

Hephaestus Holdings Limited

客思控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8173)

2022/23
INTERIM
REPORT

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

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*This report, 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 report is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this report misleading.*

CONTENTS

CORPORATE INFORMATION	3
CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME	4
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION	5
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	7
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS	8
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION	9
MANAGEMENT DISCUSSION AND ANALYSIS	24
OTHER INFORMATION	28

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Huang Liang
(Chairman and Chief Executive Officer)
Ms. Lou Yi

Independent non-executive Directors

Mr. Luk Chi Shing
Mr. Lee Man Chun
Mr. Zheng Yuqiang

COMPANY SECRETARY

Ms. Kwong Oi Man Patty

COMPLIANCE OFFICER

Mr. Huang Liang

AUTHORISED REPRESENTATIVES

Ms. Lou Yi
Ms. Kwong Oi Man Patty

AUDIT COMMITTEE

Mr. Luk Chi Shing *(Chairman)*
Mr. Lee Man Chun
Mr. Zheng Yuqiang

NOMINATION COMMITTEE

Mr. Lee Man Chun *(Chairman)*
Mr. Luk Chi Shing
Mr. Zheng Yuqiang

REMUNERATION COMMITTEE

Mr. Zheng Yuqiang *(Chairman)*
Mr. Luk Chi Shing
Mr. Lee Man Chun

HONG KONG SHARE REGISTRAR AND TRANSFER OFFICE

Union Registrars Limited
Suites 3301-04, 33/F,
Two Chinachem Exchange Square,
338 King's Road,
North Point,
Hong Kong

CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Conyers Trust Company (Cayman) Limited
Cricket Square
Hutchins Drive, P.O. Box 2681
Grand Cayman, KY1-1111
Cayman Islands

REGISTERED OFFICE

Cricket Square
Hutchins Drive, P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Rooms 1204-06, 12th Floor,
The Chinese Bank Building,
61 Des Voeux Road Central,
Central,
Hong Kong

PRINCIPAL BANKERS

Bank of Communications
(Hong Kong) Limited
China Citic Bank International Limited

WEBSITE

www.hephaestus.com.hk

STOCK CODE

8173

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2022

		Three months ended 30 September		Six months ended 30 September	
	Note	2022 (unaudited) HK\$'000	2021 (unaudited) HK\$'000	2022 (unaudited) HK\$'000	2021 (unaudited) HK\$'000
Revenue	5	6,817	11,709	18,157	25,625
Cost of services		(4,444)	(5,933)	(10,920)	(12,631)
Gross profit		2,373	5,776	7,237	12,994
Other income, gains and losses	7	(91)	664	16	624
Administrative expenses		(5,082)	(5,709)	(8,981)	(10,172)
(Loss)/profit from operations		(2,800)	731	(1,728)	3,446
Finance costs	8	(6)	(377)	(12)	(775)
(Loss)/profit before tax		(2,806)	354	(1,740)	2,671
Income tax credit/(expenses)	9	24	(209)	(25)	(510)
(Loss)/profit for the period	10	(2,782)	145	(1,765)	2,161
Other comprehensive income					
<i>Items that will not be reclassified to profit or loss in subsequent periods:</i>					
— Changes in fair value of financial assets at fair value through other comprehensive income		(110)	—	(110)	—
Total comprehensive income for the period		(2,892)	145	(1,875)	2,161
(Loss)/earnings per share	12				
Basic		HK(1.29) cents	HK0.07 cents	HK(0.82) cents	HK0.93 cents
Diluted		N/A	N/A	N/A	N/A

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 SEPTEMBER 2022

	Note	30 September 2022 (unaudited) HK\$'000	31 March 2022 (audited) HK\$'000
Non-current assets			
Property, plant and equipment	13	2,498	361
Right-of-use assets	14	739	929
Financial assets at fair value through other comprehensive income	15	880	—
Deferred tax assets		25	48
		4,142	1,338
Current assets			
Contract assets	16	17,916	19,962
Trade and other receivables	17	13,886	6,184
Financial assets at fair value through profit or loss	18	1,813	8,209
Current tax assets		723	723
Deposit with brokers		99	—
Bank and cash balances		19,089	22,643
		53,526	57,721
Current liabilities			
Contract liabilities	16	5,096	4,827
Trade and other payables	19	4,845	4,440
Current tax liabilities		982	980
Lease liabilities		392	386
		11,315	10,633
Net current assets		42,211	47,088
Total assets less current liabilities		46,353	48,426

	Note	30 September 2022 (unaudited) HK\$'000	31 March 2022 (audited) HK\$'000
Non-current liabilities			
Lease liabilities		<u>380</u>	<u>578</u>
NET ASSETS		<u>45,973</u>	<u>47,848</u>
Capital and reserves			
Share capital	20	108	108
Reserves		<u>45,865</u>	<u>47,740</u>
TOTAL EQUITY		<u>45,973</u>	<u>47,848</u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2022

