

K W Nelson

Interior Design and Contracting Group Limited
(Incorporated in the Cayman Islands with limited liability)

Stock Code: 8411

Interim Report 2025

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This report, for which the directors (the “Directors”) of K W Nelson Interior Design and Contracting Group Limited (the “Company”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (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 report 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 report misleading.

FINANCIAL HIGHLIGHTS

- During the six months ended 30 June 2025 (the “Period”), the Group’s revenue increased by approximately 42.7% to approximately HK\$12.3 million (six months ended 30 June 2024 (the “Previous Period”): HK\$8.6 million). The increase was mainly driven by the increase in revenue from projects for office premises and medical centre. The Group’s gross profit increased to approximately HK\$4.0 million for the Period (Previous Period: HK\$2.3 million).
- The Group’s loss attributable to the owners of the Company was approximately HK\$2.3 million for the Period (Previous Period: HK\$2.0 million).
- The board of directors does not recommend the payment of an interim dividend for the Period (Previous Period: Nil).

UNAUDITED CONSOLIDATED INTERIM FINANCIAL RESULTS

The board of the Directors of the Company (the "Board") is pleased to present the unaudited consolidated interim financial results of the Company and its subsidiaries (collectively referred to as the "Group") for the six months ended 30 June 2025, together with the comparative unaudited figures for the corresponding period in 2024 as follows:

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2025

	Note	Six months ended 30 June	
		2025 HK\$'000 (Unaudited)	2024 HK\$'000 (Unaudited)
Revenue	4	12,264	8,594
Cost of sales	6	(8,247)	(6,300)
Gross profit		4,017	2,294
Other income	5	818	924
Selling and distribution expenses	6	(817)	(454)
Administrative expenses	6	(5,902)	(5,045)
(Provision for)/reversal of impairment of trade receivables and contract assets		(276)	315
Operating loss		(2,160)	(1,966)
Finance costs	7	(23)	(13)
Loss before income tax		(2,183)	(1,979)
Income tax expense	8	(85)	–
Loss for the period attributable to the owners of the Company		(2,268)	(1,979)
Loss per share attributable to the owners of the Company (in HK cents)			
Basic and diluted	9	(0.24)	(0.21)

The above interim condensed consolidated statement of profit or loss should be read in conjunction with the accompanying notes.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2025

	Six months ended 30 June	
	2025	2024
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Loss for the period	(2,268)	(1,979)
Other comprehensive income/(loss)		
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Exchange difference arising from translation of foreign operations	86	(15)
<i>Items that will not be reclassified to profit or loss:</i>		
Change in fair value of financial assets at fair value through other comprehensive income	–	(35)
Other comprehensive income/(loss) for the period, net of tax	86	(50)
Total comprehensive loss for the period attributable to the owners of the Company	(2,182)	(2,029)

The above interim condensed consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2025

	Note	30 June 2025 HK\$'000 (Unaudited)	31 December 2024 HK\$'000 (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment	11	1,230	1,675
Right-of-use assets	12	705	928
Rental deposits	13	106	106
		2,041	2,709
Current assets			
Trade and other receivables	13	7,466	8,001
Contract assets		960	2,671
Pledged bank deposits		2,000	2,000
Time deposits with original maturity over three months		7,803	41,694
Cash and cash equivalents		46,139	9,040
		64,368	63,406
Total assets		66,409	66,115
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		24,713	26,895
Total equity		59,617	61,799
LIABILITIES			
Non-current liabilities			
Lease liabilities		345	494
Provisions	14	580	548
		925	1,042
Current liabilities			
Trade and other payables	14	2,073	2,834
Contract liabilities		3,422	–
Lease liabilities		372	440
		5,867	3,274
Total liabilities		6,792	4,316
Total equity and liabilities		66,409	66,115

The above interim condensed consolidated statement of financial position should be read in conjunction with the accompanying notes.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2025

