K W Nelson

Interior Design and Contracting Group Limited

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 8411

Interim Report 2026

CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "STOCK EXCHANGE")

GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.

Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

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 2026 (the "Period"), the Group's revenue increased by approximately 67.0% to approximately HK$20.5 million (six months ended 30 June 2025 (the "Previous Period"): HK$12.3 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$9.0 million for the Period (Previous Period: HK$4.0 million).

- The Group's profit attributable to the owners of the Company was approximately HK$2.4 million for the Period (Previous Period: loss of HK$2.3 million).

- The board of directors declared an interim dividend of HK0.3 cents per share 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 2026, together with the comparative unaudited figures for the corresponding period in 2025 as follows:

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2026

		Six months ended 30 June	
		2026	2025
	Note	***HK$'000***	*HK$'000*
		(Unaudited)	(Unaudited)
Revenue	*4*	**20,477**	12,264
Cost of sales	*6*	**(11,458)**	(8,247)
Gross profit		**9,019**	4,017
Other income	*5*	**322**	818
Selling and distribution expenses	*6*	**(1,297)**	(817)
Administrative expenses	*6*	**(5,586)**	(5,902)
Provision for impairment of trade receivables and contract assets		**(2)**	(276)
Operating profit/(loss)		**2,456**	(2,160)
Finance costs	*7*	**(32)**	(23)
Profit/(loss) before income tax		**2,424**	(2,183)
Income tax credit/(expense)	*8*	**57**	(85)
Profit/(loss) for the period		**2,481**	(2,268)
Profit/(loss) for the period attributable to			
— Owners of the Company		**2,443**	(2,268)
— Non-controlling interests		**38**	–
		2,481	(2,268)
Earnings/(loss) per share attributable to the owners of the Company *(in HK cents)*			
Basic and diluted	*9*	**0.26**	(0.24)

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 2026

	Six months ended 30 June	
	2026	2025
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Profit/(loss) for the period	**2,481**	(2,268)
Other comprehensive income		
Items that may be reclassified subsequently to profit or loss:		
Exchange difference arising from translation of foreign operations	**93**	86
Other comprehensive income for the period, net of tax	**93**	86
Total comprehensive income/(loss) for the period	**2,576**	(2,182)
Total comprehensive income/(loss) for the period attributable to		
— Owners of the Company	**2,536**	(2,182)
— Non-controlling interests	**38**	–
	2,574	(2,182)

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 2026

	Note	**30 June 2026 HK$'000 (Unaudited)**	31 December 2025 HK$'000 (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment	11	**257**	698
Right-of-use assets	12	**1,037**	944
Deferred tax assets		**588**	516
Rental deposits	13	**63**	63
		1,945	2,221
Current assets			
Trade and other receivables	13	**4,750**	5,108
Contract assets		**4,927**	4,802
Pledged bank deposits		**2,000**	2,000
Time deposits with original maturity over three months		**15,508**	22,970
Cash and cash equivalents		**17,260**	17,151
		44,445	52,031
Total assets		**46,390**	54,252
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		**7,996**	11,162
		42,900	46,066
Non-controlling interests		**29**	(9)
Total equity		**42,929**	46,057
LIABILITIES			
Non-current liabilities			
Lease liabilities		**341**	492
Provisions	14	**543**	537
		884	1,029
Current liabilities			
Trade and other payables	15	**1,728**	6,599
Lease liabilities		**834**	567
Tax payable		**15**	–
		2,577	7,166
Total liabilities		**3,461**	8,195
Total equity and liabilities		**46,390**	54,252

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 2026

	Unaudited										
	Attributable to the owners of the Company										
	Share capital HK$'000	Share premium HK$'000	Exchange reserve HK$'000	Shares held for share award scheme HK$'000	Merger reserve HK$'000	Capital contribution reserve HK$'000	Other reserve HK$'000	Retained earnings HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total equity HK$'000
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	–	61,799
Comprehensive income											
Loss for the period	–	–	–	–	–	–	–	(2,268)	(2,268)	–	(2,268)
Other comprehensive income											
Exchange difference arising from translation of foreign operations	–	–	86	–	–	–	–	–	86	–	86
Total comprehensive income/(loss)	–	–	86	–	–	–	–	(2,268)	(2,182)	–	(2,182)
Balance at 30 June 2025	10,000	33,728	(223)	(8,824)	(380)	5,000	–	20,316	59,617	–	59,617
For the six months ended 30 June 2026											
Balance at 1 January 2026	**10,000**	**33,728**	**(142)**	**(8,824)**	**(380)**	**5,000**	**4**	**6,680**	**46,066**	**(9)**	**46,057**
Comprehensive income											
Profit for the period	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**2,443**	**2,443**	**38**	**2,481**
Other comprehensive income											
Exchange difference arising from translation of foreign operations	**–**	**–**	**93**	**–**	**–**	**–**	**–**	**–**	**93**	–	**93**
Total comprehensive income	**–**	**–**	**93**	**–**	**–**	**–**	**–**	**2,443**	**2,536**	**38**	**2,574**
Transactions with owners											
Dividend	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(5,702)**	**(5,702)**	**–**	**(5,702)**
Balance at 30 June 2026	**10,000**	**33,728**	**(49)**	**(8,824)**	**(380)**	**5,000**	**4**	**3,421**	**42,900**	**29**	**42,929**

