

# **K W NELSON INTERIOR DESIGN AND CONTRACTING GROUP LIMITED**

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

**(Stock Code: 8411)**

## **ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2024**

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## **HIGHLIGHTS**

- During the year ended 31 December 2024 (the “Year”), the Group’s revenue decreased by approximately 25.4% to approximately HK\$21.5 million from approximately HK\$28.9 million for the year ended 31 December 2023 (the “Previous Year”). The decrease was mainly driven by the decrease in revenue from projects for office premises, which partially offset by the increase in revenue from projects for elderly centre. The Group’s gross profit decreased to approximately HK\$6.8 million for the Year from approximately HK\$8.4 million for the Previous Year, representing a decrease of approximately 19.7%.
- The Group recorded a loss attributable to the owners of the Company of approximately HK\$3.3 million for the Year (Previous Year: HK\$5.7 million).
- The Board has recommended a final dividend of HK2.0 cents per share for the Year (Previous Year: Nil), which is subject to the approval of the Company’s shareholders at the forthcoming annual general meeting of the Company.

## ANNUAL RESULTS

The board (the “Board”) of directors (the “Directors”) of K W Nelson Interior Design and Contracting Group Limited (the “Company”) hereby present the consolidated results of the Company and its subsidiaries (collectively, the “Group”) for the year ended 31 December 2024, together with the comparative figures for the corresponding year in 2023 as follows:

### CONSOLIDATED STATEMENT OF PROFIT OR LOSS

*For the year ended 31 December 2024*

		<b>2024</b>	2023
	<i>Note</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>Revenue</b>	3	<b>21,544</b>	28,895
Cost of sales		<u>(14,769)</u>	<u>(20,454)</u>
<b>Gross profit</b>		<b>6,775</b>	8,441
Other income	4	<b>1,930</b>	1,675
Selling and distribution expenses		<b>(1,301)</b>	(1,192)
Administrative expenses		<b>(11,087)</b>	(14,058)
Reversal of/(provision for) impairment of trade receivables and contract assets		<u><b>371</b></u>	<u>(884)</u>
<b>Operating loss</b>		<b>(3,312)</b>	(6,018)
Finance costs	5	<u>(25)</u>	<u>(27)</u>
<b>Loss before income tax</b>		<b>(3,337)</b>	(6,045)
Income tax credit	6	<u>–</u>	<u>359</u>
<b>Loss for the year attributable to the owners of the Company</b>		<u><b>(3,337)</b></u>	<u>(5,686)</u>
<b>Loss per share attributable to the owners of the Company (in HK cents)</b>			
Basic and diluted	7	<u><b>(0.4)</b></u>	<u>(0.6)</u>

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2024

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
<b>Loss for the year</b>	<u>(3,337)</u>	<u>(5,686)</u>
<b>Other comprehensive income</b>		
<i>Item that may be reclassified subsequently to profit or loss:</i>		
Exchange difference arising on translation of foreign operations	(17)	(15)
<i>Item that may not be reclassified to profit or loss:</i>		
Change in fair value of financial assets at fair value through other comprehensive income ("FVOCI")	<u>(66)</u>	<u>(63)</u>
<b>Other comprehensive loss for the year</b>	<u>(83)</u>	<u>(78)</u>
<b>Total comprehensive loss for the year attributable to the owners of the Company</b>	<u><u>(3,420)</u></u>	<u><u>(5,764)</u></u>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2024

		2024	2023
	Note	HK\$'000	HK\$'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment		1,675	2,533
Right-of-use assets		928	413
Financial assets at fair value through other comprehensive income		–	455
Rental deposit	8	106	–
		<u>2,709</u>	<u>3,401</u>
<b>Current assets</b>			
Trade and other receivables	8	8,001	3,987
Contract assets		2,671	567
Pledged bank deposits		2,000	2,647
Time deposits with original maturity over three months		41,694	39,970
Cash and cash equivalents		9,040	19,062
		<u>63,406</u>	<u>66,233</u>
<b>Total assets</b>		<u>66,115</u>	<u>69,634</u>
<b>EQUITY</b>			
<b>Equity attributable to the owners of the Company</b>			
Share capital		10,000	10,000
Share premium		33,728	33,728
Shares held for share award scheme		(8,824)	(8,743)
Reserves		26,895	30,315
		<u>61,799</u>	<u>65,300</u>
<b>Total equity</b>		<u>61,799</u>	<u>65,300</u>