	Unaudited 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 profits HK\$'000	Total HK\$'000
For the six months ended 30 June 2024									
Balance 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 period	-	-	-	-	-	-	-	(1,979)	(1,979)
Other comprehensive loss									
Exchange difference arising from translation of foreign operations	-	-	(15)	-	-	-	-	-	(15)
Change in fair value of financial assets at fair value through other comprehensive income	-	-	-	(35)	-	-	-	-	(35)
Total comprehensive loss	-	-	(15)	(35)	-	-	-	(1,979)	(2,029)
Shares purchased for share award scheme	-	-	-	-	(81)	-	-	-	(81)
Balance at 30 June 2024	10,000	33,728	(307)	(7,173)	(8,824)	(380)	5,000	31,146	63,190
For the six months ended 30 June 2025									
Balance at 1 January 2025	10,000	33,728	(309)	-	(8,824)	(380)	5,000	22,584	61,799
Comprehensive income									
Loss for the period	-	-	-	-	-	-	-	(2,268)	(2,268)
Other comprehensive income									
Exchange difference arising from translation of foreign operations	-	-	86	-	-	-	-	-	86
Total comprehensive income/(loss)	-	-	86	-	-	-	-	(2,268)	(2,182)
Balance at 30 June 2025	10,000	33,728	(223)	-	(8,824)	(380)	5,000	20,316	59,617

The above interim condensed consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2025

		Six months ended 30 June	
	Note	2025 HK\$'000 (Unaudited)	2024 HK\$'000 (Unaudited)
Cash flows from operating activities			
Cash generated from/(used in) operations	15	2,854	(3,766)
Hong Kong Profits Tax paid		(85)	–
Net cash generated from/(used in) operating activities		2,769	(3,766)
Cash flows from investing activities			
Decrease/(increase) in time deposit with original maturity over three months		33,891	(884)
Interest received		818	921
Purchase of property, plant and equipment		(225)	(13)
Net cash generated from investing activities		34,484	24
Cash flows from financing activities			
Principal elements of lease payments		(217)	(227)
Interest elements of lease payments		(23)	(13)
Repurchase of shares under share award scheme		–	(81)
Net cash used in financing activities		(240)	(321)
Net increase/(decrease) in cash and cash equivalents		37,013	(4,063)
Cash and cash equivalents at 1 January		9,040	19,062
Effect of foreign exchange rate changes		86	(15)
Cash and cash equivalents at 30 June		46,139	14,984

The above interim condensed consolidated statement of cash flows should be read in conjunction with the accompanying notes.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

For the six months ended 30 June 2025

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, 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.

The unaudited interim financial report is presented in thousands of Hong Kong Dollars (“HK\$’000”), unless otherwise stated.

2 BASIS OF PREPARATION

The interim financial report has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited, including compliance with Hong Kong Accounting Standard (“HKAS”) 34, *Interim financial reporting*, issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”).

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2024 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2024 annual financial statements. Details of any changes in accounting policies are set out in note 3.

The preparation of an interim financial report in conformity with HKAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

This interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2024 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for a full set of financial statements prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”).

The interim financial report is unaudited but has been reviewed by the Company’s audit committee.

The measurement basis used in the preparation of the unaudited interim financial report is the historical cost basis.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

For the six months ended 30 June 2025

3 CHANGES IN ACCOUNTING POLICIES

The HKICPA has issued a number of amendments to HKFRSs that are first effective for the current accounting period of the Group. None of the developments have had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented in this interim financial report. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

4 REVENUE AND SEGMENT REPORTING

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 six months ended 30 June 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:

	Six months ended 30 June	
	2025 HK\$'000 (Unaudited)	2024 HK\$'000 (Unaudited)
Hong Kong	12,264	8,594

(b) Non-current assets

The Group's non-current assets by geographic area is as follows:

	30 June 2025 HK\$'000 (Unaudited)	31 December 2024 HK\$'000 (Audited)
Hong Kong	2,037	2,705
The PRC and Macau	4	4
	2,041	2,709

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

For the six months ended 30 June 2025

5 OTHER INCOME

	Six months ended 30 June	
	2025	2024
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Interest income	818	921
Others	–	3
	818	924

6 EXPENSE BY NATURE

	Six months ended 30 June	
	2025	2024
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Materials and subcontractor costs	7,635	5,635
Advertising and promotion expenses	26	35
Auditor's remuneration		
— Audit services	–	–
Depreciation of property, plant and equipment	670	490
Depreciation of right-of-use assets	223	302
Employee benefit costs (including directors' emoluments)	3,989	3,484
Exchange loss	36	34
Insurance expenses	–	11
Legal and professional fees	1,143	1,034
Motor vehicle expenses	104	101
Travelling expenses	251	119
Expenses relating to short-term leases	25	25
Others	864	529
Total cost of sales, selling and distribution expenses and administrative expenses	14,966	11,799

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

For the six months ended 30 June 2025

7 FINANCE COSTS

	Six months ended 30 June	
	2025	2024
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Interest expense on lease liabilities	23	13

8 INCOME TAX EXPENSE

No provision for Hong Kong profits tax has been made in the financial statements as the Company did not derive any assessable profit for the six months ended 30 June 2025 and 2024.

