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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 2026**

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

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

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

*This 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 2026 (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 2026*

	<i>Notes</i>	<b>2026</b> <i>HK\$'000</i>	2025 <i>HK\$'000</i>
<b>Revenue</b>	5	<b>40,175</b>	16,305
Cost of services		<u>(29,288)</u>	<u>(8,491)</u>
<b>Gross profit</b>		<b>10,887</b>	7,814
Other income	6	<b>614</b>	549
Other gains and losses, net	7	<b>(860)</b>	34
Administrative expenses		<u>(15,123)</u>	<u>(14,818)</u>
<b>Loss from operations</b>		<b>(4,482)</b>	(6,421)
Share of loss of an associate		<b>(2,816)</b>	(1,114)
Finance costs	8	<u>(10)</u>	<u>(9)</u>
<b>Loss before tax</b>	9	<b>(7,308)</b>	(7,544)
Income tax (expense)/credit	10	<u>(232)</u>	<u>75</u>
<b>Loss for the year</b>		<b>(7,540)</b>	(7,469)
<b>Other comprehensive expense for the year</b>			
<i>Item that may be reclassified subsequently to profit or loss</i>			
Currency translation differences		<u>(21)</u>	<u>6</u>
<b>Total comprehensive expenses</b>		<u><b>(7,561)</b></u>	<u>(7,463)</u>
<b>Loss per share</b>		<i>HK cents</i>	<i>HK cents</i>
Basic and diluted	11	<u><b>(3.50)</b></u>	<u>(3.47)</u>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2026

	Notes	2026 HK\$'000	2025 HK\$'000
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		141	808
Right-of-use assets		171	292
Investment in an associate	13	5,944	8,760
Prepayments	15	–	3,000
Deferred tax assets		19	19
Loan receivable	16	–	7,700
		<u>6,275</u>	<u>20,579</u>
<b>CURRENT ASSETS</b>			
Contract assets	14	5,747	6,953
Trade and other receivables	15	7,372	7,113
Loan receivable	16	7,564	–
Financial assets at fair value through profit or loss ("FVTPL")		237	617
Amount due from an associate		1,590	1,378
Current tax assets		–	44
Bank and cash balances		<u>8,409</u>	<u>3,161</u>
		<u>30,919</u>	<u>19,266</u>
<b>CURRENT LIABILITIES</b>			
Contract liabilities	14	4,073	4,073
Trade and other payables	17	11,195	6,403
Amount due to a director		260	260
Tax payable		270	–
Lease liabilities		<u>123</u>	<u>119</u>
		<u>15,921</u>	<u>10,855</u>
<b>NET CURRENT ASSETS</b>		<u>14,998</u>	<u>8,411</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>21,273</u>	<u>28,990</u>
<b>NON-CURRENT LIABILITIES</b>			
Lease liabilities		53	176
Deferred tax liabilities		–	33
		<u>53</u>	<u>209</u>
<b>NET ASSETS</b>		<u>21,220</u>	<u>28,781</u>
<b>CAPITAL AND RESERVES</b>			
Share capital		108	108
Reserves		<u>21,112</u>	<u>28,673</u>
<b>TOTAL EQUITY</b>		<u>21,220</u>	<u>28,781</u>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 March 2026

## 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 2026, 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 2026 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.



Except for the above-mentioned changes in presentation and disclosure, these pronouncements are not expected to have a material impact on the results or the financial position of the Group.

#### 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:

	2026 <i>HK\$'000</i>	2025 <i>HK\$'000</i>
Hong Kong	8,818	16,305
Mainland China	<u>31,357</u>	<u>–</u>
	<u><u>40,175</u></u>	<u><u>16,305</u></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:

	2026 <i>HK\$'000</i>	2025 <i>HK\$'000</i>
Customer a	8,000	N/A*
Customer b	6,000	N/A*
Customer c	4,727	N/A*
Customer d	4,300	N/A*
Customer e	N/A*	3,312
Customer f	<u>N/A*</u>	<u>2,336</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:

	<b>2026</b>	2025
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
Interior design and execution services	<b>40,042</b>	16,057
Colour-rendering services	<b>47</b>	168
Handling services	<b>86</b>	80
	<b><u>40,175</u></b>	<u>16,305</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 increased by approximately HK\$121,000 (2025: decreased by HK\$962,000).

