Basic House New Life Group Limited
簡樸新生活集團有限公司

(incorporated in the Cayman Islands with limited liability)

Stock Code : 8360

INTERIM REPORT **2026**

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This report, for which the directors (the "Directors") of Basic House New Life 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 of Hong Kong Limited (the "GEM Listing Rules") for the purpose of giving information with regard to the Company and its subsidiaries (together, the "Group"). 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 aspects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this report misleading.

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MANAGEMENT DISCUSSION AND ANALYSIS

Business Overview

Basic House New Life Group Limited (the "Company") together with its subsidiaries (collectively referred to as the "Group"), principally derives its revenue from the following business arms: (i) Design and Fit Out Business, which provides integration of interior design, fit out solutions and repair and maintenance services in Hong Kong; and (ii) Treasury Investment Business, which invests in equity securities listed in Hong Kong and derivatives listed in Hong Kong and Overseas; and (iii) Basic Housing Units Business, which comprises real estate leasing and related management services.

Design and Fit Out Business

The business was established in 1999 under the name of AL Design & Associates Limited ("AL Design"), which is a well-established interior design and fit out solutions provider in Hong Kong. The Group believes that its success is firmly rooted in its extensive experience and portfolio in interior design and fit out works as well as project management. The Group's services can be broadly categorised as (i) design and fit out and (ii) design only. In addition, the Group also provides maintenance and aftersales services which could cater for its customers' different requirements.

Treasury Investment Business

The Group established the Treasury Investment Business during the year ended 31 December 2023. The Group will keep seeking for opportunities of equity and derivatives appreciation and cash flow return in the equity securities market listed in Hong Kong and derivatives market listed in Hong Kong and Overseas.

Basic Housing Units Business

Following the formulation of the Group's strategic development plan to strengthen the Group's portfolio of owned, leased and managed properties, the Group has successfully executed its strategic rollout and generated revenue from the Basic Housing Units Business during the six months ended 30 June 2026.

The Basic Housing Units Business operates under a flexible model wherein the Group acts as the landlord or principal tenant in the provision of Basic Housing Units to generate rental income, or provide consultancy and management services to third-party landlords for the conversion of their properties into Basic Housing Units and the subsequent operation thereof. Leveraging its integrated operational capabilities, the Group aims to position itself as a premier provider of high-quality, compliant Basic Housing Units.

Prospects

For the Design and Fit Out Business, the management of the Group (the "Management") is committed to strengthen the customer base. The Group will continue to find new orders and customers. Because of the unstable economic condition, there was an adverse impact to the Group and accordingly, the Management will actively keep monitoring the performance of the Group, and will implement appropriate strategy in a timely manner. Despite the uncertainties, the Management still remains positive towards the Design and Fit Out Business in the long run.

The Group commenced the business of treasury investment during the year ended 31 December 2023. The Board is optimistic on the prospects of the equity securities market listed in Hong Kong as well as derivatives market listed in Hong Kong and Overseas and considered that the new business will further enhance the Company's financial performance as well as the value of the shareholders.

In addition, the Group will dedicate further resources to capturing emerging opportunities in the property market, with a particular focus on the Basic Housing Units sector. Consistent with its strategy to broaden and diversify its business portfolio, the Group will draw upon its proven expertise in interior design, fit-out, and repair and maintenance services to develop and manage high-quality, compliant Basic Housing Units.

The Basic Housing Units Ordinance (Chapter 658 of the Laws of Hong Kong), promulgated on 3 October 2025 and effective from 1 March 2026 (except Part 2 thereof), requires subdivided units to satisfy prescribed minimum living standards before they may be lawfully rented. This regulatory framework aims to enhance safety, hygiene, and overall living conditions for tenants. Capitalizing on this regulatory shift, the Group targets the development of approximately 1,000 units in the first year, with potential annual rental income of around HK$60 million at full occupancy. Over the next three years, it intends to expand to approximately 3,000 units, fostering sustainable growth and delivering long-term value to shareholders.

Financial Review

Revenue

The Group's revenue increased from approximately HK$22.8 million for the six months ended 30 June 2025 to approximately HK$44.1 million over the same period in 2026, representing an increase of approximately 93.3%, which was mainly driven by the improved performance of the "Design and Fit Out Business".

For Treasury Investment Business, it had not generated any realised income for the six months ended 30 June 2026.

The following table sets forth the breakdowns of the revenue of the Group by segment for each of the six months ended 30 June 2025 and 30 June 2026.

	Six months ended 30 June			
	2026		2025	
	HK$'000	**%**	HK$'000	%
Design and Fit Out Business	**38,924**	**88.3**	22,825	100.0
Treasury Investment Business	**–**	**–**	–	–
Business Housing Units Business	**1,075**	**2.4**	–	–
Others	**4,111**	**9.3**	–	–
	44,110	**100.0**	22,825	100.0

Cost of sales and services

The majority of the Group's cost of sales and services was raw material costs, labor and operating cost of design and fit out business. The Group's cost of sales and services increased by approximately 81.6% to approximately HK$31.0 million for the six ended 30 June 2026 as compared to the same period in 2025, which align with the increase in revenue.

Expense

Selling and administrative expenses for the six months ended 30 June 2026 was approximately HK$19.0 million (2025: HK$17.6 million), representing an increase of approximately HK$1.4 million. The increase was mainly due to increase in consultancy fees as well as marketing expense.

Loss for the period

The loss for the six months ended 30 June 2026 was approximately HK$8.4 million. The loss for the same period in 2025 was approximately HK$15.8 million.

Liquidity, Financial and Capital Resources

Capital structure

As at 30 June 2026, the share capital and capital deficiency attributable to owners of the Company amounted to approximately HK$36,027,000 and HK$50,363,000 respectively (31 December 2025: HK$36,027,000 and HK$41,939,000 respectively). Details of the capital management are set out in the Note 21 to the unaudited interim condensed consolidated financial statements.

Cash position

As at 30 June 2026, the carrying amount of the Group's unpledged bank balances and cash was approximately HK$45.4 million (31 December 2025: HK$61.1 million), representing a decrease of approximately 25.7% as compared to that of at 31 December 2025.

Gearing ratio

As at 30 June 2026, the gearing ratio, expressed as a percentage of interest-bearing debt, borrowings, bond payable, contingent consideration payable and convertible bond over total assets was approximately 113.5% (31 December 2025: 108.8%). The increase in gearing ratio was mainly resulted by the increase in the amount borrowings, lease liabilities as well as bonds payable. The management will timely monitor the financial position of the Group and deleverage the gearing when appropriate.

Exchange Rate Exposure

The Group's business operations are denominated mainly in Hong Kong dollars ("HK$"). The Group's assets and liabilities are mainly denominated in HK$. Currently, the Group has not entered into agreements or purchased instruments to hedge the Group's exchange rate risks.

Contingent Liabilities and Capital Commitments

The Group did not have any significant contingent liabilities as of 30 June 2026.

During the year ended 31 December 2025, certain customers of design and fit out contracts undertaken by the Group require a group entity to issue guarantees for performance of contract works in the form of surety bonds.

As at 31 December 2025, the Group had paid for certain refundable deposits with the aggregate amount of HK$1,300,000 to an insurance company for surety bonds issued in favour of certain customers by the insurance company amounted to approximately HK$2,650,000 which remained outstanding at that date. Where the Group fails to provide satisfactory performance to the customers, the customers may demand the insurance company to pay the sum stipulated in the surety bond and the Group may then become liable to compensate the insurance company accordingly.

Employees and Emolument Policies

The Group had approximately 42 employees (including Directors) as 30 June 2026 (31 December 2025: 40 employees). The Group recruits and promotes individuals based on their performance and development potential in the positions held. In order to attract and retain high quality staff and to enable smooth operation within the Group, the Group offers competitive remuneration packages (with reference to market conditions and individual qualifications and experience) and various in-house training courses. The remuneration packages are subject to review on a regular basis. The emoluments of the Directors and senior management are reviewed by the Remuneration Committee, having regard to the Group's operating results, market competitiveness, individual performance and achievement, and approved by the Board.

Legal Proceedings

On 8 November 2023, ACE Architectural and Interior Design Limited ("ACE"), a former subsidiary of the Company was ordered to be wound up by the High Court of Hong Kong in HCCW347/2023 and the Provisional Liquidator of ACE was appointed.