	Attributable to the owners of the Company (unaudited)							
	Share capital	Share premium	Treasury shares	Capital redemption reserve	Fair value reserve	Other reserves	Accumulated losses	Total equity
	HK\$'000 (Note 20)	HK\$'000	HK\$'000 (Note 21)	HK\$'000	HK\$'000	HK\$'000 (Note)	HK\$'000	HK\$'000
At 1 April 2021	122	156,179	—	—	—	(68,482)	(33,182)	54,637
Total comprehensive income for the period	—	—	—	—	—	—	2,161	2,161
Repurchase of shares	—	—	(9,580)	—	—	—	—	(9,580)
Share repurchase expenses	—	—	(40)	—	—	—	—	(40)
Cancellation of shares	(11)	(8,002)	7,999	11	—	—	—	(3)
Changes in equity for the period	(11)	(8,002)	(1,621)	11	—	—	2,161	(7,462)
At 30 September 2021	111	148,177	(1,621)	11	—	(68,482)	(31,021)	47,175
At 1 April 2022	108	145,239	—	14	—	(68,482)	(29,031)	47,848
Loss for the period	—	—	—	—	—	—	(1,765)	(1,765)
Other comprehensive income:								
— Changes in fair value of financial assets at fair value through other comprehensive income	—	—	—	—	(110)	—	—	(110)
Total comprehensive income and changes in equity for the period	—	—	—	—	(110)	—	(1,765)	(1,875)
At 30 September 2022	108	145,239	—	14	(110)	(68,482)	(30,796)	45,973

Note:

Other reserves comprise the adjustment of the legal capital of Absolute Surge Limited (“**Absolute Surge**”) to reflect the legal capital of the Company arising from the reverse takeover completed on 13 November 2019 and the difference between the nominal value of share capital of the subsidiaries of Absolute Surge acquired pursuant to the reorganisation completed on 26 April 2019 over the nominal value of the share capital of Absolute Surge issued in exchange therefor.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2022

	Six months ended 30 September	
	2022 (unaudited) HK\$'000	2021 (unaudited) HK\$'000
NET CASH (USED IN)/GENERATED FROM OPERATING ACTIVITIES	(8,223)	5,553
Interest received	1	1
Purchases of property, plant and equipment	(2,252)	(165)
Proceeds from disposal of property, plant and equipment	7	—
Purchases of financial assets at fair value through other comprehensive income	(990)	—
Proceeds from disposal of a key management insurance policy	8,194	—
NET CASH GENERATED FROM/(USED IN) IN INVESTING ACTIVITIES	4,960	(164)
Principal element of lease payments	(192)	(2,255)
Interest paid for bank loans	—	(758)
Repayment of bank loans	—	(13,581)
Payment for repurchase of shares	—	(9,580)
Share repurchase expenses paid	—	(40)
Share cancellation expenses paid	—	(3)
NET CASH USED IN FINANCING ACTIVITIES	(192)	(26,217)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(3,455)	(20,828)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF PERIOD	22,643	64,240
CASH AND CASH EQUIVALENTS AT THE END OF PERIOD	19,188	43,412
ANALYSIS OF CASH AND CASH EQUIVALENTS		
Bank and cash balances	19,089	43,032
Deposit with brokers	99	380
	19,188	43,412

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2022

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 Rooms 1204-06, 12th Floor, The Chinese Bank Building, 61 Des Voeux Road Central, Central, 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 (the “**Directors**”), as at 30 September 2022, 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.

This unaudited condensed consolidated financial information for the six months ended 30 September 2022 is presented in Hong Kong dollars (“**HK\$**”) which is the same as the functional currency of the Company and all values are rounded to the nearest thousand (“**HK\$’000**”) except when otherwise indicated.

2. BASIS OF PREPARATION

This unaudited condensed consolidated financial information has been prepared in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”) and the applicable disclosures required by the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the “**GEM Listing Rules**”).

The unaudited condensed consolidated financial information should be read in conjunction with the audited consolidated financial statements of the Group for the year ended 31 March 2022. The accounting policies (including the significant judgements made by management in applying the Group’s accounting policies and the key sources of estimation uncertainty) and methods of computation used in the preparation of the unaudited condensed consolidated financial information are consistent with those used in the audited consolidated financial statements of the Group for the year ended 31 March 2022 and there have been no significant changes in the financial risk management policies for the six months ended 30 September 2022.

3. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

In the current period, the Group has adopted all the new and revised Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the HKICPA that are relevant to its operations and effective for its accounting year beginning on 1 April 2022 but they do not have a material effect on the Group’s unaudited condensed consolidated financial information for the six months ended 30 September 2022. HKFRSs comprise individual Hong Kong Financial Reporting Standards (“**HKFRS**”); Hong Kong Accounting Standards; and Interpretations.

The accounting policies applied in this unaudited condensed consolidated financial information are the same as those applied in the consolidated financial statements of the Group as at and for the year ended 31 March 2022, except for the first time adoption of new and revised HKFRSs, which are mandatorily effective for the period beginning on or after 31 March 2022 as set out below:

Amendments to HKFRS 3	<i>Business Combinations — Reference to the Conceptual Framework</i>
Amendments to HKAS 16	<i>Property Plant and Equipment — Proceeds before Intended Use</i>
Amendments to HKAS 37	<i>Onerous Contracts — Cost of Fulfilling a Contract</i>
Amendments to HKFRS 1, HKFRS 9, Illustrative Examples accompanying HKFRS 16, and HKAS 41	<i>Annual Improvements to HKFRSs 2018–2020 Cycle</i>

A number of new standards or amendments to standards are effective for annual periods beginning after 1 April 2022 and earlier application is permitted. The Group has not early adopted any of the forthcoming new or amended standards in preparing this unaudited condensed consolidated financial information.

4. FAIR VALUE MEASUREMENTS

The carrying amounts of the Group’s financial assets and financial liabilities as reflected in the condensed consolidated statement of financial position approximate their respective fair values.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following disclosures of fair value measurements use a fair value hierarchy that categorises into three levels the inputs to valuation techniques used to measure fair value:

Level 1 inputs:	quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.
Level 2 inputs:	inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.
Level 3 inputs:	unobservable inputs for the asset or liability.

The Group’s policy is to recognise transfers into and transfers out of any of the three levels as of the date of the event or change in circumstances that caused the transfer.

