



**INTERIM  
REPORT  
2021/22**

**Hephaestus Holdings Limited**  
**客思控股有限公司**

(Formerly known as "Union Asia Enterprise Holdings Ltd")

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8173)

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*This report, for which the directors (the “**Directors**”) of Hephaestus Holdings Limited (formerly known as Union Asia Enterprise Holdings Limited) (the “**Company**”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (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.*



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## **CORPORATE INFORMATION**

### **BOARD OF DIRECTORS**

#### **Executive Directors**

Mr. Chan Norman Enrique  
*(Chairman and Chief Executive Officer)*  
Mr. Lee Alex Kam-fai

#### **Independent non-executive Directors**

Mr. Kwong U Hoi Andrew  
Mr. Wong Jonathan  
Mr. Chi Chi Hung Kenneth

### **COMPANY SECRETARY**

Mr. Tang Chi Chiu

### **COMPLIANCE OFFICER**

Mr. Chan Norman Enrique

### **AUTHORISED REPRESENTATIVES**

Mr. Chan Norman Enrique  
Mr. Lee Alex Kam-fai

### **AUDIT COMMITTEE**

Mr. Chi Chi Hung Kenneth *(Chairman)*  
Mr. Kwong U Hoi Andrew  
Mr. Wong Jonathan

### **NOMINATION COMMITTEE**

Mr. Wong Jonathan *(Chairman)*  
Mr. Kwong U Hoi Andrew  
Mr. Chi Chi Hung Kenneth

### **REMUNERATION COMMITTEE**

Mr. Kwong U Hoi Andrew *(Chairman)*  
Mr. Wong Jonathan  
Mr. Chi Chi Hung Kenneth

### **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

## **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**

Flats A-G, 15/F,  
15 Chong Yip Street,  
Kowloon,  
Hong Kong

## **AUDITOR**

RSM Hong Kong  
*Certified Public Accountants*  
*(Public Interest Entity Auditor registered in accordance with the Financial Reporting Council Ordinance)*  
29th Floor, Lee Garden Two  
28 Yun Ping Road  
Causeway Bay  
Hong Kong

## **PRINCIPAL BANKERS**

The Hong Kong and Shanghai Banking Corporation Limited  
China Citic Bank International Limited

## **COMPLIANCE ADVISOR**

Messis Capital Limited

## **LEGAL ADVISORS**

### **As to Hong Kong Law**

Michael Li & Co.

### **As to Cayman Islands Law**

Conyers Dill and Pearman

## **WEBSITE**

[www.hephaestus.com.hk](http://www.hephaestus.com.hk)

## **STOCK CODE**

8173

## REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION



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### TO THE BOARD OF DIRECTORS OF HEPHAESTUS HOLDINGS LIMITED

*(formerly known as UNION ASIA ENTERPRISE HOLDINGS LIMITED)  
(Incorporated in the Cayman Islands with limited liability)*

### INTRODUCTION

We have reviewed the interim financial information of Hephaestus Holdings Limited (formerly known as Union Asia Enterprise Holdings Limited) (the "**Company**") and its subsidiaries set out on pages 6 to 24, which comprises the condensed consolidated statement of financial position as at 30 September 2021 and the related condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-month period then ended, and other explanatory notes. The Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 "Interim Financial Reporting" ("**HKAS 34**") issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**"). The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with HKAS 34. Our responsibility is to express a conclusion on this interim financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

## **SCOPE OF REVIEW**

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the HKICPA. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

## **CONCLUSION**

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with HKAS 34.

## **OTHER MATTER**

The condensed consolidated statement of profit or loss and other comprehensive income for the three months ended 30 September 2021 and 2020, and related explanatory notes have not been audited or reviewed.

## **RSM Hong Kong**

*Certified Public Accountants*

10 November 2021

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

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2021

		Three months ended 30 September		Six months ended 30 September	
Note		2021 (unaudited) HK\$'000	2020 (unaudited) HK\$'000	2021 (unaudited) HK\$'000	2020 (unaudited) HK\$'000
	<b>Revenue</b>	<b>11,709</b>	12,394	<b>25,625</b>	28,349
	Cost of services	<b>(5,933)</b>	(6,402)	<b>(12,631)</b>	(13,439)
	<b>Gross profit</b>	<b>5,776</b>	5,992	<b>12,994</b>	14,910
	Other income	<b>591</b>	1,769	<b>592</b>	2,413
	Other gains	<b>73</b>	583	<b>32</b>	580
	Administrative expenses	<b>(5,709)</b>	(5,662)	<b>(10,172)</b>	(10,517)
	<b>Profit from operations</b>	<b>731</b>	2,682	<b>3,446</b>	7,386
	Finance costs	<b>(377)</b>	(451)	<b>(775)</b>	(917)
	<b>Profit before tax</b>	<b>354</b>	2,231	<b>2,671</b>	6,469
	Income tax	<b>(209)</b>	(64)	<b>(510)</b>	(678)
	<b>Profit and total comprehensive income for the period</b>	<b>145</b>	2,167	<b>2,161</b>	5,791
	<b>Earnings per share</b>		(Restated)		(Restated)
	Basic	<b>HK0.07 cents</b>	HK0.89 cents	<b>HK0.93 cents</b>	HK2.37 cents
	Diluted	<b>N/A</b>	N/A	<b>N/A</b>	N/A