ACE filed a notice of appeal against the Order (the "Appeal") to the Court of Appeal of the High Court on 6 December 2023. At the time of filing of the notice of Appeal on 6 December 2023, the Board had undertaken a parallel effort to seek legal advice in evaluating the substantive legal merits. Failure to file the notice of Appeal within the 28-day time limit from the date of the Order would have resulted in ACE forfeiting its right to pursue such Appeal.

After due deliberation on the legal assessment, the Board has resolved not to proceed with the Appeal. Given (i) the insolvency of ACE with net liabilities of approximately HK$65 million as at the Deconsolidation Date; (ii) the substantial requisite funding from the Group to remedy the insolvent condition of ACE; and (iii) the ongoing litigation time and costs associated with continued pursuit of the Appeal, the Board considers that the withdrawal of the Appeal represents the most prudent and beneficial course of action for the Company, and is in the interests of the Company and the shareholders of the Company.

To the best knowledge, information and belief of the Board, the Group had not provided any form of corporate guarantee or collateral to secure the external debts incurred by ACE. With no contingent liabilities incumbent upon the Group for ACE's failure to repay those external debts, the Company considers that there will be no adverse impact on the financial position of the Group. Details were set out in the Company's announcements dated 8 November 2023 & 9 July 2024.

As at the date of this report, ACE is undergoing the liquidation process, with the provisional liquidator taking steps to administer its assets and liabilities.

Significant Event after the Reporting Period

Save as disclosed elsewhere in this interim report, the Directors are not aware of any significant event requiring disclosure that has taken place subsequent to 30 June 2026 and up to the date of this interim report.

Interim Dividend

The board of the Directors of the Company (the "Board") does not declare any interim dividend for the six months ended 30 June 2026 (2025: Nil).

Significant Investments Held

As at 30 June 2026, the Group held approximately HK$54,000 and HK$19,696,000 of equity investments which were classified as financial assets at fair value through other comprehensive income and financial assets at fair value through profit or loss respectively. Details of the significant listed equity investments are as follows:

	Notes	Place of incorporation	Gain on change in fair value	Market value	Approximate percentage of equity investment	Approximate percentage to the total asset	Approximate percentage to the interest in the respective investment as at 30 June 2026
			HK$'000	HK$'000	%	%	%
HSBC Holdings plz (0005.hk)	1	England	8	54	0.3	0.0	<0.01
CK Hutchison Holdings Limited (00001.hk)		Cayman Islands	4	N/A	N/A	N/A	0.0
BYD Company Limited (01211.hk)		PRC	(1)	N/A	N/A	N/A	0.0
Chinese Estates Holdings Limited (00127.hk)	2	Bermuda	(235)	1,421	7.2	1.0	0.07
New World Development Company Limited (00017.hk)		Hong Kong	4	N/A	N/A	N/A	0.0
Most Kwai Chung Limited (01716.hk)		Cayman Islands	323	N/A	N/A	N/A	0.0
ZTO Express (Cayman) Inc (02057.hk)		Cayman Islands	1	N/A	N/A	N/A	0.0
China Life Insurance Company Limited (02628.hk)		PRC	6	N/A	N/A	N/A	0.0
Midea Group Co., Ltd. (00300.hk)		PRC	–	N/A	N/A	N/A	0.0
Meituan (03690.hk)		Cayman Islands	(1)	N/A	N/A	N/A	0.0
Far East Hotels and Entertainment Limited (00037.hk)	3	Hong Kong	387	3,484	17.6	2.3	0.9
Dah Sing Financial Holdings Limited (00440.hk)	4	Hong Kong	322	4,949	25.1	3.2	0.04
Haier Smart Home Co Ltd (06690.hk)		PRC	–	N/A	N/A	N/A	0.0
HMVOD Limited (08103.hk)	5	Cayman Islands	43	223	1.1	0.1	1.3
Legendary Education Group Limited (08195.hk)	6	Cayman Islands	2	201	1.0	0.1	0.04
Super Strong Holdings Limited (08262.hk)	7	Cayman Islands	(23)	535	2.7	0.4	1.3
EDICO Holdings Limited (08450.hk)	8	Cayman Islands	7,690	8,883	45.0	5.9	1.3
JD.Com Inc. (09618.hk)		Cayman Islands	–	N/A	N/A	N/A	0.0
Pop Mart International Group (09992.hk)		Cayman Islands	(154)	N/A	N/A	N/A	0.0
			8,376	19,750	100	13.0	N/A

Notes:

1. HSBC Holdings plc (HSBC) is the banking and financial services company. According to its latest published interim report, it had net asset value of approximately US$197,081 million.

2. Chinese Estates Holdings Limited is engaged in property development and trading, property leasing and securities investments. According to its latest published annual report, it had net asset value of approximately HK$11,935 million.

3. Far East Hotels and Entertainment Limited is an investment holding company principally engaged in hotel operation.According to its latest published annual report, it had net asset value of approximately HK$252 million.

4. Dah Sing Financial Holdings Limited is an investment holding company mainly engaged in the banking business. According to its latest published annual report, it had net asset value of approximately HK46,486 million. Dividend of approximately HK$187,000 was received during the period.

5. Hmvod Limited is an investment holding company mainly engaged in the production and distribution of films, television programs and music production on over the top (OTT) platforms. According to its latest published annual report, it had net liability value of approximately HK$56 million

6. Legendary Education Group Limited, formerly Legendary Group Ltd, is an investment holding company mainly engaged in the financial quotient and investment education business. According to its latest published annual report, it had net asset value of approximately HK$498 million

7. Super Strong Holdings Limited operates as a contractor in the Hong Kong construction industry. The Company is principally engaged in general building works and specialist building works in Hong Kong. According to its latest published interim report, it had net asset value of approximately HK$74 million

8. EDICO Holdings Limited is an investment holding company mainly engaged in the provision of financial printing services.According to its latest published annual report, it had net asset value of approximately HK$28 million

In view of the recent volatile in the stock market, the Board will adopt cautious measures to manage the Group's investment portfolio with an aim to provide positive return to the Group in the near future.

Save as disclosed herein and except for investment in subsidiaries, the Group did not have any significant investment in equity interest as at 30 June 2026.

Material Acquisitions and Disposals of Subsidiaries and Future Plans for Material Investments

Save as disclosed elsewhere in this report, there were no significant investments, material acquisitions or disposals of subsidiaries and affiliated companies during the period ended 30 June 2026.

Save as disclosed in this report, there was no future plan for material investments or capital assets as at 30 June 2026.

Material Transactions

On 14 March 2026, Golden Decoration and Design Limited (an indirect wholly-owned subsidiary of the Company) (as purchaser) entered into the provisional sale and purchase agreement with Mr. Chung To Chau and Ms. Chung Shou Kuen (as vendors) for the acquisition of the residential property situated at Flat 7, 6th Floor, Man Fai Building, No. 41 Man Yuen Street, Kowloon, Hong Kong at the consideration of HK$5,000,000 in cash. The completion of the acquisition of the property took place on 27 May 2026. Details of the acquisition are set out in the announcement of the Company dated 17 March 2026.

On 20 April 2026, Golden Decoration and Design Limited (an indirect wholly-owned subsidiary of the Company) (as purchaser) entered into the provisional sale and purchase agreement with a vendor and an agent for the acquisition of the residential property situated at 3/F, No. 728 Shanghai Street, Kowloon, Hong Kong at a consideration of HK$1,830,000 in cash. The completion of the acquisition of the property took place on 23 June 2026. Details of the acquisition are set out in the announcement of the Company dated 21 April 2026.

UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The board of Directors (the "Board") of Basic House New Life Group Limited (the "Company") announces the unaudited consolidated results of the Company and its subsidiaries (the "Group") for the six months ended 30 June 2026 together with the comparative figures as follows:

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2026

	Notes	Six months ended 30 June 2026 HK$'000 (Unaudited)	2025 HK$'000 (Unaudited)
Revenue	4	**44,110**	22,825
Other income	5	**580**	1,417
Other gains/(losses), net	6	**8,787**	1,508
Subcontracting and materials costs		**(31,013)**	(17,075)
Employee benefit expenses		**(9,850)**	(8,628)
Rental expenses		**(90)**	(387)
Other expenses	7	**(9,102)**	(8,611)
Operating profit/(loss)		**3,422**	(8,951)
Finance income		**1,019**	67
Finance costs	8	**(12,807)**	(7,036)
Share of profit of an associate		**–**	147
Loss before income tax		**(8,366)**	(15,773)
Income tax expense	9	**–**	(4)
Loss for the period		**(8,366)**	(15,777)
Loss for the period attributable to:			
Owners of the Company		**(8,475)**	(15,612)
Non-controlling interests		**109**	(165)
		(8,366)	(15,777)

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income (Continued)

For the six months ended 30 June 2026

	Notes	Six months ended 30 June 2026 HK$'000 (Unaudited)	2025 HK$'000 (Unaudited)
Other comprehensive income			
Items that may be subsequently reclassified to profit or loss:			
Exchange differences arising on translation of foreign operations		**43**	18
Items that will not be reclassified to profit or loss			
Gain on change in fair value of financial assets at fair value through other comprehensive income		**8**	505
Other comprehensive income for the period, net of tax		**51**	523
Total comprehensive expense for the period, net of tax		**(8,315)**	(15,254)
Total comprehensive (expense)/income for the period attributable to:			
Owners of the Company		**(8,424)**	(15,089)
Non-controlling interests		**109**	(165)
		(8,315)	(15,254)
		HK cents (Unaudited)	HK cents (Unaudited)
Loss per share	11		
Basic		**(2.35)**	(4.33)
Diluted		**N/A**	N/A

The above condensed consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

Condensed Consolidated Statement of Financial Position

As at 30 June 2026

	Notes	As at 30 June 2026 HK$'000 (Unaudited)	As at 31 December 2025 HK$'000 (Audited)
Non-current assets			
Property, plant and equipment	12	298	344
Investment properties	13	15,365	5,180
Right-of-use assets	14	560	574
Goodwill		7,887	7,887
Financial assets at fair value through other comprehensive income		54	46
Rental deposits		100	100
		24,264	14,131
Current assets			
Trade and other receivables	15	33,022	29,475
Loans and interest receivables		22,096	19,953
Financial assets at fair value through profit or loss	16	19,696	12,622
Contract assets	17	6,582	8,214
Derivative financial instruments		328	328
Amount due from non-controlling interest		5	5
Cash and cash equivalents		45,392	61,065
		127,121	131,662
Current liabilities			
Trade and other payables	18	19,770	23,411
Contract liabilities	17	5,748	2,658
Advance payments received from issue of bonds		–	200
Borrowings		591	–
Financial liabilities at fair value through profit or loss	19	2,958	751
Bonds payable	21	49,908	50,498
Contingent consideration payable		491	491
Lease liabilities		457	587
Income tax payable		971	1,051
Bank overdraft		–	497
		80,894	80,144

Condensed Consolidated Statement of Financial Position (Continued)

As at 30 June 2026

	Notes	As at 30 June 2026 HK$'000 (Unaudited)	As at 31 December 2025 HK$'000 (Audited)
Net current assets		**46,227**	51,518
Total assets less current liabilities		**70,491**	65,649
Non-current liabilities			
Bonds payable	21	**109,110**	96,053
Convertible bonds		**8,235**	8,235
Contingent consideration payable		**3,339**	3,339
Lease liabilities		**100**	–
		120,784	107,627
Net liabilities		**(50,293)**	(41,978)
Capital deficiency			
Share capital	22	**36,027**	36,027
Reserves		**(86,390)**	(77,966)
Capital deficiency attributable to owners of the Company		**(50,363)**	(41,939)
Non-controlling interests		**70**	(39)
Total capital deficiency		**(50,293)**	(41,978)

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

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2026

	Attributable to owners of the Company										
	Share capital HK$'000	Share premium HK$'000	Other reserve HK$'000	Exchange reserve HK$'000	Investment revaluation reserve HK$'000	Share option reserve HK$'000	Convertible bond reserve HK$'000	Accumulated losses HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total HK$'000
At 1 January 2026 (Audited)	36,027	134,917	6,007	(12)	22	4,447	2,823	(226,170)	(41,939)	(39)	(41,978)
Loss for the period	–	–	–	–	–	–	–	(8,475)	(8,475)	109	(8,366)
Other comprehensive income	–	–	–	43	8	–	–	–	51	–	51
Total comprehensive income/ (expense) for the period	–	–	–	43	8	–	–	(8,475)	(8,424)	109	(8,315)
At 30 June 2026 (Unaudited)	36,027	134,917	6,007	31	30	4,447	2,823	(234,645)	(50,363)	70	(50,293)
At 1 January 2025 (Audited)	36,027	134,917	6,007	(31)	348	4,447	2,234	(194,814)	(10,865)	145	(10,720)
Loss for the period	–	–	–	–	–	–	–	(15,612)	(15,612)	(165)	(15,777)
Other comprehensive income	–	–	–	18	505	–	–	–	523	–	523
Total comprehensive income/ (expense) for the period	–	–	–	18	505	–	–	(15,612)	(15,089)	(165)	(15,254)
Recognition of equity component of convertible bond	–	–	–	–	–	–	589	–	589	–	589
At 30 June 2025 (Unaudited)	36,027	134,917	6,007	(13)	853	4,447	2,823	(210,426)	(25,365)	(20)	(25,385)

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

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2026

	Six months ended 30 June	
	2026	2025
	HK$'000	HK$'000
	(Unaudited)	(Unaudited)
Net cash used in operating activities	**(5,557)**	(51,550)
Net cash used in investing activities	**(9,608)**	(192)
Net cash (used in)/generated from financing activities	**(508)**	24,058
Net decrease in cash and cash equivalents	**(15,673)**	(27,684)
Cash and cash equivalents at the beginning of the period	**61,065**	53,569
Effect of foreign exchange rate changes	**–**	(7)
Cash and cash equivalents at the end of the period, represented by cash and bank balances	**45,392**	25,878

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

1 General information

Basic House New Life Group Limited (the "Company") was incorporated in the Cayman Islands on 1 February 2016 as an exempted company with limited liability under the Companies Law (2010 Revision) of the Cayman Islands. The address of the Company's registered office is Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The Company has established a place of business in Hong Kong which is located at Unit 204A, 2/F, Century Centre, 44–46 Hung To Road, Kwun Tong, Kowloon, Hong Kong.

The Company is an investment holding company and, together with its subsidiaries (collectively referred to as the "Group"), are principally engaged in the provision of interior design and fit out solutions as well as overall project management and treasury investment in Hong Kong.

The shares of the Company (the "Share(s)") are listed on GEM of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

These Unaudited Condensed Consolidated Interim Financial Statements are presented in Hong Kong dollars ("HK$"), and all values are rounded to nearest thousands ("HK$'000") except when otherwise stated.

2 Basis of preparation

The Unaudited Condensed Interim Financial Statements has been prepared on a going concern basis, notwithstanding that the Group had net liabilities of approximately HK$50,293,000 as at 30 June 2026. In the opinion of the directors, the Group is able to operate as a going concern and has sufficient working capital to finance its operations to meet its financial obligations when they fall due for at least twelve months from the date of approval of these condensed interim financial statements after taking into consideration the following:

(a) The substantial shareholder of the Company, Mr. Lui Yu Kin, has agreed to provide financial support to the Company, if required, to enable the Group to meet its financial obligations as and when they fall due for the foreseeable future.

(b) The executive director and Chairman of the Company, Mr. Chan Hung Kai, has agreed to provide financial support to the Company, if required, to enable the Group to meet its financial obligations as and when they fall due for the foreseeable future.

(c) The Group is implementing various measures, such as optimising its overall sales network and undergoing effective cost control to improve the profit margin and operating cash flows of its business.

(d) The Group will also continue to seek for other alternative financing and bank borrowings to finance the settlement of its existing financial obligations and future operating and capital expenditures.

Should the Group be unable to operate as a going concern, adjustments would have to be made to reduce the carrying amounts of the Group's assets to their net realisable amounts, to provide for further liabilities which might arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively. The effect of these adjustments has not been reflected in the condensed consolidated interim financial statements.