No PRC Corporate Income Tax provision was made as the PRC subsidiary has sustained a loss for taxation purpose for the six months ended 30 June 2025 and 2024.

An analysis of the income tax expense is as follows:

	Six months ended 30 June	
	2025	2024
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Hong Kong Profits Tax		
— Under-provision in prior years	85	—

There were no material unrecognised deferred tax assets and liabilities as at 30 June 2025 (31 December 2024: Nil).

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

For the six months ended 30 June 2025

9 LOSS PER SHARE

(a) Basic

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

	Six months ended 30 June	
	2025 (Unaudited)	2024 (Unaudited)
Loss for the period attributable to the owners of the Company (HK\$'000)	(2,268)	(1,979)
Weighted average number of ordinary shares in issue (thousand shares)	950,400	950,677
Basic loss per share (HK cents)	(0.24)	(0.21)

(b) Diluted

For the six months ended 30 June 2025 and 2024, diluted loss per share is the same as the basic loss per share as there was no potential dilutive ordinary shares in existence.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

For the six months ended 30 June 2025

10 DIVIDEND

The Board did not recommend the payment of interim dividend for the six months ended 30 June 2025 (six months ended 30 June 2024: Nil).

11 PROPERTY, PLANT AND EQUIPMENT

	HK\$'000 (Unaudited)
As at 1 January 2025	1,675
Additions	225
Depreciation	(670)
As at 30 June 2025	1,230
As at 1 January 2024	2,533
Additions	13
Depreciation	(490)
As at 30 June 2024	2,056

12 RIGHT-OF-USE ASSETS

During the six months ended 30 June 2025, there was no addition to right-of-use assets (2024: addition of HK\$452,000).

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

For the six months ended 30 June 2025

13 TRADE AND OTHER RECEIVABLES

	30 June 2025 HK\$'000 (Unaudited)	31 December 2024 HK\$'000 (Audited)
Trade receivables	5,716	6,714
Less: provision for loss allowance	(334)	(887)
	5,382	5,827
Prepayments	1,588	1,327
Deposits and other receivables	602	953
	7,572	8,107
Less: Non-current portion		
Rental deposits	(106)	(106)
Current portion	7,466	8,001

The carrying amounts of the Group's trade and other receivables are denominated in HK\$.

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 trade receivables based on the invoice date is as follows:

	30 June 2025 HK\$'000 (Unaudited)	31 December 2024 HK\$'000 (Audited)
Within 30 days	1,924	2,451
31 to 60 days	80	3,218
61 to 90 days	377	–
Over 90 days	3,001	158
	5,382	5,827

The provision for loss allowance of deposits and other receivables is immaterial. The Group does not hold any collateral as security.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

For the six months ended 30 June 2025

14 PROVISIONS, TRADE AND OTHER PAYABLES

	30 June 2025 HK\$'000 (Unaudited)	31 December 2024 HK\$'000 (Audited)
Provisions		
Provision for reinstatement cost	449	449
Provision for long service payments	131	99
	580	548
Less: Non-current portion	(580)	(548)
Current portion	–	–
Trade and other payables		
Trade payables	2,054	1,950
Other payables and accruals	19	884
	2,073	2,834

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

	30 June 2025 HK\$'000 (Unaudited)	31 December 2024 HK\$'000 (Audited)
1 to 30 days	410	196
31 to 90 days	777	389
Over 90 days	867	1,365
	2,054	1,950

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

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

For the six months ended 30 June 2025

15 NOTES TO INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

Cash generated from/(used in) operations

	Six months ended 30 June	
	2025	2024
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Loss before income tax	(2,183)	(1,979)
Adjustments for:		
Depreciation of property, plant, and equipment	670	490
Depreciation of right-of-use assets	223	302
Interest income	(818)	(921)
Finance costs	23	13
Provision for/(reversal of) long service payments	32	(2)
Provision for/(reversal of) impairment losses on trade receivables and contract assets	276	(315)
Sundry income	–	(3)
Operating loss before working capital changes	(1,777)	(2,415)
Changes in working capital:		
Trade and other receivables	259	(120)
Contract assets	1,711	59
Trade and other payables	(761)	(1,202)
Contract liabilities	3,422	(88)
Cash generated from/(used in) operations	2,854	(3,766)