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 SEPTEMBER 2021

	Note	30 September 2021 (unaudited) HK\$'000	31 March 2021 (audited) HK\$'000
<b>Non-current assets</b>			
Property, plant and equipment	13	478	589
Right-of-use assets	14	2,152	4,406
Financial assets at fair value through profit or loss	15	8,321	8,321
Deferred tax assets		43	41
		<b>10,994</b>	<b>13,357</b>
<b>Current assets</b>			
Contract cost assets		—	122
Contract assets	16	13,699	14,876
Trade and other receivables	17	10,920	10,233
Financial assets at fair value through profit or loss	15	—	8,131
Current tax assets		1,912	2,763
Deposit with broker		380	—
Bank and cash balances		43,032	64,240
		<b>69,943</b>	<b>100,365</b>
<b>Current liabilities</b>			
Contract liabilities	16	4,347	5,118
Accruals and other payables		3,774	4,280
Current tax liabilities		139	123
Lease liabilities		1,424	3,487
Bank loans		23,306	45,113
		<b>32,990</b>	<b>58,121</b>
<b>Net current assets</b>		<b>36,953</b>	<b>42,244</b>
<b>Total assets less current liabilities</b>		<b>47,947</b>	<b>55,601</b>

	Note	<b>30 September 2021 (unaudited) HK\$'000</b>	31 March 2021 (audited) HK\$'000
<b>Non-current liabilities</b>			
Lease liabilities		<b>772</b>	964
<b>NET ASSETS</b>		<b>47,175</b>	54,637
<b>Capital and reserves</b>			
Share capital	18	<b>111</b>	122
Reserves		<b>47,064</b>	54,515
<b>TOTAL EQUITY</b>		<b>47,175</b>	54,637

Approved by the Board of Directors on 10 November 2021 and are signed on its behalf by:

**Chan Norman Enrique**  
*Director*

**Lee Alex Kam-fai**  
*Director*

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2021

	Attributable to the owners of the Company (unaudited)						
	Share capital HK\$'000 (Note 18)	Share premium HK\$'000	Treasury shares HK\$'000 (Note 19)	Capital redemption reserve HK\$'000	Other reserves HK\$'000	Accumulated losses HK\$'000	Total equity HK\$'000
At 1 April 2020	122	156,179	—	—	(68,482)	(41,395)	46,424
Total comprehensive income and changes in equity for the period	—	—	—	—	—	5,791	5,791
At 30 September 2020	122	156,179	—	—	(68,482)	(35,604)	52,215
At 1 April 2021	<b>122</b>	<b>156,179</b>	<b>—</b>	<b>—</b>	<b>(68,482)</b>	<b>(33,182)</b>	<b>54,637</b>
Total comprehensive income for the period	—	—	—	—	—	<b>2,161</b>	<b>2,161</b>
Repurchase of shares	—	—	<b>(9,580)</b>	—	—	—	<b>(9,580)</b>
Share repurchase expenses	—	—	<b>(40)</b>	—	—	—	<b>(40)</b>
Cancellation of shares	<b>(11)</b>	<b>(8,002)</b>	<b>7,999</b>	<b>11</b>	—	—	<b>(3)</b>
Changes in equity for the period	<b>(11)</b>	<b>(8,002)</b>	<b>(1,621)</b>	<b>11</b>	—	<b>2,161</b>	<b>(7,462)</b>
<b>At 30 September 2021</b>	<b>111</b>	<b>148,177</b>	<b>(1,621)</b>	<b>11</b>	<b>(68,482)</b>	<b>(31,021)</b>	<b>47,175</b>

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2021

	<b>Six months ended 30 September</b>	
	<b>2021 (unaudited) HK\$'000</b>	2020 (unaudited) HK\$'000
<b>NET CASH GENERATED FROM OPERATING ACTIVITIES</b>	<b>5,553</b>	15,283
Interest received	<b>1</b>	1
Purchases of property, plant and equipment	<b>(165)</b>	(69)
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(164)</b>	(68)
Principal element of lease payments	<b>(2,255)</b>	(2,238)
Interest paid for bank loans	<b>(758)</b>	(881)
Repayment of bank loans	<b>(13,581)</b>	(2,378)
Payment for repurchase of shares	<b>(9,580)</b>	—
Share repurchase expenses paid	<b>(40)</b>	—
Share cancellation expenses paid	<b>(3)</b>	—
<b>NET CASH USED IN FINANCING ACTIVITIES</b>	<b>(26,217)</b>	(5,497)
<b>NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(20,828)</b>	9,718
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF PERIOD</b>	<b>64,240</b>	58,138
<b>CASH AND CASH EQUIVALENTS AT THE END OF PERIOD</b>	<b>43,412</b>	67,856
<b>ANALYSIS OF CASH AND CASH EQUIVALENTS</b>		
Bank and cash balances	<b>43,032</b>	67,856
Deposit with broker	<b>380</b>	—
	<b>43,412</b>	67,856

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2021

## 1. GENERAL INFORMATION

Hephaestus Holdings Limited (formerly known as Union Asia Enterprise 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 Flats A–G, 15/F, 15 Chong Yip Street, Kowloon, Hong Kong.

The Company together with its subsidiaries (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 30 September 2021, Whistle Up Limited (“**Whistle Up**”), a company incorporated in the British Virgin Islands, is the immediate and ultimate holding company and Mr. Chan Norman Enrique (“**Mr. Norman Chan**”) is the ultimate controlling party of the Company.

This unaudited condensed consolidated financial information for the six months ended 30 September 2021 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 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 2021. 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 2021 and there have been no significant changes in the financial risk management policies for the six months ended 30 September 2021.

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

The accounting policies applied in this unaudited condensed consolidated financial information are the same as those applied in the Group's consolidated financial statements as at and for the year ended 31 March 2021. 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 2021 but they do not have a material effect on the Group's unaudited condensed consolidated financial information for the six months ended 30 September 2021. HKFRSs comprise Hong Kong Financial Reporting Standards; Hong Kong Accounting Standards; and Interpretations.