3 Material accounting policies

The Unaudited Condensed Consolidated Interim Financial Statements have been prepared in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants as well as the applicable disclosure requirements of Chapter 18 of the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited.

The Unaudited Condensed Consolidated Interim Financial Statements have been prepared in the historical basis, except for certain financial instruments which are measured at fair value, as appropriate.

Except as described below, the material accounting policies and methods of computation used in the Unaudited Interim Condensed Consolidated Financial Statements for the six months ended 30 June 2026 are the same as those used in the preparation of the Group's annual financial statements for the year ended 31 December 2025.

New and amended standards adopted by the Group

The following new and amended standards have been adopted by the Group for the first time for the financial period beginning on or after 1 January 2026:

Amendments to HKAS 21	Lack of Exchangeability

The application of new and amended standards effective in respect of the current period had not resulted in significant impact on the Group's Unaudited Interim Condensed Consolidated Financial Statements. The Group has also not applied any new or amended standards that are not effective in respect of the current period.

4 Revenue and Segment Information

Disaggregation of revenue from contracts with customers by major products or service lines is as follows:

	Six months ended 30 June	
	2026	2025
	HK$'000	HK$'000
	(Unaudited)	(Unaudited)
Design and fit out		
Design and fit out	**35,891**	21,262
Design	**1,957**	–
Maintenance and after sales services	**1,076**	736
	38,924	21,998
Others		
Consultancy fee income	**1,364**	827
Management fee income	**1,640**	–
Marketing income	**1,107**	–
	4,111	827
Basic Housing Units income	**1,075**	–
	44,110	22,825
Disaggregated by time of revenue recognition within the scope of HKFRS 15		
Over time	**41,670**	21,262
At point in time	**2,440**	1,563
	44,110	22,825

Information reported to the executive directors of the Company, being the chief operating decision maker ("CODM"), for the purposes of resource allocation and assessment of segment performance focuses on types of goods or services delivered or provided.

4 Revenue and Segment Information (Continued)

Specially, the Group's reportable segments under HKFRS 8 Operating Segments are as follows:

(i) Design and fit out services – provision of integrated interior design, fit out solutions and repair and maintenance services in Hong Kong.

(ii) Treasury investment – investment in equity securities listed in Hong Kong and derivatives listed in Hong Kong and overseas.

(iii) Basic Housing Units Business – provision of real estate leasing and related management services.

Segment revenue and results

The following is an analysis of the Group's revenue and results by reportable segments:

For the six months ended 30 June 2026

	Design and fit out HK$'000	Treasury investment HK$'000	Basic Housing Units Business HK$'000	Others HK$'000	Total HK$'000
Segment revenue	38,924	–	1,075	4,111	44,110
Segment (loss)/profit	(455)	8,927	(28)	(1,540)	6,904
Finance income					1,019
Unallocated other income					393
Unallocated other gains, net					61
Unallocated expenses					(3,938)
Finance costs					(12,805)
Loss before income tax					(8,366)
Income tax expense					–
Loss for the period					(8,366)

4 Revenue and Segment Information (Continued)

Segment revenue and results (Continued)

For the six months ended 30 June 2025

	Design and fit out HK$'000	Treasury investment HK$'000	Basic Housing Units Business HK$'000	Others HK$'000	Total HK$'000
Segment revenue	21,998	–	–	827	22,825
Segment (loss)/profit	(1,265)	1,926	–	(902)	(241)
Share of profit of an associate					147
Finance income					67
Unallocated other income					201
Unallocated other gains, net					3
Unallocated expenses					(8,972)
Finance costs					(6,978)
Loss before income tax					(15,773)
Income tax expense					(4)
Loss for the period					(15,777)

Segment revenue represents revenue from external customers. There were no inter-segment sales for the six months ended 30 June 2026 (six months ended 30 June 2025: Nil).

Segment profit/loss represents the profit earned by/loss from each segment without allocation of central administration costs, share of profits/(losses) of an associate and finance costs. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

4 Revenue and Segment Information (Continued)

Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by reportable segments:

Segment assets

	As at 30 June 2026 HK$'000 (Unaudited)	As at 31 December 2025 HK$'000 (Audited)
Design and fit out	**33,640**	28,155
Treasury investment	**19,750**	12,668
Basic Housing Units Business	**15,775**	–
Others	**90**	79
Total reportable segment assets	**69,255**	40,902
Unallocated assets	**82,130**	104,891
Consolidated assets	**151,385**	145,793

Segment liabilities

	As at 30 June 2026 HK$'000 (Unaudited)	As at 31 December 2025 HK$'000 (Audited)
Design and fit out	**25,819**	25,375
Treasury investment	**2,958**	497
Basic Housing Units Business	**210**	–
Others	**163**	248
Total reportable segment liabilities	**29,150**	26,120
Unallocated liabilities	**172,528**	161,651
Consolidated liabilities	**201,678**	187,771

4 Revenue and Segment Information (Continued)

Segment assets and liabilities (Continued)

For the purposes of monitoring segment performance and allocating resources between segments:

- all assets are allocated to operating segments other than certain property, plant and equipment, goodwill, interest in an associate, amount due from non-controlling interest and cash and cash equivalents; and

- all liabilities are allocated to operating segments other than advance payments received from issue of bonds, amount due to a shareholder, certain borrowings, bonds payable, promissory note payable, convertible bonds and contingent consideration payable.

Geographical information

The Group's geographical segments are classified according to the location of its customers. Segment revenue from external customers by location of customers during the period is as follows:

Revenue from external customers

	Six months ended 30 June	
	2026	2025
	HK$'000	HK$'000
	(Unaudited)	(Unaudited)
Hong Kong	**44,110**	22,825

Information about major customers

Revenue from individual customers contributing over 10% of the revenue of the Group is as follows:

	Six months ended 30 June	
	2026	2025
	HK$'000	HK$'000
	(Unaudited)	(Unaudited)
Customer A	**14,646**	4,902
Customer B	**N/A**	3,109

4 Revenue and Segment Information (Continued)

Geographical information (Continued)

The Group's geographical segments are also classified by the location of assets. Information about the Group's non-current assets by geographical location are detailed as below:

Non-current assets

	As at 30 June 2026 HK$'000 (Unaudited)	As at 31 December 2025 HK$'000 (Audited)
Hong Kong	24,150	14,007
The PRC, excluding Hong Kong	60	78
	24,210	14,085

Note: Non-current assets excluded financial assets at fair value through other comprehensive income.

5 Other income

	Six months ended 30 June	
	2026 HK$'000 (Unaudited)	2025 HK$'000 (Unaudited)
Dividend income from equity investments		
– at fair value through other comprehensive income	–	94
– at fair value through profit or loss	187	1,122
	187	1,216
Sundry income	393	201
	580	1,417

6 Other gains/(losses), net

	Six months ended 30 June	
	2026	2025
	HK$'000	HK$'000
	(Unaudited)	(Unaudited)
Gain on change in fair value of financial assets at fair value through profit or loss (Note 16)	**8,368**	3,839
Loss on change in fair value of financial liabilities at fair value through profit or loss (Note 19)	**(356)**	(2,854)
(Impairment loss)/Reversal of impairment loss on trade receivables, net	**–**	148
Reversal of impairment loss on contract assets	**–**	202
Reversal of trade receivables previously written off	**61**	170
Exchange (losses)/gains, net	**(22)**	3
Gain on change in fair value of derivative financial instruments	**736**	–
Other gains, net	**8,787**	1,508

7 Other expenses

	Six months ended 30 June	
	2026	2025
	HK$'000	HK$'000
	(Unaudited)	(Unaudited)
Advertisement costs	**1,703**	1,251
Auditor's remuneration	**–**	525
Consultancy fee	**3,038**	12
Depreciation of property, plant and equipment (Note 12)	**59**	104
Depreciation of investment properties (Note 13)	**98**	–
Depreciation of right-of-use assets (Note 14)	**312**	395
Legal and professional fees	**949**	1,767
Other operating expenses	**2,943**	4,557
	9,102	8,611

8 Finance costs

	Six months ended 30 June	
	2026	2025
	HK$'000	HK$'000
	(Unaudited)	(Unaudited)
Interest on:		
– Amount due to a shareholder	**–**	3
– Borrowings	**1**	75
– Bonds payable (Note 21)	**12,655**	6,466
– Promissory note payable	**–**	12
– Convertible bonds	**141**	426
– Lease liabilities	**10**	54
	12,807	7,036

9 Income tax expense

	Six months ended 30 June	
	2026	2025
	HK$'000	HK$'000
	(Unaudited)	(Unaudited)
Current tax		
Hong Kong profits tax	**–**	–
PRC enterprise income tax	**–**	4
Income tax expense	**–**	4

Hong Kong profits tax has been provided at the rate of 16.5% on the estimated assessable profits for the relevant periods. No provision for Hong Kong profits tax for both periods has been made in the condensed consolidated interim financial statements as the Group has no assessable profits for both of these periods.

