

K W NELSON INTERIOR DESIGN AND CONTRACTING GROUP LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8411)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2025

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HIGHLIGHTS

- During the year ended 31 December 2025 (the “Year”), the Group’s revenue increased by approximately 126.5% from approximately HK\$21.5 million for the year ended 31 December 2024 (the “Previous Year”) to approximately HK\$48.8 million. The increase was mainly driven by the increase in revenue from projects for office premises and data centre. The Group’s gross profit increased from approximately HK\$6.8 million for the Previous Year to approximately HK\$18.2 million for the Year, representing an increase of approximately 168.5%.
- The Group recorded a profit attributable to the owners of the Company of approximately HK\$3.1 million for the Year (Previous Year: loss of HK\$3.3 million).
- The Board recommended a final dividend of HK0.6 cents per share for the Year (Previous Year: HK2.0 cents per share) which is subject to the approval of shareholders at the forthcoming annual general meeting of the Company.

ANNUAL RESULTS

The board (the “Board”) of directors (the “Directors”) of K W Nelson Interior Design and Contracting Group Limited (the “Company”) hereby present the consolidated results of the Company and its subsidiaries (collectively, the “Group”) for the year ended 31 December 2025, together with the comparative figures for the corresponding year in 2024 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2025

		2025	2024
	<i>Note</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue	3	48,800	21,544
Cost of sales		<u>(30,610)</u>	<u>(14,769)</u>
Gross profit		18,190	6,775
Other income	4	1,018	1,930
Selling and distribution expenses		(1,720)	(1,301)
Administrative expenses		(11,128)	(11,087)
(Provision for)/reversal of impairment of trade receivables and contract assets		<u>(3,643)</u>	<u>371</u>
Operating profit/(loss)		2,717	(3,312)
Finance costs	5	<u>(49)</u>	<u>(25)</u>
Profit/(loss) before income tax		2,668	(3,337)
Income tax credit	6	<u>431</u>	<u>–</u>
Profit/(loss) for the year		<u>3,099</u>	<u>(3,337)</u>

	2025	2024
<i>Note</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Profit/(loss) for the year attributable to:		
– Owners of the Company	3,104	(3,337)
– Non-controlling interests	<u>(5)</u>	<u>–</u>
	<u>3,099</u>	<u>(3,337)</u>
Earnings/(loss) per share attributable to		
the owners of the Company (<i>in HK cents</i>)		
Basic and diluted	7 <u>0.3</u>	<u>(0.4)</u>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2025

	2025 HK\$'000	2024 HK\$'000
Profit/(loss) for the year	<u>3,099</u>	<u>(3,337)</u>
Other comprehensive income		
<i>Item that may be reclassified subsequently to profit or loss:</i>		
Exchange difference arising on translation of foreign operations	167	(17)
<i>Item that may not be reclassified to profit or loss:</i>		
Change in fair value of financial assets at fair value through other comprehensive income ("FVOCI")	<u>–</u>	<u>(66)</u>
Other comprehensive income/(loss) for the year	<u>167</u>	<u>(83)</u>
Total comprehensive income/(loss) for the year	<u><u>3,266</u></u>	<u><u>(3,420)</u></u>
Total comprehensive income/(loss) for the year attributable to:		
– Owners of the Company	3,271	(3,420)
– Non-controlling interests	<u>(5)</u>	<u>–</u>
	<u><u>3,266</u></u>	<u><u>(3,420)</u></u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2025

	<i>Note</i>	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
ASSETS			
Non-current assets			
Property, plant and equipment		698	1,675
Right-of-use assets		944	928
Deferred tax assets		516	–
Rental deposits	8	63	106
		<u>2,221</u>	<u>2,709</u>
Current assets			
Trade and other receivables	8	5,108	8,001
Contract assets		4,802	2,671
Pledged bank deposits		2,000	2,000
Time deposits with original maturity over three months		22,970	41,694
Cash and cash equivalents		17,151	9,040
		<u>52,031</u>	<u>63,406</u>
Total assets		<u>54,252</u>	<u>66,115</u>
EQUITY			
Equity attributable to the owners of the Company			
Share capital		10,000	10,000
Share premium		33,728	33,728
Shares held for share award scheme		(8,824)	(8,824)
Reserves		11,162	26,895
		<u>46,066</u>	<u>61,799</u>
Non-controlling interests		(9)	–
Total equity		<u>46,057</u>	<u>61,799</u>

	<i>Note</i>	2025 HK\$'000	2024 <i>HK\$'000</i>
LIABILITIES			
Non-current liabilities			
Lease liabilities		492	494
Provisions		537	548
		<u>1,029</u>	<u>1,042</u>
Current liabilities			
Trade and other payables	9	6,599	2,834
Lease liabilities		567	440
		<u>7,166</u>	<u>3,274</u>
Total liabilities		<u>8,195</u>	<u>4,316</u>
Total equity and liabilities		<u>54,252</u>	<u>66,115</u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2025

