
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Hephaestus Holdings Limited (the “Company”), you should at once hand this circular, together with the enclosed form of proxy, to the purchaser or the transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

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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)

(1) PROPOSED GENERAL MANDATES TO ISSUE SHARES AND TO REPURCHASE SHARES; (2) PROPOSED RE-ELECTION OF DIRECTORS; AND (3) NOTICE OF ANNUAL GENERAL MEETING

A notice convening the AGM of the Company to be held at Cre8 (Greater China) Ltd., 1/F, China Building, 29 Queen’s Road Central, Hong Kong on Friday, 30 September 2022 at 11:00 a.m. is set out on pages 17 to 22 of this circular. A form of proxy for use at the AGM is enclosed with this circular.

Whether or not you are able to attend the AGM, you are requested to complete the accompanying form of proxy, in accordance with the instructions printed thereon and deposit the same at the Company’s share registrar and transfer office in Hong Kong, Union Registrars Limited, at Suites 3301–04, 33/F., Two Chinachem Exchange Square, 338 King’s Road, North Point, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the AGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the AGM or any adjournment thereof should you so wish.

This circular will remain on the GEM website at www.hkgem.com 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.

PRECAUTIONARY MEASURES FOR THE AGM

To ensure the health and safety of Shareholders and to prevent the spreading of the COVID-19 pandemic, the following precautionary measures will be implemented at the AGM:

- (1) Compulsory temperature screening/checks
- (2) Submission of health declaration form
- (3) Mandatory wearing of surgical face mask
- (4) Maintaining an appropriate social distancing between seats
- (5) No provision of gifts, refreshments or drinks

Attendees who do not comply with the precautionary measures will be denied entry to the AGM venue, at the absolute discretion of the Company as permitted by law. Shareholders are strongly encouraged to exercise their rights and indicate how they would like the proxy to vote on their behalves by submitting a form of proxy to appoint the Chairman of the AGM as their proxy for voting, and to return their form of proxy by the time specified above, instead of attending the AGM in person. This circular will remain on the GEM website at www.hkgem.com 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

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.

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DEFINITIONS

In this circular, unless the context otherwise requires, the following expressions shall have the following meanings:

“AGM”	the annual general meeting of the Company to be convened and held at Cre8 (Greater China) Ltd., 1/F, China Building, 29 Queen’s Road Central, Hong Kong on Friday, 30 September 2022 at 11:00 a.m., notice of which is set out on pages 17 to 22 of this circular
“Articles”	the articles of association of the Company, as amended from time to time and the “Article” shall mean an article of the Articles
“Board”	the board of Directors
“close associate(s)”	has the meaning ascribed to this term under the GEM Listing Rules
“Company”	Hephaestus Holdings Limited, a company incorporated in the Cayman Islands with limited liability and the issued Shares of which are listed on GEM
“Director(s)”	the director(s) of the Company from time to time
“GEM”	GEM of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM, as amended, supplemented or otherwise modified from time to time
“Group”	the Company and its subsidiaries from time to time
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Issue Mandate”	a general and unconditional mandate proposed to be granted to the Directors at the AGM to allot, issue and deal with Shares of up to 20% of the total number of issued Shares as at the date of passing of the relevant resolution granting such mandate
“Latest Practicable Date”	25 August 2022, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained in this circular
“Repurchase Mandate”	a general and unconditional mandate proposed to be granted to the Directors at the AGM to repurchase such number of issued and fully paid Shares of up to 10% of the total number of issued Shares as at the date of passing of the relevant resolution granting such mandate

DEFINITIONS

“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Share(s)”	ordinary share(s) of HK\$0.0001 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the issued Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	the Codes on Takeovers and Mergers approved by the Securities and Futures Commission of Hong Kong as amended from time to time
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

Hephaestus Holdings Limited
客思控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 8173)

Executive Directors:

Mr. Huang Liang

(Chairman and Chief Executive Officer)

Ms. Lou Yi

Registered office:

Cricket Square, Hutchins Drive

P.O. Box 2681

Grand Cayman KY1-1111

Cayman Islands

Independent non-executive Directors:

