LOSS) PER SHARE**

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

	<b>Six months period ended 30 June</b>	
	<b>2025</b>	<b>2024</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>Profit (loss)</b>		
Profit (loss) for the period attributable to owners of the Company		
for the purposes of basic and diluted earnings (loss) per share	<b>1,590</b>	<b>(6,139)</b>
	<b>Six months period ended 30 June</b>	
	<b>2025</b>	<b>2024</b>
<b>Number of shares</b>		
Weighted average number of ordinary shares for the purpose		
of basic and diluted earnings (loss) per share	<b>1,141,401,000</b>	<b>1,141,401,000</b>

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

The computation of diluted loss per share for the six months period ended 30 June 2024 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 period.

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

During the six months period ended 30 June 2025, the Group acquired property, plant and equipment of HK\$612,000 (six months period ended 30 June 2024: HK\$1,596,000).

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 the lease liabilities of HK\$2,800,000, resulting in a corresponding adjustment to the right-of-use asset of HK\$3,621,000.

During the six months period ended 30 June 2024, the Group did not enter into new lease arrangements.

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

For the six months period ended 30 June 2025

**9. TRADE RECEIVABLES**

	At 30 June 2025 HK\$'000 (Unaudited)	At 31 December 2024 HK\$'000 (Audited)
Trade receivables	184,854	168,559
Less: allowance for credit losses	(63,175)	(58,672)
Trade receivables (net carrying amount)	<u>121,679</u>	<u>109,887</u>
Unbilled receivables (Note)	68,107	57,779
Less: allowance for credit losses	(30,867)	(28,936)
Unbilled receivables (net carrying amount)	<u>37,240</u>	<u>28,843</u>
	<u><b>158,919</b></u>	<u><b>138,730</b></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 2025 is an amount of HK\$6,374,000 (31 December 2024: HK\$7,278,000) 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 2025 HK\$'000 (Unaudited)	At 31 December 2024 HK\$'000 (Audited)
0 to 30 days	44,709	50,546
31 to 90 days	21,112	6,162
91 to 180 days	7,406	8,875
181 days to 1 year	18,024	7,461
Over 1 year	30,428	36,843
	<u><b>121,679</b></u>	<u><b>109,887</b></u>

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

For the six months period ended 30 June 2025

**9. TRADE RECEIVABLES (CONTINUED)**

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

As at 30 June 2025, included in the Group's trade receivables balance are debtors with aggregate carrying amount of HK\$121,679,000 (31 December 2024: HK\$109,887,000) which are past due as at the reporting date. Out of the past due balances, HK\$55,858,000 (31 December 2024: HK\$53,179,000) 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 2025, the Group's trade receivables of HK\$9,114,000 (31 December 2024: HK\$9,654,000) are collateralised by certain PRC properties of clients, of which HK\$7,136,000 (31 December 2024: HK\$7,945,000) 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 2025 are the same as those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2024.

**10. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS**

	At 30 June 2025 HK\$'000 (Unaudited)	At 31 December 2024 HK\$'000 (Audited)
Other receivables	6,582	3,667
Value-added tax recoverable	2,152	1,919
Prepayments of expenses	2,291	3,059
Rental deposits	5,308	5,379
Other deposits	509	743
	<b>16,842</b>	<b>14,767</b>
Analysed as:		
Current	11,534	9,390
Non-current — Rental deposits	5,308	5,377
	<b>16,842</b>	<b>14,767</b>

Including in the carrying amount of other receivables as at 30 June 2025 is an amount of HK\$829,000 (31 December 2024: Nil), which is unsecured, interest free and repayable on demand, due from a related party controlled by a controlling shareholder of the Company.