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

For the six months ended 30 June 2025

16 MATERIAL RELATED PARTY TRANSACTIONS

(a) Names and relationships with related parties

The directors of the Company are of the view that the following parties/companies were related parties with transactions or balances with the Group during the six months ended 30 June 2025 and 2024:

Name of related party	Relationship with the Group
Mr. Lau King Wai	Director and the controlling shareholder of the Company
Ms. Chan Pui Shan, Jessica	Personal Assistant to Chief Executive Officer and spouse of the controlling shareholder
Further Concept Limited	Controlled by the controlling shareholder

(b) Transactions and balance with related parties

Other than those disclosed below and elsewhere in the interim financial report, the Group had no significant transactions or balances with related parties during the six months ended 30 June 2025 (2024: same).

	Amount due to a related party		Related interest expense	
	30 June 2025	31 December 2024	Six months ended 30 June 2025	30 June 2024
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Audited)	(Unaudited)	(Unaudited)
Lease liabilities due to a related company				
— Further Concept Limited	554	665	16	5

During the six months ended 30 June 2025, repayment of principal and interest portion of lease liabilities to the related party was HK\$120,000 (2024: HK\$120,000).

The above-mentioned transactions were conducted in the normal course of business and was charged at terms mutually agreed by the relevant parties.

The related party transactions in respect of rental expenses above constitutes continuing connected transaction as defined in Chapter 20 of the GEM Listing Rules. However, these transactions are exempt from the disclosure requirements in Chapter 20 of the GEM Listing Rules as they are below the de minimis threshold under Rule 20.74(1).

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

For the six months ended 30 June 2025

16 MATERIAL RELATED PARTY TRANSACTIONS (Continued)

(c) Key management personnel remuneration

Remuneration for key management personnel of the Group is the amounts paid to the Directors as set out below:

	Six months ended 30 June	
	2025 HK\$'000 (Unaudited)	2024 HK\$'000 (Unaudited)
Emoluments, salaries and other benefits	2,073	1,719
Contributions to defined contribution retirement plan	19	19
	2,092	1,738

(d) Remuneration of the spouse of the controlling shareholder

	Six months ended 30 June	
	2025 HK\$'000 (Unaudited)	2024 HK\$'000 (Unaudited)
Salaries and other benefits	428	321
Contributions to defined contribution retirement plan	9	9
	437	330

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group is an interior decorator based in Hong Kong, focusing on commercial premises including office and retail space 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 six months ended 30 June 2025 (the "Period"), the Group's revenue increased by approximately 42.7% to approximately HK\$12.3 million (six months ended 30 June 2024 (the "Previous Period"): HK\$8.6 million). The increase was mainly driven by the increase in revenue from projects for office premises and medical centre. The Group's gross profit increased to approximately HK\$4.0 million for the Period (Previous Period: HK\$2.3 million).

The Group's loss attributable to the owners of the Company increased to approximately HK\$2.3 million for the Period (Previous Period: HK\$2.0 million).

OUTLOOK

During the Period, the Group completed/awarded certain projects of offices premises 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. Despite turbulent market conditions, the Group will continue to consolidate our core competitiveness and remain committed to continuous self-improvement and unwavering focus on quality, staying prepared to meet evolving market demands and client expectations.

Looking forward, the Group is optimistic with the prospects of the interior design and decoration market, especially on commercial premises and medical centres. In view of the increasing public awareness in health issues and ageing population in Hong Kong, the Group believes more health centres, medical clinics 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.

MANAGEMENT DISCUSSION AND ANALYSIS

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 Period, the Group's revenue increased to approximately HK\$12.3 million (Previous Period: HK\$8.6 million).