(a) Disclosures of level in fair value hierarchy as at 30 September 2022:

	Fair value measurements using level 1	
Description	30 September 2022 (unaudited) HK\$'000	31 March 2022 (audited) HK\$'000
Recurring fair value measurements:		
Financial assets at fair value through profit or loss		
Listed equity securities — senior perpetual capital securities	491	—
Listed debt securities — senior notes	1,322	—
	1,813	—
Financial assets at fair value through other comprehensive income		
Listed equity securities — ordinary shares	880	—
	2,693	—

	Fair value measurements using Level 3	
Description	30 September 2022 (unaudited) HK\$'000	31 March 2022 (audited) HK\$'000
Recurring fair value measurements:		
Financial assets at fair value through profit or loss		
Key management insurance policy	—	8,209

(b) **Reconciliation of financial assets measured at fair value based on level 3 for the six months ended 30 September 2022:**

Description	Financial assets at fair value through profit or loss	
	2022 (unaudited) HK\$'000	2021 (unaudited) HK\$'000
Balance as at 1 April	8,209	16,452
Disposals	(8,194)	(8,206)
Total (losses)/gains recognised in profit or loss	(15)	75
Balance as at 30 September	—	8,321

Total (losses)/gains recognised in profit or loss (including assets held at the end of reporting period) are included in the line item "Other income, gains and losses" in the condensed consolidated statement of profit or loss and other comprehensive income.

5. REVENUE

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

	Three months ended 30 September		Six months ended 30 September	
	2022 (unaudited) HK\$'000	2021 (unaudited) HK\$'000	2022 (unaudited) HK\$'000	2021 (unaudited) HK\$'000
Interior design and execution services	6,772	11,600	18,112	25,406
Colour-rendering services	45	—	45	110
Handling services	—	109	—	109
	6,817	11,709	18,157	25,625

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

Six months ended 30 September						
	Interior design and execution services		Other		Total	
	2022 (unaudited) HK\$'000	2021 (unaudited) HK\$'000	2022 (unaudited) HK\$'000	2021 (unaudited) HK\$'000	2022 (unaudited) HK\$'000	2021 (unaudited) HK\$'000
Geographical regions						
Hong Kong	17,676	23,440	45	219	17,721	23,659
Japan	—	36	—	—	—	36
Macau	15	1,151	—	—	15	1,151
Mainland China	57	779	—	—	57	779
Thailand	364	—	—	—	364	—
	18,112	25,406	45	219	18,157	25,625
Timing of revenue recognition						
Over time	18,112	25,406	—	—	18,112	25,406
At a point in time	—	—	45	219	45	219
	18,112	25,406	45	219	18,157	25,625
Three months ended 30 September						
	Interior design and execution services		Other		Total	
	2022 (unaudited) HK\$'000	2021 (unaudited) HK\$'000	2022 (unaudited) HK\$'000	2021 (unaudited) HK\$'000	2022 (unaudited) HK\$'000	2021 (unaudited) HK\$'000
Geographical regions						
Hong Kong	6,388	10,804	45	109	6,433	10,913
Macau	15	465	—	—	15	465
Mainland China	5	331	—	—	5	331
Thailand	364	—	—	—	364	—
	6,772	11,600	45	109	6,817	11,709
Timing of revenue recognition						
Over time	6,772	11,600	—	—	6,772	11,600
At a point in time	—	—	45	109	45	109
	6,772	11,600	45	109	6,817	11,709

6. 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 the Group's accounting policies that are regularly reviewed by the chief operating decision maker (the "CODM"), the Directors. The CODM is responsible for making decision about resources allocation. The information provided to the CODM is the same as those disclosed in the condensed consolidated financial information. Accordingly, no reportable segment information is presented.

Geographical information:

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

	Six months ended 30 September	
	2022 (unaudited) HK\$'000	2021 (unaudited) HK\$'000
Hong Kong	17,721	23,659
Japan	—	36
Macau	15	1,151
Mainland China	57	779
Thailand	364	—
	18,157	25,625

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

7. OTHER INCOME, GAINS AND LOSSES

	Three months ended 30 September		Six months ended 30 September	
	2022 (unaudited) HK\$'000	2021 (unaudited) HK\$'000	2022 (unaudited) HK\$'000	2021 (unaudited) HK\$'000
Interest income on bank deposits	—	—	1	1
Investment income from financial assets at fair value through profit or loss — senior perpetual capital securities	92	—	92	—
Government grants (Note)	280	—	1,144	—
Gains/(losses) on disposal of property plant and equipment	—	—	7	(52)
Reversal of other payables	—	546	—	546
Fair value (losses)/gains of financial assets at fair value through profit or loss	(366)	75	(877)	75
Net exchange differences	(150)	(2)	(404)	9
Sundry income	53	45	53	45
	(91)	664	16	624

Note: Government grants for the Employment Support Scheme (the “ESS”) in respect of the COVID-19 pandemic were received to provide financial support to the Group to retain its employees during the six months ended 30 September 2022.