	Attributable to the owners of the Company								
	Share capital HK\$'000	Share premium HK\$'000	Exchange reserve HK\$'000	Fair value reserve HK\$'000	Shares held for share award scheme HK\$'000	Merger reserve HK\$'000	Capital contribution reserve HK\$'000	Retained earnings HK\$'000	Total HK\$'000
At 1 January 2024	10,000	33,728	(292)	(7,138)	(8,743)	(380)	5,000	33,125	65,300
Comprehensive income									
Loss for the year	-	-	-	-	-	-	-	(3,337)	(3,337)
Other comprehensive income									
Exchange difference arising on translation of foreign operations	-	-	(17)	-	-	-	-	-	(17)
Change in fair value of financial assets at FVOCI	-	-	-	(66)	-	-	-	-	(66)
Realised upon disposal of financial assets at FVOCI	-	-	-	7,204	-	-	-	(7,204)	-
Total comprehensive income/(loss) for the year	-	-	(17)	7,138	-	-	-	(10,541)	(3,420)
Transactions with owners									
Shares purchased for share award scheme	-	-	-	-	(81)	-	-	-	(81)
At 31 December 2024	10,000	33,728	(309)	-	(8,824)	(380)	5,000	22,584	61,799

Attributable to the owners of the Company

	Share capital	Share premium	Exchange reserve	Shares held for share award scheme	Merger reserve	Capital contribution reserve	Other reserve	Retained earnings	Total	Non- controlling interests	Total equity
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
At 1 January 2025	<u>10,000</u>	<u>33,728</u>	<u>(309)</u>	<u>(8,824)</u>	<u>(380)</u>	<u>5,000</u>	<u>-</u>	<u>22,584</u>	<u>61,799</u>	<u>-</u>	<u>61,799</u>
Comprehensive income											
Profit for the year	-	-	-	-	-	-	-	3,104	3,104	(5)	3,099
Other comprehensive income											
Exchange difference arising on translation of foreign operations	-	-	167	-	-	-	-	-	167	-	167
Total comprehensive income/(loss) for the year	<u>-</u>	<u>-</u>	<u>167</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,104</u>	<u>3,271</u>	<u>(5)</u>	<u>3,266</u>
Transactions with owners											
Dividend (<i>Note 10</i>)	-	-	-	-	-	-	-	(19,008)	(19,008)	-	(19,008)
Change of ownership of a subsidiary without loss of control	-	-	-	-	-	-	4	-	4	(4)	-
At 31 December 2025	<u>10,000</u>	<u>33,728</u>	<u>(142)</u>	<u>(8,824)</u>	<u>(380)</u>	<u>5,000</u>	<u>4</u>	<u>6,680</u>	<u>46,066</u>	<u>(9)</u>	<u>46,057</u>

1 GENERAL INFORMATION

K W Nelson Interior Design and Contracting Group Limited (the “Company”) was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law (Cap 22, Law 3 of 1961 as consolidated and revised) (now known as the Companies Act (2021 Revision)) of the Cayman Islands.

The Company’s registered office is at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, the Cayman Islands. The principal place of business is Room 1703, 17th Floor, Technology Plaza, 651 King’s Road, Quarry Bay, Hong Kong.

The Company is an investment holding company and together with its subsidiaries (collectively, the “Group”) are principally engaged in provision of interior designs, project management services and fitting-out works.

These consolidated financial statements are presented in thousands of Hong Kong Dollars (“HK\$’000”), unless otherwise stated.

2 BASIS OF PREPARATION AND ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

The consolidated financial statements have been prepared in accordance with HKFRS Accounting Standards, which collective term includes all applicable individual Hong Kong Financial Reporting Standards (“HKFRSs”), Hong Kong Accounting Standards (“HKAS”) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”), accounting principles generally accepted in Hong Kong and the requirements of the Hong Kong Companies Ordinance Cap. 622. The consolidated financial statements have been prepared under the historical cost convention.

The preparation of consolidated financial statements in conformity with HKFRS Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group’s accounting policies.

The consolidated financial statements are prepared on a going concern basis.