Mr. Luk Chi Shing

Mr. Lee Man Chun

Mr. Zheng Yuqiang

*Head office and principal place of business
in Hong Kong:*

Room 1204-06, 12th Floor

The Chinese Bank Building

61 Des Voeux Road Central

Central

Hong Kong

29 August 2022

To the Shareholders

Dear Sir or Madam,

**(1) PROPOSED GENERAL MANDATES
TO ISSUE SHARES AND TO REPURCHASE SHARES;
(2) PROPOSED RE-ELECTION OF DIRECTORS;
AND
(3) NOTICE OF ANNUAL GENERAL MEETING**

INTRODUCTION

The purpose of this circular is to provide you with information in respect of the resolutions to be proposed at the AGM to seek approval of the Shareholders in respect of, among other matters, (i) the Issue Mandate and the Repurchase Mandate, (ii) the re-election of retiring Directors; and (iii) the notice of the AGM.

ISSUE MANDATE AND REPURCHASE MANDATE

At the AGM, the Directors propose to seek the approval of the Shareholders to grant to the Directors the Issue Mandate and the Repurchase Mandate.

LETTER FROM THE BOARD

Issue Mandate

At the AGM, an ordinary resolution will be proposed such that the Directors be given a general and unconditional mandate (i.e. the Issue Mandate) to allot, issue and deal with unissued Shares or underlying shares of the Company (other than by way of rights or pursuant to a share option scheme for employees of the Company or Directors and/or any of its subsidiaries or pursuant to any scrip dividend scheme or similar arrangements providing for the allotment and issue of Shares in lieu of whole or part of the dividend on Shares in accordance with the Articles) or make or grant offers, agreements, options and warrants which might require the exercise of such power, of an aggregate amount of up to 20% of the total number of issued Shares as at the date of passing of the relevant resolution granting such mandate.

In addition, a separate ordinary resolution will further be proposed for extending the Issue Mandate authorising the Directors to allot, issue and deal with Shares to the extent of the Shares repurchased pursuant to the Repurchase Mandate. Details on the Repurchase Mandate are further elaborated below.

As at the Latest Practicable Date, the Company has an aggregate of 215,346,526 Shares in issue. Subject to the passing of the resolutions for the approval of the Issue Mandate and on the basis no further Shares are issued or repurchased between the Latest Practicable Date and the date of the AGM, the Company would be allowed under the Issue Mandate to allot, issue and deal with a maximum of 43,069,305 Shares.

Repurchase Mandate

At the AGM, an ordinary resolution will also be proposed such that the Directors be given a general and unconditional mandate to repurchase issued and fully paid Shares (i.e. the Repurchase Mandate) on the Stock Exchange of an aggregate amount of up to 10% of the total number of issued Shares as at the date of passing of the relevant resolution granting such mandate.

Subject to the passing of the resolution for the approval of the Repurchase Mandate and on the basis no further Shares are issued or repurchased between the Latest Practicable Date and the date of the AGM, the Company would be allowed under the Repurchase Mandate to repurchase a maximum of 21,534,652 Shares.

The Issue Mandate (including the extension of the Issue Mandate) and the Repurchase Mandate shall continue to be in force during the period from the date of passing of the resolutions for the approval of the Issue Mandate (including the extension of the Issue Mandate) and the Repurchase Mandate until the earliest of (i) the conclusion of the next annual general meeting of the Company; (ii) the expiration of the period within which the next annual general meeting of the Company is required by the Articles, the Companies Law (Revised) of the Cayman Islands or any applicable laws of the Cayman Islands to be held; or (iii) the passing of an ordinary resolution by the Shareholders in a general meeting prior to the next annual general meeting of the Company revoking or varying the authority given to the Directors.

LETTER FROM THE BOARD

EXPLANATORY STATEMENT

An explanatory statement containing all relevant information relating to the proposed Repurchase Mandate is set out in Appendix I to this circular. The explanatory statement is to provide the Shareholders with information reasonably necessary to enable them to make an informed decision on whether to vote for or against the resolution to grant the Directors the Repurchase Mandate at the AGM.

RE-ELECTION OF DIRECTORS

The Board currently consists of five Directors, namely Mr. Huang Liang (“**Mr. Huang**”) and Ms. Lou Yi (“**Ms. Lou**”) as executive Directors; and Mr. Luk Chi Shing, Mr. Lee Man Chun and Mr. Zheng Yuqiang as independent non-executive Directors.