The following table sets forth a breakdown of the Group's revenue and number of projects by project types and geographical locations for the six months ended 30 June 2025 and 2024:

Project types and locations	Six months ended 30 June					
	No. of projects	2025 HK\$'000 (Unaudited)	%	No. of projects	2024 HK\$'000 (Unaudited)	%
Design & decoration						
Hong Kong	3	8,703	71.0	6	7,242	84.3
	3	8,703	71.0	6	7,242	84.3
Decoration						
Hong Kong	–	–	–	–	–	–
	–	–	–	–	–	–
Others						
Hong Kong		3,469	29.0		1,352	15.7
		3,469	29.0		1,352	15.7
Total	3	12,264	100.0	6	8,594	100.0

The increase in revenue of design and decoration projects by HK\$1.5 million from approximately HK\$7.2 million for the Previous Period to approximately HK\$8.7 million for the Period was mainly due to increase in revenue derived from projects of medical centre by approximately HK\$1.4 million.

MANAGEMENT DISCUSSION AND ANALYSIS

Cost of sales and Gross profit margin

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 margin by project types for the six months ended 30 June 2025 and 2024:

Project types	Six months ended 30 June	
	2025 (Unaudited)	2024 (Unaudited)
Design & decoration	22.1%	28.0%
Decoration	—	—
Others	58.8%	19.7%
Overall	32.8%	26.7%

The Group's overall gross profit margin increased from approximately 26.7% for the Previous Period to approximately 32.8% for the Period increase in profit margin of other projects for reinstatement and maintenance works for certain office premises.

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\$0.4 million for the Previous Period to HK\$0.8 million for the Period mainly attributable to the increase in staff costs by HK\$0.2 million as a result of the increase in headcount for exploring business opportunity.

Administrative expenses

The Group's general and administrative expenses mainly consisted of (i) staff costs; (ii) legal and professional fee; (iii) depreciation; and (iv) other administrative expenses.

Administrative expenses increased from approximately HK\$5.0 million for the Previous Period to approximately HK\$5.9 million for the Period, which was mainly due to increase in staff costs and directors' remuneration by approximately HK\$0.7 million.

Income Tax expense

Income tax expense of HK\$85,000 was recognised during the Period which mainly attributed by the under-provision of tax expenses in respect of prior years (Previous Period: Nil).

Loss for the period

As a result of the foregoing, the Group recorded a loss of approximately HK\$2.3 million for the Period (Previous Period: HK\$2.0 million).

Dividend

The Board does not recommend the payment of any dividend for the Period (Previous Period: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Provision of loss allowance for trade receivables and contract assets

The Group recognised loss allowances for trade receivables and contract assets 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 customers' financial position and an assessment of both the current and forecast general economic conditions.

As at 30 June 2025, loss allowance of approximately HK\$0.3 million (31 December 2024: HK\$0.9 million) was recognised with respect to the Group's trade receivables and contract assets of which none (31 December 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 Period, the Group financed its operations by its internal resources. As at 30 June 2025, the Group had net current assets of approximately HK\$58.5 million (31 December 2024: HK\$60.1 million), including cash and cash equivalents balances of approximately HK\$46.1 million (31 December 2024: HK\$9.0 million) mainly denominated in Hong Kong dollars. As at 30 June 2025, the Group had an unutilised banking facility of HK\$2.0 million (31 December 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 11.0 times as at 30 June 2025 (31 December 2024: 19.4 times). The decrease was mainly due to increase in lease liabilities.

As at 30 June 2025, the Group had no outstanding borrowings (31 December 2024: nil) as the Group was not in need of any material debt financing during the Period, and hence no gearing ratio was presented. The gearing ratio is calculated as total debt divided by total equity as at the respective period end.

There has been no material change in capital structure of the Company since the date of listing. The capital of the Company comprise solely ordinary shares. The equity attributable to the owners of the Company amounted to approximately HK\$59.6 million as at 30 June 2025 (31 December 2024: HK\$61.8 million).

PLEDGE OF ASSETS

As at 30 June 2025, bank deposits of HK\$2.0 million (31 December 2024: HK\$2.0 million) were 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 Period, 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 Period.

The Group has adopted a prudent financial management approach towards its treasury policies and thus maintained a healthy liquidity position throughout the Period. 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.

MANAGEMENT DISCUSSION AND ANALYSIS

CAPITAL COMMITMENTS

As at 30 June 2025 and 31 December 2024, the Group had no material capital commitment.