A number of new standards and amendments to standards are effective for annual periods beginning after 1 April 2021 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 2021:

Description	Fair value measurements using level 3	
	30 September 2021 (unaudited) HK\$'000	31 March 2021 (audited) HK\$'000
<b>Recurring fair value measurements:</b>		
Financial assets at fair value through profit or loss		
Key management insurance policies	<b>8,321</b>	16,452

**(b) Reconciliation of financial assets measured at fair value based on level 3 for the six months ended 30 September 2021:**

Description	<b>Financial assets at fair value through profit or loss</b>	
	<b>2021 (unaudited) HK\$'000</b>	2020 (unaudited) HK\$'000
Balance as at 1 April	<b>16,452</b>	16,454
Disposals	<b>(8,206)</b>	—
Total gains recognised in profit or loss (#)	<b>75</b>	572
Balance as at 30 September	<b>8,321</b>	17,026
(#) Includes gains or losses for assets held at the end of reporting period	<b>—</b>	572

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

**(c) Disclosures of valuation process used by the Group and valuation techniques and inputs used in fair value measurements as at 30 September 2021:**

The Group's financial controller is responsible for the fair value measurements of assets and liabilities required for financial reporting purposes, including level 3 fair value measurements. The financial controller reports directly to the Board of Directors for the fair value measurements. Discussions of valuation processes and results are held between the financial controller and the Board of Directors at each reporting date.

For level 3 fair value measurements, the Group normally engages external valuation experts with the recognised professional qualifications and recent experience to perform the valuations.

### Level 3 fair value measurements

Description	Valuation technique	Unobservable inputs	Range	Effect on fair value for increase of inputs	Fair value	
					30 September 2021 (unaudited) HK\$'000	31 March 2021 (audited) HK\$'000
Key management insurance policies	Discounted cash flow model	Discount rate	0.67% (31 March 2021: 0.03% to 0.68%)	Decrease	<b>8,321</b>	16,452
		Interest rate	2.60% (31 March 2021: 2.90% to 5.00%)	Increase		

There were no changes in the valuation technique used.

The fair value of key management insurance policies is determined using the discounted cash flow model. The duration of the cash flows and the specific timing of inflows and outflows are determined in accordance with the terms of insurance contracts. The periodic cash flow is estimated as gross redemption value and interest income, taking into consideration the pattern of crystallising the contracts and surrender charges, if any. The series of periodic net income for the contracting period is then discounted.

## 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	
	2021 (unaudited) HK\$'000	2020 (unaudited) HK\$'000	2021 (unaudited) HK\$'000	2020 (unaudited) HK\$'000
Interior design and execution services	<b>11,600</b>	12,236	<b>25,406</b>	27,867
Colour-rendering services	—	154	<b>110</b>	478
Handling services	<b>109</b>	4	<b>109</b>	4
	<b>11,709</b>	12,394	<b>25,625</b>	28,349

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

<b>Six months ended 30 September</b>						
	<b>Interior design and execution services</b>		<b>Other</b>		<b>Total</b>	
	<b>2021 (unaudited) HK\$'000</b>	2020 (unaudited) HK\$'000	<b>2021 (unaudited) HK\$'000</b>	2020 (unaudited) HK\$'000	<b>2021 (unaudited) HK\$'000</b>	2020 (unaudited) HK\$'000
<b>Geographical regions</b>						
Hong Kong	23,440	24,885	219	482	23,659	25,367
Japan	36	573	—	—	36	573
Macau	1,151	236	—	—	1,151	236
Mainland China	779	2,013	—	—	779	2,013
Philippines	—	160	—	—	—	160
	<b>25,406</b>	<b>27,867</b>	<b>219</b>	<b>482</b>	<b>25,625</b>	<b>28,349</b>
<b>Timing of revenue recognition</b>						
Over time	25,406	27,867	—	—	25,406	27,867
At a point in time	—	—	219	482	219	482
	<b>25,406</b>	<b>27,867</b>	<b>219</b>	<b>482</b>	<b>25,625</b>	<b>28,349</b>

<b>Three months ended 30 September</b>						
	<b>Interior design and execution services</b>		<b>Other</b>		<b>Total</b>	
	<b>2021 (unaudited) HK\$'000</b>	2020 (unaudited) HK\$'000	<b>2021 (unaudited) HK\$'000</b>	2020 (unaudited) HK\$'000	<b>2021 (unaudited) HK\$'000</b>	2020 (unaudited) HK\$'000
<b>Geographical regions</b>						
Hong Kong	10,804	10,750	109	158	10,913	10,908
Japan	—	320	—	—	—	320
Macau	465	103	—	—	465	103
Mainland China	331	1,023	—	—	331	1,023
Philippines	—	40	—	—	—	40
	<b>11,600</b>	<b>12,236</b>	<b>109</b>	<b>158</b>	<b>11,709</b>	<b>12,394</b>
<b>Timing of revenue recognition</b>						
Over time	11,600	12,236	—	—	11,600	12,236
At a point in time	—	—	109	158	109	158
	<b>11,600</b>	<b>12,236</b>	<b>109</b>	<b>158</b>	<b>11,709</b>	<b>12,394</b>

## 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 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 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	
	2021 (unaudited) HK\$'000	2020 (unaudited) HK\$'000
Hong Kong	23,659	25,367
Japan	36	573
Macau	1,151	236
Mainland China	779	2,013
Philippines	—	160
	<b>25,625</b>	<b>28,349</b>