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 2026		
	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	8,685	133	8,818
Mainland China	<u>31,357</u>	<u>–</u>	<u>31,357</u>
	<u><b>40,042</b></u>	<u><b>133</b></u>	<u><b>40,175</b></u>
<b>Timing of revenue recognition</b>			
Over time	40,042	–	40,042
At a point in time	<u>–</u>	<u>133</u>	<u>133</u>
	<u><b>40,042</b></u>	<u><b>133</b></u>	<u><b>40,175</b></u>
	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	16,057	–	16,057
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>

**6. OTHER INCOME**

	2026 <i>HK\$'000</i>	2025 <i>HK\$'000</i>
Bank interest income	534	472
Sundry income	<u>80</u>	<u>77</u>
	<u><b>614</b></u>	<u><b>549</b></u>

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

	2026 <i>HK\$'000</i>	2025 <i>HK\$'000</i>
Exchange gain/(losses), net	2	(9)
Fair value (loss)/gain on financial assets at FVTPL, net	(393)	189
(Loss)/gain on disposal of property, plant and equipment, net	(714)	173
Net loss allowances in respect of		
– Contract assets	437	(818)
– Trade and other receivables	(56)	499
– Loan receivable	<u>(136)</u>	<u>–</u>
	<u><b>(860)</b></u>	<u><b>34</b></u>

**8. FINANCE COSTS**

	2026 <i>HK\$'000</i>	2025 <i>HK\$'000</i>
Interest on lease liabilities	<u><b>10</b></u>	<u><b>9</b></u>

## 9. LOSS BEFORE TAX

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

	2026 <i>HK\$'000</i>	2025 <i>HK\$'000</i>
Auditor's remuneration		
– Audit services	850	850
– Non-audit services	72	59
Depreciation of property, plant and equipment	673	990
Depreciation of right-of-use assets	121	235
Rental expenses relating to short-term leases	<u>2,454</u>	<u>2,628</u>

## 10. INCOME TAX EXPENSE/(CREDIT)

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

	2026 <i>HK\$'000</i>	2025 <i>HK\$'000</i>
<b>Current tax</b>		
Hong Kong Profits Tax	110	–
Mainland China corporate income tax	<u>154</u>	<u>–</u>
	264	–
Deferred tax	<u>(32)</u>	<u>(75)</u>
	<u>232</u>	<u>(75)</u>

Hong Kong profits tax has been provided at the rate of 16.5% on the estimated assessable profits arising in Hong Kong during the Year, except for one subsidiary of the Group which is a qualifying entity under the two-tiered profits tax rates regime (2025: No provision for profits tax required since the Group has no assessable profits for the year). The first HK\$2,000,000 of assessable profits of this subsidiary are taxed at 8.25% and the remaining assessable profits are taxed at 16.5%. Subsidiaries established in Mainland China are subjected to corporate income tax at 25%.

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:

	2026 <i>HK\$'000</i>	2025 <i>HK\$'000</i>
<b>Loss</b>		
Loss for the year attributable to owners of the Company for the purpose of calculating basic loss per share	<u>(7,540)</u>	<u>(7,469)</u>
	2026 <i>'000</i>	2025 <i>'000</i>
<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>(3.50)</u>	<u>(3.47)</u>

There were no dilutive potential ordinary shares during the years ended 31 March 2026 and 2025, 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 2026 (2025: Nil).

## 13. INVESTMENT IN AN ASSOCIATE

	2026 <i>HK\$'000</i>	2025 <i>HK\$'000</i>
At beginning of year	8,760	9,874
Share of loss and other comprehensive expense	<u>(2,816)</u>	<u>(1,114)</u>
At end of year	<u>5,944</u>	<u>8,760</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% (2025:50%)	50% (2025:50%)	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.

	2026 <i>HK\$'000</i>	2025 <i>HK\$'000</i>
Non-current assets	<u>15,054</u>	<u>20,257</u>
Current assets	<u>4</u>	<u>18</u>
Current liabilities	<u>3,170</u>	<u>2,756</u>
Revenue	<u>–</u>	<u>–</u>
Loss and other comprehensive expense for the year	<u>(5,631)</u>	<u>(2,228)</u>

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

	2026 <i>HK\$'000</i>	2025 <i>HK\$'000</i>
Net assets of Joy Chance	<u>11,888</u>	17,519
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>5,944</u>	<u>8,760</u>