(a) New and amended standards adopted by the Group

The Group has applied the following new and amended standards, improvements and interpretation for the first time for their annual reporting period commencing 1 January 2025:

HKAS 21 and HKFRS 1	Lack of Exchangeability (amendments)
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The amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

(b) New and amended standards and interpretations not yet adopted

The following new and amended standards and interpretations have been published that are not mandatory for the current reporting period and have not been early adopted by the Group:

		Effective for annual periods beginning on or after
HKFRS 9 and HKFRS 7	Classification and Measurement of Financial Instruments (amendments)	1 January 2026
HKFRS 1, HKFRS 7, HKFRS 9, HKFRS 10 and HKFRS 7	Annual Improvements to HKFRS Accounting Standards — Volume 11	1 January 2026
HKFRS 9 and HKFRS 7	Contracts Referencing Nature-dependent Electricity (amendments)	1 January 2026
HKFRS 18	Presentation and Disclosure in Financial Statements (new standard)	1 January 2027
HKFRS 19	Subsidiaries without Public Accountability: Disclosures (new standard)	1 January 2027
HKFRS 19	Amendments to HKFRS 19 Subsidiaries without Public Accountability: Disclosures	1 January 2027
HK Int 5	Hong Kong Interpretation 5 Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause (amendments)	1 January 2027
HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (amendments)	To be determined

HKFRS 18, Presentation and disclosure in financial statements

HKFRS 18 will replace HKAS 1 Presentation of financial statements, introducing new requirements that will help to achieve comparability of the financial performance of similar entities and provide more relevant information and transparency to users. Even though HKFRS 18 will not impact the recognition or measurement of items in the financial statements, its impacts on presentation and disclosure are expected to be pervasive, in particular those related to the statement of financial performance and providing management-defined performance measures within the financial statements.

Management is currently assessing the detailed implications of applying the new standard on the Group's consolidated financial statements. From the high-level preliminary assessment performed, the following potential impacts have been identified:

- Although the adoption of HKFRS 18 will have no impact on the Group's net profit, the Group expects that grouping items of income and expenses in the consolidated statement of profit or loss into the new categories will impact how operating profit is calculated and reported.

- The line items presented on the primary financial statements might change as a result of the application of the concept of “useful structured summary” and the enhanced principles on aggregation and disaggregation.
- The Group does not expect there to be a significant change in the information that is currently disclosed in the notes because the requirement to disclose material information remains unchanged; however, the way in which the information is grouped might change as a result of the aggregation/disaggregation principles. In addition, there will be significant new disclosures required for:
 - management-defined performance measures;
 - a break-down of the nature of expenses for line items presented by function in the operating category of the statement of profit or loss — this break-down is only required for certain nature expenses; and
 - for the first annual period of application of HKFRS 18, a reconciliation for each line item in the statement of profit or loss between the restated amounts presented by applying HKFRS 18 and the amounts previously presented applying HKAS 1.

The Group will apply HKFRS 18 from its mandatory effective date of 1 January 2027. Retrospective application is required, and so the comparative information for the financial year ending 31 December 2026 will be restated in accordance with HKFRS 18.

The Group will apply the above new standard, revised framework and amendments to standards when they become effective. Except for the HKFRS 18 mentioned above, no new standard, revised framework and amendments to standards is expected to have a material effect on the entity in the current or future reporting periods and on foreseeable future transactions.

3 SEGMENT INFORMATION

The Group's chief operating decision maker, which has been identified as the Board of Directors, consider the segment from a business perspective and monitor the operating results of its operating segment for the purpose of making decisions about resource allocation and performance assessment.

During the year ended 31 December 2025, the Group had one (2024: one) reportable operating segment, which was provision of interior designs, project management services and fitting-out works. Since this is the only operating segment of the Group, no further operating segment analysis thereof is presented.

Geographic Information

(a) Revenue from external customers

The Group's revenue from external customers by geographical area, which is determined by the country/region where the services were provided, is as follows:

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Hong Kong	<u>48,800</u>	<u>21,544</u>

(b) Non-current assets

The Group's non-current assets other than deferred tax assets by geographic area is as follows:

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Hong Kong	1,701	2,705
The People's Republic of China (the "PRC")	<u>4</u>	<u>4</u>
	<u>1,705</u>	<u>2,709</u>

Key customers

For the year ended 31 December 2025, there were four customers (2024: four) which individually contributed over 10% of the Group's total revenue, the revenue contributed from each of these customers was as follows:

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Customer A	16,895	–*
Customer B	8,827	–*
Customer C	7,507	–*
Customer D	5,852	–*
Customer E	–*	4,662
Customer F	–*	3,513
Customer G	–*	3,421
Customer H	–*	3,134
	<u><u> </u></u>	<u><u> </u></u>

* The corresponding revenue did not contribute over 10% of the Group's total revenue.