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

## 7. OTHER INCOME

	Three months ended 30 September		Six months ended 30 September	
	2021 (unaudited) HK\$'000	2020 (unaudited) HK\$'000	2021 (unaudited) HK\$'000	2020 (unaudited) HK\$'000
Interest income on bank deposits	—	—	1	1
Government grants	—	1,769	—	2,380
Reversal of other payables	546	—	546	—
Sundry income	45	—	45	32
	<b>591</b>	<b>1,769</b>	<b>592</b>	<b>2,413</b>

## 8. FINANCE COSTS

	Three months ended 30 September		Six months ended 30 September	
	2021 (unaudited) HK\$'000	2020 (unaudited) HK\$'000	2021 (unaudited) HK\$'000	2020 (unaudited) HK\$'000
Interest on lease liabilities	15	22	37	54
Interest on bank loans	362	429	738	863
	<b>377</b>	451	<b>775</b>	917

## 9. INCOME TAX

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

	Three months ended 30 September		Six months ended 30 September	
	2021 (unaudited) HK\$'000	2020 (unaudited) HK\$'000	2021 (unaudited) HK\$'000	2020 (unaudited) HK\$'000
Current tax				
Hong Kong Profits Tax	186	99	487	713
PRC Corporate Income Tax ("CIT")	25	—	25	—
	<b>211</b>	99	<b>512</b>	713
Deferred tax	(2)	(35)	(2)	(35)
	<b>209</b>	64	<b>510</b>	678

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. PROFIT FOR THE PERIOD

The Group's profit for the period is stated after charging the following:

	Three months ended 30 September		Six months ended 30 September	
	2021 (unaudited) HK\$'000	2020 (unaudited) HK\$'000	2021 (unaudited) HK\$'000	2020 (unaudited) HK\$'000
Employee benefit expenses (including directors' emoluments):				
Salaries and allowances	6,279	7,041	12,739	14,084
Other benefits (represent rent paid)	87	130	174	259
Retirement benefit scheme contributions	222	255	459	514
	<b>6,588</b>	7,426	<b>13,372</b>	14,857
Subcontracting charges	1,524	1,203	3,123	2,977
Depreciation of property, plant and equipment	94	192	224	412
Depreciation of right-of-use assets	1,127	1,112	2,254	2,224
Loss on disposals of property, plant and equipment	—	—	52	—

## 11. DIVIDENDS

The Board of Directors does not recommend a payment of any dividend in respect of the six months ended 30 September 2021 (six months ended 30 September 2020: Nil).

## 12. EARNINGS PER SHARE

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

	Three months ended 30 September		Six months ended 30 September	
	2021 (unaudited) HK\$'000	2020 (unaudited) HK\$'000	2021 (unaudited) HK\$'000	2020 (unaudited) HK\$'000
<b>Earnings</b>				
Profit attributable to owners of the Company	145	2,167	2,161	5,791

	Three months ended 30 September		Six months ended 30 September	
	2021 (unaudited) '000	2020 (unaudited) '000 (Restated)	2021 (unaudited) '000	2020 (unaudited) '000 (Restated)
<b>Number of shares</b>				
Weighted average number of ordinary shares used in basic earnings per share calculation	<b>221,810</b>	244,211	<b>232,232</b>	244,211

The weighted average number of shares and the basic earnings per share for the three months and six months ended 30 September 2020 are adjusted retrospectively to take into account the effect of the share consolidation during the period (Note 18(b)) as if it had taken place before the beginning of the comparative period.

No diluted 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 2021, the Group acquired property, plant and equipment with a cost of approximately HK\$165,000 (unaudited) (six months ended 30 September 2020: HK\$69,000 (unaudited)).

Items of property, plant and equipment with a net carrying amount of approximately HK\$52,000 (unaudited) were disposed of during the six months ended 30 September 2021 (six months ended 30 September 2020: nil (unaudited)).

### 14. RIGHT-OF-USE ASSETS

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

### 15. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

As at 30 September 2021, the Group's financial assets at fair value through profit or loss represent an unlisted life insurance policy (31 March 2021: two unlisted life insurance policies) with an insurance company in relation to a key management personnel of the Group.

On 31 May 2021, the Group submitted an application for the withdrawal of one of its key management insurance policies (the "**Withdrawal**"). The Withdrawal has taken effect on 16 September 2021 and the surrender value of this key management insurance policy on that date amounted to approximately US\$1,057,000 (equivalent to approximately HK\$8,206,000). The net proceeds from the Withdrawal was settled by partial repayment of the Group's bank loans.

As at 30 September 2021, the Group's bank loans are secured by the remaining key management insurance policy (31 March 2021: two key management insurance policies).

## 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 2021 are as follows:

	<b>Contract assets (unaudited) HK\$'000</b>	<b>Contract liabilities (unaudited) HK\$'000</b>
Transfer from contract assets recognised at the beginning of the period to trade receivables	<b>(9,528)</b>	—
Revenue recognised that was included in the contract liability balance at the beginning of the period	—	<b>2,334</b>

## 17. TRADE AND OTHER RECEIVABLES

	<b>30 September 2021 (unaudited) HK\$'000</b>	31 March 2021 (audited) HK\$'000
Trade receivables	<b>9,518</b>	8,542
Prepayments, deposits and other receivables	<b>1,402</b>	1,691
	<b>10,920</b>	10,233

The Group has recognised the following trade receivables:

	<b>30 September 2021 (unaudited) HK\$'000</b>	31 March 2021 (audited) HK\$'000
Arising from interior design and execution with customers	<b>9,393</b>	8,542
Arising from other sources of revenue	<b>125</b>	—
	<b>9,518</b>	8,542