8. FINANCE COSTS

	Three months ended 30 September		Six months ended 30 September	
	2022 (unaudited) HK\$'000	2021 (unaudited) HK\$'000	2022 (unaudited) HK\$'000	2021 (unaudited) HK\$'000
Interest on lease liabilities	6	15	12	37
Interest on bank loans	—	362	—	738
	<u>6</u>	<u>377</u>	<u>12</u>	<u>775</u>

9. INCOME TAX CREDIT/(EXPENSES)

Income tax credit/(expenses) has been recognised in profit or loss as follows:

	Three months ended 30 September		Six months ended 30 September	
	2022 (unaudited) HK\$'000	2021 (unaudited) HK\$'000	2022 (unaudited) HK\$'000	2021 (unaudited) HK\$'000
Current tax				
Hong Kong Profits Tax	49	(186)	—	(487)
PRC Corporate Income Tax (“CIT”)	(2)	(25)	(2)	(25)
	<u>47</u>	<u>(211)</u>	<u>(2)</u>	<u>(512)</u>
Deferred tax	(23)	2	(23)	2
	<u>24</u>	<u>(209)</u>	<u>(25)</u>	<u>(510)</u>

Under the two-tiered profits tax rates regime, the profits tax rate for the first HK\$2 million of assessable profits of qualifying corporations is lowered to 8.25%, and profits above that amount is still subject to the tax rate of 16.5%. Assessable profits of the Group entities not qualifying for the two-tiered profits tax rates regime are continued to be taxed at the rate of 16.5%.

PRC CIT has been provided at a rate of 25%.

10. (LOSS)/PROFIT FOR THE PERIOD

The Group's (loss)/profit for the period is arrived at after charging/(crediting):

	Three months ended 30 September		Six months ended 30 September	
	2022 (unaudited) HK\$'000	2021 (unaudited) HK\$'000	2022 (unaudited) HK\$'000	2021 (unaudited) HK\$'000
Employee benefit expenses (including directors' emoluments):				
Salaries and allowances	5,925	6,279	12,054	12,739
Other benefits (represent rent paid)	87	87	174	174
Retirement benefit scheme contributions	194	222	415	459
Other long-term benefits	115	—	115	—
	6,321	6,588	12,758	13,372
Subcontracting charges	630	1,524	2,518	3,123
Depreciation of property, plant and equipment	64	94	115	224
Depreciation of right-of-use assets	95	1,127	190	2,254
(Gains)/losses on disposal of property, plant and equipment	—	—	(7)	52
Rental expenses relating to short-term leases	879	—	1,758	—

11. DIVIDENDS

The board of Directors (the "Board") does not recommend a payment of any dividend in respect of the six months ended 30 September 2022 (six months ended 30 September 2021: Nil).

12. (LOSS)/EARNINGS PER SHARE

The calculation of basic (loss)/earnings per share attributable to the owners of the Company for the three months and six months ended 30 September 2022 and 2021 are based on the following:

	Three months ended 30 September		Six months ended 30 September	
	2022 (unaudited) HK\$'000	2021 (unaudited) HK\$'000	2022 (unaudited) HK\$'000	2021 (unaudited) HK\$'000
(Loss)/earnings (Loss)/profit attributable to owners of the Company	(2,782)	145	(1,765)	2,161
	2022 (unaudited) '000	2021 (unaudited) '000	2022 (unaudited) '000	2021 (unaudited) '000
Number of shares Weighted average number of ordinary shares used in basic earnings per share calculation	215,347	221,810	215,347	232,232

No diluted (loss)/earnings per share for the periods has been presented as there were no potential dilutive shares outstanding.

13. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 September 2022, the Group acquired property, plant and equipment with a cost of approximately HK\$2,252,000 (unaudited) (six months ended 30 September 2021: HK\$165,000 (unaudited)).

Items of property, plant and equipment with a net carrying amount of nil (unaudited) were disposed of during the six months ended 30 September 2022 (six months ended 30 September 2021: HK\$52,000 (unaudited)).

14. RIGHT-OF-USE ASSETS

The Group's right-of-use assets represent office equipment under leases.

15. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

As at 30 September 2022, the Group's financial assets at fair value through other comprehensive income represent investments in equity securities of a company listed in Hong Kong.

16. CONTRACT ASSETS/LIABILITIES

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.

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

Significant changes in the contract assets and contract liabilities during the six months ended 30 September 2022 are as follows:

	Contract assets (unaudited) HK\$'000	Contract liabilities (unaudited) HK\$'000
Transfer from contract assets recognised at the beginning of the period to trade receivables	(11,194)	—
Revenue recognised that was included in the contract liability balance at the beginning of the period	—	1,210

17. TRADE AND OTHER RECEIVABLES

	30 September 2022 (unaudited) HK\$'000	31 March 2022 (audited) HK\$'000
Trade receivables	10,980	5,265
Allowance for impairment loss	(230)	(230)
	10,750	5,035
Prepayments, deposits and other receivables	3,136	1,149
	13,886	6,184

The Group has recognised the following trade receivables:

	30 September 2022 (unaudited) HK\$'000	31 March 2022 (audited) HK\$'000
Arising from interior design and execution with customers	10,705	5,000
Arising from other sources of revenue	45	35
	10,750	5,035

The aging analysis of trade receivables based on invoice date is as follows:

	30 September 2022 (unaudited) HK\$'000	31 March 2022 (audited) HK\$'000
Within 30 days	6,203	2,098
31–60 days	1,333	773
61–90 days	634	581
91–180 days	1,971	287
181–365 days	609	1,296
	10,750	5,035

18. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	30 September 2022 (unaudited) HK\$'000	31 March 2022 (audited) HK\$'000
At fair value, listed outside Hong Kong		
Equity securities — senior perpetual capital securities	491	—
Debt securities — senior notes	1,322	—
	1,813	—
At fair value, unlisted		
An unlisted life insurance policy with an insurance company in relation to a key management personnel of the Group	—	8,209
	1,813	8,209

As at 30 September 2022, the Group's financial assets are mandatorily measured at fair value through profit or loss as they are held for trading purposes. As at 30 September 2022, the Group's financial assets at fair value through profit or loss represent investments in equity securities (senior perpetual capital securities) and debt securities (senior notes), respectively, of companies listed outside Hong Kong (31 March 2022: an unlisted life insurance policy with an insurance company in relation to a key management personnel of the Group).