#### 14. CONTRACT ASSETS/LIABILITIES

	2026 <i>HK\$'000</i>	2025 <i>HK\$'000</i>
Contract assets	6,218	7,861
Less: allowance for credit losses	<u>(471)</u>	<u>(908)</u>
	<u>5,747</u>	<u>6,953</u>
Contract liabilities	<u>4,073</u>	<u>4,073</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

	2026 <i>HK\$'000</i>	2025 <i>HK\$'000</i>
Trade receivables	6,781	4,841
Less: allowance for credit losses	<u>(566)</u>	<u>(476)</u>
	6,215	4,365
Prepayments, deposits and other receivables	<u>1,157</u>	<u>5,748</u>
	<u>7,372</u>	<u>10,113</u>
Less: Non-current prepayments	<u>–</u>	<u>(3,000)</u>
	<u>7,372</u>	<u>7,113</u>

The Group has recognised the following trade receivables:

	<b>2026</b> <b>HK\$'000</b>	2025 <i>HK\$'000</i>
Arising from interior design and execution with customers	<u><b>6,215</b></u>	<u>4,365</u>

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

	<b>2026</b> <b>HK\$'000</b>	2025 <i>HK\$'000</i>
Within 30 days	<b>4,671</b>	3,210
31–60 days	<b>1,179</b>	3
61–90 days	–	274
91–180 days	–	244
181–365 days	<b>198</b>	634
Over 365 days	<u><b>167</b></u>	<u>–</u>
	<u><b>6,215</b></u>	<u>4,365</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 2026, included in the Group's trade receivables balance are debtors with aggregate carrying amount of approximately HK\$1,544,000 (2025: HK\$1,155,000) which are past due as at the reporting date. Out of the past due balances, approximately HK\$365,000 (2025: HK\$878,000) 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:

	<b>2026</b> <b>HK\$'000</b>	2025 <i>HK\$'000</i>
HK\$	<b>5,036</b>	4,365
Renminbi (" <b>RMB</b> ")	<u><b>1,179</b></u>	<u>–</u>
	<u><b>6,215</b></u>	<u>4,365</u>

## 16. LOAN RECEIVABLE

	2026 <i>HK\$'000</i>	2025 <i>HK\$'000</i>
Loan receivable	7,700	7,700
Less: allowance for credit loss	<u>(136)</u>	<u>–</u>
	<u><b>7,564</b></u>	<u><b>7,700</b></u>

As at 31 March 2026, the loan receivable with gross principal amount of HK\$7,700,000 (2025: HK\$7,700,000) and related interest receivable of approximately HK\$457,000 (2025: HK\$457,000) is due from an independent third party. The loan is secured, interest bearing and 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. The loan receivable is due within one year and reclassified as current assets as at 31 March 2026.

For details of the provision of loan, please refer to the Company's announcement dated 20 May 2024.

## 17. TRADE AND OTHER PAYABLES

	2026 <i>HK\$'000</i>	2025 <i>HK\$'000</i>
Trade payables	2,392	233
Accruals and other payables	<u>8,803</u>	<u>6,170</u>
	<u><b>11,195</b></u>	<u><b>6,403</b></u>

Trade payables as at 31 March 2026 and 2025 were due within 7 days from the date of billing.

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

	2026 <i>HK\$'000</i>	2025 <i>HK\$'000</i>
Within 30 days	2,100	–
31 days to 60 days	–	–
Over 60 days	<u>292</u>	<u>233</u>
	<u><b>2,392</b></u>	<u><b>233</b></u>

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

	2026 <i>HK\$'000</i>	2025 <i>HK\$'000</i>
HK\$	9,778	5,787
RMB	<u>1,417</u>	<u>616</u>
	<u><b>11,195</b></u>	<u><b>6,403</b></u>

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **BUSINESS REVIEW AND PROSPECTS**

#### **Business Review**

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.

During the year ended 31 March 2026, the interior design industry in Hong Kong operated under a challenging yet evolving environment. While overall economic sentiment remained cautious, stable mortgage rates and sustained demand for quality living spaces supported moderate recovery in the residential property market. Renovation and upgrade projects gained traction as homeowners sought to improve functionality and aesthetics. Concurrently, steady inflows of skilled professionals and international students helped maintain stable rental levels, underscoring enduring end-user demand for housing.