	<i>Note</i>	<b>2024</b> <i>HK\$'000</i>	2023 <i>HK\$'000</i>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Lease liabilities		<b>494</b>	–
Provisions	9	<b>548</b>	102
		<u><b>1,042</b></u>	<u>102</u>
<b>Current liabilities</b>			
Trade and other payables	9	<b>2,834</b>	3,418
Provisions	9	–	449
Contract liabilities		–	88
Lease liabilities		<b>440</b>	277
		<u><b>3,274</b></u>	<u>4,232</u>
<b>Total liabilities</b>		<u><b>4,316</b></u>	<u>4,334</u>
<b>Total equity and liabilities</b>		<u><b>66,115</b></u>	<u>69,634</u>

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2024

	Attributable to the owners of the Company										
	Share capital HK\$'000	Share premium HK\$'000	Exchange reserve HK\$'000	Fair value reserve HK\$'000	Shares held for share award scheme HK\$'000	Merger reserve HK\$'000	Capital contribution reserve HK\$'000	Retained earnings HK\$'000	Total HK\$'000	Non-controlling interests HK\$'000	Total equity HK\$'000
<b>At 1 January 2023</b>	10,000	33,728	(277)	(7,075)	(7,589)	(380)	5,000	38,811	72,218	5	72,223
<b>Comprehensive income</b>											
Loss for the year	-	-	-	-	-	-	-	(5,686)	(5,686)	-	(5,686)
<b>Other comprehensive income</b>											
Exchange difference arising on translation of foreign operations	-	-	(15)	-	-	-	-	-	(15)	-	(15)
Change in fair value of financial assets at FVOCI	-	-	-	(63)	-	-	-	-	(63)	-	(63)
Total comprehensive loss for the year	-	-	(15)	(63)	-	-	-	(5,686)	(5,764)	-	(5,764)
<b>Transactions with owners</b>											
Shares purchased for share award scheme	-	-	-	-	(1,154)	-	-	-	(1,154)	-	(1,154)
Disposal of non-controlling interests	-	-	-	-	-	-	-	-	-	(5)	(5)
<b>At 31 December 2023</b>	10,000	33,728	(292)	(7,138)	(8,743)	(380)	5,000	33,125	65,300	-	65,300

Attributable to the owners of the Company

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



## **1 GENERAL INFORMATION**

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

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

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

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

## **2 BASIS OF PREPARATION AND ACCOUNTING POLICIES**

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

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

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

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

**(a) New and amended standards adopted by the Group**

The Group has applied the following new and amended standards, improvements and interpretation for the first time for their annual reporting period commencing 1 January 2024:

HKAS 1	Classification of Liabilities as Current or Non-current (amendments)
HKAS 1	Non-current Liabilities with Covenants (amendments)
HKFRS 16	Lease Liability in a Sale and Leaseback (amendments)
HK Int 5 (Revised)	Hong Kong Interpretation 5 (Revised) Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause (amendments)
HKAS 7 and HKFRS 7	Supplier Finance Arrangements (amendments)

The amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

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

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

		<b>Effective for annual periods beginning on or after</b>
HKAS 21 and HKFRS 1	Lack of Exchangeability (amendments)	1 January 2025
HKFRS 9 and HKFRS 7	Classification and Measurement of Financial Instruments (amendments)	1 January 2026
HKFRS 1, HKFRS 7, HKFRS 9, HKFRS 10 and HKAS 7	Annual Improvements to HKFRS Accounting Standards — Volume 11	1 January 2026
HKFRS 18	Presentation and Disclosure in Financial Statements (new standard)	1 January 2027
HKFRS 19	Subsidiaries without Public Accountability: Disclosures (new standard)	1 January 2027
HK Int 5	Hong Kong Interpretation 5 Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause (amendments)	1 January 2027
HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (amendments)	To be determined

In July 2024, HKICPA issued HKFRS 18 which is effective for annual reporting periods beginning on or after 1 January 2027, with early application permitted. HKFRS 18 introduces significant changes to the presentation of financial statements, with a focus on information about financial performance present in the statement of profit or loss and other comprehensive income, which will affect how the Group present and disclose financial performance in the consolidated financial statements. The key changes introduced in HKFRS 18 relate to (i) the structure of the statement of profit or loss, (ii) required disclosures for management-defined performance measures (which are referred to alternative or non-GAAP performance measures), and (iii) enhanced requirements for aggregation and disaggregation of information. The directors of the Company are currently assessing the impact of applying HKFRS 18 on the presentation and the disclosures of the consolidated financial statements.