In June 2022, the Group submitted an application for the withdrawal of the key management insurance policy (the "Withdrawal"). The Withdrawal has taken effect on 22 June 2022 and the surrender value of the key management insurance policy on that date amounted to approximately US\$1,046,000 (equivalent to approximately HK\$8,194,000), of which the Group recorded a fair value loss of approximately HK\$15,000 during the six months ended 30 September 2022. The net proceeds from the Withdrawal is used for general working capital for the Group.

19. TRADE AND OTHER PAYABLES

	30 September 2022 (unaudited) HK\$'000	31 March 2022 (audited) HK\$'000
Trade payables	90	90
Accruals and other payables	4,755	4,350
	4,845	4,440

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

	30 September 2022 (unaudited) HK\$'000	31 March 2022 (audited) HK\$'000
Within 30 days	90	90

20. SHARE CAPITAL

	Note	Number of shares	Amount HK\$'000
Authorised:			
At 1 April 2021			
Ordinary shares of HK\$0.0001 each		100,000,000,000	10,000
Share consolidation	(b)	(80,000,000,000)	—
At 30 September 2021, 1 April 2022 and 30 September 2022			
Ordinary shares of HK\$0.0005 each		20,000,000,000	10,000
Issued and fully paid:			
At 1 April 2021			
Ordinary shares of HK\$0.0001 each		1,221,052,631	122
Repurchase and cancellation of shares	(a)	(108,800,000)	(11)
Share consolidation	(b)	(889,802,105)	—
At 30 September 2021			
Ordinary shares of HK\$0.0005 each		222,450,526	111
Repurchase and cancellation of shares	(a)	(7,104,000)	(3)
At 1 April 2022 and 30 September 2022			
Ordinary shares of HK\$0.0005 each		215,346,526	108

(a) **Repurchase and cancellation of shares**

During the year ended 31 March 2022, the Company repurchased its own shares as follows:

	Number of shares repurchased	Highest price paid per share HK\$	Lowest price paid per share HK\$	Aggregate price paid HK\$'000
Before share consolidation:				
June 2021	100,960,000	0.076	0.070	7,457
July 2021	7,840,000	0.067	0.063	507
August 2021	1,520,000	0.043	0.043	65
September 2021	40,000	0.042	0.042	2
	<u>110,360,000</u>			<u>8,031</u>
After share consolidation:				
September 2021	4,072,000	0.475	0.230	1,549
October 2021	2,720,000	0.480	0.480	1,306
	<u>117,152,000</u>			<u>10,886</u>

The above shares were fully cancelled as at 31 March 2022.

Out of 114,432,000 shares, 108,800,000 shares at an aggregate cost of approximately HK\$7,964,000 (before related expenses) were cancelled during the six months ended 30 September 2021.

Pursuant to section 37 of the Cayman Islands Companies Act, an amount equivalent to the nominal value of the shares cancelled of approximately HK\$14,000 was transferred to the capital redemption reserve and the share premium account was adjusted accordingly.

(b) **Share consolidation**

With the approval of the Company's shareholders at an extraordinary general meeting held on 31 August 2021, every five issued and unissued shares of HK\$0.0001 each were consolidated into one share of HK\$0.0005 each in the share capital of the Company with effect from 2 September 2021.

21. TREASURY SHARES

	Number of shares	Amount HK\$'000
At 1 April 2021	—	—
Before share consolidation:		
Repurchase of shares (including related expenses)	110,360,000	8,066
Cancellation of shares (including related expenses)	(108,800,000)	(7,999)
	1,560,000	67
Share consolidation	(1,248,000)	—
	312,000	67
After share consolidation:		
Repurchase of shares (including related expenses)	4,072,000	1,554
At 30 September 2021	4,384,000	1,621
Repurchase of shares (including related expenses)	2,720,000	1,311
Cancellation of shares (including related expenses)	(7,104,000)	(2,932)
At 1 April 2022 and 30 September 2022	—	—

22. RELATED PARTY TRANSACTIONS

The Directors are of the view that during the period, transactions or balances with the following parties are considered as related party transactions:

Name of related party	Relationship with the Group
Waldorf Holdings Limited	Controlled by Mr. Chan Norman Enrique, a former executive director of the Company (resigned on 4 March 2022) and a former director of significant subsidiaries of the Company (resigned on 19 April 2022)

The Group had the following transactions and balances with its related parties during the period/ at the end of reporting period:

(a) Transactions and balances with related parties

	Three months ended 30 September		Six months ended 30 September	
	2022 (unaudited) HK\$'000	2021 (unaudited) HK\$'000	2022 (unaudited) HK\$'000	2021 (unaudited) HK\$'000
Office rental paid to Waldorf Holdings Limited	—	1,044	186	2,088

	30 September 2022 (unaudited) HK\$'000	31 March 2022 (audited) HK\$'000
Rental deposit held by Waldorf Holdings Limited	—	586

(b) Key management personnel compensation

The emoluments of directors and other key management personnel of the Group are as follows:

	Three months ended 30 September		Six months ended 30 September	
	2022 (unaudited) HK\$'000	2021 (unaudited) HK\$'000	2022 (unaudited) HK\$'000	2021 (unaudited) HK\$'000
Salaries and allowances	327	836	772	1,673
Other benefits (represent rent paid)	87	87	174	174
Retirement benefit scheme contributions	5	14	11	27
Other long-term benefits	—	—	115	—
	419	937	1,072	1,874

23. CONTINGENT LIABILITIES

As at 30 September 2022, the Group did not have any significant contingent liabilities (as at 31 March 2022: Nil).