From the financial year ended 31 March 2022 to 31 March 2025, the Group experienced a significant decline in revenue due to the postponement or reduction of residential, show flat and sales office projects by major property developers in Hong Kong, who are the core clientele of the Group. In response to these challenges, the Group diversified its client base and expanded its market coverage. During the Year, the Group strengthened its presence in new sectors in the People's Republic of China (the "PRC" or "**Mainland China**"), including higher education institutions, student dormitories, employee accommodation, and lifestyle-oriented commercial spaces, leveraging its design expertise and brand reputation to capture emerging opportunities.

#### **Prospects**

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.

Looking ahead, the Group expects the Hong Kong residential market to remain stable. In Mainland China, ongoing urbanization and investment in education and hospitality sectors are anticipated to drive sustained growth in interior design services.

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) prudently explore Mainland China opportunities.

## **FINANCIAL REVIEW**

### **Revenue**

Revenue increased from approximately HK\$16.3 million for the year ended 31 March 2025 to approximately HK\$40.2 million for the year ended 31 March 2026, representing an increase of approximately HK\$23.9 million or approximately 146.4%. The increase was mainly attributable to the growth in revenue from interior design and execution services, which increased from approximately HK\$16.1 million for the year ended 31 March 2025 to approximately HK\$40.0 million for the year ended 31 March 2026.

The substantial increase in revenue reflected the Group's continued efforts to diversify its client base and expand its market coverage in Mainland China. As disclosed in the Company's supplemental announcement dated 21 August 2025, the Group had expanded into new sectors in the PRC, including higher education institutions/providers, student dormitories/employee accommodation, landlords and commercial entities, following the downturn in residential, show flat and sales office projects from major property developers in Hong Kong. During the Year, revenue from Mainland China amounted to approximately HK\$31.4 million, representing approximately 78.1% of the Group's total revenue, compared with nil revenue from Mainland China for the year ended 31 March 2025.

Revenue from Hong Kong decreased from approximately HK\$16.3 million for the year ended 31 March 2025 to approximately HK\$8.8 million for the year ended 31 March 2026, mainly due to the continued cautious market conditions in Hong Kong and the slower recovery of projects from major property developers. However, the contribution from Mainland China projects more than offset the decrease in Hong Kong revenue, leading to a significant overall increase in the Group's revenue for the Year.

### **Cost of Services**

Cost of services for the years ended 31 March 2026 and 2025 amounted to approximately HK\$29.3 million and approximately HK\$8.5 million, respectively, representing an increase of approximately HK\$20.8 million or approximately 244.9%.

The increase was mainly due to the increase in project activities and the corresponding increase in direct project costs incurred for interior design and execution services during the Year.

Such increase was in line with the significant increase in revenue during the Year, particularly the contribution from projects located in Mainland China following the Group's strategy to diversify its client base and expand its market coverage.

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

For the year ended 31 March 2026, gross profit amounted to approximately HK\$10.9 million, which increased by approximately HK\$3.1 million from approximately HK\$7.8 million for the year ended 31 March 2025.

The increase in gross profit was mainly due to a combination of factors, including (i) the increase in revenue of approximately HK\$23.9 million; and (ii) an increase in cost of services of approximately HK\$20.8 million.

The overall gross profit margin decreased from approximately 47.9% for the year ended 31 March 2025 to approximately 27.1% for the year ended 31 March 2026.

The decrease in gross profit margin was mainly attributable to changes in project mix, including the increase in Mainland China projects and higher direct costs associated with projects undertaken during the Year.

### **Other Income**

Other income for the years ended 31 March 2025 and 2026 amounted to approximately HK\$549,000 and approximately HK\$614,000, respectively.

There was no significant change in other income for the year ended 31 March 2026 as compared with the year ended 31 March 2025.

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

Other gains and losses, net changed from a gain of approximately HK\$34,000 for the year ended 31 March 2025 to a loss of approximately HK\$860,000 for the year ended 31 March 2026.

Such loss was mainly attributable to (i) the loss on disposal of property, plant and equipment of approximately HK\$714,000; and (ii) the fair value loss on financial assets at fair value through profit or loss of approximately HK\$393,000 during the year ended 31 March 2026.

## **Administrative Expenses**

Administrative expenses for the years ended 31 March 2025 and 2026 amounted to approximately HK\$14.8 million and approximately HK\$15.1 million, respectively, representing a slight increase of approximately HK\$0.3 million or approximately 2.1%.

There was no significant change in administrative expenses for the year ended 31 March 2026 as compared with the year ended 31 March 2025.