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

	<b>30 September 2021 (unaudited) HK\$'000</b>	31 March 2021 (audited) HK\$'000
Within 30 days	<b>7,274</b>	4,729
31-60 days	<b>981</b>	1,960
61-90 days	<b>376</b>	852
91-180 days	<b>657</b>	1,001
181-365 days	<b>230</b>	—
	<b>9,518</b>	8,542

## 18. SHARE CAPITAL

	Note	Number of shares	Amount HK\$'000
<b>Authorised:</b>			
At 31 March 2021			
Ordinary shares of HK\$0.0001 each		100,000,000,000	10,000
Share consolidation	(b)	(80,000,000,000)	—
<b>At 30 September 2021</b>		<b>20,000,000,000</b>	<b>10,000</b>
<b>Ordinary shares of HK\$0.0005 each</b>			
<b>Issued and fully paid:</b>			
At 1 April 2020 and 31 March 2021			
Ordinary shares of HK\$0.0001 each (audited)		1,221,052,631	122
Repurchase and cancellation of shares	(a)	(108,800,000)	(11)
Share consolidation	(b)	(889,802,105)	—
<b>At 30 September 2021</b>		<b>222,450,526</b>	<b>111</b>
<b>Ordinary shares of HK\$0.0005 each (unaudited)</b>			

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

During the six months ended 30 September 2021, the Company repurchased its own shares as follows:

	<b>Number of shares repurchased</b>	<b>Highest price paid per share HK\$</b>	<b>Lowest price paid per share HK\$</b>	<b>Aggregate price paid HK\$'000</b>
<b>Before share consolidation:</b>				
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	<u>40,000</u>	0.042	0.042	<u>2</u>
	110,360,000			8,031
<b>After share consolidation:</b>				
September 2021	<u>4,072,000</u>	0.475	0.230	<u>1,549</u>
	<u>114,432,000</u>			<u>9,580</u>

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\$11,000 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.

## 19. TREASURY SHARES

	Number of shares	Amount HK\$'000
At 1 April 2021	—	—
<b>Before share consolidation:</b>		
Repurchase of shares (including related expenses)	110,360,000	8,066
Cancellation of shares (including related expenses)	(108,800,000)	(7,999)
	<u>1,560,000</u>	<u>67</u>
Share consolidation	(1,248,000)	—
	312,000	67
<b>After share consolidation:</b>		
Repurchase of shares (including related expenses)	4,072,000	1,554
<b>At 30 September 2021 (unaudited)</b>	<b><u>4,384,000</u></b>	<b><u>1,621</u></b>

The remaining 4,384,000 shares were recognised as treasury shares as at 30 September 2021. Subsequent to the reporting period, 4,384,000 shares were fully cancelled.

## 20. RELATED PARTY TRANSACTIONS

The directors of the Company 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. Norman Chan
H. S. Chan Company Limited	Controlled by a close family member of Mr. Norman Chan

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	
	2021 (unaudited) HK\$'000	2020 (unaudited) HK\$'000	2021 (unaudited) HK\$'000	2020 (unaudited) HK\$'000
Office rental paid to Waldorf Holdings Limited	1,044	1,044	2,088	2,088
Cleaning expense to H. S. Chan Company Limited	4	4	9	8
	<u>4</u>	<u>4</u>	<u>9</u>	<u>8</u>

	<b>30 September 2021 (unaudited) HK\$'000</b>	31 March 2021 (audited) HK\$'000
Rental deposit to Waldorf Holdings Limited	<b>696</b>	696

**(b) Key management personnel compensation**

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

	<b>Three months ended 30 September</b>		<b>Six months ended 30 September</b>	
	<b>2021 (unaudited) HK\$'000</b>	2020 (unaudited) HK\$'000	<b>2021 (unaudited) HK\$'000</b>	2020 (unaudited) HK\$'000
Salaries and allowances	<b>836</b>	824	<b>1,673</b>	1,649
Other benefits (represent rent paid)	<b>87</b>	87	<b>174</b>	174
Retirement benefit scheme contributions	<b>14</b>	14	<b>27</b>	27
	<b>937</b>	925	<b>1,874</b>	1,850

**21. CONTINGENT LIABILITIES**

As at 30 September 2021, the Group did not have any significant contingent liabilities (as at 31 March 2021: Nil).

**22. EVENTS AFTER THE REPORTING PERIOD**

Save as disclosed in note 19 above, the following significant events took place subsequent to 30 September 2021.

Subsequent to 30 September 2021, the Company further repurchased its own shares as follows:

	<b>Number of shares repurchased</b>	<b>Highest price paid per share HK\$</b>	<b>Lowest price paid per share HK\$</b>	<b>Aggregate price paid HK\$'000</b>
October 2021	<u>2,720,000</u>	0.48	0.48	<u>1,306</u>

The above shares were fully cancelled in October 2021.

**23. APPROVAL OF FINANCIAL INFORMATION**

The unaudited condensed consolidated financial information for the six months ended 30 September 2021 was approved and authorised for issue by the Board of Directors on 10 November 2021.

## MANAGEMENT DISCUSSION AND ANALYSIS

The board of Directors (the “**Board**”) hereby announces the unaudited condensed consolidated results of the Company and its subsidiaries (hereinafter collectively referred to as the “**Group**”) for the six months ended 30 September 2021, together with the comparative unaudited figures for the corresponding periods in 2020.

### FINANCIAL REVIEW

#### Revenue

Revenue decreased from approximately HK\$28.3 million for the six months ended 30 September 2020 to approximately HK\$25.6 million for the six months ended 30 September 2021, representing a decrease of approximately HK\$2.7 million or 9.6%. The decrease was mainly attributable to the decrease in revenue from residential, commercial and show flat and sales office projects.