24. EVENTS AFTER THE REPORTING PERIOD

On 4 November 2022, BTR (HK) Limited (“**BTR (HK)**”), which is an indirect wholly-owned subsidiary of the Company, entered into a sale and purchase agreement with Mr. Yu Zhen Hua Johnny (the “**Vendor**”) and Joy Chance Investment Limited (the “**Target Company**”). Pursuant to the sale and purchase agreement, BTR (HK) has agreed to acquire, and the Vendor has agreed to sell the shares, representing 50% of the issued share capital of the Target Company, at a consideration of HK\$11,200,000. The Target Company holds a piece of agricultural land (the “**Property**”) situated at the northern side of Lam Kam Road in the district of Yuen Long of the New Territories which is currently vacant. The site area of the Property is about 13,939 sq.ft. The transaction was completed in November 2022. For details of this acquisition, please refer to the announcement of the Company dated 4 November 2022.

25. APPROVAL OF FINANCIAL INFORMATION

The unaudited condensed consolidated financial information for the six months ended 30 September 2022 was approved and authorised for issue by the Board on 11 November 2022.

MANAGEMENT DISCUSSION AND ANALYSIS

The Board hereby announces the unaudited condensed consolidated results of the Group for the six months ended 30 September 2022, together with the comparative unaudited figures for the corresponding periods in 2021.

FINANCIAL REVIEW

Revenue

Revenue decreased from approximately HK\$25.6 million for the six months ended 30 September 2021 to approximately HK\$18.2 million for the six months ended 30 September 2022, representing a decrease of approximately HK\$7.4 million or 29.1%. The decrease was mainly attributable to a combination of factors, including (i) the increase in revenue from commercial projects; and (ii) the decrease in revenue from residence, show flat and sales office projects.

Cost of services

Cost of services for the six months ended 30 September 2021 and 2022 amounted to approximately HK\$12.6 million and HK\$10.9 million, respectively, representing a decrease of approximately HK\$1.7 million or 13.5%. The decrease was in line with the decrease in revenue.

Gross profit and gross profit margin

For the six months ended 30 September 2022, gross profit amounted to approximately HK\$7.2 million, which decreased by approximately HK\$5.8 million from approximately HK\$13.0 million for the six months ended 30 September 2021. The decrease in gross profit was mainly due to the decrease in revenue which decreased by approximately HK\$7.4 million. Gross profit margin decreased from approximately 50.7% for the six months ended 30 September 2021 to approximately 39.9% for the six months ended 30 September 2022.

Other income, gains and losses

Other income, gains and losses for the six months ended 30 September 2021 and 2022 amounted to approximately HK\$624,000 and HK\$16,000, respectively, representing a significant decrease of approximately HK\$608,000. The decrease was mainly due to a combination of factors, including (i) government grants for the ESS of approximately HK\$1.1 million received for the six months ended 30 September 2022 but no government grants for the ESS received during the six months ended 30 September 2021; (ii) reversal of other payables of approximately HK\$546,000 for the six months ended 30 September 2021 but no reversal of other payables during the six months ended 30 September 2022; (iii) the decrease in fair value gains of financial assets at fair value through profit or loss of approximately HK\$952,000; and (iv) the decrease in net exchange gains of approximately HK\$413,000.

Administrative expenses

Administrative expenses decreased from approximately HK\$10.2 million for the six months ended 30 September 2021 to approximately HK\$9.0 million for the six months ended 30 September 2022, representing a decrease of approximately HK\$1.2 million or 11.7%. The decrease was mainly due to the decrease in office rents and legal and professional fees during the six months ended 30 September 2022, as compared with the same period last year.

Finance costs

Finance costs, which comprised interests on bank loans and lease liabilities, decreased by approximately HK\$763,000 or 98.5%, from approximately HK\$775,000 for the six months ended 30 September 2021 to approximately HK\$12,000 for the six months ended 30 September 2022. Such decrease was mainly due to decrease in interest on bank loans of approximately HK\$763,000 in relation to the full repayment of the outstanding amounts of secured bank loans during the year ended 31 March 2022.

(Loss)/profit before tax

The Group recorded a loss before tax of approximately HK\$1.7 million for the six months ended 30 September 2022. The Group's loss before tax was mainly attributable to a combination of factors, including (i) the decrease in revenue of approximately HK\$7.4 million; (ii) the decrease in cost of services of approximately HK\$1.7 million; and (iii) the decrease in administrative expenses of approximately HK\$1.2 million.

Income tax credit/(expenses)

Income tax expenses decreased by approximately HK\$485,000 from approximately HK\$510,000 for the six months ended 30 September 2021 to approximately HK\$25,000 for the six months ended 30 September 2022. Such decrease in income tax expenses was mainly due to the loss before tax of approximately HK\$1.7 million.

(Loss)/profit for the period

The Group recorded a loss for the period of approximately HK\$1.8 million for the six months ended 30 September 2022. The Group's loss for the period was mainly attributable to the combined effect of the aforementioned items.

Charge over assets of the Group

As at 30 September 2022, the Group had no charge on assets.

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 September 2022, the lease liabilities of the Group was approximately HK\$772,000 (31 March 2022: approximately HK\$964,000).

As at 30 September 2022, the Group had total assets of approximately HK\$57.7 million (31 March 2022: approximately HK\$59.1 million), including cash and cash equivalents of approximately HK\$19.2 million (31 March 2022: approximately HK\$22.6 million).

