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## **Hephaestus Holdings Limited**

**客思控股有限公司**

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

**(Stock code: 8173)**

### **ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 2025**

#### **CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)**

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

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

*This announcement, for which the directors (the “**Directors**” and each the “**Director**”) of Hephaestus Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the “**GEM Listing Rules**”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this 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 Stock Exchange’s website at [www.hkexnews.hk](http://www.hkexnews.hk) for at least seven days from the date of its posting. This announcement will also be published on the Company’s website at [www.hephaestus.com.hk](http://www.hephaestus.com.hk).*

The board (the “**Board**”) of Directors of the Company is pleased to announce the consolidated annual results of the Group for the year ended 31 March 2025 (the “**Year**”) together with the comparative figures for the preceding financial year as follows:

## **CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

*Year ended 31 March 2025*

	<i>Notes</i>	<b>2025</b> <i>HK\$'000</i>	2024 <i>HK\$'000</i>
<b>Revenue</b>	<i>5</i>	<b>16,305</b>	27,967
Cost of services		<u>(8,491)</u>	<u>(17,226)</u>
<b>Gross profit</b>		<b>7,814</b>	10,741
Other income	<i>6</i>	<b>549</b>	42
Other gains and losses, net	<i>7</i>	<b>34</b>	(2,321)
Administrative expenses		<u>(14,818)</u>	<u>(15,765)</u>
<b>Loss from operations</b>		<b>(6,421)</b>	(7,303)
Share of loss of an associate		<b>(1,114)</b>	(1,344)
Finance costs	<i>8</i>	<u>(9)</u>	<u>(12)</u>
<b>Loss before tax</b>	<i>9</i>	<b>(7,544)</b>	(8,659)
Income tax credit	<i>10</i>	<u>75</u>	<u>104</u>
<b>Loss for the year</b>		<b>(7,469)</b>	(8,555)
<b>Other comprehensive expense for the year</b>			
<i>Item that may be reclassified subsequently to profit or loss</i>			
Currency translation differences		<u>6</u>	<u>3</u>
<b>Total comprehensive expenses</b>		<u><b>(7,463)</b></u>	<u><b>(8,552)</b></u>
<b>Loss per share</b>		<b>HK cents</b>	<b>HK cents</b>
Basic and diluted	<i>11</i>	<u><b>(3.47)</b></u>	<u><b>(3.97)</b></u>

# **CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

*As at 31 March 2025*

	<i>Notes</i>	<b>2025</b> <b>HK\$'000</b>	<b>2024</b> <b>HK\$'000</b>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		808	1,460
Right-of-use assets		292	165
Investment in an associate	13	8,760	9,874
Prepayments	15	3,000	–
Deferred tax assets		19	21
Loan receivable	16	7,700	–
		<u>20,579</u>	<u>11,520</u>
<b>CURRENT ASSETS</b>			
Financial assets at fair value through profit or loss (“FVTPL”)		617	428
Contract assets	14	6,953	9,408
Trade and other receivables	15	7,113	6,723
Amount due from an associate		1,378	2,500
Current tax assets		44	44
Bank and cash balances		3,161	15,621
		<u>19,266</u>	<u>34,724</u>
<b>CURRENT LIABILITIES</b>			
Contract liabilities	14	4,073	4,868
Trade and other payables	17	6,403	4,586
Amount due to a director		260	260
Lease liabilities		119	176
		<u>10,855</u>	<u>9,890</u>
<b>NET CURRENT ASSETS</b>		<u>8,411</u>	<u>24,834</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>28,990</u>	<u>36,354</u>
<b>NON-CURRENT LIABILITIES</b>			
Lease liabilities		176	–
Deferred tax liabilities		33	110
		<u>209</u>	<u>110</u>
<b>NET ASSETS</b>		<u>28,781</u>	<u>36,244</u>
<b>CAPITAL AND RESERVES</b>			
Share capital		108	108
Reserves		28,673	36,136
<b>TOTAL EQUITY</b>		<u>28,781</u>	<u>36,244</u>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

*Year ended 31 March 2025*

## 1. GENERAL INFORMATION

Hephaestus Holdings Limited (the “**Company**”) was incorporated in the Cayman Islands and its shares are listed on GEM of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”). The registered office of the Company is at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands and the principal place of business of the Company is at Room 1602, 16/F, Park Commercial Centre, 180 Tung Lo Wan Road, Causeway Bay, Hong Kong.

The Company (together with its subsidiaries, hereinafter collectively referred to as the “**Group**”) is principally engaged in the provision of interior design and execution services.

In the opinion of the directors of the Company, as at 31 March 2025, Hong Kong Jun Tai Ting Investment Company Limited (“**Jun Tai Ting Investment**”), a company incorporated in the British Virgin Islands, is the immediate and ultimate holding company and Ms. Ye Huacong is the ultimate controlling party of the Company.

