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Hephaestus Holdings Limited

客思控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 8173)

FIRST QUARTERLY RESULTS ANNOUNCEMENT FOR THE THREE MONTHS ENDED 30 JUNE 2023

The board (the “**Board**”) of directors (the “**Directors**”) of Hephaestus Holdings Limited (the “**Company**”) is pleased to announce the unaudited condensed consolidated financial results of the Company and its subsidiaries (collectively, the “**Group**”) for the three months ended 30 June 2023. This announcement, containing the full text of the 2023 first quarterly report of the Company for the three months ended 30 June 2023 (the “**2023 First Quarterly Report**”), complies with the relevant requirements of the Rules Governing the Listing of Securities (“**GEM Listing Rules**”) on the GEM of The Stock Exchange of Hong Kong Limited in relation to information to accompany preliminary announcement of first quarterly results. The printed version of the 2023 First Quarterly Report will be dispatched to the shareholders of the Company and available for viewing on the website of The Stock Exchange of Hong Kong Limited and of the Company at www.hephaestus.com.hk in due course in the manner as required by the GEM Listing Rules.

By order of the Board

Hephaestus Holdings Limited

Huang Liang

Chairman, Chief Executive Officer and Executive Director

Hong Kong, 11 August 2023

As at the date of this announcement, the Board comprised two executive Directors, Mr. Huang Liang and Ms. Yip Hiu Ying and three independent non-executive Directors, Mr. Tang Chin Ting, Mr. Lee Man Chun and Ms. Tong Yuk Ying Yannie.

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

This announcement will remain on the website of The Stock Exchange of Hong Kong Limited at www.hkexnews.hk on the “Latest Listed Company Information” page for at least 7 days from the date of its posting and on the website of the Company at www.hephaestus.com.hk.

CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "STOCK EXCHANGE")

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

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

Hong Kong Exchanges and Clearing Limited and the Stock Exchange take no responsibility for the contents of this report, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this report.

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.



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UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE THREE MONTHS ENDED 30 JUNE 2023

		Three months ended 30 June	
	Notes	2023 (unaudited) HK\$'000	2022 (unaudited) HK\$'000
Revenue	4	9,321	11,340
Cost of services		(5,043)	(6,476)
		4,278	4,864
Gross profit			
Other income		6	872
Other losses		(1,136)	(765)
Administrative expenses		(4,008)	(3,899)
		(860)	1,072
(Loss)/Profit from operations			
Share of loss of an associate		(10)	–
Finance costs	5	(4)	(6)
		(874)	1,066
(Loss)/Profit before tax			
Income tax	6	(69)	(49)
		(943)	1,017
(Loss)/Profit and total comprehensive (expense)/income for the period	7	(943)	1,017
		HK cents	HK cents
(Loss)/Earnings per share	8		
Basic and diluted (HK cents per share)		(0.44)	0.47

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE THREE MONTHS ENDED 30 JUNE 2023

	Attributable to the owners of the Company (unaudited)						Total equity HK\$'000
	Share capital HK\$'000	Share premium HK\$'000	Treasury shares HK\$'000	Capital redemption reserve HK\$'000	Other reserves HK\$'000 (Note)	Accumulated losses HK\$'000	
At 1 April 2022 (audited)	108	145,239	-	14	(68,482)	(29,031)	47,848
Total comprehensive income for the period	-	-	-	-	-	1,017	1,017
At 30 June 2022 (unaudited)	108	145,239	-	14	(68,482)	(28,014)	48,865
At 1 April 2023 (audited)	108	145,239	-	14	(68,482)	(32,083)	44,796
Total comprehensive expense for the period	-	-	-	-	-	(943)	(943)
At 30 June 2023 (unaudited)	108	145,239	-	14	(68,482)	(33,026)	43,853

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.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL INFORMATION

FOR THE THREE MONTHS ENDED 30 JUNE 2023

1. GENERAL INFORMATION

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

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

In the opinion of the directors of the Company, as at 30 June 2023, 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 three months ended 30 June 2023 is presented in Hong Kong dollars (“**HK\$**”) and all values are rounded to the nearest thousand (“**HK\$’000**”) except when otherwise indicated.

2. BASIS OF PREPARATION

This unaudited condensed consolidated financial information has been prepared in accordance with the applicable disclosures required by the Rules Governing the Listing of Securities on GEM of the Stock Exchange.

The unaudited condensed consolidated financial information has been prepared under the historical cost convention, except for financial assets at fair value through profit or loss which are measured at fair value.

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 2023. 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 2023 and there have been no significant changes in the financial risk management policies for the three months ended 30 June 2023.