CURRENT RATIO AND GEARING RATIO

As at 30 September 2022, the Group had a current ratio of approximately 4.7 times (31 March 2022: approximately 5.4 times). Gearing ratio at 30 September 2022 and at 31 March 2022 was not applicable as the Group was in net cash position.

CAPITAL COMMITMENTS

As at 30 September 2022, the Group did not have any material capital commitment (31 March 2022: Nil).

CONTINGENT LIABILITIES

As at 30 September 2022, the Group had no material contingent liabilities (31 March 2022: Nil).

CAPITAL STRUCTURE

As at 30 September 2022, the capital structure of the company comprised issued share capital and reserves.

FOREIGN EXCHANGE RISK

The Group is mainly exposed to the foreign exchange risk of United States dollars (“**US\$**”), Renminbi (“**RMB**”), Japanese yen and New Taiwan dollars. 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, Japanese yen and New Taiwan dollars, as the amount involved is insignificant, the foreign currency risk arising from RMB, Japanese yen and New Taiwan dollars is immaterial.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

On 4 November 2022 (after the reporting period), BTR (HK), which is an indirect wholly-owned subsidiary of the Company, entered into a sale and purchase agreement with the Vendor and the Target Company. Pursuant to the sale and purchase agreement, BTR (HK) has agreed to acquire, and the Vendor has agreed to sell the shares, representing 50% of the issued share capital of the Target Company, at a consideration of HK\$11,200,000. The Target Company held the Property situated at the northern side of Lam Kam Road in the district of Yuen Long of the New Territories which is currently vacant. The site area of the Property is about 13,939 sq.ft. For details of this acquisition, please refer to the announcement of the Company dated 4 November 2022.

Save as disclosed above, the Group does not have any concrete plan for material investments or capital assets as at 30 September 2022.

EMPLOYEES

As at 30 September 2022, the Group had 52 employees (as at 31 March 2022: 59 employees). Total staff costs for the year ended 30 September 2022 amounted to approximately HK\$12.8 million (for the year ended 30 September 2021: approximately HK\$13.4 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.

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 of the Company 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, particularly when COVID-19 pandemic remains as a threat to the health and safety of global and local communities. Moreover, the vaccination rate in Hong Kong as well as worldwide, all of which play a crucial role in the economic recovery. Despite weakening market sentiment, the Company is of the view that the Hong Kong residential market is likely to be supported by relatively low mortgage rates and continuous demand.

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.

OTHER INFORMATION

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ITS ASSOCIATED CORPORATIONS

As at 30 September 2022, so far as is known to any Directors or chief executive of the Company, the interests or short positions of the Directors and chief executives of the Company in any shares (the "**Share(s)**"), underlying Shares and debenture of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "**SFO**") which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or which were required, pursuant to Rules 5.48 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange, were as follows:

Name of Director	Nature of interest	Interest in shares of the Company (Note 1)	Interest in underlying shares of the Company (Note 1)	Total interest in shares of the Company (Note 1)	Approximate percentage of shareholding (Note 1 and 3)
Mr. Huang Liang	Interest of spouse (Note 2)	159,068,639(L)	—	159,068,639(L)	73.87%(L)

Notes:

- (1) "L" represents long position in shares or underlying shares of the Company and "S" represents short position in shares or underlying shares of the Company.
- (2) Jun Tai Ting Investment is wholly and beneficially owned by Ms. Ye Huacong. Under the SFO, Ms. Ye Huacong is deemed to be interested in the Shares held by Jun Tai Ting Investment. Mr. Huang Liang is the spouse of Ms. Ye Huacong. Mr. Huang Liang is deemed to be interested in all the Shares in which Ms. Ye Huacong is interested in for the purpose of the SFO.
- (3) The percentage is calculated on the basis of 215,346,526 Shares in issue as at 30 September 2022.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 30 September 2022, so far as is known to the Directors and the chief executives of the Company, the interests and short positions of the persons or corporations (other than the Directors and the chief executive of the Company) in the Shares and underlying Shares as recorded in the register to be kept by the Company pursuant to Section 336 of the SFO were as follows:

Name of shareholder	Nature of interest	Interest in shares of the Company (Note 1)	Interest in underlying shares of the Company (Note 1)	Total interest in shares of the Company (Note 1)	Approximate percentage of shareholding (Note 1 and 3)
Jun Tai Ting Investment	Beneficial owner (Note 2)	159,068,639(L)	—	159,068,639(L)	73.87%(L)
Ms. Ye Huacong	Interest of controlled corporation (Note 2)	159,068,639(L)	—	159,068,639(L)	73.87%(L)
Mr. Huang Liang	Interest of spouse (Note 2)	159,068,639(L)	—	159,068,639(L)	73.87%(L)

Notes:

- (1) "L" represents long position in shares or underlying shares of the Company and "S" represents short position in shares or underlying shares of the Company.
- (2) Jun Tai Ting Investment is wholly and beneficially owned by Ms. Ye Huacong. Under the SFO, Ms. Ye Huacong is deemed to be interested in the Shares held by Jun Tai Ting Investment. Mr. Huang Liang is the spouse of Ms. Ye Huacong. Mr. Huang Liang is deemed to be interested in all the Shares in which Ms. Ye Huacong is interested in for the purpose of the SFO.
- (3) The percentage is calculated on the basis of 215,346,526 Shares in issue as at 30 September 2022.

Save as disclosed above, as at 30 September 2022, so far as is known to the Directors and the chief executive of the Company, and based on the public records filed on the website of the Stock Exchange and records kept by the Company, no other persons or corporations had interests or short positions in the Shares or underlying Shares of the Company as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.