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiary is 25% for both of these periods.

10 Dividends

No dividend has been paid or declared by the Company for the six months ended 30 June 2026 (30 June 2025: Nil).

11 Loss per share

(a) Basic loss per share

Basic loss per share is calculated by dividing the loss for the period attributable to owners of the Company by the weighted average number of ordinary shares in issue, as follows:

	Six months ended 30 June	
	2026 (Unaudited)	2025 (Unaudited)
Loss attributable to owners of the Company (in HK$'000)	**(8,475)**	(15,612)
Weighted average number of ordinary shares ('000)	**360,274**	360,274
Basic loss per share (in HK cents)	**(2.35)**	(4.33)

(b) Diluted loss per share

The calculation of diluted loss per share is based on the loss attributable to equity shareholders of the Company and weighted average number of ordinary shares, as follows:

(i) Loss

	Six months ended 30 June	
	2026 HK$'000 (Unaudited)	2025 HK$'000 (Unaudited)
Loss for the purpose of basic loss per share	**(8,475)**	(15,612)
Adjustments for the calculation of diluted loss per share	**N/A**	N/A
Loss for the purpose of diluted loss per share	**N/A**	N/A

11 Loss per share (Continued)

(b) Diluted loss per share (Continued)

(ii) Weighted average number of ordinary shares

	Six months ended 30 June	
	2026	2025
	'000	'000
	(Unaudited)	(Unaudited)
Weighted average number of ordinary shares for the purpose of basic loss per share	**360,274**	360,274
Effect of exercise of Share Option 2020	**278**	278
Weighted average number of ordinary shares for the purpose of diluted loss per share	**N/A**	N/A

The computation of diluted loss per share for the six months ended 30 June 2026 does not assume the exercise of Share Option 2023 and the conversion of convertible bonds (detailed in note 20) as the exercise price of the Share Option 2023 and the conversion price of the convertible bonds were higher than the average market price for shares for the six months ended 30 June 2026. The computation of diluted loss per share for the six months ended 30 June 2026 does not assume the issue of ordinary shares from contingent consideration payable as the conditions to be satisfied for the issue of shares are not satisfied at the end of the reporting period.

The computation of diluted loss per share for the six months ended 30 June 2025 does not assume the exercise of Share Option 2023 and conversion of convertible bond as the exercise price of Share Option 2023 and conversion price of the convertible bond were both higher than the average market price for shares for the six months ended 30 June 2025.

Diluted loss per share for the six months ended 30 June 2026 and 30 June 2025 are not presented as the effects arising from exercise of the Company's share options granted and conversion of convertible bonds are anti-dilutive.

12 Property, plant and equipment

During the period, the Group acquired items of property, plant and equipment with a cost of approximately HK$13,000 (six months ended 30 June 2025: approximately HK$51,000). Depreciation for items of property, plant and equipment was approximately HK$59,000 for the six months ended 30 June 2026 (six months ended 30 June 2025: approximately HK$104,000).

13 Investment Properties

During the period, the Group acquired four investment properties with a cost of approximately HK$10,283,000 (six months ended 30 June 2025: approximately HK$5,300,000). Depreciation for investment properties was approximately HK$98,000 for the six months ended 30 June 2026 (six months ended 30 June 2025: approximately HK$ Nil).

14 Right-of-use assets

During the period, the Group had additions of right-of-use assets with a cost of approximately HK$299,000 (six months ended 30 June 2025: HK$1,580,000). Depreciation for items of right-of-use assets charged to profit or loss in respect of the six months ended 30 June 2026 amounted to approximately HK$312,000 (six months ended 30 June 2025: approximately HK$395,000).

15 Trade and other receivables

	As at 30 June 2026 HK$'000 (Unaudited)	As at 31 December 2025 HK$'000 (Audited)
Trade receivables (Note)	12,643	18,314
Less: Provision for impairment of trade receivables	(3,222)	(3,487)
Trade receivables, net	9,421	14,827
Prepayments, deposits and other receivables	23,601	14,648
Current portion	33,022	29,475
Less: Non-current portion: rental deposits	100	100
	33,122	29,575

Note:

The carrying amounts of trade receivables are denominated in HK$.

15 Trade and other receivables (Continued)

Note: (Continued)

The Group does not grant credit term to customers. The ageing analysis of the Group's trade receivables (after impairment loss recognised) based on invoice date were as follows:

	As at 30 June 2026 HK$'000 (Unaudited)	As at 31 December 2025 HK$'000 (Audited)
1–30 days	4,266	4,818
31–60 days	384	427
61–90 days	598	3,735
More than 90 days	4,173	5,847
	9,421	14,827

As of 30 June 2026, trade receivables of approximately HK$9,421,000 (31 December 2025: approximately HK$14,827,000) were past due but not considered to be impaired because management closely monitors the credit quality of these customers and is of the view that the customers are of good credit quality and there is no recent history of default regarding the relevant customers.

16 Financial assets at fair value through profit or loss

	As at 30 June 2026 HK$'000 (Unaudited)	As at 31 December 2025 HK$'000 (Audited)
Fair value		
Equity securities listed in Hong Kong	19,696	12,622

Financial assets at fair value through profit or loss, representing equity securities listed in Hong Kong, are all held for trading.

Gain on change in fair value of the equity securities listed in Hong Kong amounted to HK$8,368,000 (six months ended 30 June 2025: HK$3,839,000) is included in other gains/(losses), net (Note 6).

17 Contract assets and contract liabilities

	As at 30 June 2026 HK$'000 (Unaudited)	As at 31 December 2025 HK$'000 (Audited)
Contract assets		
Design and fit out services	7,047	8,679
Less: Impairment loss on contract assets recognised	(465)	(465)
	6,582	8,214

	As at 30 June 2026 HK$'000 (Unaudited)	As at 31 December 2025 HK$'000 (Audited)
Contract liabilities		
Design and fit out services	5,748	2,658

The contract assets primarily relate to the Group's right to consideration for work completed and not billed because the rights are conditioned on the Group's future performance of projects works satisfactorily passing inspection.

18 Trade and other payables

	As at 30 June 2026 HK$'000 (Unaudited)	As at 31 December 2025 HK$'000 (Audited)
Trade payables	18,254	20,690
Accrued employee benefit expenses	627	845
Other accruals and payables	889	1,876
	19,770	23,411

The carrying amounts of the trade payables approximate their fair values due to their short-term nature.

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

	As at 30 June 2026 HK$'000 (Unaudited)	As at 31 December 2025 HK$'000 (Audited)
Within 1 month	13,428	15,195
1 to 2 months	2,432	2,570
2 to 3 months	877	148
Over 3 months	1,517	2,777
	18,254	20,690

The trade payables are non-interest bearing and are normally settled on terms of within 90 days.

19 Financial liabilities at fair value through profit or loss

	As at 30 June 2026 HK$'000 (Unaudited)	As at 31 December 2025 HK$'000 (Audited)
Fair value		
Short positions in securities listed in Hong Kong	2,958	751
	2,958	751

Financial liabilities at fair value through profit or loss, representing futures listed overseas and short positions in securities listed in Hong Kong, are held for trading.

Loss on change in fair value of financial liabilities amounted to HK$356,000 (six months ended 30 June 2025: HK$2,854,000) is included in other gains/(losses), net (note 6).

20 Operating Lease Arrangements

Operating leases relate to investment properties owned by the Group with lease terms of one year. All operating lease contracts contain market review clauses in the event that the lessee exercises its options to renew. The lessee does not have an option to purchase the property at the expiry of the lease period.