4 OTHER INCOME

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Interest income	1,014	1,927
Sundry income	4	3
	<u><u> </u></u>	<u><u> </u></u>
	1,018	1,930

5 FINANCE COSTS

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Interest expense on lease liabilities	49	25
	<u><u> </u></u>	<u><u> </u></u>

6 INCOME TAX CREDIT

Hong Kong Profits Tax has been provided at the two-tiered rate of 8.25% for the first HK\$2,000,000 of the estimated assessable profit of the qualifying group entity and 16.5% on the remaining estimated assessable profit of the Group. No provision for Hong Kong profits tax has been made in the financial statements as the Group did not derive any assessable profit for the years ended 31 December 2025 and 2024.

No PRC Corporate Income Tax (“CIT”) provision was made as the PRC subsidiary has sustained a loss for taxation purpose for the years ended 31 December 2025 and 2024.

An analysis of the income tax credit is as follows:

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Hong Kong Profits Tax		
— Current year	—	—
— Under-provision in prior years	85	—
Deferred income tax	<u>(516)</u>	—
Income tax credit	<u><u>(431)</u></u>	<u>—</u>

7 EARNINGS/(LOSS) PER SHARE

(a) Basic earnings/(loss) per share

Basic earnings/(loss) per share is calculated by dividing the profit/(loss) attributable to the owners of the Company by the weighted average number of ordinary shares in issue during the year excluding shares purchased by the Company for the share award scheme.

	2025	2024
Profit/(loss) attributable to the owners of the Company (<i>HK\$'000</i>)	3,104	(3,337)
Weighted average number of ordinary shares in issue (<i>thousands</i>)	<u>950,400</u>	<u>950,538</u>
Basic earnings/(loss) per share (<i>HK cents</i>)	<u><u>0.3</u></u>	<u><u>(0.4)</u></u>

(b) Diluted earnings/(loss) per share

For the years ended 31 December 2025 and 2024, diluted earnings/(loss) per share is the same as basic earnings/(loss) per share as there was no potential dilutive ordinary shares in existence.

8 TRADE AND OTHER RECEIVABLES

	2025	2024
	HK\$'000	HK\$'000
Trade receivables	6,006	6,714
Less:provision for loss allowance	(3,659)	(887)
	2,347	5,827
Prepayments	2,197	1,327
Deposits and other receivables	627	953
	5,171	8,107
Less:Non-current portion		
Rental deposit	(63)	(106)
Current portion	5,108	8,001

The carrying amounts of the Group's trade and other receivables are denominated in HK\$. The Group does not hold any collateral as security.

Trade receivables are generally due within 7 days from the date of billing. Negotiated on a case-by-case basis, the credit terms granted to certain customers could be up to three months. The ageing analysis of the trade receivables based on invoice date is as follows:

	2025	2024
	HK\$'000	HK\$'000
Within 30 days	980	2,451
31 to 60 days	1,283	3,218
61 to 90 days	75	–
Over 90 days	9	158
	2,347	5,827

The provision for loss allowance of deposits and other receivables is immaterial.

9 TRADE AND OTHER PAYABLES

	2025	2024
	<i>HK\$'000</i>	<i>HK\$'000</i>
Trade payables	3,692	1,950
Other payables and accruals	2,907	884
	<u>6,599</u>	<u>2,834</u>

The carrying amounts of trade and other payables approximate their fair values and are denominated in HK\$.

The ageing analysis of the trade payables based on invoice date was as follows:

	2025	2024
	<i>HK\$'000</i>	<i>HK\$'000</i>
1 to 30 days	695	196
31 to 90 days	597	389
Over 90 days	2,400	1,365
	<u>3,692</u>	<u>1,950</u>

10 DIVIDENDS

	2025	2024
	<i>HK\$'000</i>	<i>HK\$'000</i>
Final dividend, proposed, of HK0.6 cents (2024: HK2.0 cents) per share	<u>6,000</u>	<u>20,000</u>

The final dividend proposed after the end of the reporting period has not been recognised as a liability in the consolidated statement of financial position.

11 CONTINGENT LIABILITIES

As at 31 December 2025, performance bond of HK\$2,178,000 (2024: Nil) was given by a bank in favour of the Group's customer as security for the due performance and observance of the Group's obligation under the contract entered into between the Group and the customer. The Group has pledged bank deposits for the above performance bond. If the Group fails to provide satisfactory performance to the customer to whom performance bond has been given, the customer may demand the bank to pay to the customer the sum stipulated in the demand. The Group will then become liable to compensate the bank accordingly. The performance bond will be released upon completion of the contract work. At the end of the reporting period, the directors do not consider it probable that a claim will be made against the Group.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND OUTLOOK

The Group is an interior decorator based in Hong Kong, focusing on commercial premises including office and medical centre mainly located in Hong Kong. Our services include provision of interior design proposals by our in-house designers, engaging subcontractors to carry out fitting-out works and coordinating, managing and supervising the fitting-out works by our project managers.