Pursuant to Article 83(3) of the Articles, any Director appointed by the Board to fill a casual vacancy shall hold office until the first general meeting after his appointment and be subject to re-election at such meeting and any Director appointed by the Board as an addition to the existing Board shall hold office only until the next annual general meeting of the Company and shall then be eligible for re-election.

All of the Directors shall retire at the AGM in accordance with Article 83(3) of the Articles. All the above retiring Directors, being eligible, will offer themselves for re-election at the AGM.

Details of the retiring Directors who are proposed to be re-elected at the AGM are set out in Appendix II to this circular.

AGM

As additional time is required for the preparation of this circular, the AGM will be held on Friday, 30 September 2022 instead of Thursday, 15 September 2022. A notice convening the AGM to be held at Cre8 (Greater China) Ltd., 1/F, China Building, 29 Queen’s Road Central, Hong Kong on Friday, 30 September 2022 at 11:00 a.m. is set out on pages 17 to 22 of this circular. Ordinary resolutions will be proposed at the AGM to approve, among other things, the Issue Mandate (including the extension of the Issue Mandate), the Repurchase Mandate and the re-election of Directors.

A form of proxy for use at the AGM is enclosed with this circular. Whether or not you are able to attend the AGM, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and deposit the same at the Company’s share registrar and transfer office in Hong Kong, Union Registrars Limited, at Suites 3301–04, 33/F., Two Chinachem Exchange Square, 338 King’s Road, North Point, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the AGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the AGM or any adjournment thereof should you so wish.

LETTER FROM THE BOARD

Pursuant to Rule 17.47(4) of the GEM Listing Rules and Article 66(1) of the Articles, the voting of the Shareholders at the AGM must be taken by poll except where the chairman of the AGM, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands. As such, all the resolutions set out in the notice of the AGM will be voted by poll.

The Company will appoint scrutineers to handle vote-taking at the AGM. The results of the poll will be published on the GEM website at www.hkgem.com and the Company's website at www.hephaestus.com.hk as soon as possible after the conclusion of the AGM.

No Shareholder is required to abstain from voting on the resolutions to be proposed of the AGM.

CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining Shareholders' entitlements to attend and vote at the AGM, the transfer books and the register of members of the Company will be closed from Monday, 26 September 2022 to Friday, 30 September 2022 (both days inclusive), during which period no transfer of Shares will be effected. In order to establish the right to attend and vote at the AGM, all transfers, accompanied by the relevant share certificates, must be lodged with the Company's share registrar and transfer office in Hong Kong, Union Registrars Limited, at Suites 3301-04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong for registration by no later than 4:00 p.m. on Friday, 23 September 2022.

RESPONSIBILITY STATEMENT

This circular, 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 circular 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 circular misleading.

RECOMMENDATION

The Directors consider the proposed grant of the Issue Mandate (including the extension of the Issue Mandate), the Repurchase Mandate, the proposed re-election of Directors and the re-appointment of RSM Hong Kong as the auditor of the Company are in the best interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend the Shareholders to vote in favour of the relevant resolutions to be proposed at the AGM.

GENERAL

Your attention is drawn to the information set out in the appendices to this circular.

LETTER FROM THE BOARD

MISCELLANEOUS

The English text of this circular shall prevail over the Chinese text for the purpose of interpretation.

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

This appendix serves as an explanatory statement, as required pursuant to Rule 13.08 of the GEM Listing Rules, to provide you with all the information reasonably necessary to enable you to make an informed decision on whether to vote for or against the ordinary resolution at the AGM to approve the Repurchase Mandate.

1. NUMBER OF SHARES WHICH MAY BE REPURCHASED

As at the Latest Practicable Date, there was a total of 215,346,526 Shares in issue.