Except from the above, the directors of the Company have assessed the financial impact on the Group of the adoption of the above new standards, amendments to existing standards and interpretations. These standards, amendments and interpretations are not expected to have a material impact on the Group in the future reporting periods and on foreseeable future transactions. The Group is currently revisiting their accounting policy information disclosures to ensure consistency with the requirements. The Group intends to adopt the above new standards, amendments to existing standards and interpretations when they become effective.

### 3 SEGMENT INFORMATION

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

During the year ended 31 December 2024, the Group had one (2023: 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:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Hong Kong	<u>21,544</u>	<u>28,895</u>

(b) *Non-current assets*

The Group's non-current assets other than financial assets at FVOCI and rental deposit by geographic area is as follows:

	<b>2024</b> <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Hong Kong	<b>2,599</b>	2,944
The PRC and Macau	<b>4</b>	2
	<b>2,603</b>	2,946

**Key customers**

For the year ended 31 December 2024, there were four customers (2023: three) which individually contributed over 10% of the Group's total revenue, the revenue contributed from each of these customers was as follows:

	<b>2024</b> <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Customer A	<b>4,662</b>	–*
Customer B	<b>3,513</b>	–*
Customer C	<b>3,421</b>	–*
Customer D	<b>3,134</b>	–*
Customer E	–*	14,726
Customer F	–*	4,236
Customer G	–*	4,116

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

**4 OTHER INCOME**

	<b>2024</b> <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Interest income	<b>1,927</b>	1,656
Sundry income	<b>3</b>	19
	<b>1,930</b>	1,675

**5 FINANCE COSTS**

	<b>2024</b> <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Interest expense on lease liabilities	<b>25</b>	27

## 6 INCOME TAX CREDIT

No provision for Hong Kong profits tax has been made in the financial statements as the Group did not derive any assessable profit for the years ended 31 December 2024 and 2023.

No PRC Corporate Income Tax (“CIT”) provision was made as the PRC subsidiary has sustained a loss for taxation purpose for the years ended 31 December 2024 and 2023.

An analysis of the income tax credit is as follows:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Hong Kong Profits Tax		
— Current year	—	—
Deferred income tax	—	(359)
	<u>—</u>	<u>(359)</u>
	<u>—</u>	<u>(359)</u>

## 7 LOSS PER SHARE

### (a) Basic loss per share

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

	2024	2023
Loss attributable to the owners of the Company ( <i>HK\$'000</i> )	(3,337)	(5,686)
Weighted average number of ordinary shares in issue ( <i>thousands</i> )	950,538	953,834
	<u>(0.4)</u>	<u>(0.6)</u>

### (b) Diluted loss per share

For the years ended 31 December 2024 and 2023, diluted loss per share is the same as basic loss per share as there was no potential dilutive ordinary shares in existence.

## 8 TRADE AND OTHER RECEIVABLES

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Trade receivables	6,714	2,566
Less: provision for loss allowance	<u>(887)</u>	<u>(1,258)</u>
	5,827	1,308
Prepayments	1,327	652
Deposits and other receivables	<u>953</u>	<u>2,027</u>
	8,107	3,987
Less: Non-current portion		
Rental deposit	<u>(106)</u>	<u>–</u>
Current portion	<u><u>8,001</u></u>	<u><u>3,987</u></u>

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 the trade receivables based on invoice date is as follows:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Within 30 days	2,451	284
31 to 60 days	3,218	143
61 to 90 days	–	76
Over 90 days	<u>158</u>	<u>805</u>
	<u><u>5,827</u></u>	<u><u>1,308</u></u>

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

## 9 PROVISIONS, TRADE AND OTHER PAYABLES

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
<b>Provision</b>		
Provision for reinstatement cost	449	449
Provision for long service payments	99	102
	<u>548</u>	<u>551</u>
Less: Non-current portion	<u>(548)</u>	<u>(102)</u>
Current portion	<u>–</u>	<u>449</u>
<b>Trade and other payables</b>		
Trade payables	1,950	1,868
Other payables and accruals	884	1,550
	<u>2,834</u>	<u>3,418</u>

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

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
1 to 30 days	196	245
31 to 90 days	389	349
Over 90 days	1,365	1,274
	<u>1,950</u>	<u>1,868</u>

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

## 10 DIVIDENDS

	<b>2024</b>	2023
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
Final dividend, proposed, of HK2.0 cents (2023: nil) per share	<b><u>20,000</u></b>	<u>–</u>

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

## 11 CONTINGENT LIABILITIES

As at 31 December 2023, performance bond of HK\$647,000 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. As at 31 December 2024, there was no such performance bond outstanding. At the end of the reporting period, the directors do not consider it probable that a claim will be made against the Group.



## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **BUSINESS REVIEW AND OUTLOOK**

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

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

During the year ended 31 December 2024 (the "Year" or "2024"), the Group's revenue decreased by approximately 25.4% to approximately HK\$21.5 million from approximately HK\$28.9 million for the year ended 31 December 2023 (the "Previous Year" or "2023"). The decrease was mainly driven by the decrease in revenue from projects for office premises, which partially offset by the increase in revenue from projects for elderly home. The Group's gross profit decreased to approximately HK\$6.8 million for the Year from approximately HK\$8.4 million for the Previous Year, representing a decrease of approximately 19.7%.

The Group recorded a loss attributable to the owners of the Company of approximately HK\$3.3 million for the Year (Previous Year: HK\$5.7 million).

### **OUTLOOK**

During the Year, the Group completed/awarded certain projects of office premises and elderly home. Although the market has gradually recovered since the outbreak of COVID-19, headwinds were encountered in the form of mounting inflationary pressures of the raw materials and subdued consumer sentiment, demand for decoration of office premises were still adversely impacted as our client remain vigilant towards associated risks.

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

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

## FINANCIAL REVIEW

### Revenue

The Group's revenue is principally generated from (i) design & decoration projects; (ii) decoration projects; and (iii) other interior design and fitting-out services. During the Year, the Group's revenue decreased by approximately 25.4% to approximately HK\$21.5 million (Previous Year: HK\$28.9 million).

The following table sets forth a breakdown of the Group's revenue by use of premises of the projects for the years ended 31 December 2024 and 2023:

Use of premises	For the year ended 31 December			
	2024		2023	
	HK\$'000	%	HK\$'000	%
Office	17,026	79.0	25,993	90.0
Elderly home	3,421	15.9	1,179	4.1
Others <i>(Note)</i>	1,097	5.1	1,723	5.9
Total	<u>21,544</u>	<u>100.0</u>	<u>28,895</u>	<u>100.0</u>

*Note:* Others mainly comprise medical centre, restaurant, gallery and residential premises.

The following table sets forth a breakdown of the Group's revenue and number of projects by project types and geographical locations for the years ended 31 December 2024 and 2023:

Project types and locations	For the year ended 31 December					
	2024			2023		
	<i>No. of projects</i>	<i>HK\$'000</i>	<i>%</i>	<i>No. of projects</i>	<i>HK\$'000</i>	<i>%</i>
<b>Design &amp; decoration</b>						
Hong Kong	9	<u>18,963</u>	<u>88.0</u>	6	<u>22,062</u>	<u>76.4</u>
	9	<u>18,963</u>	<u>88.0</u>	6	<u>22,062</u>	<u>76.4</u>
<b>Decoration</b>						
Hong Kong	2	<u>286</u>	<u>1.3</u>	3	<u>4,666</u>	<u>16.1</u>
	2	<u>286</u>	<u>1.3</u>	3	<u>4,666</u>	<u>16.1</u>
<b>Others</b>						
Hong Kong		<u>2,295</u>	<u>10.7</u>		<u>2,167</u>	<u>7.5</u>
		<u>2,295</u>	<u>10.7</u>		<u>2,167</u>	<u>7.5</u>
<b>Total</b>	<b>11</b>	<b><u>21,544</u></b>	<b><u>100.0</u></b>	<b>9</b>	<b><u>28,895</u></b>	<b><u>100.0</u></b>

The decrease in revenue of design and decoration projects from HK\$22.1 million for the Previous Year to HK\$19.0 million for the Year was mainly due to decrease in revenue derived from projects of office premises by HK\$4.9 million, which partially offset by increase in revenue from projects of elderly home by HK\$2.2 million.

The decrease in revenue of decoration projects by HK\$4.4 million during the Year was principally attributed to the decrease in revenue derived from projects of office premises.