Minimum lease payments receivable on leases are as follows:

	As at 30 June 2026 HK$'000 (Unaudited)	As at 31 December 2025 HK$'000 (Audited)
Within one year	241	183
More than one year but not more than two years	93	68
	334	251

21 Bonds payable

	As at 30 June 2026 HK$'000 (Unaudited)	As at 31 December 2025 HK$'000 (Audited)
Unsecured bonds payable		
– Within one year	**49,908**	50,498
– More than one year, but not exceeding two years	**109,110**	96,053
	159,018	146,551
Less: Amount shown under current liabilities	**(49,908)**	(50,498)
Amount shown under non-current liabilities	**109,110**	96,053

Movements of the bonds payable are as follows:

	Six months ended 30 June 2026 HK$'000 (Unaudited)	Year ended 31 December 2025 HK$'000 (Audited)
At beginning of the period/year	**146,551**	67,117
Proceeds received on issue of bonds	**12,600**	95,900
Transaction costs incurred for bonds issue	**–**	(4,500)
Interest charge for the period/year	**12,655**	28,337
Repayment of bonds during the period/year	**(500)**	(20,050)
Interest paid during the period/year	**(12,288)**	(20,253)
At end of the period/year	**159,018**	146,551

21 Bonds payable (Continued)

During the six months ended 30 June 2026, the Company issued unsecured bonds to certain shareholders of the Company and third parties with the aggregate principal amounts of HK$Nil (Year ended 31 December 2025: HK$2,900,000) and HK$12,600,000 (Year ended 31 December 2025: HK$93,000,000) respectively, which gave rise to a total proceed of HK$Nil (31 December 2025: HK$2,900,000) and HK$12,600,000 (Year ended 31 December 2025: HK$93,000,000) respectively (before expenses).

During the six months ended 30 June 2026 and year ended 31 December 2025, the Company repaid a bond with the principal amount of HK$500,000 (2025: HK$20,050,000). At 30 June 2026, the bonds payable with the principal amount of HK$155,100,000 (31 December 2025: HK$143,000,000) remained outstanding.

The effective interest rate of the bonds payable in respect of the six months ended 30 June 2026 ranged from 4.88% to 15.09% (31 December 2025: from 4.88% to 15.9%) per annum.

22 Share capital and share premium

Authorised share capital

	Number of ordinary shares '000	Nominal value of ordinary shares HK$'000
At 1 January 2025 (audited), 31 December 2025 (audited) and 30 June 2026 (unaudited)	1,000,000	100,000

Issued and fully paid share capital and share premium

	Issued and fully paid share capital		
	Number of ordinary shares '000	Nominal value of ordinary shares HK$'000	Share premium HK$'000
As at 1 January 2025 (audited), 31 December 2025 (audited) and 30 June 2026 (unaudited)	360,274	36,027	134,917

23 Share-based Payment Transactions

Equity-settled share option scheme of the Company

2016 Share Option Scheme

The Company's share option scheme was conditionally adopted pursuant to a resolution passed by its sole shareholder on 15 June 2016 (the "2016 Share Option Scheme") and become unconditional on 12 July 2016 for the purpose of attracting and retaining the best available personnel, to provide additional incentive to selected participants, including directors of the Company and eligible employees of the Group to promote the success of the business of the Group. The 2016 Share Option Scheme adopted and became effective on 15 June 2016 for a period of 10 years.

The subscription price of the options granted is the highest of (i) the closing price of the Company's shares on the date of the offer of grant, which must be a business day; (ii) the average closing price of the Company's shares for the five trading days immediately preceding the date offer of grant; (iii) the nominal value of the share.

The maximum number of shares of the Company which may be issued upon exercise of all options granted under the 2016 Share Option Scheme or other schemes adopted by the Company must not in aggregate exceed 30% of its issued share capital of the Company from time to time. The total number of shares which may be issued upon exercise of all options to be granted under the 2016 Share Option Scheme and any other share option scheme of the Company must not exceed 10% of the shares in issue upon the date on which the shares are listed and permitted to be dealt in the Stock Exchange.

The 2016 Share Option Scheme was terminated pursuant to an ordinary resolution passed by its shareholders on 20 October 2023. Upon the termination of the 2016 Share Option Scheme, no further share options would be offered under the 2016 Share Option Scheme but the 2016 Share Option Scheme would in other respects remain in force to the extent necessary to give effect to the exercise of the outstanding options. Any outstanding options will continue to be valid and exercisable in accordance with the terms of the 2016 Share Option Scheme.

23 Share-based Payment Transactions (Continued)

Equity-settled share option scheme of the Company (Continued)

2023 Share Option Scheme

On 20 October 2023, a new share option scheme was adopted by the shareholders at the extraordinary general meeting of the Company (the "2023 Share Option Scheme") for the purpose of providing an incentive to selected eligible participants in order to retain them for the continual operation and development of the Group and attract suitable personnel for further development of the Group. Eligible participants of the 2023 Share Option Scheme include, among others, (i) any employee (whether full-time or part-time, and including any person who are granted options under the 2023 Share Option Scheme as an inducement to enter into employment contracts with any member of the Group); and (ii) any director (excluding independent non-executive directors of the Company) of any member of the Group.

The 2023 Share Option Scheme has a life of ten years and no options were granted since the date of its adoption.

A summary of the general terms of the 2023 Share Option Scheme are as follows:

(i) Scheme mandate limit

The maximum number of shares which may be allotted and issued in respect of all options and awards to be granted under the 2023 Share Option Scheme and any other share schemes shall not in aggregate exceed 10% of the total number of Shares in issue as at the date of approval of the 2023 Share Option Scheme.

(ii) Grant of share options to connected person

The grant of share options to connected person (including director, chief executive or substantial shareholder of the Company or their respective associates) must be approved by the independent non-executive directors of the Company.

(iii) Maximum entitlement of each eligible participant

The total number of shares issued and to be issued upon exercise of the share options granted to each eligible participant or grantee (including exercised and outstanding options) in any 12-month period up to the date of grant shall not exceed 1% of the total number of shares of the Company in issue.

(iv) Time of exercise of options

The exercise period of the share options granted is determinable by the directors of the Company, and ends on a date which is no longer than ten years from the date of grant of the share options.

23 Share-based Payment Transactions (Continued)

Equity-settled share option scheme of the Company (Continued)

2023 Share Option Scheme (Continued)

(v) Acceptance of offer

The date of grant of share options shall be accepted by the grantee within 10 days from the date of offer and notify the Company that he/she would accept the offer and the terms of the offer.

(vi) Subscription price for shares

The exercise price of share options shall be determinable by the directors of the Company at its absolute discretion, but in any event will not be less than the highest of (i) the closing price of the shares on the Stock Exchange as shown in the Stock Exchange daily quotations sheet on the offer date, which must be a business day; and (ii) the average closing price of the shares as shown in the Stock Exchange daily quotation sheets for the five business days immediately preceding the offer date.

(a) Share Option 2020

On 9 October 2020, certain share options were granted to (and accepted by) the grantees under 2016 Share Option Scheme (the "Share Option 2020"). These share options granted are fully exercisable at the date of acceptance.

Movements in the Share Option 2020 granted and remained outstanding during the six months ended 30 June 2026 and year ended 31 December 2025 are as follows:

	Weighted average exercise price	Number of share options		
		Employees	Others	Total
	HK$	'000	'000	'000
At 1 January 2025 (audited), 31 December 2025 (audited) and 30 June 2026 (unaudited)	**0.363**	**947**	**–**	**947**

The exercise price and exercise period of the share options outstanding as at 30 June 2026 and 31 December 2025 are as follows:

Number of options	Exercise price per share	Exercise period
'000	HK$	
947	0.363	9 October 2020 to 8 October 2030

23 Share-based Payment Transactions (Continued)

Equity-settled share option scheme of the Company (Continued)

(b) Share Option 2023

On 19 January 2023, options to subscribe 22,116,000 shares at the exercise price at HK$1.10 per share was granted to grantees under 2016 Share Option Scheme, in which options to subscribe 21,930,000 shares were accepted by the grantees and options to subscribe 186,000 shares were cancelled ("Cancelled Share Options"). None of any Cancelled Share Options has been exercised.