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 2026

	Note	Six months ended 30 June **2026** ***HK$'000*** **(Unaudited)**	 2025 *HK$'000* (Unaudited)
Cash flows from operating activities			
Cash (used in)/generated from operations	*16*	**(1,570)**	2,854
Hong Kong Profits Tax paid		**–**	(85)
Net cash (used in)/generated from operating activities		**(1,570)**	2,769
Cash flows from investing activities			
Decrease in time deposit with original maturity over three months		**7,462**	33,891
Interest received		**212**	818
Purchase of property, plant and equipment		**(14)**	(225)
Net cash generated from investing activities		**7,660**	34,484
Cash flows from financing activities			
Principal elements of lease payments		**(340)**	(217)
Interest elements of lease payments		**(32)**	(23)
Dividend paid		**(5,702)**	–
Net cash used in financing activities		**(6,074)**	(240)
Net increase in cash and cash equivalents		**16**	37,013
Cash and cash equivalents at 1 January		**17,151**	9,040
Effect of foreign exchange rate changes		**93**	86
Cash and cash equivalents at 30 June		**17,260**	46,139

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 2026

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 2025 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2025 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 2025 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 HKFRS Accounting Standards.

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 2026

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, considers 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 2026, the Group had one (2025: 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	
	2026	2025
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Hong Kong	**20,477**	12,264

(b) Non-current assets

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

	30 June 2026	31 December 2025
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Hong Kong	**1,353**	1,701
The People's Republic of China (the "PRC")	**4**	4
	1,357	1,705

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

For the six months ended 30 June 2026

5 OTHER INCOME

	Six months ended 30 June	
	2026	2025
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Interest income	**212**	818
Others	**110**	–
	322	818

6 EXPENSE BY NATURE

	Six months ended 30 June	
	2026	2025
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Materials and subcontractor costs	**10,607**	7,635
Advertising and promotion expenses	**59**	26
Auditor's remuneration		
— Audit services	**–**	–
Depreciation of property, plant and equipment	**455**	670
Depreciation of right-of-use assets	**363**	223
Employee benefit costs (including directors' emoluments)	**4,463**	3,989
Exchange loss	**43**	36
Legal and professional fees	**852**	1,143
Motor vehicle expenses	**91**	104
Travelling expenses	**336**	251
Expenses relating to short-term leases	**26**	25
Others	**1,046**	864
Total cost of sales, selling and distribution expenses and administrative expenses	**18,341**	14,966

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

For the six months ended 30 June 2026

7 FINANCE COSTS

	Six months ended 30 June	
	2026	2025
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Interest expense on lease liabilities	**32**	23

8 INCOME TAX CREDIT/(EXPENSE)

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 for the six months ended 30 June 2026.

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.

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 2026 and 2025.

An analysis of the income tax expense is as follows:

	Six months ended 30 June	
	2026	2025
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Hong Kong Profits Tax		
— Current year	**(15)**	–
— Under-provision in prior years	**–**	(85)
	(15)	(85)
Deferred tax	**72**	–
Income tax credit/(expense)	**57**	(85)

There were no material unrecognised deferred tax assets and liabilities as at 30 June 2026 (31 December 2025: Nil).

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

For the six months ended 30 June 2026

9 EARNINGS/(LOSS) PER SHARE

(a) Basic

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 period excluding shares purchased by the Company for the share award scheme.

	Six months ended 30 June	
	2026 (Unaudited)	2025 (Unaudited)
Profit/(loss) for the period attributable to the owners of the Company *(HK$'000)*	**2,443**	(2,268)
Weighted average number of ordinary shares in issue *(thousand shares)*	**950,400**	950,400
Basic earnings/(loss) per share *(HK cents)*	**0.26**	(0.24)

(b) Diluted

For the six months ended 30 June 2026 and 2025, diluted earnings/(loss) per share is the same as the basic earnings/(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 2026

10 DIVIDEND

The Board declared an interim dividend of HK0.3 cents per share for the six months ended 30 June 2026 (six months ended 30 June 2025: Nil).