## Cost of sales and gross profit

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

The following table sets forth the breakdown of the Group's gross profit and gross profit margin by use of premises of the projects for the years ended 31 December 2024 and 2023:

Use of premises	For the year ended 31 December			
	2024		2023	
	<i>Gross Profit</i>		<i>Gross Profit</i>	
	<i>Gross Profit</i>	<i>Margin</i>	<i>Gross Profit</i>	<i>Margin</i>
	<i>HK\$'000</i>	<i>%</i>	<i>HK\$'000</i>	<i>%</i>
Office	4,522	26.6	7,627	29.3
Elderly home	1,876	54.8	56	4.7
Others	377	34.4	758	44.0
<b>Overall</b>	<b>6,775</b>	<b>31.4</b>	<b>8,441</b>	<b>29.2</b>

Gross profit margin of the Group's office premises projects decreased from approximately 29.3% in 2023 to approximately 26.6% in 2024 was mainly due to decrease in projects for office premises with relatively higher gross profit margin in 2024.

Gross profit margin of the Group's elderly home projects increased from approximately 4.7% in 2023 to approximately 54.8% in 2024 was mainly due to the fitting-out works in 2024 involved more complex specifications involved which lead to higher gross profit margin.

The following table sets forth the breakdown of the Group's gross profit and gross profit margin by project types for the years ended 31 December 2024 and 2023:

<b>Project types</b>	<b>For the year ended 31 December</b>			
	<b>2024</b>		<b>2023</b>	
	<i>Gross Profit</i>		<i>Gross Profit</i>	
	<i>Gross Profit</i>	<i>Margin</i>	<i>Gross Profit</i>	<i>Margin</i>
	<i>HK\$'000</i>	<i>%</i>	<i>HK\$'000</i>	<i>%</i>
Design & decoration	<b>6,014</b>	<b>31.7</b>	5,552	25.2
Decoration	<b>39</b>	<b>13.6</b>	1,937	41.5
Others	<b>722</b>	<b>31.5</b>	952	43.9
<b>Overall</b>	<b>6,775</b>	<b>31.4</b>	8,441	29.2

The Group's overall gross profit margin slightly increased from approximately 29.2% for the Previous Year to approximately 31.4% for the Year mainly due to the higher gross profit margin for design and decoration projects of the elderly home which involved more complex fitting-out works.

### **Selling and distribution expenses**

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

The Group's selling and distribution expenses slightly increased from HK\$1.2 million for the Previous Year to HK\$1.3 million for the Year 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 administrative expenses mainly consisted of (i) staff costs and directors' remuneration; (ii) legal and professional fee; (iii) depreciation; and (iv) other administrative expenses, which decreased to approximately HK\$11.1 million for the Year from approximately HK\$14.1 million for Previous Year due to the decrease in staff costs and directors remuneration by HK\$3.1 million.

## **Income tax credit**

No income tax was recognised during the Year (Previous Year: Income tax credit of HK\$0.4 million). The income tax credit for the Year and the Previous Year was mainly attributed by the recognition of deferred tax liabilities in relation to accelerated tax depreciation on property, plant and equipment, loss allowance of trade receivables and tax loss.

## **Loss for the year**

As a result of the foregoing, the Group recorded a loss of approximately HK\$3.3 million for the Year (Previous Year: HK\$5.7 million).

## **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 31 December 2024, reversal of loss allowance of HK\$0.4 million (2023: impairment loss of HK\$0.9 million) was recognised with respect to the Group's trade receivables and contract assets of which HK\$0.8 million (2023: 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. Reversal of loss allowance during the Year mainly attributed to the recovery of a long overdue trade receivables from customer amounting to approximately HK\$0.3 million.

## **LIQUIDITY, FINANCIAL RESOURCES, GEARING RATIO AND CAPITAL STRUCTURE**

During the Year, the Group financed its operations by its internal resources. As at 31 December 2024, the Group had net current assets of approximately HK\$60.1 million (2023: HK\$62.0 million), including cash and cash equivalents balances of approximately HK\$9.0 million (2023: HK\$19.1 million) mainly denominated in Hong Kong dollars. As at 31 December 2024, the Group had an unutilised banking facility of HK\$2.0 million (2023: 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 19.4 times as at 31 December 2024 (2023: 15.7 times). The increase was mainly due to increase in trade and other receivables and contract assets.

As at 31 December 2024, the Group had no outstanding borrowings (2023: Nil) as the Group was not in need of any material debt financing during the Year, and hence no gearing ratio was presented. The gearing ratio is calculated as total debt divided by total equity as at the respective year end.

There has been no material change in capital structure of the Company since the date of listing. The equity attributable to the owners of the Company amounted to approximately HK\$61.8 million as at 31 December 2024 (2023: HK\$65.3 million).