#### Cost of services

Cost of services for the six months ended 30 September 2020 and 2021 amounted to approximately HK\$13.4 million and HK\$12.6 million, respectively, representing a decrease of approximately HK\$0.8 million or 6.0%. The decrease was mainly due to a combination of factors, including (i) an increase in subcontracting charges; and (ii) a decrease in direct staff costs.

#### Gross profit and gross profit margin

For the six months ended 30 September 2021, gross profit amounted to approximately HK\$13.0 million, which decreased by approximately HK\$1.9 million from approximately HK\$14.9 million for the six months ended 30 September 2020. The decrease in gross profit was mainly due to the decrease in revenue which decreased by approximately HK\$2.7 million. Gross profit margin decreased from approximately 52.6% for the six months ended 30 September 2020 to approximately 50.7% for the six months ended 30 September 2021.

#### Other income

Other income for the six months ended 30 September 2020 and 2021 amounted to approximately HK\$2.4 million and HK\$0.6 million, respectively, representing a significant decrease of approximately HK\$1.8 million. The decrease was mainly due to a combination of factors, including (i) reversal of other payables of approximately HK\$0.5 million for the six months ended 30 September 2021; and (ii) government grants for the Employment Support Scheme (the “**ESS**”) of approximately HK\$2.4 million received for the six months ended 30 September 2020 but no government grants received during the six months ended 30 September 2021.

#### Other gains

Other gains decreased from approximately HK\$0.6 million for the six months ended 30 September 2020 to approximately HK\$32,000 for the six months ended 30 September 2021. Such decrease was mainly attributable to the decrease in fair value gain of approximately HK\$0.5 million on key management insurance policies.

## **Administrative expenses**

Administrative expenses decreased from approximately HK\$10.5 million for the six months ended 30 September 2020 to approximately HK\$10.2 million for the six months ended 30 September 2021, representing a decrease of approximately HK\$0.3 million or 3.3%. Such decrease was mainly attributable to the decrease in salaries and allowances, other staff related costs and other expenses associated with activities related to business development as compared with the same period last year.

## **Finance costs**

Finance costs, which comprise interests on bank loans and lease liabilities, decreased by approximately HK\$0.1 million or 15.5%, from approximately HK\$0.9 million for the six months ended 30 September 2020 to approximately HK\$0.8 million for the six months ended 30 September 2021.

## **Profit before tax**

Profit before tax decreased from approximately HK\$6.5 million for the six months ended 30 September 2020 to approximately HK\$2.7 million for the six months ended 30 September 2021, representing a decrease of approximately HK\$3.8 million or 58.7%.

Such decrease was mainly attributable to a combination of factors, including (i) the decrease in revenue of approximately HK\$2.7 million; (ii) the decrease in cost of services of approximately HK\$0.8 million; (iii) government grants for the ESS of approximately HK\$2.4 million accounted for as other income for the six months ended 30 September 2020 but no government grants received during the six months ended 30 September 2021; (iv) the decrease in administrative expenses of approximately HK\$0.3 million; and (v) the decrease in fair value gain of approximately HK\$0.5 million on key management insurance policies.

## **Income tax**

Income tax decreased by approximately HK\$0.2 million from approximately HK\$0.7 million for the six months ended 30 September 2020 to approximately HK\$0.5 million for the six months ended 30 September 2021. Such decrease in income tax was mainly due to the decrease in revenue by approximately HK\$2.7 million.

## **Profit and total comprehensive income**

Profit and total comprehensive income decreased by approximately HK\$3.6 million, from approximately HK\$5.8 million for the six months ended 30 September 2020 to approximately HK\$2.2 million for the six months ended 30 September 2021. Such decrease was mainly attributable to the combined effect of the aforementioned items.

## **Charge over assets of the Group**

As at 30 September 2021, the Group's banking facilities are secured by the Group's key management insurance policy at fair value of approximately HK\$8.3 million.

## LIQUIDITY AND FINANCIAL RESOURCES

As at 30 September 2021, the total borrowings and lease liabilities of the Group was approximately HK\$25.5 million (31 March 2021: approximately HK\$49.6 million). The Group's borrowings which contain a repayment on demand clause are classified as current liabilities.

As at 30 September 2021, the Group had total assets of approximately HK\$80.9 million (31 March 2021: approximately HK\$113.7 million), including cash and cash equivalents of approximately HK\$43.4 million (31 March 2021: approximately HK\$64.2 million).

## CURRENT RATIO AND GEARING RATIO

As at 30 September 2021, the Group had a current ratio of approximately 2.1 times (31 March 2021: approximately 1.7 times). Gearing ratio at 30 September 2021 and at 31 March 2021 was not applicable as the Group was in net cash position.

## CAPITAL COMMITMENTS

As at 30 September 2021, the Group did not have any material capital commitment (31 March 2021: Nil).

## CONTINGENT LIABILITIES

As at 30 September 2021, the Group had no material contingent liabilities (31 March 2021: Nil).

## CAPITAL STRUCTURE

On 30 July 2021, the Board of the Company proposed to implement a share consolidation on the basis that every five (5) issued and unissued existing shares of HK\$0.0001 each in the share capital of the Company be consolidated into one (1) consolidated share of HK\$0.0005 each (the "**Share Consolidation**"), further details of which were disclosed in the Company's circular dated 13 August 2021. The Share Consolidation was approved by shareholders of the Company at an extraordinary general meeting held on 31 August 2021. The Share Consolidation has become effective on 2 September 2021.