SHARE OPTION SCHEME

The Company adopted a share option scheme at the annual general meeting of the Company held on 30 July 2012 (the "**Share Option Scheme**") for the purpose of providing incentives and rewards to the eligible participants who contributed to the growth of the Group which will expire on 29 July 2022.

On 29 July 2022, the Share Option Scheme expired. During the six months ended 30 September 2022, no share options were granted, exercised, cancelled, lapsed or forfeited. As at 30 September 2022, there were no outstanding share options.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OF THE COMPANY

Save as disclosed in this report, at no time during the six months ended 30 September 2022 was the Company, or any of its subsidiaries or associated corporations, a party to any arrangement to enable the Directors (including their respective spouses and children under the age of 18) to acquire benefits by means of the acquisition of the Shares or underlying Shares in, or debentures of, the Company or any of its associated corporations, and none of the Directors or their respective spouses or children under the age of 18 had any right to subscribe for Shares of the Company or any of its associated corporations or had exercised any such right during the six months ended 30 September 2022.

COMPETING INTERESTS OF DIRECTORS

As at 30 September 2022, none of the Directors, the substantial shareholders of the Company nor any of their respective close associates (as defined under the GEM Listing Rules) had any interest in a business which has or may have significant competition with the business of the Group.

SIGNIFICANT INVESTMENTS, ACQUISITIONS AND DISPOSALS

The Group had no material investments, acquisitions or disposals during the six months ended 30 September 2022.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the six months ended 30 September 2022, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding securities transactions by directors on terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Having made specific enquiry of all Directors, all Directors confirmed that they have complied with the required standard of dealings and the code of conduct regarding securities transactions by directors adopted by the Company during the six months ended 30 September 2022.

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 15 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.

Pursuant to code provision A.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 and chief executive officer. The Board believes that vesting the roles of both chairman and chief executive officer 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 A.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.

Under the code provision A.1.8 of the CG Code, provides that an issuer should arrange appropriate insurance cover in respect of legal action against its directors. After 8 January 2022, the Company did not arrange any new insurance cover in respect of potential legal actions against its Directors and officers. The management of the Group believe that all potential claims and legal actions against the Directors can be handled effectively, and the possibility of actual litigation against the Directors is very low. On 9 June 2022, the Company has arranged appropriate insurance cover in respect of legal action against its Directors and officers with retroactive date starting from 29 November 2021.

Throughout the six months ended 30 September 2022 and up to the date of this report, other than the deviation from code provision A.2.1 and A.1.8, the Company complied with the provisions of the CG Code as set out in Appendix 15 to the GEM Listing Rules.

DIVIDEND

The Board does not recommend a payment of any dividend by the Company for the six months ended 30 September 2022.

EVENT AFTER THE REPORTING PERIOD

On 4 November 2022, BTR (HK), which is an indirect wholly-owned subsidiary of the Company, entered into a sale and purchase agreement with the Vendor and the Target Company. Pursuant to the sale and purchase agreement, BTR (HK) has agreed to acquire, and the Vendor has agreed to sell the shares, representing 50% of the issued share capital of the Target Company, at a consideration of HK\$11,200,000. The Target Company held the Property situated at the northern side of Lam Kam Road in the district of Yuen Long of the New Territories which is currently vacant. The site area of the Property is about 13,939 sq.ft. For details of this acquisition, please refer to the announcement of the Company dated 4 November 2022.

CHANGE IN DIRECTORS' INFORMATION

Mr. Luk Chi Shing, independent non-executive Director, (a) was appointed as an independent non-executive director of Imperial Pacific International Holdings Limited (stock code: 1076) in July 2022; (b) had been an executive director of China Supply Chain Holdings Limited (stock code: 3708) during the period from April 2022 to September 2022; (c) resigned as an executive director of Solomon Worldwide Holdings Limited (stock code: 8133) in April 2022; and (d) resigned as an independent non-executive director of China Financial Leasing Group Limited (stock code: 2312) in June 2022, respectively.

Except as disclosed above, since the date of the annual report of the Company for the year ended 31 March 2022 and up to the date of this report, there were no substantial changes to the Directors' information required to be disclosed pursuant to GEM Listing Rule 17.50A(1).

AUDIT COMMITTEE AND REVIEW OF INTERIM RESULTS

The Group has established an audit committee (the "**Audit Committee**") with written terms of reference in compliance with Rules 5.28 to 5.33 of the GEM Listing Rules and code provision C.3.3 of the CG Code. The primary duties of the Audit Committee are to oversee the relationship with Company's auditor, review of the Company's financial information and oversee the Company's financial reporting system, risk management and internal control system.

The Audit Committee comprises three independent non-executive Directors, namely Mr. Luk Chi Shing, Mr. Lee Man Chun and Mr. Zheng Yuqiang. The chairman of the Audit Committee is Mr. Luk Chi Shing, who holds the appropriate professional qualifications as required under Rules 5.05(2) and 5.28 of the GEM Listing Rules to serve as the chairman of the Audit Committee.

The interim financial information of the Group for the six months ended 30 September 2022 has not been audited. The Audit Committee has reviewed the unaudited interim financial information of the Group for the six months ended 30 September 2022 and is of the opinion that the preparation of such interim financial information complied with the applicable accounting standards, the requirements under the GEM Listing Rules and other applicable legal requirements, and that adequate disclosures had been made.

By order of the Board

Hephaestus Holdings Limited

Huang Liang

Chairman, Chief Executive Officer and Executive Director

Hong Kong, 11 November 2022

As at the date of this report, the Board comprised two executive Directors, Mr. Huang Liang and Ms. Lou Yi and three independent non-executive Directors, Mr. Luk Chi Shing, Mr. Lee Man Chun and Mr. Zheng Yuqiang.