Subject to the passing of the ordinary resolution approving the Repurchase Mandate and on the basis that no further Shares are issued or repurchased between the Latest Practicable Date and the date of the AGM, the Directors would be authorised under the Repurchase Mandate to repurchase a maximum of 21,534,652 Shares (representing 10% of the total number of issued Share as at the date of passing of the resolution) during the period ending on the earliest of (i) the conclusion of the next annual general meeting of the Company; (ii) the expiration of the period within which the next annual general meeting of the Company is required by the Articles, the Companies Law (Revised) of the Cayman Islands or any applicable laws of the Cayman Islands to be held; and (iii) the passing of an ordinary resolution by the Shareholders in a general meeting prior to the next annual general meeting of the Company revoking or varying the authority given to the Directors.

2. REASONS FOR PROPOSED REPURCHASE OF SHARES

The Directors believe that it is in the best interests of the Company and the Shareholders to have a general authority from the Shareholders to enable the Directors to repurchase Shares on GEM. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value and/or earnings per share of the Company and will be only made when the Directors believe that such repurchases will benefit the Company and the Shareholders as a whole.

The Repurchase Mandate will only be exercised when the Directors believe that such repurchases will benefit the Company and the Shareholders as a whole.

3. SOURCE OF FUNDS

In repurchasing Shares, the Company may only apply funds legally available for such purpose in accordance with the Articles, the GEM Listing Rules and the applicable laws of the Cayman Islands. The Company will not repurchase the Shares on GEM for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange from time to time.

4. EFFECT OF EXERCISING THE REPURCHASE MANDATE

There might be a material adverse impact on the working capital or gearing position of the Company (as compared with the position disclosed in the audited financial statements of the Company for the year ended 31 March 2022) in the event that the Repurchase Mandate is exercised in full at any time during the repurchase period. However, the Directors do not propose to exercise the Repurchase Mandate to such an extent as would, in the circumstances, have a material adverse effect on the working capital requirements of the Company or on the gearing levels which, in the opinion of the Directors, are from time to time appropriate for the Company. The number of Shares to be repurchased on any occasion and the price and other terms upon which the same are repurchased will be decided by the Directors at the relevant time having regard to the circumstances then pertaining.

5. DISCLOSURE OF INTERESTS

None of the Directors nor, to the best of their knowledge having made all reasonable enquires, any of their respective close associates (as defined in the GEM Listing Rules), has any present intention to sell any Shares to the Company or its subsidiaries under the Repurchase Mandate if such is approved by the Shareholders at the AGM.

6. UNDERTAKING

The Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the Repurchase Mandate in accordance with the Articles, the GEM Listing Rules and the applicable laws of the Cayman Islands.

7. TAKEOVERS CODE

If, as a result of a repurchase of Shares, a Shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition for the purpose of Rule 32 the Takeovers Code.

As a result, a Shareholder, or a group of Shareholders acting in concert (within the meaning of the Takeovers Code), depending on the level of increase in the Shareholders' interests, could obtain or consolidate control of the Company and becomes obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code.

As at the Latest Practicable Date, according to the register kept by the Company pursuant to section 336 of the SFO and so far as is known to, or can be ascertained after reasonable enquiry by the Directors, the following persons were directly or indirectly interested in 5% or more of the issued capital of the Company. Their respective interest as at the Latest Practicable Date is shown under the column "Before repurchase" while their respective interest in the event that the Directors exercise in full the power to repurchase Shares in accordance with the terms of the ordinary resolution in relation to the Repurchase Mandate to be proposed at the AGM (and assuming that the issued share capital of the Company remains unchanged up to the date of the AGM) is shown under the column "After repurchase".

APPENDIX I EXPLANATORY STATEMENT ON REPURCHASE MANDATE

Name	Capacity	Number of Shares held	Before repurchase (approx.)	After repurchase (approx.)
Hong Kong Jun Tai Ting Investment Company Limited (“ Jun Tai Ting Investment ”)	Beneficial owner <i>(Note 1)</i>	159,068,639 (L)	73.87% <i>(Note 3)</i>	82.07% <i>(Note 3)</i>
Ms. Ye Huacong	Interest of a controlled corporation <i>(Note 1)</i>	159,068,639 (L)	73.87% <i>(Note 3)</i>	82.07% <i>(Note 3)</i>
Mr. Huang	Interest of spouse <i>(Note 2)</i>	159,068,639 (L)	73.87% <i>(Note 3)</i>	82.07% <i>(Note 3)</i>

(L) = long position of the Shares.