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

The share of loss of an associate increased by approximately HK\$1.7 million from approximately HK\$1.1 million for the year ended 31 March 2025 to approximately HK\$2.8 million for the year ended 31 March 2026. The increase was mainly due to the decrease in the valuation of the investment property held by the associate during the year ended 31 March 2026.

## **Finance Costs**

The finance costs for the years ended 31 March 2025 and 2026 amounted to approximately HK\$9,000 and approximately HK\$10,000, respectively.

There was no significant change in the finance costs for the year ended 31 March 2026 as compared with the year ended 31 March 2025.

## **Loss before Tax**

Loss before tax decreased from approximately HK\$7.5 million for the year ended 31 March 2025 to approximately HK\$7.3 million for the year ended 31 March 2026, representing a slight decrease of approximately HK\$0.2 million.

Such decrease was mainly attributable to the combined effect of the increase in gross profit of approximately HK\$3.1 million and net-off by the increase in share of loss of an associate of approximately HK\$1.7 million.

## **Income Tax Expense**

Income tax changed from a credit of approximately HK\$75,000 for the year ended 31 March 2025 to an expense of approximately HK\$232,000 for the year ended 31 March 2026.

Such change was mainly attributable to the increase in revenue during the year ended 31 March 2026.

## **Total Comprehensive Expenses**

Total comprehensive expenses increased by approximately HK\$0.1 million, from approximately HK\$7.5 million for the year ended 31 March 2025 to approximately HK\$7.6 million for the year ended 31 March 2026.

Such increase was mainly attributable to the combined effect of the aforementioned items, including the change from income tax credit to income tax expense and the increase in other comprehensive expense arising from currency translation differences during the Year.

## **FINANCIAL RESOURCES REVIEW**

### **Liquidity and Financial Resources**

As at 31 March 2026, the lease liabilities of the Group were approximately HK\$0.2 million (31 March 2025: approximately HK\$0.3 million).

As at 31 March 2026, the Group had total assets of approximately HK\$37.2 million (31 March 2025: approximately HK\$39.8 million), including cash and cash equivalents of approximately HK\$8.4 million (31 March 2025: approximately HK\$3.2 million).

The increase in cash and cash equivalents was mainly due to the net cash generated from operating activities of approximately HK\$2.8 million and net cash generated from investing activities of approximately HK\$2.6 million during the year ended 31 March 2026.

## **Capital Structure**

As at 31 March 2026, the capital structure of the Company comprised issued share capital and reserves.

## **Current Ratio and Gearing Ratio**

As at 31 March 2026, the Group had a current ratio of approximately 1.9 times (31 March 2025: approximately 1.8 times).

Gearing ratio was not applicable as the Group was in net cash position as at 31 March 2026 and 31 March 2025.

## **Capital Commitments**

As at 31 March 2026, the Group did not have any material capital commitment (31 March 2025: Nil).

## **Contingent Liabilities**

As at 31 March 2026, the Group had no material contingent liabilities (31 March 2025: Nil).

## **Prepayments**

During the year ended 31 March 2025, the Group made prepayments totaling HK\$3.0 million for certain capital assets in Hong Kong. During the Year, such prepayments were transferred to property, plant and equipment upon completion of the relevant acquisition of the capital assets, and accordingly no non-current prepayments were recorded as at 31 March 2026, compared with approximately HK\$3.0 million as at 31 March 2025.

During the Year, the Group reviewed the capital assets having regard to its latest business development and operational requirements. In view of the Group's increasing business activities and market development in Mainland China, the Group considered that those capital assets, which were originally intended for use in Hong Kong, were no longer the most suitable resources for the Group's updated business needs. The Group therefore disposed of the relevant assets during the Year with a view to optimising its asset structure, preserving financial flexibility and allocating resources to support its working capital needs and the development of its interior design business in Mainland China.

## Loan Receivable

As at 31 March 2026, the loan receivable of the Group amounted to approximately HK\$7.6 million (31 March 2025: HK\$7.7 million), after taking into account allowance for credit loss of approximately HK\$136,000 (2025: 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.

The loan receivable was due on 20 May 2026. Subsequent to the year ended 31 March 2026, the Group entered into a deed of settlement with the borrower, pursuant to which the outstanding amount shall be settled by two instalments, with one instalment payable in June 2026 and the remaining instalment payable in September 2026.

As at the date of this announcement, the Group had received approximately half of the outstanding amount in accordance with the deed of settlement.