The consolidated financial statements for the year ended 31 March 2025 are presented in Hong Kong dollars (“**HK\$**”) and all values are rounded to the nearest thousand (“**HK\$’000**”) except when otherwise indicated.

## 2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

These consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“**HKAS**”) and Interpretations (hereinafter collectively referred to as the “**HKFRS Accounting Standards**”) issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”) and with the disclosure requirements of the Hong Kong Companies Ordinance (Cap. 622). In addition, the consolidated financial statements also comply with applicable disclosures required by the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited (“**GEM Listing Rules**”). For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users.

The directors of the Company have, at the time of approving the consolidated financial statements, a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the consolidated financial statements.

The consolidated financial statements have been prepared on the historical cost basis except for financial instruments that are measured at fair value at the end of each reporting period.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

### 3. APPLICATION OF AMENDMENTS TO HKFRS ACCOUNTING STANDARDS

#### Amendments to HKFRS Accounting Standards that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to HKFRS Accounting Standards issued by the HKICPA for the first time, which are mandatorily effective for the annual periods beginning on or after 1 April 2024 for the preparation of the financial statements:

Amendments to HKFRS 16	Lease liability in a Sale and Leaseback
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements

None of these developments have a material effect on the Group's results and financial position for the current or prior periods have been prepared or presented. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

#### New and amendments to HKFRS Accounting Standards in issue but not yet effective

The following new or amended HKFRS Accounting Standards, potentially relevant to the Group's financial statements, have been issued, but are not yet effective and have not been early adopted by the Group. The Group's current intention is to apply these changes on the date they become effective.

Amendments to HKAS 21	Lack of Exchangeability <sup>1</sup>
Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments <sup>2</sup>
Amendments to HKFRS 9 and HKFRS 7	Contracts Referencing Nature-dependent Electricity <sup>2</sup>
Amendments to HKFRS Accounting Standards	Annual Improvements to HKFRS Accounting Standards–Volume 11 <sup>2</sup>
HKFRS 18	Presentation and Disclosure in Financial Statements <sup>3</sup>
HKFRS 19	Subsidiaries without Public Accountability: Disclosures <sup>3</sup>
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>4</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2025.

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2026.

<sup>3</sup> Effective for annual periods beginning on or after 1 January 2027.

<sup>4</sup> Effective for annual periods beginning on or after a date to be determined.

The Group is in the process of assessing potential impact of the new standards and amendments. According to the preliminary assessment, these new standards and amendments are not expected to have significant impact on the Group's consolidated financial statements when they become effective, except HKFRS 18, which may mainly impact the presentation of the Group's consolidated statement of profit or loss and other comprehensive income and the Group will continue to assess the impact.

#### 4. SEGMENT INFORMATION

The Group's operating activities are attributable to a single operating segment focusing on interior design and execution services. This operating segment has been identified on the basis of internal reports, prepared in accordance with accounting policies which conform with HKFRS Accounting Standards, that are regularly reviewed by the chief operating decision maker (the "CODM"), the directors of the Company. The CODM is responsible for making decision about resources allocation. The information provided to the CODM is the same as those disclosed in the consolidated financial statements. Accordingly, only entity-wide disclosures, geographical information and major customers are presented.

##### Geographical information:

Information about the Group's revenue from external customers is presented based on the location of the projects:

	2025 HK\$'000	2024 HK\$'000
Hong Kong	16,305	27,889
Mainland China	—	78
	<u>16,305</u>	<u>27,967</u>

All the Group's non-current assets are principally located in Hong Kong.

##### Information about major customers:

Revenue from transactions with customers amounting to 10% or more of the Group's revenue are as follows:

	2025 HK\$'000	2024 HK\$'000
Customer a	3,312	5,303
Customer b	2,336	N/A*
Customer c	N/A*	5,507
Customer d	<u>N/A*</u>	<u>2,927</u>

Revenue was derived from services provided to the above respective customers including services provided to a group of entities which are known to be under common control with the above respective customers.

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

## 5. REVENUE

An analysis of the Group's revenue for the Year is as follows:

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Interior design and execution services	16,057	27,894
Colour-rendering services	168	55
Handling services	<u>80</u>	<u>18</u>
	<u><b>16,305</b></u>	<u><b>27,967</b></u>

The amount of revenue from interior design and execution services recognised during the year, from performance obligations satisfied in previous periods due to changes in transaction price decreased by approximately HK\$962,000 (2024: increased by HK\$1,848,000).

The Group provides interior design and execution services to customers. Such services are recognised as a performance obligation satisfied over time as the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date. Revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation using input method.

The Group's service contracts include payment schedules which require stage payments over the design period once certain specified milestones are reached. The Group requires certain customers to provide upfront deposits range from 5% to 15% of total contract sum, when the Group receives a deposit before design service commences, this will give rise to contract liabilities at the start of a contract, until the revenue recognised on the specific contract exceeds the amount of the deposit.