11 PROPERTY, PLANT AND EQUIPMENT

	HK$'000 **(Unaudited)**
As at 1 January 2026	**698**
Additions	**14**
Depreciation	**(455)**
As at 30 June 2026	**257**
As at 1 January 2025	1,675
Additions	225
Depreciation	(670)
As at 30 June 2025	1,230

12 RIGHT-OF-USE ASSETS

During the six months ended 30 June 2026, there was addition to right-of-use assets of HK$456,000 (2025: Nil).

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

For the six months ended 30 June 2026

13 TRADE AND OTHER RECEIVABLES

	30 June 2026 *HK$'000* (Unaudited)	31 December 2025 *HK$'000* (Audited)
Trade receivables	**5,029**	6,006
Less: provision for loss allowance	**(3,690)**	(3,659)
	1,339	2,347
Prepayments	**1,877**	2,197
Deposits and other receivables	**1,597**	627
	4,813	5,171
Less: Non-current portion		
Rental deposits	**(63)**	(63)
Current portion	**4,750**	5,108

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 trade receivables based on the invoice date is as follows:

	30 June 2026 *HK$'000* (Unaudited)	31 December 2025 *HK$'000* (Audited)
Within 30 days	**89**	980
31 to 60 days	**424**	1,283
61 to 90 days	**393**	75
Over 90 days	**433**	9
	1,339	2,347

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

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

For the six months ended 30 June 2026

14 PROVISIONS

	30 June 2026 *HK$'000* (Unaudited)	31 December 2025 *HK$'000* (Audited)
Provision for reinstatement cost	**449**	449
Provision for long service payments	**94**	88
	543	537

15 TRADE AND OTHER PAYABLES

	30 June 2026 *HK$'000* (Unaudited)	31 December 2025 *HK$'000* (Audited)
Trade payables	**1,661**	3,692
Other payables and accruals	**67**	2,907
	1,728	6,599

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

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

	30 June 2026 *HK$'000* (Unaudited)	31 December 2025 *HK$'000* (Audited)
1 to 30 days	**598**	695
31 to 90 days	**310**	597
Over 90 days	**753**	2,400
	1,661	3,692

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

For the six months ended 30 June 2026

16 NOTES TO INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

Cash (used in)/generated from operations

	Six months ended 30 June	
	2026	2025
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Profit/(loss) before income tax	**2,424**	(2,183)
Adjustments for:		
Depreciation of property, plant, and equipment	**455**	670
Depreciation of right-of-use assets	**363**	223
Interest income	**(212)**	(818)
Finance costs	**32**	23
Provision for long service payments	**6**	32
Provision for impairment losses on trade receivables and contract assets	**2**	276
Operating profit/(loss) before working capital changes	**3,070**	(1,777)
Changes in working capital:		
Trade and other receivables	**328**	259
Contract assets	**(97)**	1,711
Trade and other payables	**(4,871)**	(761)
Contract liabilities	**–**	3,422
Cash (used in)/generated from operations	**(1,570)**	2,854

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

For the six months ended 30 June 2026

17 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 2026 and 2025:

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
Target King 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 2026 (2025: same).

	Lease liabilities		Interest expense of lease payment Six months ended 30 June	
	30 June 2026 HK$'000 (Unaudited)	31 December 2025 HK$'000 (Audited)	**2026 HK$'000 (Unaudited)**	2025 HK$'000 (Unaudited)
Further Concept Limited	**322**	455	**11**	16
Target King Limited	**324**	–	**14**	–

During the six months ended 30 June 2026, repayment of principal and interest portion of lease liabilities to the related party was HK$252,000 (2025: 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 2026

17 MATERIAL RELATED PARTY TRANSACTIONS *(Continued)*

(c) Key management remuneration

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

	Six months ended 30 June	
	2026	2025
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Emoluments, salaries and other benefits	**2,078**	2,073
Contributions to defined contribution retirement plan	**19**	19
	2,097	2,092

(d) Remuneration of the spouse of the controlling shareholder

	Six months ended 30 June	
	2026	2025
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Salaries and other benefits	**480**	428
Contributions to defined contribution retirement plan	**9**	9
	489	437

18. CONTINGENT LIABILITIES

As at 31 December 2025, performance bond of HK$2,178,000 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.