The Group's projects can be broadly categorised into (i) design & decoration projects in which the Group is responsible for the tailor-made interior design proposals, project management and fitting-out works; (ii) decoration projects in which the Group is responsible for project management and fitting-out works; and (iii) other interior design and fitting-out services.

During the year ended 31 December 2025 (the "Year" or "2025"), the Group's revenue increased by approximately 126.5% to approximately HK\$48.8 million from approximately HK\$21.5 million for the year ended 31 December 2024 (the "Previous Year" or "2024"). The increase was mainly driven by the increase in revenue from projects for office premises and data centre. The Group's gross profit increased to approximately HK\$18.2 million for the Year from approximately HK\$6.8 million for the Previous Year, representing an increase of approximately 168.5%.

The Group recorded a profit attributable to the owners of the Company of approximately HK\$3.1 million for the Year (Previous Year: loss of HK\$3.3 million).

OUTLOOK

During the Year, the Group completed/awarded certain projects of office premises, data centre and medical centre. Although the newly awarded contract sum has not yet reached the pre-pandemic levels, we are cautiously confident that the worst is now behind us. With the various market stabilisation measures implemented and the recovering market sentiment, the demand for decoration of office premises are expected to perk up.

Looking forward, the Group is optimistic with the prospects of the interior design and decoration market, especially on commercial premises, medical centres and elderly home. In view of the increasing public awareness in health issues and ageing population in Hong Kong, the Group believes more health centres, medical clinics, elderly home and health-related facilities will be established to meet the health care demand. The Group will continue to benefit from the increasing demand on design and decoration projects. The Group will also enhance its responsiveness to market trends so as to strengthen its position in the current market and continue its business expansion plan. In order to maximise the long term returns of our shareholders, the Group will continue to devote more resources to further develop its interior design and decoration by undertaking more sizeable projects and to explore new business opportunities through leveraging its experience in the industry.

FINANCIAL REVIEW

Revenue

The Group's revenue is principally generated from (i) design & decoration projects; (ii) decoration projects; and (iii) other interior design and fitting-out services. During the Year, the Group's revenue increased by approximately 126.5% to approximately HK\$48.8 million (Previous Year: HK\$21.5 million).

The following table sets forth a breakdown of the Group's revenue by use of premises of the projects for the years ended 31 December 2025 and 2024:

Use of premises	For the year ended 31 December			
	2025		2024	
	HK\$'000	%	HK\$'000	%
Office and data centre	44,305	90.8	17,026	79.0
Elderly home and medical centre	3,273	6.7	3,421	15.9
Others <i>(Note)</i>	1,222	2.5	1,097	5.1
Total	<u>48,800</u>	<u>100.0</u>	<u>21,544</u>	<u>100.0</u>

Note: Others mainly comprise gallery and residential premises.

The following table sets forth a breakdown of the Group's revenue and number of projects by project types and geographical locations for the years ended 31 December 2025 and 2024:

Project types and locations	For the year ended 31 December					
	2025			2024		
	<i>No. of projects</i>	<i>HK\$'000</i>	<i>%</i>	<i>No. of projects</i>	<i>HK\$'000</i>	<i>%</i>
Design & decoration						
Hong Kong	<u>8</u>	<u>37,275</u>	<u>76.4</u>	<u>9</u>	<u>18,963</u>	<u>88.0</u>
	<u>8</u>	<u>37,275</u>	<u>76.4</u>	<u>9</u>	<u>18,963</u>	<u>88.0</u>
Decoration						
Hong Kong	<u>2</u>	<u>306</u>	<u>0.6</u>	<u>2</u>	<u>286</u>	<u>1.3</u>
	<u>2</u>	<u>306</u>	<u>0.6</u>	<u>2</u>	<u>286</u>	<u>1.3</u>
Others						
Hong Kong		<u>11,219</u>	<u>23.0</u>		<u>2,295</u>	<u>10.7</u>
		<u>11,219</u>	<u>23.0</u>		<u>2,295</u>	<u>10.7</u>
Total	<u><u>10</u></u>	<u><u>48,800</u></u>	<u><u>100.0</u></u>	<u><u>11</u></u>	<u><u>21,544</u></u>	<u><u>100.0</u></u>

The increase in revenue of design and decoration projects from HK\$19.0 million for the Previous Year to HK\$37.3 million for the Year was mainly due to increase in revenue derived from projects of office premises by HK\$19.1 million.

The increase in revenue of other projects by HK\$8.9 million from HK\$2.3 million for the Previous Period to HK\$11.2 million for the Year was principally attributed to the increase in revenue derived from a reinstatement project of a data centre.