HUMAN RESOURCES MANAGEMENT

As at 30 June 2025, the Group had a total of 13 (31 December 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 AND AFFILIATED COMPANIES, AND FUTURE PLANS FOR MATERIAL INVESTMENTS OR ADDITIONS OF CAPITAL ASSETS

The Group did not have any significant investments, material acquisitions, and disposals of subsidiaries and affiliated companies during the Period, nor there was any future plans for material investments or additions of capital assets as at 30 June 2025.

CONTINGENT LIABILITIES

The Group had no material contingent liabilities as at 30 June 2025 and 31 December 2024.

OTHER INFORMATION

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at 30 June 2025, the interests or short positions of the Directors and chief executives of the Company in the Shares, underlying Shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO")) which will be required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO) or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which will be required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules to be notified to the Company and the Stock Exchange, were as follows:

Long Position in Shares of the Company (the "Shares")

Name	Capacity/Nature of interest	Interests in Shares	Approximate percentage shareholding (Note 2)
Mr. Lau King Wai	Interest of a controlled corporation (Note 1)	750,000,000	75%

Notes:

1. Mr. Lau King Wai beneficially owns 100% of the issued share capital of Sino Emperor Group Limited ("Sino Emperor"). By virtue of the SFO, Mr. Lau King Wai is deemed to be interested in all the Shares held by Sino Emperor.
2. The approximate percentages were calculated based on 1,000,000,000 Shares in issue as at 30 June 2025.

Saved as disclosed above, as at 30 June 2025, none of the Directors and chief executives of the Company had any other interests or short positions in any Shares, underlying Shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (b) were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (c) were required, pursuant to the required standard of dealings by Directors as referred to in Rule 5.46 to Rule 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange.

OTHER INFORMATION

SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

So far as the Directors are aware, as at 30 June 2025, other than the Directors or chief executives of the Company whose interests or short positions are disclosed under the paragraph headed "Directors' and Chief Executives' Interests and Short Positions in the Shares, Underlying Shares and Debentures of the Company and Its Associated Corporations" above, the following person has an interest or short position in the Shares or underlying Shares which has to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO and as recorded in the register required to be kept under Section 336 of the SFO, and who were expected, directly or indirectly, to be interested in 5% or more of the Shares are listed as follows:

Long Positions in Shares

Name of Shareholder	Nature of interest	Number of Shares	Approximate percentage shareholding (Note 3)
Sino Emperor (Note 1)	Beneficial owner	750,000,000	75%
Ms. Chan Pui Shan, Jessica (Note 2)	Interest of spouse	750,000,000	75%

Notes:

1. Sino Emperor is beneficially and wholly owned by Mr. Lau King Wai. By virtue of the SFO, Mr. Lau King Wai is deemed to be interested in all the Shares held by Sino Emperor.
2. 750,000,000 Shares are held by Sino Emperor, which is a company wholly owned by Mr. Lau King Wai. By virtue of the SFO, Ms. Chan Pui Shan, Jessica, who is the spouse of Mr. Lau King Wai, is taken to be interested in these Shares.
3. The approximate percentages were calculated based on 1,000,000,000 Shares in issue as at 30 June 2025.

Saved as disclosed above, as at 30 June 2025, the Directors were not aware of any other person (other than the Directors or chief executives as disclosed in the paragraph headed "Directors' and Chief Executives' Interests and Short Positions in the Shares, Underlying Shares and Debentures of the Company and Its Associated Corporations" above) who had, or deemed to have, interests or short positions in the Shares, underlying Shares or debentures of the Company which has to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO and as recorded in the register required to be kept under Section 336 of the SFO, or who were expected, directly or indirectly, to be interested in 5% or more of the issued shares of the Company.

COMPETING BUSINESS

None of the Directors or the controlling shareholders of the Company or their respective close associates (as defined in the GEM Listing Rules) has interests in any business apart from the Group's businesses which competes or is likely to compete, either directly or indirectly, with the businesses of the Group during the Period and up to the date of this interim report.

OTHER INFORMATION

EQUITY-LINKED AGREEMENTS

Other than the “Share Award Scheme” as disclosed below, no equity-linked agreements that will or may result in the Company issuing shares or that require the Company to enter into any agreements that will or may result in the Company issuing shares were entered into by the Company during the Period or subsisted at the end of the Period.

Share Award Scheme

The Company has adopted a share award scheme (the “Share Award Scheme”) on 17 May 2021 (the “Adoption Date”) for the purpose of retaining participants and encouraging them to make contributions to the growth and development of the Group.