Movements in the Share Option 2023 during the six months ended 30 June 2026 and year ended 31 December 2025 are as follows:

	Weighted average exercise price		Number of share options		
		Directors	Employees	Others	Total
	HK$	'000	'000	'000	'000
At 1 January 2025 (audited), 31 December 2025 (audited) and 30 June 2026 (unaudited)	1.10	7,200	14,400	330	21,930

The exercise price and exercise period of the share options outstanding as at 30 June 2026 and 31 December 2025 are as follows:

Number of options	Exercise price per share	Exercise period
'000	HK$	
330	1.10	19 January 2026 to 18 January 2033
21,600	1.10	19 January 2023 to 18 January 2033

At the end of the reporting period, the Company had approximately 22,877,000 (31 December 2025: 22,877,000) share options outstanding under the Company share option schemes, which represents approximately 6.35% of the Company's shares in issue as at that date. The exercise in full of the outstanding share options would, under the capital structure of the Company as at 30 June 2026, result in the issue of approximately 22,877,000 (31 December 2025: 22,877,000) additional ordinary shares of the Company which would give rise to the total proceeds of approximately HK$24,467,000 (31 December 2025: HK$24,467,000).

23 Share-based Payment Transactions (Continued)

Equity-settled share award scheme of the Company

On 20 October 2023, the Company has adopted the share award scheme (the "Share Award Scheme"), in which the employees selected by the board of directors of the Company (the "Board") for participation in the Share Award Scheme (the "Eligible Participant") will be entitled to participate and pursuant to which awards will be satisfied by (i) shares of the Company transferred to the Trustee, appointed by the Company, from any person by way of gifts, or (ii) subscribed or purchased by the Trustee by utilizing the funds received by the Trustee.

The purpose of the Share Award Scheme are (i) to recognise the contributions by certain Eligible Participants and to provide them incentives in order to retain them for the continual operation and development of the Group; and (ii) to attract suitable personnel for further development of the Group.

Subject to any early termination as may be determined by the Board in accordance with the scheme rules, the Share Award Scheme shall be valid and effective for 10 years from the date of adoption.

The Share Award Scheme shall be subject to the administration of the Board and the Trustee in accordance with the scheme rules and the trust deed entered into between the Company and the Trustee (the "Trust Deed"). The Trustee shall hold the shares of the Company and the other trust funds (the "Trust Fund") in accordance with the terms of the trust deed (the "Trust Deed").

Pursuant to the term of the Share Award Scheme, the Board may, from time to time, at its absolute discretion select any employee (other than any excluded employee) to be a Eligible Participant and grant an award to such Eligible Participant in accordance with the scheme rules. No award shall be granted by the Board to Eligible Participant and no instructions to acquire any shares shall be given by the Board to the Trustee pursuant to the scheme rules where dealings in the shares are prohibited under any code or requirement of the GEM Listing Rules and all applicable laws from time to time.

Where any grant of awarded shares is proposed to be made to any Eligible Participant who is a director (including an independent non-executive director), such grant must first be approved by all the members of the Remuneration Committee, or in the case where the grant is proposed to be made to any member of the remuneration committee of the Company, by all of the other members of the remuneration committee of the Company.

In the event that the grant of an award to any connected person of the Company constitutes a connected transaction of the Company under Chapter 20 of the GEM Listing Rules, the Company shall comply with the applicable reporting, announcement or independent shareholders' approval requirements.

23 Share-based Payment Transactions (Continued)

Equity-settled share award scheme of the Company (Continued)

Subject to the scheme rules, the Board shall determine from time to time such vesting criteria and conditions or periods for an award to be vested. Prior to the vesting date, any award made hereunder shall be personal to the Eligible Participant to whom it is made and shall not be assignable and no Eligible Participant shall in any way sell, transfer, charge, mortgage, encumber or create any interest in favour of any other person over or in relation to the awarded shares referable to him/her pursuant to such award.

In the event that prior to or on the vesting date, a Eligible Participant is found to be an excluded employee or is deemed to cease to be an employee, the relevant award made to such Selected Employee shall automatically lapse forthwith and the relevant awarded shares shall not vest on the relevant vesting date but shall remain part of the Trust Fund.

No awarded shares have been granted by the Company during the six months ended 30 June 2026, the year ended 31 December 2025 and since the date of adoption of the Share Award Scheme of 20 October 2023.

24 Contingent liabilities

The Group did not have any significant contingent liabilities as of 30 June 2026.

During the year ended 31 December 2025, certain customers of design and fit out contracts undertaken by the Group require a group entity to issue guarantees for performance of contract works in the form of surety bonds.

As at 31 December 2025, the Group had paid for certain refundable deposits with the aggregate amount of HK$1,300,000 to an insurance company for surety bonds issued in favour of certain customers by the insurance company amounted to approximately HK$2,650,000 which remained outstanding at that date. Where the Group fails to provide satisfactory performance to the customers, the customers may demand the insurance company to pay the sum stipulated in the surety bond and the Group may then become liable to compensate the insurance company accordingly.

25 Related-party transactions

(a) In addition to transactions and balances with certain related parties disclosed elsewhere in the consolidated financial statements, the Group had the following related party transactions:

	Six months ended 30 June	
	2026	2025
	HK$'000	HK$'000
	(Unaudited)	(Unaudited)
Loan interest expense to a shareholder	**–**	3
Convertible bonds interest expenses to shareholders	**6**	10
Bonds interest expenses to shareholders	**186**	750
Consultancy fee	**2,313**	–
	2,505	763

(b) Key management compensation

Key management includes directors and senior management. The compensation paid or payable to key management for employee services is shown below:

	Six months ended 30 June	
	2026	2025
	HK$'000	HK$'000
	(Unaudited)	(Unaudited)
Basic salaries, bonus and allowance (Note)	**1,937**	1,893
Pension costs – defined contribution plan	**131**	131
	2,068	2,024

Note: The amount include housing allowance to key management amounted to HK$90,000 (six months ended 30 June 2025: HK$90,000).

26 Events after the end of the reporting period

Save as disclosed elsewhere in this interim report, the Directors are not aware of any significant event requiring disclosure that has taken place subsequent to 30 June 2026 and up to the date of this interim report.

SUPPLEMENTARY INFORMATION

Principal Risks and Uncertainties

The business operations and results of the Group may be affected by various factors, some of which are external causes and some are inherent to the business. The Board is aware that the Group is exposed to various risks and the principal risks and uncertainties as summarised below:

- Failure to obtain new contracts could materially affect our financial performance;
- We rely on our management team in operating our business;
- We rely on our ability to successfully meet customers' and end users' preference by delivering our interior design solutions in a timely manner;
- We rely on the performance of our project management staff; and
- We rely on our suppliers to complete certain projects and are subject to risk arising from the non-compliance, late performance or poor performance by such suppliers. Also, there is no assurance that these suppliers will be able to continue to provide services to us at fees acceptable to us.

Changes of Directors' Information under Rule 17.50A(1) of the GEM Listing Rules

The Company is not aware of any change in the directors' information which are required to be disclosed pursuant to Rule 17.50A(1) of the GEM Listing Rules since the date of the report of the Company for the year ended 31 December 2025 and up to the date of this report.

Share Schemes

On 20 October 2023 (the "Adoption Date"), the relevant ordinary resolutions were passed by the shareholders at the extraordinary general meeting of the Company regarding, among others, (i) the termination of the then share option scheme of the Company which was conditionally adopted pursuant to a resolution passed by its then sole shareholder on 15 June 2016 (the "2016 Share Option Scheme"); (ii) the adoption of a new share option scheme (the "2023 Share Option Scheme"); and (iii) the adoption of a share award scheme (the "Share Award Scheme", together with the 2023 Share Option Scheme, the "Schemes").

Scheme limit

The maximum number of Shares that may be issued in respect of all share options and award shares granted under all of the Schemes pursuant to the scheme limit granted on the Adoption Date (the "Scheme Limit") was 36,027,400 Shares, representing 10% of the issued share capital of the Company as at the Adoption Date. No share options or award shares had been granted under the Schemes from the Adoption Date up to and including 30 June 2026. Accordingly, the Scheme Limit had not been utilized, and the number of options and awards available for grant pursuant to the Scheme Limit under the Schemes was 36,027,400 Shares as at 1 January 2026 and 30 June 2026.