As at 30 June 2026, there was no such performance bond outstanding.

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 the provision of interior design proposals by our in-house designers, engaging subcontractors to undertake fitting-out works and coordinating, managing and supervising the fitting-out works by our project managers.

The Group's projects are 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 2026 (the "Period"), the Group's revenue increased by approximately 67.0% to approximately HK$20.5 million (six months ended 30 June 2025 (the "Previous Period"): HK$12.3 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$9.0 million for the Period (Previous Period: HK$4.0 million).

The Group's profit attributable to the owners of the Company amounted to approximately HK$2.4 million for the Period (Previous Period: loss of HK$2.3 million).

OUTLOOK

During the Period, the Group continued to actively participate in the interior design and fitting-out market and successfully completed and secured a number of projects relating to office premises and medical centres. These projects reflect the Group's ongoing efforts to strengthen its market presence and maintain stable business development amid a gradually improving operating environment.

Although the aggregate contract value of newly awarded projects during the Period has not yet returned to pre-pandemic levels, the Board is cautiously optimistic that market conditions are stabilising and that the most challenging phase of the industry downturn has passed. The gradual recovery in commercial activities and demand for office renovation and upgrading works is expected to support the Group's business momentum going forward.

The Group also recorded a turnaround from loss to profit during the Period, which the Board believes demonstrates the effectiveness of its cost control measures, project management capabilities and prudent business strategies.

In recognition of its business performance and industry contribution, the Company was honoured with the Hong Kong Commercial Times Business Awards 2026 during the Period, which the Board believes further enhances the Group's brand reputation and market recognition.

Looking ahead, the Board remains optimistic about the prospects of the interior design, project management and fitting-out industry in Hong Kong. With the anticipated recovery in business sentiment and continued demand for quality office environments, the Group will continue to leverage its industry experience, strengthen client relationships and enhance operational efficiency to capture emerging opportunities.

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$20.5 million (Previous Period: HK$12.3 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 2026 and 2025:

Project types and locations	Six months ended 30 June					
	2026			2025		
	No. of projects	***HK$'000*** **(Unaudited)**	***%***	*No. of projects*	*HK$'000* (Unaudited)	*%*
Design & decoration						
Hong Kong	**3**	**15,570**	**76.0**	3	8,703	71.0
	3	**15,570**	**76.0**	3	8,703	71.0
Decoration						
Hong Kong	**3**	**4,274**	**20.9**	–	–	–
	3	**4,274**	**20.9**	–	–	–
Others						
Hong Kong		**633**	**3.1**		3,561	29.0
		633	**3.1**		3,561	29.0
Total	**6**	**20,477**	**100.0**	3	12,264	100.0

The increase in revenue of design and decoration projects by HK$6.9 million from approximately HK$8.7 million for the Previous Period to approximately HK$15.6 million for the Period was mainly due to increase in revenue derived from projects of medical centre by approximately HK$8.1 million, which partially offset by decrease in revenue from projects of office premises by approximately HK$1.2 million.

The increase in revenue of decoration projects by approximately HK$4.3 million for the Period was principally attributed to the increase in revenue derived from projects for medical centres (Previous Period: Nil).

The decrease in revenue of other projects by approximately HK$2.9 million from approximately HK$3.6 million for the Previous Period to approximately HK$0.6 million for the Period was principally attributed to the absent of revenue from reinstatement project of a data centre during the Period (Previous Period: HK$1.9 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 2026 and 2025:

Project types	Six months ended 30 June **2026** **(Unaudited)**	 2025 (Unaudited)
Design & decoration	**39.8%**	22.1%
Decoration	**55.9%**	–
Others	**67.8%**	58.8%
Overall	**44.0%**	32.8%

The Group's overall gross profit margin increased from approximately 32.8% for the Previous Period to approximately 44.0% for the Period, mainly due to increase in decoration projects for medical centre with relatively higher gross profit margin due to involvement of more complex specifications for building surgery rooms, installation of specific air-conditioning and mechanical ventilation system, which require more dedicated technical skills.

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$0.8 million for the Previous Period to HK$1.3 million for the Period 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 general and administrative expenses mainly consisted of (i) staff costs; (ii) legal and professional fee; (iii) depreciation; and (iv) other administrative expenses.

Administrative expenses slightly decreased from approximately HK$5.9 million for the Previous Period to approximately HK$5.6 million for the Period, which was mainly due to decrease in staff costs and directors' remuneration by approximately HK$0.4 million.