Notes:

1. 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.
2. Mr. Huang is the spouse of Ms. Ye Huacong. Mr. Huang is deemed to be interested in all the Shares in which Ms. Ye Huacong is interested in for the purpose of the SFO.
3. In the event that no further Shares are issued or repurchased between the Latest Practicable Date and the date of the AGM, the interest of Jun Tai Ting Investment before and after repurchase would be increased from approximately 73.87% and approximately 82.07%, respectively.

Assuming no further Shares are issued or repurchased between the Latest Practicable Date and the date of the AGM, and in the event that the Repurchase Mandate was exercised in full, the interest of Jun Tai Ting Investment would be increased from approximately 73.87% to approximately 82.07%. On the basis of the aforesaid increase of shareholding held by Jun Tai Ting Investment, the Directors are not aware of any consequences of such repurchases of Shares that would result in a Shareholder, or group of Shareholders acting in concert, becoming obliged to make a mandatory offer under Rule 26 of the Takeovers Code if the Repurchase Mandate was exercised in full. Moreover, the Directors do not intend to exercise the power to repurchase Shares to an extent which would render any Shareholder or group of Shareholders obliged to make a mandatory offer under Rule 26 of the Takeovers Code.

As at the Latest Practicable Date, the Directors had no intention to exercise the Repurchase Mandate which may result in the number of the issued Shares in the hands of public falling below the minimum prescribed percentage of 25% as required by the GEM Listing Rules.

8. CORE CONNECTED PERSON

No core connected persons (as defined in the GEM Listing Rules) have notified the Company that they have a present intention to sell Shares to the Company or its subsidiaries, or have undertaken not to do so in the event that the Repurchase Mandate is approved by the Shareholders at the AGM.

9. SHARES REPURCHASE MADE BY THE COMPANY

The Company has not purchased any of its Shares (whether on the Stock Exchange or otherwise) in the previous six months preceding the Latest Practicable Date.

10. SHARE PRICES

The highest and lowest prices at which the Shares were traded on GEM during each of the previous twelve months up to the Latest Practicable Date were as follows:

	Highest <i>HK\$</i>	Lowest <i>HK\$</i>
2021		
July	0.350	0.285
August	0.280	0.185
September	0.520	0.210
October	0.870	0.480
November	0.920	0.820
December	0.980	0.490
2022		
January	0.580	0.400
February	0.550	0.485
March	0.650	0.395
April	0.710	0.430
May	0.930	0.415
June	0.950	0.620
July	0.660	0.530
August (up to the Latest Practicable Date)	0.520	0.480

Detail of the Directors who will retire from office at the AGM and being eligible, will offer themselves for re-election at the AGM, are set out below:

(1) Mr. Huang Liang

Executive Director, chairman and chief executive officer

Mr. Huang Liang (“**Mr. Huang**”), aged 43, was appointed as an executive Director of the Company on 4 March 2022. He is also a chairman of the Board and chief executive officer of the Company. Mr. Huang has over 15 years of experience in real estate development and properties investment areas in the People’s Republic of China. He is the executive director and general manager of Shenzhen Jinrong Enterprise Limited* (深圳市晉榮實業有限公司) and Shenzhen Longhua Henghe Real Estate Development Limited* (深圳市龍華恒和房地產開發有限公司). Mr. Huang is also the vice president of the Chamber of Commerce of Shenzhen Longhua* (深圳市龍華商會). He was an independent non-executive director of Aidigong Maternal & Child Health Limited (stock code: 286) from February 2013 to December 2015. Mr. Huang is the spouse of Ms. Ye Huacong, the controlling shareholder of the Company.

A service agreement was entered into between the Company and Mr. Huang on 4 March 2022. His appointment is for an initial term of three years which will continue thereafter until terminated by not less than three months’ notice in writing served by either party on the other and subject to retirement by rotation and other related provisions as stipulated in the Articles. In accordance with the service agreement, Mr. Huang will be entitled to an annual Director’s fee of HK\$100,000, which was determined with reference to his background, experience, duties and responsibilities with the Group and the prevailing market conditions.