Cost of sales and gross profit

The Group's cost of sales mainly comprised subcontracting costs, direct staff costs, material purchase costs and insurance costs.

The following table sets forth the breakdown of the Group's gross profit and gross profit margin by use of premises of the projects for the years ended 31 December 2025 and 2024:

Use of premises	For the year ended 31 December			
	2025		2024	
	<i>Gross Profit</i>		<i>Gross Profit</i>	
	<i>Gross Profit</i>	<i>Margin</i>	<i>Gross Profit</i>	<i>Margin</i>
	<i>HK\$'000</i>	<i>%</i>	<i>HK\$'000</i>	<i>%</i>
Office and data centre	16,454	37.1	4,522	26.6
Elderly home and medical centre	1,340	40.9	1,876	54.8
Others	396	32.4	377	34.4
Overall	18,190	37.3	6,775	31.4

Gross profit margin of the Group's office premises and data centre projects increased from approximately 26.6% in 2024 to approximately 37.1% in 2025 was mainly due to increase in projects for a reinstatement project of a data centre in 2025 which involved more complex fitting-out works with relatively higher gross profit margin.

Gross profit margin of the Group's elderly home and medical centre projects decreased from approximately 54.8% in 2024 to approximately 40.9% in 2025 was mainly due to the fitting-out works in 2024 involved more complex specifications involved which lead to higher gross profit margin.

The following table sets forth the breakdown of the Group's gross profit and gross profit margin by project types for the years ended 31 December 2025 and 2024:

Project types	For the year ended 31 December			
	2025		2024	
	<i>Gross Profit</i>		<i>Gross Profit</i>	
	<i>Gross Profit</i>	<i>Margin</i>	<i>Gross Profit</i>	<i>Margin</i>
	<i>HK\$'000</i>	<i>%</i>	<i>HK\$'000</i>	<i>%</i>
Design & decoration	11,464	30.8	6,014	31.7
Decoration	122	39.9	39	13.6
Others	6,604	58.9	722	31.5
Overall	18,190	37.3	6,775	31.4

The Group's overall gross profit margin increased from approximately 31.4% for the Previous Year to approximately 37.3% for the Year mainly due to the higher gross profit margin for a reinstatement project of a data centre which involved more complex fitting-out works.

Selling and distribution expenses

Selling and distribution expenses mainly consisted of (i) staff costs from marketing department; (ii) advertising and marketing expenses to promote the Group's services; and (iii) travelling expenses.

The Group's selling and distribution expenses increased from HK\$1.3 million for the Previous Year to HK\$1.7 million for the Year mainly attributable to the increase in staff costs by HK\$0.4 million as a result of the increase in headcount for exploring business opportunity.

Administrative expenses

The Group's administrative expenses mainly consisted of (i) staff costs and directors' remuneration; (ii) legal and professional fee; (iii) depreciation; and (iv) other administrative expenses, which remained relatively stable at HK\$11.1 million for Previous Year and the Year.

Income tax credit

Income tax credit of HK\$0.4 million was recognised during the Year (Previous Year: Nil). The income tax credit for the Year was mainly attributed by the recognition of deferred tax assets in relation to accelerated tax depreciation on property, plant and equipment and loss allowance of trade receivables and contract assets.

Profit/(loss) for the year

As a result of the foregoing, the Group recorded a profit of approximately HK\$3.1 million for the Year (Previous Year: loss of HK\$3.3 million).

Provision of loss allowance for trade receivables and contract assets

The Group recognised loss allowances for trade receivables and contract assets on a collective basis based on management's estimate of the lifetime expected credit losses to be incurred, which is estimated by taking into account the credit loss experience, ageing of overdue trade receivables and contract assets, customers' repayment history and an assessment of both the current and forecast general economic conditions.

The Group also reviews the recoverable amount of trade receivables and contract assets for customers 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.

As at 31 December 2025, provision of impairment loss of HK\$3.7 million and HK\$43,000 (2024: HK\$0.8 million and nil) was recognised with respect to the Group's trade receivables and contract assets respectively, of which HK\$3.6 million (2024: HK\$0.8 million) were related to trade receivables due from customers with known financial difficulties or significant doubt on collection that are individually assessed to be fully impaired.

LIQUIDITY, FINANCIAL RESOURCES, GEARING RATIO AND CAPITAL STRUCTURE

During the Year, the Group financed its operations by its internal resources. As at 31 December 2025, the Group had net current assets of approximately HK\$44.9 million (2024: HK\$60.1 million), including cash and cash equivalents balances of approximately HK\$17.2 million (2024: HK\$9.0 million) mainly denominated in Hong Kong dollars. As at 31 December 2025, the Group had an unutilised banking facility of HK\$2.0 million (2024: HK\$2.0 million) which was secured by pledged bank deposits.