### **PLEDGE OF ASSETS**

As at 31 December 2024, bank deposits of HK\$2.0 million (2023: HK\$2.0 million) and nil (2023: HK\$0.6 million) were pledged to secure the banking facilities and a performance bond, respectively. Save for the above, the Group did not have any charges on its assets.

### **FOREIGN EXCHANGE EXPOSURE AND TREASURY POLICY**

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

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

### **CAPITAL COMMITMENTS**

As at 31 December 2024 and 2023, the Group did not have any material capital commitment.

## **HUMAN RESOURCES MANAGEMENT**

As at 31 December 2024, the Group had a total of 13 (2023: 12) employees. To ensure that the Group is able to attract and retain staff capable of attaining the best performance levels, remuneration packages are reviewed on a regular basis. In addition, discretionary bonus is offered to eligible employees by reference to the Group's results and individual performance. Employees may also be granted share awards under the share award scheme adopted by the Company.

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

The Group did not have any significant investments, material acquisitions, and disposals of subsidiaries, associates and joint ventures during the Year, nor there were any future plans for material investments or additions of capital assets as at 31 December 2024.

## **CONTINGENT LIABILITIES**

Saved as disclosed in note 11 of financial information of this announcement, the Group had no material contingent liabilities as at 31 December 2024 and 2023.

## **CORPORATE GOVERNANCE PRACTICES**

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

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

Pursuant to code provision C.2.1 of the CG Code, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. In view of Mr. Lau King Wai, being the founder of the Group and his experience and his roles in the Group, the Board considers it 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.

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

### **CODE OF CONDUCT FOR SECURITIES TRANSACTIONS BY DIRECTORS**

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

### **PURCHASE, SALE OR REDEMPTION OF SECURITIES**

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's shares (including sale of treasury shares) during the Year and up to the date of this announcement. As at 31 December 2024, no treasury shares were held by the Company.

### **EVENTS AFTER THE REPORTING PERIOD**

The Directors are not aware of any significant event requiring disclosure that has taken place subsequent to 31 December 2024 and up to the date of this announcement.

### **DIVIDENDS**

As a reward to the Shareholders for their continuous support, the Board has recommended the declaration of a final dividend of HK2.0 cents per share for the Year (Previous Year: Nil) to the Shareholders. The proposed final dividend, subject to the approval of the Shareholders, is expected to be paid on Tuesday, 15 July 2025 to the Shareholders whose names appear on the register of members of the Company on Monday, 23 June 2025.

## **ANNUAL GENERAL MEETING**

An annual general meeting (the “AGM”) will be held on Friday, 13 June 2025. A circular containing the details of the AGM and the notice of the AGM and form of proxy accompanying thereto is sent to the Shareholders in due course.

## **CLOSURE OF REGISTER OF MEMBERS**

For the purpose of determining the Shareholders entitlement to attend and vote at the AGM, the register of members of the Company will be closed from Tuesday, 10 June 2025 to Friday, 13 June 2025, both days inclusive, during which period no transfer of Shares will be registered. In order to qualify to attend and vote at the AGM, all transfer documents accompanied by the relevant share certificates must be lodged with the Company’s branch share registrar in Hong Kong, Tricor Investor Services Limited, at 17/F., Far East Finance Centre, 16 Harcourt Road, Hong Kong, for registration not later than 4:30 p.m. on Monday, 9 June 2025.

For determining the entitlement to the proposed final dividend payable to Shareholders, the register of members of the Company will be closed from Thursday, 19 June 2025 to Monday, 23 June 2025, both days inclusive, during which period no transfer of shares of the Company will be registered. In order to qualify for the proposed final dividend, all transfer documents accompanied by the relevant share certificates must be lodged with the Company’s branch share registrar in Hong Kong, Tricor Investor Services Limited, at 17/F., Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:30 p.m. on Wednesday, 18 June 2025.

## **AUDIT COMMITTEE**

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

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

## **SCOPE OF WORK OF AUDITOR**

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

By Order of the Board

**K W Nelson Interior Design and Contracting Group Limited**

**Lau King Wai**

*Chairman and Chief Executive Officer*

Hong Kong, 19 March 2025

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

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

*This announcement will remain on the "Latest Listed Company Information" page of the GEM website at <http://www.hkgem.com> for at least 7 days from the date of its publication and on the website of the Company at <http://www.kwnelson.com.hk>.*