Save as disclosed above, as at the Latest Practicable Date, Mr. Huang (i) does not have any relationship with any Directors, senior management or substantial Shareholders (as defined in the GEM Listing Rules) or controlling Shareholders (as defined in the GEM Listing Rules) of the Company; (ii) does not hold any directorship in any public companies the securities of which are listed on any securities market in Hong Kong or overseas in the three years preceding the Latest Practicable Date, or any other position with the Company and other members of the Group or possess any other major professional qualifications; and (iii) has no interests or short positions in Shares, securities or debentures of the Company and its associated corporations which are required to be disclosed pursuant to Part XV of the SFO.

Save as disclosed above, there are no other matters concerning Mr. Huang that need to be brought to the attention of the Shareholders nor is there any information relating to Mr. Huang that is required to be disclosed pursuant to Rules 17.50(2)(h) to (v) of the GEM Listing Rules.

(2) Ms. Lou Yi**Executive Director**

Ms. Lou Yi (“**Ms. Lou**”), aged 52, was appointed as an executive Director of the Company on 4 March 2022. Ms. Lou has over 20 years’ experience in finance and securities trading industry. She is currently the vice president of dealing and investment in Kingston Financial Group Limited (stock code: 1031). She worked in various large financial institutions including Zhongtai International Securities Limited, Industrial Securities (HK) Brokerage Limited and BOCOM International Securities Limited. Ms. Lou has number 1, 7 and 8 license of The Securities and Futures Commission in Hong Kong.

A service agreement was entered into between the Company and Ms. Lou on 4 March 2022. Her appointment is for an initial term of three years which will continue thereafter until terminated by not less than three months’ notice in writing served by either party on the other and subject to retirement by rotation and other related provisions as stipulated in the Articles. In accordance with the service agreement, Ms. Lou will be entitled to an annual Director’s fee of HK\$100,000, which was determined with reference to her background, experience, duties and responsibilities with the Group and the prevailing market conditions.

Save as disclosed above, as at the Latest Practicable Date, Ms. Lou (i) does not have any relationship with any Directors, senior management or substantial Shareholders (as defined in the GEM Listing Rules) or controlling Shareholders (as defined in the GEM Listing Rules) of the Company; (ii) does not hold any directorship in any public companies the securities of which are listed on any securities market in Hong Kong or overseas in the three years preceding the Latest Practicable Date, or any other position with the Company and other members of the Group or possess any other major professional qualifications; and (iii) has no interests or short positions in Shares, securities or debentures of the Company and its associated corporations which are required to be disclosed pursuant to Part XV of the SFO.

Save as disclosed above, there are no other matters concerning Ms. Lou that need to be brought to the attention of the Shareholders nor is there any information relating to Ms. Lou that is required to be disclosed pursuant to Rules 17.50(2)(h) to (v) of the GEM Listing Rules.

(3) Mr. Luk Chi Shing**Independent Non-executive Director**

Mr. Luk Chi Shung (“**Mr. Luk**”), aged 53, was appointed as an independent non-executive Director of the Company on 4 March 2022 with an initial term of three years commencing from 4 March 2022. He is mainly responsible for overseeing the management independently and providing independent judgment on the issues of strategy, performance, resources and standard of conduct of the Company.

Mr. Luk graduated from City University of Hong Kong in 1993, with a Bachelor of Arts in Accountancy. Mr. Luk is a fellow member of the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants. Mr. Luk is currently an executive director of China Supply Chain Holdings Limited (stock code: 3708), a company listed on the Main Board of the Stock Exchange, an independent non-executive director of Imperial Pacific International Holdings Limited (stock code: 1076), a company listed on the Main Board of the Stock Exchange, and an independent non-executive director of Chinese Energy Holdings Limited (stock code: 8009), a company listed on GEM of the Stock Exchange. Mr. Luk had been (i) an executive director of China Pioneer Pharma Holdings Limited (stock code: 1345), a company listed on the Main Board of the Stock Exchange during the period from December 2019 to December 2020; (ii) an independent non-executive director of China Saite Group Company Limited (stock code: 0153), a company listed on the Main Board of the Stock Exchange during the period from January 2017 to July 2019; (iii) an executive director of Solomon Worldwide Holdings Limited (stock code: 8133), a company listed on the GEM of the Stock Exchange during the period from July 2021 to April 2022; and (iv) an independent non-executive director of China Financial Leasing Group Limited (stock code: 2312), a company listed on the Main Board of the Stock Exchange from December 2020 to June 2022. Mr. Luk has also worked for an international audit firm and a number of other public listed companies in Hong Kong.