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 2023. 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 2023 but they do not have a material effect on the Group's unaudited condensed consolidated financial information for the three months ended 30 June 2023. 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 2023 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. REVENUE

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

	Three months ended 30 June	
	2023 (unaudited) HK\$'000	2022 (unaudited) HK\$'000
Interior design and execution services	9,257	11,340
Colour-rendering services	55	–
Handling services	9	–
	<u>9,321</u>	<u>11,340</u>

5. FINANCE COSTS

	Three months ended 30 June	
	2023 (unaudited) HK\$'000	2022 (unaudited) HK\$'000
Interest on lease liabilities	4	6

6. INCOME TAX

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

	Three months ended 30 June	
	2023 (unaudited) HK\$'000	2022 (unaudited) HK\$'000
Current tax		
Hong Kong Profits Tax	69	49

Under the two-tiered profits tax regime, profits tax rate for the first HK\$2 million of assessable profits of qualifying corporations established in Hong Kong is lowered to 8.25%, and profits above that amount is subject to the tax rate of 16.5%.

7. (LOSS)/PROFIT FOR THE PERIOD

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

	Three months ended 30 June	
	2023 (unaudited) HK\$'000	2022 (unaudited) HK\$'000
Employee benefit expenses (including directors' emoluments):		
Salaries and allowances	5,406	6,129
Other benefits (represent rent paid)	87	87
Retirement benefit scheme contributions	190	221
	5,683	6,437
Depreciation of property, plant and equipment	212	51
Loss/(Gain) on disposal of property, plant and equipment, net	-	(7)
Depreciation of right-of-use assets	95	95
Rental expenses relating to short-term leases	879	879
Government grants (Note)	-	(864)

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 three months ended 30 June 2022.

8. (LOSS)/EARNINGS PER SHARE

The calculation of basic earnings per share attributable to the owners of the Company for the three months ended 30 June 2023 is based on the following:

	Three months ended 30 June	
	2023 (unaudited) HK\$'000	2022 (unaudited) HK\$'000
(Loss)/Earnings		
Loss/Profit attributable to owners of the Company	(943)	1,017

	Three months ended 30 June	
	2023 (unaudited) '000	2022 (unaudited) '000
Number of shares		
Weighted average number of ordinary shares used in basic earnings per share calculation	215,347	215,347
Basic and diluted loss per share (HK cents per share)	(0.44) cents	0.47 cents

The diluted loss per share is equal to the basic loss per share as there were no dilutive potential ordinary shares outstanding for both periods.

9. DIVIDENDS

The Board of Directors does not recommend a payment of any dividend in respect of the three months ended 30 June 2023 (three months ended 30 June 2022: Nil).

10. SHARE CAPITAL

	Number of shares	Amount HK\$'000
Authorised:		
At 1 April 2022, 30 June 2022, 1 April 2023 and 30 June 2023		
Ordinary shares of HK\$0.0005 each	<u>20,000,000,000</u>	<u>10,000</u>
Issued and fully paid:		
At 1 April 2022, 30 June 2022, 1 April 2023 and 30 June 2023		
Ordinary shares of HK\$0.0005 each (Unaudited)	<u>215,346,526</u>	<u>108</u>

11. RELATED PARTY TRANSACTIONS

The directors of the Company are of the view that during the period, transactions with the following parties are considered as related party transactions:

Name of related party	Relationship with the Group
Mr. Chan Norman Enrique ("Mr. Norman Chan") Waldorf Holdings Limited	A former executive director and a former director of significant subsidiaries of the Company Controlled by Mr. Norman Chan, a former executive director of the Company and a former director of significant subsidiaries of the Company

(a) The Group had the following transactions with its related parties during the period:

	Three months ended 30 June	
	2023 (unaudited) HK\$'000	2022 (unaudited) HK\$'000
Consultancy fee paid to Mr. Norman Chan	150	–
Office rental paid to Waldorf Holdings Limited	879	879
	1,029	879

(b) Key management personnel compensation

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

	Three months ended 30 June	
	2023 (unaudited) HK\$'000	2022 (unaudited) HK\$'000
Salaries and allowances	342	445
Other benefits (represent rent paid)	87	87
Retirement benefit scheme contributions	4	6
	433	538

MANAGEMENT DISCUSSION AND ANALYSIS

The board of Directors (the “**Board**”) hereby announces the unaudited condensed consolidated results of the Group for the three months ended 30 June 2023, together with the comparative unaudited figures for the corresponding periods in 2022.

FINANCIAL REVIEW

Revenue

Revenue decreased from approximately HK\$11.3 million for the three months ended 30 June 2022 to approximately HK\$9.3 million for the three months ended 30 June 2023, representing a decrease of approximately HK\$2.0 million or 17.8%. 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 three months ended 30 June 2022 and 2023 amounted to approximately HK\$6.5 million and HK\$5.0 million, respectively, representing a decrease of approximately HK\$1.5 million or 22.1%. The decrease was in line with the decrease in revenue.

