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STEVE LEUNG DESIGN GROUP LIMITED

梁志天設計集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2262)

PROFIT WARNING

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

The board (the “**Board**”) of directors (the “**Directors**”) of the Company wishes to inform the shareholders and potential investors of the Company that, based on the preliminary assessment of the unaudited consolidated management accounts of the Group for the year ended 31 December 2021 (the “**Year**”) and the information currently available to the Board, the Group is expected to record a consolidated result in the range between a net loss of approximately HK\$3 million to a net profit of approximately HK\$3 million, for the Year (subject to further adjustments and impairment assessments) as compared with a net profit of approximately HK\$35 million for the year ended 31 December 2020.

Based on the information currently available, the Board considers that the Group’s decline in net profit for the Year was mainly attributable to the following factors:

1. increase in the provision for expected credit losses on trade receivables and contract assets of the Group for the Year of approximately HK\$16 million, mainly due to the increased uncertainty on the settlement from clients. Some of the residential property developer clients of the Group appear to be in severe financial difficulties and there are evidence that indicate their trade receivables and contract assets might be credit-impaired, such as default on their bonds; and

2. cease of government subsidies from the Employment Support Scheme under the Anti-epidemic Fund launched by the Government of the Hong Kong Special Administrative Region and concession on certain social insurance, retirement fund and housing fund granted by the governmental authorities of the People's Republic of China, amounting to an aggregate sum of approximately HK\$17 million which led to the increase in the staff cost of the Group for the Year.

Notwithstanding the above, the Board would like to emphasise that the Group's financial position remains healthy and stable, and the Group has sufficient cash resources to meet its present and future cash flow requirements for its operations. The Group expects to have maintained its net cash at over HK\$220 million as at 31 December 2021.

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

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

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

Hong Kong, 28 January 2022

As at the date of this announcement, the executive Directors are Mr. Siu Man Hei (Chief Executive Officer), Mr. Yip Kwok Hung Kevin (Chief Financial Officer), Mr. Ding Chunya and Ms. Kau Wai Fun, the non-executive Directors are Mr. Xu Xingli (Chairman) and Mr. Ding Jingyong and the independent non-executive Directors are Mr. Liu Yi, Mr. Sun Yansheng and Mr. Tsang Ho Ka Eugene.