As at 30 September 2021, the Company's issued share capital was HK\$111,225 and the number of its issued ordinary shares was 222,450,526 of HK\$0.0005 each.

## 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**

The Group does not have any concrete plan for material investments or capital assets as at 30 September 2021.

## **EMPLOYEES**

As at 30 September 2021, the Group had 60 employees (as at 31 March 2021: 61 employees). Total staff costs for the year ended 30 September 2021 amounted to approximately HK\$13.4 million (for the year ended 30 September 2020: approximately HK\$14.9 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.

## **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 ANY ASSOCIATED CORPORATIONS

As at 30 September 2021, the interests and short positions of the Directors and the chief executive of the Company in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) (the "SFO") which were 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 5.46 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange were as follows:

#### Long and short positions in the ordinary shares and underlying shares of the Company and associated corporation

The Company/ Name of associated company	Name of Director/chief executive	Nature of interests	Interest in shares (Note 1, 4 and 5)	Interest in underlying shares (Note 1, 4 and 5)	Total interest in shares (Note 1, 4 and 5)	Approximate percentage of shareholding (Notes 1, 3, 4 and 5)
The Company	Mr. Chan Norman Enrique ("Mr. Norman Chan") (Note 2)	Interest of controlled corporation	158,947,368(L)	—	158,947,368(L)	71.45%(L)
Whistle Up Limited	Mr. Norman Chan Mr. Lee Alex Kam-fai ("Mr. Alex Lee")	Beneficial owner Beneficial owner	96(L) 3(L)	— —	96(L) 3(L)	96.00%(L) 3.00%(L)

Notes:

1. "L" represents long position in shares or underlying shares of the Company or its associated corporations and "S" represents short position in shares or underlying shares of the Company or its associated corporations.
2. Whistle Up Limited is beneficially owned as to 96% by Mr. Norman Chan, 3% by Mr. Alex Lee and 1% by Ms. Kwok Lai Yi Susanna (the spouse of Mr. Norman Chan) ("Ms. Susanna Kwok"). Under the SFO, Mr. Norman Chan is deemed to be interested in the shares held by Whistle Up Limited.
3. The percentage is calculated on the basis of 222,450,526 shares in issue as at 30 September 2021.
4. On 24 June 2021, 25 June 2021, 5 July 2021, 6 July 2021 and 7 July 2021, the Company repurchased a total of 108,800,000 ordinary shares of HK\$0.0001 each on Stock Exchange. On 19 July 2021, a total of 108,800,000 ordinary shares of HK\$0.0001 each previously repurchased were cancelled by the Company.

5. During 30 August 2021 to 30 September 2021, the Company repurchased a total of 1,560,000 ordinary shares of HK\$0.0001 each and 4,072,000 ordinary shares of HK\$0.0005 each on Stock Exchange (the “**Repurchased Shares**”), of which the Repurchased Shares had yet to be cancelled as at 30 September 2021. Whistle Up Limited controls more than one-third of the voting power at general meetings of the Company and was deemed to be interested in the Repurchased Shares. The interest of Whistle Up Limited increased from approximately 71.45% to approximately 73.42% as at 30 September 2021 taking into account of its deemed interest in the Repurchased Shares.

Save as disclosed above, as at 30 September 2021, so far as is known to any Directors or chief executive of the Company, none of the Directors and chief executives of the Company had any interests or short positions in any Shares, underlying Shares and debenture of the Company or any of its associated corporations (within the meaning of Part XV of 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 5.46 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange.

### **SUBSTANTIAL SHAREHOLDERS’ INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES OF THE COMPANY**

As at 30 September 2021, 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, 4 and 5)	Interest in underlying shares of the Company (Note 1, 4 and 5)	Total interest in shares of the Company (Note 1, 4 and 5)	Approximate percentage of shareholding (Note 1, 3, 4 and 5)
Whistle Up Limited	Beneficial owner (Note 2)	158,947,368(L)	—	158,947,368(L)	71.45%(L)
Ms. Susanna Kwok	Interest of spouse (Note 2)	158,947,368(L)	—	158,947,368(L)	71.45%(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. Whistle Up Limited is beneficially owned as to 96% by Mr. Norman Chan, 3% by Mr. Alex Lee and 1% by Ms. Susanna Kwok. Under the SFO, Mr. Norman Chan is deemed to be interested in the shares held by Whistle Up Limited. Ms. Susanna Kwok is the spouse of Mr. Norman Chan. Ms. Susanna Kwok is deemed to be interested in all the shares in which Mr. Norman Chan is interested in for the purpose of the SFO.
3. The percentage is calculated on the basis of 222,450,526 shares in issue as at 30 September 2021.
4. On 24 June 2021, 25 June 2021, 5 July 2021, 6 July 2021 and 7 July 2021, the Company repurchased a total of 108,800,000 ordinary shares of HK\$0.0001 each on Stock Exchange. On 19 July 2021, a total of 108,800,000 ordinary shares of HK\$0.0001 each previously repurchased were cancelled by the Company.
5. During 30 August 2021 to 30 September 2021, the Company repurchased the Repurchased Shares, of which the Repurchased Shares had yet to be cancelled as at 30 September 2021. Whistle Up Limited controls more than one-third of the voting power at general meetings of the Company and was deemed to be interested in the Repurchased Shares. The interest of Whistle Up Limited increased from approximately 71.45% to approximately 73.42% as at 30 September 2021 taking into account of its deemed interest in the Repurchased Shares.

Save as disclosed above, as at 30 September 2021, 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 (other than the Directors and the chief executive of the Company) 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.

During the six months ended 30 September 2021, no share options were granted, exercised, cancelled, lapsed or forfeited. As at 30 September 2021, 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 2021 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 2021.