The current ratio, being the ratio of current assets to current liabilities, was approximately 7.3 times as at 31 December 2025 (2024: 19.4 times). The decrease was mainly due to decrease in time deposits.

As at 31 December 2025, the Group had no outstanding borrowings (2024: Nil) as the Group was not in need of any material debt financing during the Year, and hence no gearing ratio was presented. The gearing ratio is calculated as total debt divided by total equity as at the respective year end.

There has been no material change in capital structure of the Company since the date of listing. The equity attributable to the owners of the Company amounted to approximately HK\$46.1 million as at 31 December 2025 (2024: HK\$61.8 million).

PLEDGE OF ASSETS

As at 31 December 2025, bank deposits of HK\$2.0 million (2024: HK\$2.0 million) was pledged to secure the banking facilities. Save for the above, the Group did not have any charges on its assets.

FOREIGN EXCHANGE EXPOSURE AND TREASURY POLICY

The majority of the Group's business operations were conducted in Hong Kong. The transactions, monetary assets and liabilities of the Group were mainly denominated in Hong Kong dollars. During the Year, there was no material impact to the Group arising from the fluctuation in the foreign exchange rates. The Group did not engage in any derivatives agreement and did not commit to any financial instruments to hedge its foreign exchange exposure during the Year.

The Group has adopted a prudent financial management approach towards its treasury policies and thus maintained a healthy liquidity position throughout the Year. The Group strives to reduce exposure to credit risk by performing ongoing credit assessments and evaluations of the financial status of its customers. To manage liquidity risk, the Board closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities and other commitments can meet its funding requirements from time to time.

CAPITAL COMMITMENTS

As at 31 December 2025 and 2024, the Group did not have any material capital commitment.

HUMAN RESOURCES MANAGEMENT

As at 31 December 2025, the Group had a total of 14 (2024: 13) employees. To ensure that the Group is able to attract and retain staff capable of attaining the best performance levels, remuneration packages are reviewed on a regular basis. In addition, discretionary bonus is offered to eligible employees by reference to the Group's results and individual performance. Employees may also be granted share awards under the share award scheme adopted by the Company.

SIGNIFICANT INVESTMENTS, MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES, AND FUTURE PLANS FOR MATERIAL INVESTMENTS OR ADDITIONS OF CAPITAL ASSETS

As at 31 December 2025, the Group did not have any significant investments with a value of over 5% of the total assets of the Group.

The Group did not have any material acquisitions, and disposals of subsidiaries, associates and joint ventures during the Year, nor there were any future plans for material investments or additions of capital assets as at 31 December 2025.

CONTINGENT LIABILITIES

Saved as disclosed in Note 11 to the financial information to this announcement, the Group had no material contingent liabilities as at 31 December 2025 and 2024.

CORPORATE GOVERNANCE PRACTICES

The Company places high value on the corporate governance practice and the Board firmly believes that a good corporate governance practice can improve accountability and transparency for the benefit of the shareholders of the Company (the "Shareholders").

The Company has applied and adopted the principles and the code provisions of the Corporate Governance Code (the "CG Code") as set out in Appendix C1 of the GEM Listing Rules as its corporate governance practice. During the Year and up to the date of this announcement, the Company has complied with all the code provisions set out in the CG Code except for the deviation from code provision C.2.1 of the CG Code.

Pursuant to code provision C.2.1 of the CG Code, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. In view of Mr. Lau King Wai, being the founder of the Group and his experience and his roles in the Group, the Board considers it is beneficial to the business prospect and operational efficiency of the Group that Mr. Lau King Wai acts as the chairman of the Board (the “Chairman”) and continues to act as the chief executive officer of the Group (the “CEO”).

The Directors consider that the current structure does not impair the balance of power and authority between the Board and the management of the Company given the appropriate delegation of the power of the Board and the effective functions of the independent non-executive Directors. The Board will continue to review the effectiveness of the corporate governance structure of the Group in order to assess whether separation of the roles of Chairman and CEO is necessary.

The Company will continue to enhance its corporate governance practices appropriate to the conduct and growth of its business and to review its corporate governance practices from time to time to ensure they comply with the statutory requirements and regulations and the CG Code and align with the latest developments.

CODE OF CONDUCT FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding securities transactions by the Directors on terms which are the same as the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules. The Company periodically issues notices to the Directors reminding them of the general prohibition on dealing in the Company’s listed securities during the blackout periods before the publication of announcements of financial results. The Company has confirmed, having made specific enquiry of the Directors, that all the Directors have complied with the required standards of dealings throughout the Year. The Company was not aware of any non-compliance during the Year.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company’s shares (including sale of treasury shares) during the Year and up to the date of this announcement. As at 31 December 2025, no treasury shares were held by the Company.