Income tax credit/(expense)

Income tax credit for the Period was approximately HK$57,000 (Previous Period: income tax expense of HK$85,000). The income tax credit for the Period 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.

Profit/(loss) for the period

As a result of the foregoing, the Group recorded a profit of approximately HK$2.5 million for the Period (Previous Period: loss of HK$2.3 million).

MANAGEMENT DISCUSSION AND ANALYSIS

Dividend

The Board declared an interim dividend of HK0.3 cents per share of the Company in cash for the Period (Previous Period: Nil). The record date of interim dividend is Tuesday, 22 September 2026 and the register of members of the Company will be closed from, Monday, 21 September 2026 to Tuesday, 22 September 2026, both days inclusive, during which period no transfer of shares of the Company will be registered. In order to qualify for the interim 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 Friday, 18 September 2026. The interim dividend is expected to be paid on Friday, 9 October 2026 to the shareholders of the Company whose names appear on the register of members of the Company on Tuesday, 22 September 2026.

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 30 June 2026, loss allowance of approximately HK$3.7 million (31 December 2025: HK$3.7 million) was recognised with respect to the Group's trade receivables and contract assets of which approximately HK$3.6 million (31 December 2025: HK$3.6 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 2026, the Group had net current assets of approximately HK$41.9 million (31 December 2025: HK$44.9 million), including cash and cash equivalents balances of approximately HK$17.3 million (31 December 2025: HK$17.2 million) mainly denominated in Hong Kong dollars. As at 30 June 2026, the Group had an unutilised banking facility of HK$2.0 million (31 December 2025: 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 17.3 times as at 30 June 2026 (31 December 2025: 7.3 times). The increase was mainly due to decrease in trade and other payable.

As at 30 June 2026, the Group had no outstanding borrowings (31 December 2025: 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 comprises solely ordinary shares. The equity attributable to the owners of the Company amounted to approximately HK$42.9 million as at 30 June 2026 (31 December 2025: HK$46.1 million).

MANAGEMENT DISCUSSION AND ANALYSIS

PLEDGE OF ASSETS

As at 30 June 2026, bank deposits of HK$2.0 million (31 December 2025: 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.

CAPITAL COMMITMENTS

As at 30 June 2026 and 31 December 2025, the Group had no material capital commitment.

HUMAN RESOURCES MANAGEMENT

As at 30 June 2026, the Group had a total of 14 (31 December 2025: 14) 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

As at 30 June 2026, 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 and affiliated companies during the Period, nor were there any future plans for material investments or additions of capital assets as at 30 June 2026.

CONTINGENT LIABILITIES

Save as disclosed in Note 18 to the interim financial report, the Group had no material contingent liabilities as at 30 June 2026 and 31 December 2025.

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 2026, the interests or short positions of the Directors and chief executives of the Company in the shares of the Company (the "Share(s)"), 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, was as follow:

Long Position in 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. These Shares are held by Sino Emperor Group Limited ("Sino Emperor"), which is 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. The approximate percentage was calculated based on 1,000,000,000 Shares in issue as at 30 June 2026.

Saved as disclosed above, as at 30 June 2026, 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 2026, 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 persons have an interest or short position in the Shares or underlying Shares which have 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 were listed as follows:

Long Positions in Shares

Name of Shareholders	Nature of interest	Number of Shares	Approximate percentage shareholding *(Note 3)*
Sino Emperor	Beneficial owner *(Note 1)*	750,000,000	75%
Ms. Chan Pui Shan, Jessica	Interest of spouse *(Note 2)*	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. Ms. Chan Pui Shan, Jessica is the spouse of Mr. Lau King Wai and is deemed to be interested in the Shares which are indirectly held by Mr. Lau King Wai under the SFO.

3. The approximate percentages were calculated based on 1,000,000,000 Shares in issue as at 30 June 2026.

Saved as disclosed above, as at 30 June 2026, the Directors were not aware of any other person (other than the Directors or chief executives of the Company 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.

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.

As at 1 January 2026 and 30 June 2026, the number of award shares available for grant under the Share Award Scheme were 49,600,000, representing approximately 4.96% of the total Shares in issue as at the date of this interim report.

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.

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 (excluding treasury shares) in any twelfth-month period; and (iii) the Company has 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 2026, no treasury Shares were held by the Company.

CHANGES IN INFORMATION OF DIRECTORS

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.

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 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.

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 to all 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 of the Company; review financial statements and material advice in respect of financial reporting; and oversee risk management and internal control procedures of the Company. During the Period and 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 and all of them are independent non-executive Directors. 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 interim 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, 12 August 2026

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.