A contract asset, net of contract liability related to the same contract, is recognised over the period in which the design services are performed, representing the Group's right to consideration for the services performed because the rights are conditioned on the Group's future performance in achieving specified milestones. The contract assets are transferred to trade receivables when the rights become unconditional upon meeting the billing milestones.

Colour-rendering services represent income from provision of design work to customers which is recognised at a point in time.

Handling services income represents income from the procurement of furniture or art pieces and other decorative items for customers which is recognised at a point in time.

## Disaggregation of revenue from contracts with customers

In the following tables, revenue is disaggregated by geographical regions and timing of revenue recognition.

For the year ended 31 March 2025			
	Interior design and execution services <i>HK\$'000</i>	Others <i>HK\$'000</i>	Total <i>HK\$'000</i>
<b>Geographical region</b>			
Hong Kong	<u>16,057</u>	<u>248</u>	<u>16,305</u>
	<u><b>16,057</b></u>	<u><b>248</b></u>	<u><b>16,305</b></u>
<b>Timing of revenue recognition</b>			
Over time	<u>16,057</u>	<u>–</u>	<u>16,057</u>
At a point in time	<u>–</u>	<u>248</u>	<u>248</u>
	<u><b>16,057</b></u>	<u><b>248</b></u>	<u><b>16,305</b></u>

For the year ended 31 March 2024			
	Interior design and execution services <i>HK\$'000</i>	Others <i>HK\$'000</i>	Total <i>HK\$'000</i>
<b>Geographical regions</b>			
Hong Kong	27,816	73	27,889
Mainland China	<u>78</u>	<u>–</u>	<u>78</u>
	<u><b>27,894</b></u>	<u><b>73</b></u>	<u><b>27,967</b></u>
<b>Timing of revenue recognition</b>			
Over time	27,894	–	27,894
At a point in time	<u>–</u>	<u>73</u>	<u>73</u>
	<u><b>27,894</b></u>	<u><b>73</b></u>	<u><b>27,967</b></u>



**6. OTHER INCOME**

	<b>2025</b> <b>HK\$'000</b>	<b>2024</b> <b>HK\$'000</b>
Interest income	<b>472</b>	36
Sundry income	<u><b>77</b></u>	<u>6</u>
	<b><u>549</u></b>	<b><u>42</u></b>

**7. OTHER GAINS AND LOSSES, NET**

	<b>2025</b> <b>HK\$'000</b>	<b>2024</b> <b>HK\$'000</b>
Exchange losses, net	<b>(9)</b>	(27)
Fair value gain/(loss) on financial assets at FVTPL, net	<b>189</b>	(1,891)
Gain on disposal of property, plant and equipment, net	<b>173</b>	–
Net loss allowances in respect of		
– Contract assets	<b>(818)</b>	12
– Trade receivables	<u><b>499</b></u>	<u>(415)</u>
	<b><u>34</u></b>	<b><u>(2,321)</u></b>

**8. FINANCE COSTS**

	<b>2025</b> <b>HK\$'000</b>	<b>2024</b> <b>HK\$'000</b>
Interest on lease liabilities	<u><b>9</b></u>	<u>12</u>

## 9. LOSS BEFORE TAX

The Group's loss before tax is stated after charging the following:

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Auditor's remuneration		
– Audit services	850	850
– Non-audit services	59	72
Subcontracting charges	803	4,934
Depreciation of property, plant and equipment	990	827
Depreciation of right-of-use assets	235	378
Rental expenses relating to short-term leases	<u>2,628</u>	<u>3,294</u>

## 10. INCOME TAX CREDIT

Income tax has been recognised in profit or loss as follows:

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
<b>Current tax</b>		
Hong Kong Profits Tax	–	–
Over-provision in prior years	<u>–</u>	<u>28</u>
	–	28
Deferred tax	<u>75</u>	<u>76</u>
	<u>75</u>	<u>104</u>

No provision for Hong Kong Profits Tax is required since the Group has no assessable profits for the years ended 31 March 2025 and 2024.

Tax charges on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates, based on existing legislation, interpretation and practices in respect thereof.

## 11. LOSS PER SHARE

The calculation of the basic loss per share attributable to owners of the Company for the Year is based on the following data:

	2025 HK\$'000	2024 HK\$'000
<b>Loss</b>		
Loss for the year attributable to owners of the Company for the purpose of calculating basis loss per share	<u>(7,469)</u>	<u>(8,555)</u>
	2025 '000	2024 '000
<b>Number of shares:</b>		
Weighted average number of ordinary shares for the purpose of calculating basic loss per share	215,347	215,347
Basic loss per ordinary share (HK cents)	<u>(3.47)</u>	<u>(3.97)</u>

There were no dilutive potential ordinary shares during the years ended 31 March 2025 and 2024, and therefore diluted loss per share is the same as basic loss per share.