Gross profit and gross profit margin

For the three months ended 30 June 2023, gross profit amounted to approximately HK\$4.3 million, which decreased by approximately HK\$0.6 million from approximately HK\$4.9 million for the three months ended 30 June 2022. The decrease in gross profit was mainly due to the combined effect of (i) decrease in revenue which decreased by approximately HK\$2.0 million and (ii) decrease in cost of services by approximately HK\$1.5 million. Gross profit margin increased from approximately 42.9% for the three months ended 30 June 2022 to approximately 45.9% for three months ended 30 June 2023.

Other income

Other income for the three months ended 30 June 2022 and 2023 amounted to approximately HK\$872,000 and HK\$6,000, respectively, representing a significant decrease of approximately HK\$866,000. The decrease was mainly due to government grant for the Employment Support Scheme of approximately HK\$864,000 received for the three months ended 30 June 2022 but no government grants received during the three months ended 30 June 2023.

Other losses

Other losses increased from approximately HK\$0.8 million for the three months ended 30 June 2022 to approximately HK\$1.1 million for the three months ended 30 June 2023. Such increase was mainly attributable to fair value losses of financial assets through profit or loss of approximately HK\$1.1 million for the three months ended 30 June 2023.

Administrative expenses

Administrative expenses increased from approximately HK\$3.9 million for the three months ended 30 June 2022 to approximately HK\$4.0 million for the three months ended 30 June 2023, representing an increase of approximately HK\$0.1 million or 2.8%. There was no significant change for the administrative expenses during the three months ended 30 June 2023, as compared with the same period last year.

Finance costs

Finance costs, represented interests on lease liabilities. There was no significant change of finance cost for the three months ended 30 June 2023 as compared with the same period last year.

(Loss)/Profit before tax

Profit before tax decreased from approximately HK\$1.1 million for the three months ended 30 June 2022 to loss before tax of approximately HK\$0.9 million for the three months ended 30 June 2023, representing a decrease of approximately HK\$2.0 million. The decrease was mainly due to the decrease in revenue of approximately HK\$2.0 million, decrease of other income and increase of other losses as compared with the same period last year.

Income tax

There was no significant change for the income tax during the three months ended 30 June 2023 as compared with the same period of last year.

(Loss)/Profit and total comprehensive (expense)/income

Profit and total comprehensive income decreased from approximately HK\$1.0 million for the three months ended 30 June 2022 to loss and total comprehensive expense of approximately HK\$0.9 million for the three months ended 30 June 2023, representing a decrease of approximately HK\$1.9 million.

Charges over assets of the Group

As at 30 June 2023, the Group had no charge on assets.

BUSINESS REVIEW AND PROSPECTS

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

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

The Group will remain cautiously attentive over the market conditions given the unpredictable macroeconomic environment across the globe. Despite weakening market sentiment, the Company is of the view that the resumption of normal travel with China and the recovery of local economy are set to gain momentum to the Hong Kong residential market.

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 AND ITS ASSOCIATED CORPORATIONS

As at 30 June 2023, 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	Interest in	Total interest in shares of the Company (Note 1)	Approximate percentage of shareholding (Note 1 and 3)
		shares of the Company (Note 1)	underlying shares of the Company (Note 1)		
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 June 2023.

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

As at 30 June 2023, so far as is known to the Directors and the chief executives of the Company, the interests and shorts 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)

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 June 2023.

Save as disclosed above, as at 30 June 2023, 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 expired on 29 July 2022.

After the expiration of the Share Option Scheme on 29 July 2022, no further options can be granted under it.

DIRECTORS’ RIGHTS TO ACQUIRE SHARES AND DEBENTURES

Save as disclosed in this report, at no time during the three months ended 30 June 2023 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 three months ended 30 June 2023.

COMPETING INTERESTS OF DIRECTORS

As at 30 June 2023, 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.

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 three months ended 30 June 2023.

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

During the three months ended 30 June 2023, 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 three months ended 30 June 2023.

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 C.2.1 of the CG Code, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. Mr. Huang Liang is acting as the chairman 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 C.2.1 of the CG Code to be appropriate in such circumstance.

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

Throughout the three months ended 30 June 2023 and up to the date of this report, other than the deviation from code provision C.2.1, 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 three months ended 30 June 2023.

EVENT AFTER THE REPORTING PERIOD

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 June 2023 and up to the date of this report.

AUDIT COMMITTEE AND REVIEW OF QUARTERLY 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 D.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 of three independent non-executive directors, namely Mr. Tang Chin Ting, Mr. Lee Man Chun and Ms. Tong Yuk Ying Yannie. The chairman of the Audit Committee is Mr. Tang Chin Ting, 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 first quarterly results of the Group for the three months ended 30 June 2023 have not been audited. The Audit Committee has reviewed and approved the unaudited condensed consolidated financial information of the Group for the three months ended 30 June 2023 and is of the opinion that the preparation of such 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 August 2023

As at the date of this report, the Board comprised two executive Directors, Mr. Huang Liang and Ms. Yip Hiu Ying and three independent non-executive Directors, Mr. Tang Chin Ting, Mr. Lee Man Chun and Ms. Tong Yuk Ying Yannie.