### *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'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*

	<b>Interest rate, terms, maturity and securities obtained</b>	<b>Gross carrying amount as at 31 March 2026 (HK\$'000)</b>	<b>Interest rate, terms, maturity and securities obtained</b>	<b>Gross carrying amount as at 31 March 2025 (HK\$'000)</b>
The Borrower	6.875% per annum, 2 years term, maturity within 1 year, secured	7,700	6.875% per annum, 2 years term, maturity within 2 years, secured	7,700
<b>Total gross carrying amount</b>		<b><u>7,700</u></b>		<b><u>7,700</u></b>

*Breakdown of Loan Receivable by Categories*

<b>Borrower type</b>	<b>Gross carrying amount</b>		<b>Terms</b>
	<b>As at</b>	<b>As at</b>	
	<b>31 March</b>	<b>31 March</b>	
	<b>2026</b>	<b>2025</b>	
	<b>HK\$'000</b>	<b>HK\$'000</b>	
Corporate Borrower	<u><b>7,700</b></u>	<u><b>7,700</b></u>	Secured with share charge, debt assignment and subordination agreement

*Impairment Assessment of Loan Receivable*

<b>Borrower</b>	<b>As at</b>	<b>As at</b>
	<b>31 March</b>	<b>31 March</b>
	<b>2026</b>	<b>2025</b>
	<b>Amount of</b>	<b>Amount of</b>
	<b>loss allowance</b>	<b>loss allowance</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
The Borrower	<u><b>136</b></u>	<u><b>–</b></u>
<b>Total</b>	<u><b>136</b></u>	<u><b>–</b></u>

**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 2026, the Group did not have any charges on its assets (31 March 2025: Nil).

## **Foreign Exchange Risk**

The Group is mainly exposed to foreign exchange risk arising from United States dollars (“US\$”) and Renminbi (“RMB”). Under the pegged exchange rate system, the financial impact on exchange difference between HK\$ and US\$ is considered immaterial as the relevant US\$ denominated monetary assets and liabilities are held by group entities having HK\$ as their functional currency. In view of the Group’s increased business exposure to Mainland China, the Group will continue to monitor its RMB exchange exposure and take appropriate measures where necessary. The Group does not have a foreign currency hedging policy in respect of foreign currency transactions, assets and liabilities. The Group monitors its foreign currency exposure closely and will consider hedging significant foreign currency exposure should the need arise.

## **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 2026, the Group's share of the net assets of Joy Chance was approximately HK\$5.9 million (as at 31 March 2025: approximately HK\$8.8 million). The Group's initial investment cost in Joy Chance is HK\$11.2 million. As at 31 March 2026, the Group owned 5,000 shares in Joy Chance, representing 50% equity interests in Joy Chance with a carrying amount of the Group's interests in Joy Chance of approximately HK\$5.9 million, representing approximately 16.0% of the total assets of the Group as at 31 March 2026. No market value was available for this investment as at 31 March 2026. 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 2026.

## **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 2026.

## **Employees**

As at 31 March 2026, the Group had 29 employees (31 March 2025: 37 employees). Total staff costs including directors' emolument for the year ended 31 March 2026 amounted to approximately HK\$10.1 million (31 March 2025: approximately HK\$13.9 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 2026 (31 March 2025: 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. As at 31 March 2026, the Company did not hold any such treasury shares.

## CORPORATE GOVERNANCE PRACTICES

The Company considers the maintenance of a high standard of corporate governance is important to the continuous growth of the Group. The Company's corporate governance practices are based on code provisions as set out in the Corporate Governance Code (the "CG Code") as contained in Appendix C1 to the GEM Listing Rules. The Company has adopted the CG Code to ensure that the Group's business activities and decision-making processes are regulated in a proper and prudent manner. In the opinion of the Board, other than the deviation from code provision C.1.5 and 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 2026.

Code provision C.1.5 of the CG Code stipulates that independent non-executive directors and other non-executive directors should attend general meeting to gain and develop a balanced understanding of the views of shareholders. One independent non-executive Director was unable to attend the annual general meeting of the Company held on 19 September 2025 due to other engagements.

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 2026.

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 2026 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 2026 and financial reporting matters of the Group.

## **EVENTS AFTER THE REPORTING PERIOD**

Save as disclosed above, 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 2026 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 2025/26 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, 29 June 2026

*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. Choi Wan Sang Vincent, Mr. Liu Junda and Mr. Wong Yan Ming.*