## 12. DIVIDENDS

The Board does not recommend the payment of a final dividend for the year ended 31 March 2025 (2024: Nil).

## 13. INVESTMENT IN AN ASSOCIATE

	2025 HK\$'000	2024 HK\$'000
At beginning of year	9,874	11,218
Share of loss and other comprehensive expense	<u>(1,114)</u>	<u>(1,344)</u>
At end of year	<u>8,760</u>	<u>9,874</u>

Details of the Group's associate at the end of the reporting period are as follows:

Name of entity	Place of incorporation	Principal place of business	Proportion of ownership interest held by the Group	Proportion of voting right held by the Group	Principal activity
Joy Chance Investment Limited ("Joy Chance")	Hong Kong	Hong Kong	50% (2024:50%)	50% (2024:50%)	Property holding

The Group has 50% ownership interest and voting rights in Joy Chance. By considering that the Group has no sufficient dominant voting rights to direct the relevant activity of Joy Chance unilaterally, the directors of the Company conclude that the Group only has significant influence over Joy Chance and therefore it is classified as an associate of the Group.

Summarised financial information in respect of the Group's associate is set out below. The summarised financial information below represents amounts shown in the associate's financial statements prepared in accordance with HKFRS Accounting Standards.

	2025 HK\$'000	2024 HK\$'000
Non-current assets	<u>20,257</u>	<u>22,000</u>
Current assets	<u>18</u>	<u>255</u>
Current liabilities	<u>2,756</u>	<u>2,508</u>
Revenue	<u>–</u>	<u>–</u>
Loss and other comprehensive expense for the year	<u>(2,228)</u>	<u>(2,689)</u>

Reconciliation of the above summarised financial information to the carrying amount of the interest in the associate recognised in the consolidated financial statements:

	2025 HK\$'000	2024 HK\$'000
Net assets of Joy Chance	17,519	19,747
Proportion of the Group's ownership interest in Joy Chance	<u>50%</u>	<u>50%</u>
The Group's share of net assets of Joy Chance	<u>8,760</u>	<u>9,874</u>

#### 14. CONTRACT ASSETS/LIABILITIES

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Contract assets	7,861	9,498
Less: allowance for credit losses	<u>(908)</u>	<u>(90)</u>
	<u>6,953</u>	<u>9,408</u>
 Contract liabilities	 <u>4,073</u>	 <u>4,868</u>

The contract assets represent the Group's rights to consideration for work completed but not billed at the reporting date. The contract assets are transferred to trade receivables when the rights become unconditional other than the passage of time.

There were no retention monies held by the customers for contract works performed at the end of reporting period.

The Group classifies these contract assets as current because the Group expects to realise them in its normal operating cycle.

The contract liabilities primarily represent the advanced consideration received from customers for which revenue is recognised based on the progress toward complete satisfaction of the related services.

#### 15. TRADE AND OTHER RECEIVABLES

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Trade receivables	4,841	6,612
Less: allowance for credit losses	<u>(476)</u>	<u>(1,245)</u>
	4,365	5,367
 Prepayments, deposits and other receivables	 <u>5,748</u>	 <u>1,356</u>
	<u>10,113</u>	<u>6,723</u>
 Less: Non-current prepayments	 <u>(3,000)</u>	 <u>—</u>
	<u>7,113</u>	<u>6,723</u>

The Group has recognised the following trade receivables:

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Arising from interior design and execution with customers	<u>4,365</u>	<u>5,367</u>

At the end of reporting period, the ageing analysis of trade receivables, net of loss allowance, based on invoice date is as follows:

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Within 30 days	3,210	1,226
31–60 days	3	12
61–90 days	274	2,792
91–180 days	244	676
181–365 days	<u>634</u>	<u>661</u>
	<u>4,365</u>	<u>5,367</u>

Trade receivables are generally due within 30 to 60 days from the date of billing. The Group does not hold any collateral over these balances. Trade receivables are non-interest bearing. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by management.

As at 31 March 2025, included in the Group's trade receivables balance are debtors with aggregate carrying amount of approximately HK\$1,155,000 (2024: HK\$4,141,000) which are past due as at the reporting date. Out of the past due balances, approximately HK\$878,000 (2024: HK\$966,000) has been past due more than 90 days and is not considered as in default since the amounts are still considered as recoverable based on historical experience and forward-looking estimates.