## **COMPETING INTERESTS OF DIRECTORS**

As at 30 September 2021, 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 INVESTMENT**

The Group did not make any significant investment during the six months ended 30 September 2021.

## **MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND AFFILIATED COMPANIES**

The Group had no material acquisitions or disposals of subsidiaries, associates and affiliated companies during the six months ended 30 September 2021.

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

During the six months ended 30 September 2021, the Company repurchased 110,360,000 ordinary shares of HK\$0.0001 each and 4,072,000 ordinary shares of HK\$0.0005 each on Stock Exchange, of which 108,800,000 ordinary shares of HK\$0.0001 each were cancelled by the Company on 19 July 2021 and a total of 4,384,000 ordinary shares of HK\$0.0005 each were cancelled by the Company on 5 October 2021 and 26 October 2021. As at the date of this report, the number of the issued ordinary shares of the Company is

215,346,526. The Directors believe that the share repurchases were exercised in the best interests of the Company and its shareholders and would ultimately benefit the Company and create value for its shareholders. Details of these repurchased shares are as follows:

Date of repurchase	Number of shares repurchased (before Share Consolidation)	Number of shares repurchased (after Share Consolidation)	Highest purchase price per share HK\$	Lowest purchase price per share HK\$	Consideration HK\$
24 June 2021	50,000,000	N/A	0.075	0.075	3,750,000
25 June 2021	50,960,000	N/A	0.076	0.070	3,707,200
5 July 2021	800,000	N/A	0.063	0.063	50,400
6 July 2021	5,920,000	N/A	0.067	0.063	384,960
7 July 2021	1,120,000	N/A	0.064	0.064	71,680
30 August 2021	1,440,000	N/A	0.043	0.043	61,920
31 August 2021	80,000	N/A	0.043	0.043	3,440
1 September 2021	40,000	N/A	0.042	0.042	1,680
3 September 2021	N/A	40,000	0.233	0.233	9,320
7 September 2021	N/A	1,072,000	0.23	0.23	246,560
8 September 2021	N/A	112,000	0.245	0.245	27,440
14 September 2021	N/A	16,000	0.3	0.3	4,800
15 September 2021	N/A	56,000	0.345	0.345	19,320
16 September 2021	N/A	576,000	0.37	0.37	213,120
17 September 2021	N/A	60,000	0.4	0.4	24,000
21 September 2021	N/A	620,000	0.46	0.46	285,200
23 September 2021	N/A	1,300,000	0.475	0.475	617,500
30 September 2021	N/A	220,000	0.46	0.46	101,200
	<b>110,360,000</b>	<b>4,072,000</b>			<b>9,579,740</b>

Save as disclosed above, during the six months ended 30 September 2021, 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 2021.

## **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. Norman Chan 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 code provision A.6.7, the Board members should attend general meetings and develop a balanced understanding of the views of shareholders of the Company. Due to other unavoidable business engagement, the independent non-executive Director Mr. Chi Chi Hung Kenneth and Mr. Kwong U Hoi Andrew were unable to attend the Company's annual general meeting held on 9 August 2021, and Mr. Kwong U Hoi Andrew and Mr. Wong Jonathan were unable to attend the Company's extraordinary general meeting held on 31 August 2021.

Throughout the six months ended 30 September 2021 and up to the date of this report, other than the deviation from code provision A.2.1 and A.6.7, 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 2021.

## **INTEREST OF THE COMPLIANCE ADVISER**

As notified by Messis Capital Limited, the Company's compliance adviser, save for the compliance adviser agreement entered into between the Company and Messis Capital Limited dated 31 October 2019, neither Messis Capital Limited, its close associates (as defined in the GEM Listing Rules) nor any of its directors, employees has or may have any interest in the Group or which is required to be notified to the Company pursuant to Rule 6A.32 of the GEM Listing Rules as at 30 September 2021.

## **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. Chi Chi Hung Kenneth, Mr. Kwong U Hoi Andrew and Mr. Wong Jonathan. The chairman of the Audit Committee is Mr. Chi Chi Hung Kenneth, 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 2021 has not been audited. The Audit Committee has reviewed the unaudited interim financial information of the Group for the six months ended 30 September 2021 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.

The Company's independent auditor, RSM Hong Kong, has reviewed the interim financial information of the Group for the six months ended 30 September 2021 in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA.

## EVENTS AFTER THE REPORTING PERIOD

Subsequent to 30 September 2021, the Company repurchased 2,720,000 ordinary shares of HK\$0.0005 each on the Stock Exchange and the above shares were cancelled by the Company on 26 October 2021. Details of these repurchased shares are as follows:

Date of repurchase	Number of shares repurchased (after Share Consolidation)	Highest purchase price per share HK\$	Lowest purchase price per share HK\$	Consideration HK\$
4 October 2021	500,000	0.48	0.48	240,000
5 October 2021	1,000,000	0.48	0.48	480,000
6 October 2021	1,220,000	0.48	0.48	585,600
	<u>2,720,000</u>			<u>1,305,600</u>

Save as disclosed herein, the Directors are not aware of any significant event which had material effect on the Group's operating and financial performance subsequent to 30 September 2021.

By order of the Board  
**Hephaestus Holdings Limited**  
**Chan Norman Enrique**  
*Executive Director*

Hong Kong, 10 November 2021

*As at the date of this report, the Board comprised two executive Directors, Mr. Chan Norman Enrique and Mr. Lee Alex Kam-fai and three independent non-executive Directors, Mr. Kwong U Hoi Andrew, Mr. Wong Jonathan and Mr. Chi Chi Hung Kenneth.*