EVENTS AFTER THE REPORTING PERIOD

The Directors are not aware of any significant event requiring disclosure that has taken place subsequent to 31 December 2025 and up to the date of this announcement.

DIVIDENDS

As a reward to the Shareholders for their continuous support, the Board has recommended the declaration of a final dividend of HK0.6 cents per share for the Year (Previous Year: HK2.0 cents per share) to the Shareholders. The proposed final dividend, subject to the approval of the Shareholders, is expected to be paid on Monday, 22 June 2026 to the Shareholders whose names appear on the register of members of the Company on Wednesday, 27 May 2026.

ANNUAL GENERAL MEETING

An annual general meeting of the Company (the “AGM”) will be held on Monday, 18 May 2026. A circular containing the details of the AGM and the notice of the AGM and form of proxy accompanying thereto is sent to the Shareholders in due course.

CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining the Shareholder’s entitlement to attend and vote at the AGM, the register of members of the Company will be closed from Wednesday, 13 May 2026 to Monday, 18 May 2026, both days inclusive, during which period no transfer of shares of the Company will be registered. In order to qualify to attend and vote at the AGM, all transfer documents accompanied by the relevant share certificates must be lodged with the Company’s branch share registrar in Hong Kong, Tricor Investor Services Limited, at 17/F., Far East Finance Centre, 16 Harcourt Road, Hong Kong, for registration not later than 4:30 p.m. on Tuesday, 12 May 2026. The record date of the entitlement to attend and vote at the AGM will be on Monday, 18 May 2026.

For the purpose of determining the entitlement to the proposed final dividend payable to Shareholders, the register of members of the Company will be closed from Friday, 22 May 2026 to Wednesday, 27 May 2026, both days inclusive, during which period no transfer of shares of the Company will be registered. In order to qualify for the proposed final dividend, all transfer documents accompanied by the relevant share certificates must be lodged with the Company’s branch share registrar in Hong Kong, Tricor Investor Services Limited, at 17/F., Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:30 p.m. on Thursday, 21 May 2026.

AUDIT COMMITTEE

The Company established the audit committee of the Company (the “Audit Committee”) on 18 November 2016 with written terms of reference in compliance with Rules 5.28 to 5.29 of the GEM Listing Rules and paragraph D.3 of the CG Code. During the Year under review, the Company has fully complied with the requirements under Rule 5.28 of the GEM Listing Rules. The terms of reference setting out the Audit Committee’s authority, duties and responsibilities are available on both the Stock Exchange’s website and the Company’s website. The primary duties of the Audit Committee are to, inter alia, make recommendation to the Board on the appointment and removal of external auditors of the Company (the “Auditor”); review financial statements and material advice in respect of financial reporting; and oversee risk management and internal control procedures of the Company. The Audit Committee consists of three members, namely Mr. Li Wai Kwan, Mr. Li Wai Leung (appointed on 1 January 2025), Ms. So Patsy Ying Chi and Mr. Hui Harry Chi (resigned on 1 January 2025). Ms. So Patsy Ying Chi is the chairlady of the Audit Committee.

The Audit Committee has reviewed with the management of the Group the accounting principles and practices adopted by the Group and discussed auditing, internal control and financial reporting matters including the review of the draft consolidated financial statements for the Year, with external Auditor. There were no disagreements from the Auditor or the Audit Committee in respect of the accounting policies adopted by the Company.

SCOPE OF WORK OF AUDITOR

The figures in respect of the Group’s consolidated statement of financial position, consolidated statement of profit or loss, statement of comprehensive income and the related notes thereto for the Year as set out in the preliminary announcement have been agreed by the Group’s Auditor, Linksfeld CPA Limited (“Linksfeld”), to the amounts set out in the Group’s draft consolidated financial statements for the Year. The work performed by Linksfeld in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by Linksfeld on the preliminary announcement.

By Order of the Board

K W Nelson Interior Design and Contracting Group Limited

Lau King Wai

Chairman and Chief Executive Officer

Hong Kong, 19 March 2026

As at the date of this announcement, the Board comprises Mr. Lau King Wai, Ms. Leung May Yan and Mr. Wong Siu Hong Edward as executive Directors, and Mr. Li Wai Kwan, Mr. Li Wai Leung and Ms. So Patsy Ying Chi as independent non-executive Directors.

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

This announcement will remain on the “Latest Listed Company Information” page of the website of the Stock Exchange at <http://www.hkexnews.hk> for at least 7 days from the date of its publication and on the website of the Company at <http://www.kwnelson.com.hk>.