The carrying amounts of trade receivables are denominated in the following currencies:

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
HK\$	4,365	5,271
Renminbi (“ <i>RMB</i> ”)	<u>–</u>	<u>96</u>
	<u>4,365</u>	<u>5,367</u>

## 16. LOAN RECEIVABLE

	2025 HK\$'000	2024 HK\$'000
Loan receivable	<u>7,700</u>	<u>–</u>

As at 31 March 2025, the loan receivable with gross principal amount of HK\$7,700,000 (2024: Nil) and related interest receivable of approximately HK\$457,000 (2024: Nil) is due from an independent third party. The loan is secured and interest bearing, payable annually in arrears from the date of drawdown of the loan. The loan is repayable in full in one lump sum on the date falling two years from the date of drawdown. For details of the provision of loan, please refer to the Company's announcement dated 20 May 2024.

## 17. TRADE AND OTHER PAYABLES

	2025 HK\$'000	2024 HK\$'000
Trade payables	233	176
Accruals and other payables	<u>6,170</u>	<u>4,410</u>
	<u>6,403</u>	<u>4,586</u>

Trade payables as at 31 March 2025 and 2024 were due within 7 days from the date of billing.

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

	2025 HK\$'000	2024 HK\$'000
Within 30 days	–	176
Over 60 days	<u>233</u>	<u>–</u>
	<u>233</u>	<u>176</u>

The carrying amounts of trade and other payables are denominated in the following currencies:

	2025 HK\$'000	2024 HK\$'000
HK\$	5,787	4,265
RMB	616	315
New Taiwan dollars (“NT\$”)	<u>–</u>	<u>6</u>
	<u>6,403</u>	<u>4,586</u>

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **BUSINESS REVIEW AND PROSPECTS**

The Group is principally engaged in provision of interior design and execution services to premises including private residences, corporate offices, service apartments, hotels, residential clubhouses, show flats and sales galleries.

The Group's goals are to achieve sustainable growth and further strengthen its overall competitiveness and business growth in the interior design industry in Hong Kong. The Directors are of the view that the Group's capability to understand customers' requirements and transform far-fetched concepts into visionary solutions that embrace functionality and aesthetics has gained trust and appreciation from customers and enabled the Group to be one of the reputable players in the interior design industry in Hong Kong.

The Group will remain cautiously attentive over the market conditions given the unpredictable macroeconomic environment across the globe, especially heightened geopolitical tensions and the impact of United States' tariffs policies. Bolstered by reduced mortgage interest rates and the relaxation of lending regulations in the latter half of 2024, Hong Kong's primary residential property market demonstrated resilient activity, notwithstanding a subdued domestic economic backdrop and heightened competitive pressures. Concurrently, sustained inflows of skilled talent and international students continued to underpin stable residential rental levels, signifying enduring end-user demand for housing.

The Group will continue to capitalise on opportunities by leveraging the Group's competitive strengths and implementing the following strategies: (i) maintain and strengthen market position in Hong Kong; (ii) enhance brand recognition and strengthen marketing efforts; and (iii) continue to recruit talents and enhance internal training to support future growth.

### **FINANCIAL REVIEW**

#### **Revenue**

Revenue decreased from approximately HK\$28.0 million for the year ended 31 March 2024 to approximately HK\$16.3 million for the year ended 31 March 2025, representing a decrease of approximately HK\$11.7 million or approximately 41.7%. The decrease was mainly attributable to the decrease in revenue from residential and show flat and sales office projects.



## **Cost of Services**

Cost of services for the years ended 31 March 2024 and 2025 amounted to approximately HK\$17.2 million and approximately HK\$8.5 million, respectively, representing a decrease of approximately HK\$8.7 million or approximately 50.7%. The decrease was mainly due to the decrease in direct staff costs.

## **Gross Profit and Gross Profit Margin**

For the year ended 31 March 2025, gross profit amounted to approximately HK\$7.8 million, which decreased by approximately HK\$2.9 million from approximately HK\$10.7 million for the year ended 31 March 2024. The decrease in gross profit was mainly due to a combination of factors, including (i) the decrease in revenue of approximately HK\$11.7 million; and (ii) a decrease in cost of services of approximately HK\$8.7 million. The overall gross profit margin increased from approximately 38.4% in 2024 to approximately 47.9% in 2025 due to the tight control of cost of services.

## **Other Income**

Other income for the years ended 31 March 2024 and 2025 amounted to approximately HK\$42,000 and approximately HK\$549,000, respectively, representing a significant increase of approximately HK\$507,000. The increase included interest income from the loan receivable for Auto Cave Limited, an independent third party of approximately HK\$457,000 received for the year ended 31 March 2025.

## **Other Gains and Losses, Net**

Other gains and losses, net changed from loss of approximately HK\$2,321,000 for the year ended 31 March 2024 to gain approximately HK\$34,000 for the year ended 31 March 2025. Such gain was mainly attributable from (i) the fair value gain on financial assets at FVTPL of approximately HK\$189,000, (ii) the gain of approximately HK\$173,000 on disposal of property, plant and equipment, and (iii) net loss allowance of approximately HK\$319,000, during the year ended 31 March 2025.