During the six months ended 30 June 2026, no share options or award shares were granted, vested/exercised, cancelled or lapsed under the Schemes (or any other share scheme of the Company). There were no unvested award shares or outstanding share options granted under the Schemes as at 1 January 2026 and 30 June 2026.

2016 Share Option Scheme

Movement of the share options during the six months ended 30 June 2026

Details of the share options granted under the 2016 Share Option Scheme and outstanding during the six months ended 30 June 2026 are as follows:

						Number of share options				
Grantees	Date of grant	Exercise price (HK$)	Exercise period	Vesting period/ conditions/ performance target	outstanding as at 1 January 2026	granted during the six months ended 30 June 2026	exercised during the six months ended 30 June 2026	cancelled during the six months ended 30 June 2026	lapsed during the six months ended 30 June 2026	outstanding as at 30 June 2026
Directors										
Mr. Chan Hung Kai	19 January 2023	1.1	19 January 2023 to 18 January 2033	N/A	3,600,000	-	-	-	-	3,600,000
Eligible Employees										
	9 October 2020	0.363	9 October 2020 to 8 October 2030	N/A	947,200	-	-	-	-	947,200
	19 January 2023	1.1	19 January 2023 to 18 January 2033	N/A	18,000,000	-	-	-	-	18,000,000
Consultants										
Eligible service providers (Note 1)	19 January 2023	1.1	19 January 2026 to 18 January 2033	Note 2	330,000	-	-	-	-	330,000
					22,877,200	-	-	-	-	22,877,200

Notes:

1. The grantees included five individuals, namely, Ho Yung Ah, Chan Yim Tung, Hung Siu Yan, Chen Xiaomeng and Chan Yiu Kei. Ho Yung Ah is a human resources consultant to the Company, who has provided consultancy solution services including but not limited to human capital management consulting services, talent acquisition and executive search, and has solidified the Group's manpower and managed to maintain the workforce of the Group during the COVID-19 period. The other four grantees are the market consultants to the Company, who have provided marketing-related services, including but not limited to market research, formulating marketing strategy, and assisting in implementation of marketing activities, for AL Design & Associates Limited, a principal subsidiary of the Company. In determining the grant of share options to the aforesaid service providers, the Board has considered factors such as (i) their contribution to the business affairs of and the benefits to the Group with regard to the quality of services provided or expected to be provided to the Group; (ii) their work experience, professional qualifications, knowledge in the industry or other relevant factors which could be valuable to the Group; and (iii) the continuity of services provided to the Group. In view of the above, the Directors consider that the grant of the share options to the aforesaid service providers is in line with the objective and purpose of the 2016 Share Option Scheme and the long-term interests of the Group and the shareholders as a whole.

2. No share options can be exercised within three years from the date of grant.

Directors' and Chief Executive's Interests and/or Short Positions in the Shares, Underlying Shares and Debentures of the Company or any Specified Undertaking of the Company or any Other Associated Corporation

As at 30 June 2026, the interests and short positions of each Director and chief executive in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")), which are required (i) to be notified to the Company and the Stock Exchange pursuant to the provisions of Division 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); (ii) pursuant to section 352 of Part XV of the SFO, to be entered in the register referred to therein; or (iii) pursuant to the Model Code to be notified to the Company and the Stock Exchange, were as follows:

Long positions in Shares and underlying shares of the Company:

Name of Directors	Capacity	Number of Shares held	Number of Options held	Total	Percentage of the Company's issue share as at 30 June 2026 (%)
Chan Hung Kai	Beneficial owner	18,941,200	3,600,000	22,541,200	6.26
	Interest of spouse	39,600 (Note 1)	–	39,600	0.01
Chung Kar Ho Carol	Beneficial Owner	2,004,000	–	2,004,000	0.56
Lau Ho Kwan	Beneficial Owner	606,000	–	606,000	0.17

Note:

(1) 39,600 shares are owned by Ms. Sze Yee Fun Louisa, who is the spouse of Mr. Chan Hung Kai.

Save as disclosed above, as at 30 June 2026, none of the Directors and chief executives of the Company had any interests or short position in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) (i) as 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 and/or short positions which they are taken or deemed to have under such provisions of the SFO), or (ii) as required to be recorded in the register required to be kept by the Company pursuant to Sections 352 of the SFO, or (iii) as otherwise notified to the Company and the Stock Exchange pursuant to the required standard of dealings by directors of listed issuers as referred to in Rule 5.46 to Rule 5.67 of the GEM Listing Rules.

Substantial shareholder's Interests and/or Short Position in 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 or Debentures of the Company and Its Associated Corporations" above, the following parties have interest or short position in the shares or underlying shares of the Company 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 nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company are listed as follows:

Long Positions in Shares and Underlying Shares of the Company

Name of shareholder	Capacity/ Nature of interests	Number of ordinary shares	Percentage of the Company's issue share capital as at 30 June 2026 (%)
Lui Yu Kin	Beneficial owner	65,738,000	18.25

Save as disclosed above, as at 30 June 2026, the Directors were not aware of any other person (other than the Directors or chief executives as disclosed in the paragraph headed "Directors' and Chief Executives' Interests and Short Positions in the Shares, Underlying Shares or 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 directly or indirectly interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company.

Directors' Interests in Competing Business

During the six months ended 30 June 2026, none of the directors, or any of their respective close associates has engaged in any business that competes or may compete, either directly or indirectly, with the business of the Group or has any other conflict of interests with the Group.

Code on Corporate Governance Practices

During the six months ended 30 June 2026, the Board considers that the Company has complied with all the corporate governance codes (the "CG Code") as set out in Appendix C1 to the GEM Listing Rules, save for the deviations as further explained below.

Code provision C.2.1 of the CG Code stipulates that the roles of chairman and chief executive should be separate and should not be performed by the same individual. Mr. Chan Hung Kai was appointed as the Chairman of the Board on 29 July 2022. The Board is in the process of finding an appropriate person to fill the vacancy of the chief executive officer as soon as practicable. In addition, the Board is also supervised by three independent non-executive Directors. The Board considers that the present structure will not impair the balance of power and authority between the Board and the management of the Group as the Board assumes collective responsibility on the decision-making process of the Company's business strategies and operation. The Board will continue to review and consider splitting the roles of the chairman of the Board and the chief executive officer at a time when it is appropriate and suitable by taking into account the circumstances of the Group as a whole.

Other matters reserved for the Board include consideration of dividend policy, approval of major investments, maintenance of an adequate system of internal controls and review of the corporate governance practices of the Group. Daily operations and administration are delegated to management teams.

Compliance of Code of Conduct for Directors' Securities Transactions

The Company has adopted a code of conduct regarding securities transactions by directors on terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Having made specific enquiry of all Directors, all Directors confirmed that they had complied with the required standard of dealings and the code of conduct regarding securities transactions by Directors adopted by our Company during the six months ended 30 June 2026.

Purchase, Sale or Redemption of Listed Securities of the Company

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 June 2026.

Audit Committee

The Company established an audit committee on 15 June 2016 with written terms of reference (as adopted and amended on 31 December 2018) in compliance with Rule 5.28 of the GEM Listing Rules and the CG Code as set out in Appendix C1 to the GEM Listing Rules. The audit committee comprises three independent non-executive Directors, namely, Mr. Tam Chak Chi (Chairman), Mr. Tang Chi Chiu and Ms. Lau Ho Kwan. The primary duties of the audit committee are mainly to make recommendations to the Board on the appointment and dismissal of the external auditor, review the financial statements and information and provide advice in respect of financial reporting and oversee the internal control procedures of our Company.

The audit committee has reviewed the accounting principles and practices adopted by the Group and has discussed with the management regarding the auditing and financial reporting matters. The audit committee has discussed and reviewed the unaudited financial information and the interim report for the six months ended 30 June 2026.

As at the date of this report, the executive Directors are Mr. Chan Hung Kai and Mr. Chung Kar Ho Carol; and the independent non-executive Directors are Mr. Tang Chi Chiu, Ms. Lau Ho Kwan and Mr. Tam Chak Chi.