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

For the six months period ended 30 June 2025

**11. CONTRACT ASSETS AND CONTRACT LIABILITIES**

	At 30 June 2025 HK\$'000 (Unaudited)	At 31 December 2024 HK\$'000 (Audited)
<b>Contract assets</b>		
Interior design services	126,314	124,798
Interior decorating and furnishing services	6,160	8,692
Less: allowance for credit losses	(48,045)	(43,167)
	<u>84,429</u>	<u>90,323</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 achieve specified milestones as stipulated in the contracts.

Included in the carrying amount of contract assets as at 30 June 2025 is an amount of HK\$1,102,000 (31 December 2024: HK\$698,000) from related parties controlled by a controlling shareholder of the Company.

	At 30 June 2025 HK\$'000 (Unaudited)	At 31 December 2024 HK\$'000 (Audited)
<b>Contract liabilities</b>		
Interior design services	6,819	9,253
Interior decorating and furnishing services	11,514	10,131
	<u>18,333</u>	<u>19,384</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 2025, the restricted bank balances amounted to approximately HK\$2,265,000 (31 December 2024: HK\$2,720,000), which was due to legal disputes, details of which are set out in note 6.



**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

For the six months period ended 30 June 2025

**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 2025 HK\$'000 (Unaudited)	At 31 December 2024 HK\$'000 (Audited)
0 to 180 days	30,194	36,893
Over 180 days	23,749	13,732
	<b>53,943</b>	<b>50,625</b>

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

	At 30 June 2025 HK\$'000 (Unaudited)	At 31 December 2024 HK\$'000 (Audited)
Accrued staff benefits	7,074	10,191
Other payables and accrued charges	4,781	7,809
Provision for litigations (Note 6)	2,265	2,242
	<b>14,120</b>	<b>20,242</b>

**14. BANK BORROWINGS**

	At 30 June 2025 HK\$'000 (Unaudited)	At 31 December 2024 HK\$'000 (Audited)
Unsecured	5,000	20,000
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	<b>5,000</b>	<b>20,000</b>

As at 30 June 2025, included in the Group's borrowings are variable-rate borrowings of HK\$5,000,000 (31 December 2024: HK\$20,000,000) carrying interest of 3.00% to 3.75% (31 December 2024: ranging from 3.00% to 3.75%) per annum over Hong Kong Interbank Offered Rate.

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

For the six months period ended 30 June 2025

**15. SHARE CAPITAL**

	Number of shares	HK\$
Ordinary shares of the Company of HK\$0.01 each		
<b>Authorised</b>		
At 1 January 2024 (audited), 31 December 2024 (audited) and 30 June 2025 (unaudited)	4,000,000,000	40,000,000
<b>Issued and fully paid</b>		
At 1 January 2024 (audited), 31 December 2024 (audited) and 30 June 2025 (unaudited)	1,141,401,000	11,414,010

**16. RELATED PARTY TRANSACTIONS**

Other than the balances and transactions with related parties disclosed elsewhere in these condensed consolidated financial statements, the Group has entered into the following transactions with its related parties during the periods:

Relationship	Nature of transactions	Six months period ended 30 June	
		2025 HK\$'000 (Unaudited)	2024 HK\$'000 (Unaudited)
Fellow subsidiaries	Consultancy services expense	580	–
	Interior design service income	362	3,610
	Rental expense	1,150	–
	Acquisition of property, plant and equipment	–	30

**COMPENSATION OF KEY MANAGEMENT PERSONNEL**

The remuneration of key management personnel of the Group is as follows:

	Six months period ended 30 June	
	2025 HK\$'000 (Unaudited)	2024 HK\$'000 (Unaudited)
Basic salaries, allowance and other benefits	5,957	7,430
Discretionary bonus	1,691	405
Retirement benefits scheme contributions	287	311
	7,935	8,146

The remuneration of key management personnel is determined by the Directors having regard to the performance of the Group.

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)***For the six months period ended 30 June 2025***17. FAIR VALUE OF FINANCIAL INSTRUMENTS**

The carrying amounts of the Group's financial assets and financial liabilities carried at amortised cost as reflected in the condensed consolidated statement of financial position approximate their respective fair values due to relative short term maturity of these financial instruments.