## **Administrative Expenses**

Administrative expenses decreased from approximately HK\$15.8 million for the year ended 31 March 2024 to approximately HK\$14.8 million for the year ended 31 March 2025, representing a decrease of approximately HK\$0.9 million or approximately 6.0%. Such decrease was mainly attributable from the tight control on rental and staff related expenses during the year ended 31 March 2025 as compared with last year.

### **Share of Loss of an Associate**

The share of loss of an associate decreased by approximately HK\$0.2 million from approximately HK\$1.3 million for the year ended 31 March 2024 to approximately HK\$1.1 million for the Year. The decrease was mainly due to the fair value loss on the valuation of the investment property held by the associate for the Year.

### **Finance Costs**

The finance costs for the years ended 31 March 2024 and 2025 amounted to approximately HK\$12,000 and approximately HK\$9,000 respectively. There was no significant change for the finance costs.

### **Loss before Tax**

Loss before tax decreased from approximately HK\$8.7 million for the year ended 31 March 2024 to approximately HK\$7.5 million for the year ended 31 March 2025, representing a significant decrease of approximately HK\$1.1 million. Such decrease was mainly attributable to a combination of factors, including (i) the decrease in revenue of approximately HK\$11.7 million; (ii) the decrease in cost of services of approximately HK\$8.7 million; (iii) in turn decrease in gross profit of approximately HK\$2.9 million; (iv) increase in other income of approximately HK\$0.5 million; (v) net changed in other gains and losses, net of approximately HK\$2.4 million; (vi) decrease of administrative expenses of approximately HK\$0.9 million; and (vii) decrease of share of loss of an associate of approximately HK\$0.2 million.

### **Income Tax Credit**

Income tax credit decreased by approximately HK\$29,000 from approximately HK\$104,000 for the year ended 31 March 2024 to approximately HK\$75,000 for the year ended 31 March 2025. There was no significant change for the income tax credit.

### **Loss and Total Comprehensive Expenses**

Loss and total comprehensive expenses decreased by approximately HK\$1.1 million, from approximately HK\$8.6 million for the year ended 31 March 2024 to approximately HK\$7.5 million for the year ended 31 March 2025. Such decrease was mainly attributable to the combined effect of the aforementioned items.

## **FINANCIAL RESOURCES REVIEW**

### **Liquidity and Financial Resources**

As at 31 March 2025, the lease liabilities of the Group were approximately HK\$0.3 million (31 March 2024: approximately HK\$0.2 million). As at 31 March 2025, the Group had total assets of approximately HK\$39.8 million (31 March 2024: approximately HK\$46.2 million), including cash and cash equivalents of approximately HK\$3.2 million (31 March 2024: approximately HK\$15.6 million). The decrease in cash and cash equivalents was mainly due to (i) the cash outflow for working capital requirements; and (ii) the cash used for investing activities, including capital assets, property, plant, and equipment and making the loan receivable.

### **Capital Structure**

As at 31 March 2025, the capital structure of the Company comprised issued share capital and reserves.

### **Current Ratio and Gearing Ratio**

As at 31 March 2025, the Group has a current ratio of approximately 1.8 times (31 March 2024: approximately 3.5 times). Gearing ratio was not applicable as the Group was in net cash position as at 31 March 2025 and 2024.

### **Capital Commitments**

As at 31 March 2025, the Group did not have any material capital commitment (31 March 2024: Nil).

### **Contingent Liabilities**

As at 31 March 2025, the Group had no material contingent liabilities (31 March 2024: Nil).

### **Prepayments**

During the year ended 31 March 2025, the Group made prepayments totaling HK\$3,000,000 for the capital assets (31 March 2024: Nil).

## Loan Receivable

As at 31 March 2025, the loan receivable of the Group was HK\$7.7 million (31 March 2024: Nil).

During the year ended 31 March 2025, BTR (HK) Limited (the “**Lender**”), an indirect wholly-owned subsidiary of the Company, entered into a significant loan arrangement with an independent third party, Auto Cave Limited (the “**Borrower**”) which principally engaged in car trading, storage, repair and maintenance operations. The loan receivable of HK\$7,700,000 bears interest rate at 6.875% per annum and is secured by comprehensive security arrangements, including (1) the share charge over 50% of issued share capital of Joy Chance Investment Limited (“**Joy Chance**”) (an associate of the Group) owned by the Borrower in favour of the Lender; (2) debt security assignment of HK\$1,250,000 owed by Joy Chance to the Borrower; and (3) subordination agreement.

### *Internal Control and Monitoring*

The Group has implemented comprehensive ongoing monitoring procedures to ensure effective management of the loan receivable and protect shareholder interests. Regular assessment of borrower performance and compliance with loan terms forms the cornerstone of the monitoring framework, enabling early identification of potential issues and proactive risk management. The Group conducts periodic reviews of security values and prevailing market conditions to ensure the adequacy of collateral coverage throughout the loan term. Proactive communication with the borrower regarding repayment schedules maintains transparency and reinforces the professional lending relationship, while established procedures for security enforcement provide clear remedial action protocols should they become necessary.