Pursuant to the rules of the Share Award Scheme (the “Scheme Rules”), the Board may grant an award to anyone (other than any excluded participant) who is an employee, non-executive director, supplier, customer or consultant etc. of any member of the Group for participation in the Share Award Scheme and determine the terms of the award. The Share Award Scheme is subject to the administration of the Board in accordance with the Scheme Rules. The Board may engage one or more trustees to administer the Share Award Scheme as the Board thinks fit. The Share Award Scheme will terminate on the tenth anniversary of the Adoption Date or such earlier date as the Board may determine. The Board shall not grant any further awards if such award would cause the aggregate number of shares underlying such award and all other outstanding awards (taken together with all unvested awarded shares granted under the Scheme Rules) to exceed 10% of the number of issued shares at the date of grant. The Board may, from time-to-time remit funds to the trustee for the purposes of the Share Award Scheme, and such money will form part of the trust fund. The Board may instruct the trustee to purchase the number of shares underlying the award from the open market (either on-market or off-market) and the trustee shall hold such shares on trust for the participants until they are vested in accordance with the Scheme Rules.

During the Period, (i) no share awards had been granted or agreed to be granted under the Share Award Scheme; (ii) there were no unvested share awards; and (iii) no share awards were vested, cancelled nor lapsed.

The Board shall not make any further award of awarded shares which will result in the nominal value of the shares awarded by the Board under the Share Award Scheme exceeding ten per cent (10%) of the issued share capital of the Company from time to time. The maximum numbers of shares which may be awarded to a selected participant under the Share Award Scheme shall not exceed one per cent (1%) of the issued share capital of the Company from time to time.

During the Period, the trustee did not purchase any shares of the Company.

During the Period, (i) there was no participant with share awards granted or to be granted by the Company in excess of the 1% individual limit (as defined under Chapter 23 of the GEM Listing Rules); (ii) there was no service provider with share awards granted or to be granted by the Company exceeding 0.1% of the total issued shares of the Company (excluding treasury shares) in any twelfth-month period; and (iii) the Company have not granted any share awards to any related entity participants or service providers.

The subsidiaries of the Company did not operate any share schemes that are required to be disclosed under chapter 23 of the GEM Listing Rules.

OTHER INFORMATION

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

Except as disclosed in elsewhere in this interim report, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Shares (including sale of treasury shares) during the Period. As at 30 June 2025, no treasury shares were held by the Company.

CHANGES IN INFORMATION OF DIRECTORS

Save as disclosed below, during the Period and up to the date of this report, the Directors are not aware of any change in Directors' information required to be disclosed pursuant to Rule 17.50A(1) of the GEM Listing Rules.

Mr. Li Wai Leung was admitted as a member of the Association of Chartered Certified Accountants in January 2025.

CORPORATE GOVERNANCE

The Company has applied and adopted the principles and 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 Period, 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 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 (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.

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 its 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 Period. The Company was not aware of any non-compliance during the Period.

OTHER INFORMATION

AUDIT COMMITTEE

The Company established an audit committee (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 as set out in Appendix C1 to the GEM Listing Rules. The primary duties of the Audit Committee are mainly to make recommendation to the Board on the appointment and removal of external auditors; review financial statements and material advice in respect of financial reporting; and oversee risk management and internal control procedures of the Company. As at the date of this interim report, Audit Committee consists of three members, namely Mr. Li Wai Kwan, Mr. Li Wai Leung and Ms. So Patsy Ying Chi. Ms. So Patsy Ying Chi is the chairlady of the Audit Committee.

The Audit Committee has reviewed the unaudited consolidated interim financial results of the Group for the Period and this interim report and is of the view that such statements and report have been prepared in compliance with the applicable accounting standards, the GEM Listing Rules and other applicable legal requirements, and that adequate disclosure has been made.

PUBLICATION OF THE INTERIM REPORT

This report containing the Company's information including the unaudited condensed consolidated financial results for the Period is published on the Company's website (www.kwnelson.com.hk) and the website of the Stock Exchange (www.hkexnews.hk).

By order of the Board

K W Nelson Interior Design and Contracting Group Limited

Lau King Wai

Chairman and Chief Executive Officer

Hong Kong, 13 August 2025

As at the date of this report, 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.