**18. SHARE-BASED PAYMENT TRANSACTIONS****EQUITY-SETTLED SHARE OPTION SCHEME OF THE COMPANY**

The share option scheme was adopted pursuant to a resolution passed on 11 June 2018 (the "**Scheme**") for the purpose of recognising the contribution of certain senior management, employees, consultants and other contributors of the Group (the "**Participants**") that have made or may have been made to the growth of the Group. Under the Scheme, the Board may grant options to Participants, including the Directors, to subscribe for shares in the Company.

On 15 June 2018, the Company implemented a settlement plan in relation to the Conversion Scheme (the "**Settlement Plan**") as further detailed in "History, Development and Reorganisation" in the Prospectus. Pursuant to the Settlement Plan: (i) the Conversion Scheme was terminated and replaced by the Scheme; (ii) the entitlement of dividend rights and shares of SLDL of the eligible participants under the Conversion Scheme was replaced by the share options granted to them; and (iii) all the rights, benefits and claims of the eligible participants under the Conversion Scheme were terminated.

The total number of shares in respect of which options may be granted under the Scheme is not permitted to exceed 10% of the shares of the Company in issue at any point in time, without prior approval from the Company's shareholders. The number of shares issued and to be issued in respect of which options granted and may be granted to any individual in any one year is not permitted to exceed 1% of the shares of the Company in issue at any point in time, without prior approval from the Company's shareholders.

Options granted shall be taken up upon payment of HK\$1 as consideration for the grant of option. Options may be exercised at any time not exceeding a period of 10 years from the date which the share option is deemed to be granted and accepted. The exercise price is determined by the directors of the Company, and will not be less than the higher of (i) the closing price of the Company's shares on the date of grant, and (ii) the average closing price of the shares for the five business days immediately preceding the date of grant.

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

For the six months period ended 30 June 2025

**18. SHARE-BASED PAYMENT TRANSACTIONS (CONTINUED)****EQUITY-SETTLED SHARE OPTION SCHEME OF THE COMPANY (CONTINUED)**

The following table discloses movements of the Company's share options held by directors and employees during the period:

Date of grant	Exercise price HK\$	Exercise period	Outstanding at 1 January 2024	Exercised during the period	Forfeited during the period	Outstanding at 31 December 2024 and 30 June 2025
5 July 2018	0.44	05/07/2018-30/6/2024	5,592,840	–	(5,592,840)	–
		05/07/2019-30/6/2024	5,592,840	–	(5,592,840)	–
		05/07/2020-30/6/2024	5,739,360	–	(5,739,360)	–
		05/07/2021-30/6/2024	5,884,680	–	(5,884,680)	–
		05/07/2022-30/6/2024	5,884,680	–	(5,884,680)	–
			<u>28,694,400</u>	<u>–</u>	<u>(28,694,400)</u>	<u>–</u>
Weighted average exercise price			HK\$0.44	HK\$0.44	HK\$0.44	–

Note: These options has been expired as at 30 June 2024. Such options have forfeited during the year ended 31 December 2024.

**19. CONTINGENT LIABILITIES**

During the six months period ended 30 June 2025, a client filed a lawsuit against a PRC subsidiary of the Group in relation to a contractual dispute involving the provision of interior design services, which 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 sum of approximately RMB308,000 (equivalent to approximately HK\$338,000) in a bank account of a PRC subsidiary of the Group has been frozen pursuant to a court order on pre-litigation property attachment in July 2025. A contingent liability of approximately RMB308,000 (equivalent to approximately HK\$338,000) has been noted up to the date of this condensed consolidated financial statements.

**20. EVENTS AFTER THE REPORTING PERIOD**

Except for the event disclosed in the note 19, there are no significant events subsequent to 30 June 2025 and up to the date of this report which may materially affect the Group's operating and financial performance.