### *Security Management Procedures*

The Group’s security management approach focuses on continuous monitoring and assessment of all collateral arrangements to maintain robust protection for the loan receivable. Ongoing monitoring of the underlying property value ensures that security coverage remains adequate relative to the outstanding loan balance, with particular attention paid to market fluctuations that could impact collateral values. Regular review of Joy Chance Investment Limited’s financial position provides insight into the financial health of the entity holding the charged property, while assessment of subordinated debt arrangements ensures the Group’s priority position remains protected. Legal documentation review and compliance verification procedures are conducted systematically to confirm that all security instruments remain legally enforceable and that the Group’s rights as secured creditor are fully preserved.

### Size and Diversity of Loan Receivable

		Carrying amount as at 31 March 2025 (HK\$'000)	Percentage to the total gross carrying amount as at 31 March 2025 (%)	Interest rate, terms, maturity and securities obtained	Carrying amount as at 31 March 2024 (HK\$'000)	Percentage to the total gross carrying amount as at 31 March 2024 (%)
The Borrower	6.875% per annum, 2 years term, maturity within 2 years, secured	7,700	100.0%	N/A	–	N/A
Total gross carrying amount		<u>7,700</u>	<u>100.0%</u>	<u>N/A</u>	<u>–</u>	<u>N/A</u>

### Breakdown of Loan Receivable by Categories

Borrower type	As at 31 March 2025 HK\$'000	As at 31 March 2024 HK\$'000	Terms
Corporate Borrower	<u>7,700</u>	<u>–</u>	Secured with share charge, debt assignment and subordination agreement

### *Impairment Assessment of Loan Receivable*

<b>Borrower</b>	<b>As at 31 March 2025 Amount of allowance HK\$'000</b>	<b>Percentage to the total allowance</b>	<b>As at 31 March 2024 Amount of allowance HK\$'000</b>	<b>Percentage to the total allowance</b>
The Borrower	—	0%	—	0%
<b>Total</b>	<b>—</b>	<b>0%</b>	<b>—</b>	<b>0%</b>

### **Material Acquisitions and Disposals of Subsidiaries, Associates and Joint Ventures**

The Group did not have any material acquisitions or disposals of subsidiaries, associates and joint ventures during the Year.

### **Charge over Assets of the Group**

As at 31 March 2025, the Group did not have any charges on its assets (31 March 2024: Nil).

### **Foreign Exchange Risk**

The Group is mainly exposed to the foreign exchange risk of United States dollars (“US\$”), RMB and NT\$. Under the pegged exchange rate system, the financial impact on exchange difference between HK\$ and US\$ will be immaterial as all US\$ denominated monetary assets and liabilities are held by group entities having HK\$ as their functional currency. For RMB and NT\$, as the amount involved is insignificant, the foreign currency risk arising from RMB and NT\$ is immaterial.

## **Credit Risk**

The Group's credit risk is primarily attributable to its loan receivable, investment in debt securities, trade and other receivables, amount due from an associate, contract assets and bank balances. The management manages this exposure of credit risk from investment in debt securities by maintaining a portfolio of investments with different risk and return profiles. In respect of trade receivables and contract assets, individual credit evaluations are performed on all customers, which focus on the customer's reputation and past history of making payments. In addition, management reviews the recoverable amount of each individual trade debt and contract asset regularly to ensure that adequate impairment losses are recognised for irrecoverable debts. For other receivables, management makes periodic individual and collective assessments on the recoverability of other receivables based on historical settlement records and past experience. In this regard, the Group's credit risk is significantly reduced. For loan receivable, the management performed due diligence analysis on the borrower and obtained sufficient level of security for the loan receivable.

## **Liquidity Risk**

The Group's policy is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash to meet its liquidity requirements in the short and longer term.

## **Significant Investment Held**

The Group held a significant investment in Joy Chance, which is classified as an investment in an associate. As of 31 March 2025, the Group's share of the net assets of Joy Chance was approximately HK\$8.8 million (as at 31 March 2024: approximately HK\$9.9 million). Joy Chance is a property holding company that is principally engaged in holding the property. The investment in Joy Chance is expected to be held for long-term strategic purposes. Further details of the investment in an associate and the summarized financial information are disclosed in note 13 to the consolidated financial statements. Save as disclosed above, the Group had no other significant investment held with a value of 5% or more of the Company's total assets for the year ended 31 March 2025.

## **Future Plan for Material Investments and Capital Assets**

The Group does not have any concrete plan for material investments or capital assets as at 31 March 2025.

## **Employees**

As at 31 March 2025, the Group had 37 employees (31 March 2024: 41 employees). Total staff costs including directors' emolument for the year ended 31 March 2025 amounted to approximately HK\$13.9 million (31 March 2024: approximately HK\$18.8 million). Their remuneration, promotion and salary review are assessed based on each employee's qualifications, relevant experience, position and seniority. The employees in Hong Kong joined the mandatory provident fund scheme.

## **DIVIDEND**

The Board does not recommend the payment of any dividend for the year ended 31 March 2025 (31 March 2024: Nil).

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

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities (including sale of treasury shares (within the meaning of the GEM Listing Rules), if any) during the Year.

## **CORPORATE GOVERNANCE PRACTICES**

The Stock Exchange issued the Corporate Governance Code (the “**CG Code**”) contained in Appendix C1 to the GEM Listing Rules which sets out the principles and the code provisions which listed issuers are expected to apply and comply with. The Company's corporate governance practices are based on the principles and code provisions as set out in the CG Code.

The Company considers the maintenance of a high standard of corporate governance important to the continuous growth of the Group. The Board sets appropriate policies and implements corporate governance practices appropriate to the conduct and growth of the Group's business based on the principles and code provisions as set out in the CG Code. In the opinion of the Board, other than the deviation from code provision C.2.1 (as disclosed below), the Company has complied with all the code provisions set forth in the section headed “Part 1–Mandatory disclosure requirements” and the applicable code provisions set out in the section headed “Part 2–Principles of good corporate governance, code provisions and recommended best practices” of CG Code throughout the year ended 31 March 2025.



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. Mr. Huang Liang is acting as the chairman of the Board and chief executive officer of the Company. The Board believes that vesting the roles of both chairman of the Board and chief executive officer of the Company in the same person has the benefit of ensuring the consistent leadership within the Group and enables more effective and efficient overall strategic planning of the Group. The Board considers that the balance of power and authority for the present arrangement will not be impaired and this structure will enable the Company to make and implement decisions promptly and effectively. The Board considers the deviation from code provision C.2.1 of the CG Code to be appropriate in such circumstance.

The Board will continue to review and consider splitting the roles of chairman of the Board and chief executive officer of the Company at a time when it is appropriate and suitable by taking into account the circumstances of the Group as a whole.

## **CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS AND RELEVANT EMPLOYEES**

The Company has adopted the code of conduct for securities transactions by Directors set out in Rules 5.48 to 5.67 of the GEM Listing Rules as its own code of conduct regarding securities transactions by Directors. During the Year, the Company issues notices to its Directors reminding them of the general prohibition on dealing in the Company's listed securities during the blackout periods before the publication of announcements of interim and annual results.

The Company confirmed that, having made specific enquiry of all Directors, all Directors have complied with the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules during the year ended 31 March 2025.

The Company has adopted the same code of conduct for securities transactions by relevant employees to regulate certain employees of the Group who are deemed to be in possession of unpublished inside information of the Company when dealing in the securities of 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 and other comprehensive income and the related notes thereto for the year ended 31 March 2025 as set out in this announcement have been agreed by the Company's auditor LIF & Wong CPA Limited ("LIF & WONG") to the amounts set out in the Group's consolidated financial statements for the Year. The work performed by LIF & WONG in this respect did not constitute an assurance engagement performed in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by LIF & WONG on this announcement.

## **REVIEW OF FINANCIAL STATEMENTS**

The audit committee of the Company has reviewed this announcement, the accounting principles and standards adopted by the Group, the consolidated financial statements of the Group for the year ended 31 March 2025 and financial reporting matters of the Group.

## **EVENTS AFTER THE REPORTING PERIOD**

The Directors are not aware of any significant event which had material effect on the Group's operating and financial performance subsequent to 31 March 2025 and up to the date of this announcement.

## **PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT**

This announcement is published on the website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) and the website of the Company at [www.hephaestus.com.hk](http://www.hephaestus.com.hk).

The printed version of the Annual Report 2024/25 will be dispatched to the shareholders of the Company who have chosen to receive printed version and will be available for viewing on the website of Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) and of the Company at [www.hephaestus.com.hk](http://www.hephaestus.com.hk) in due course in the manner as required by the GEM Listing Rules.

## **APPRECIATION**

The Board would like to take this opportunity to extend our gratitude and sincere appreciation to the management team and all staff for their diligence and dedication throughout the Year.

By Order of the Board  
**Hephaestus Holdings Limited**  
**Huang Liang**  
*Chairman, Chief Executive Officer and Executive Director*

Hong Kong, 24 June 2025

*As at the date of this announcement, the Board comprises two executive Directors, namely Mr. Huang Liang and Ms. Yip Hiu Ying, and three independent non-executive Directors, namely Mr. Tang Chin Ting, Mr. Liu Junda and Ms. Tong Yuk Ying Yannie.*