Mr. Luk has accumulated over 20 years of working experience in the fields of auditing, company secretary, financial accounting and management, as well as corporate merger and acquisition.

A letter of appointment was made between the Company and Mr. Luk on 4 March 2022. His appointment is for an initial term of three years which will continue thereafter until terminated by not less than one month’ notice in writing served by either party on the other and subject to retirement by rotation and other related provisions as stipulated in the Articles. Pursuant to his letter of appointment, Mr. Luk will be entitled to an annual Director’s fee of HK\$100,000, which was determined with reference to his background, experience, duties and responsibilities with the Group and the prevailing market conditions.

Save as disclosed above, as at the Latest Practicable Date, Mr. Luk (i) does not have any relationship with any Directors, senior management or substantial Shareholders (as defined in the GEM Listing Rules) or controlling Shareholders (as defined in the GEM Listing Rules) of the Company; (ii) does not hold any directorship in any public companies the securities of which are listed on any securities market in Hong Kong or overseas in the three years preceding the Latest Practicable Date, or any other position with the Company

and other members of the Group or possess any other major professional qualifications; and (iii) has no interests or short positions in Shares, securities or debentures of the Company and its associated corporations which are required to be disclosed pursuant to Part XV of the SFO.

Save as disclosed above, there are no other matters concerning Mr. Luk that need to be brought to the attention of the Shareholders nor is there any information relating to Mr. Luk that is required to be disclosed pursuant to Rules 17.50(2)(h) to (v) of the GEM Listing Rules.

(4) Mr. Lee Man Chun

Independent Non-executive Director

Mr. Lee Man Chun (“**Mr. Lee**”), aged 31, was appointed as an independent non-executive Director of the Company on 4 March 2022 with an initial term of three years commencing from 4 March 2022. He is mainly responsible for overseeing the management independently and providing independent judgment on the issues of strategy, performance, resources and standard of conduct of the Company.

Mr. Lee graduated from Laureate International Universities (William Blue College of Hospitality Management) in 2012, with professional degree in business hospitality management. He was the general manager of Little Sandpiper, an Australian company engaging in children entertainment business, from 2018 to 2021. He was a director of Smart Dollar, an Australian company engaging in retail chain business from 2014 to 2018.

A letter of appointment was made between the Company and Mr. Lee on 4 March 2022. His appointment is for an initial term of three years which will continue thereafter until terminated by not less than one month’ notice in writing served by either party on the other and subject to retirement by rotation and other related provisions as stipulated in the Articles. Pursuant to his letter of appointment, Mr. Lee will be entitled to an annual Director’s fee of HK\$60,000, which was determined with reference to his background, experience, duties and responsibilities with the Group and the prevailing market conditions.

Save as disclosed above, as at the Latest Practicable Date, Mr. Lee (i) does not have any relationship with any Directors, senior management or substantial Shareholders (as defined in the GEM Listing Rules) or controlling Shareholders (as defined in the GEM Listing Rules) of the Company; (ii) does not hold any directorship in any public companies the securities of which are listed on any securities market in Hong Kong or overseas in the three years preceding the Latest Practicable Date, or any other position with the Company and other members of the Group or possess any other major professional qualifications; and (iii) has no interests or short positions in Shares, securities or debentures of the Company and its associated corporations which are required to be disclosed pursuant to Part XV of the SFO.

Save as disclosed above, there are no other matters concerning Mr. Lee that need to be brought to the attention of the Shareholders nor is there any information relating to Mr. Lee that is required to be disclosed pursuant to Rules 17.50(2)(h) to (v) of the GEM Listing Rules.

(5) Mr. Zheng Yuqiang

Independent Non-executive Director

Mr. Zheng Yuqiang (“**Mr. Zheng**”), aged 58, was appointed as an independent non-executive Director of the Company on 4 March 2022 with an initial term of three years commencing from 4 March 2022. He is mainly responsible for overseeing the management independently and providing independent judgment on the issues of strategy, performance, resources and standard of conduct of the Company.

Mr. Zheng graduated from Beijing Economic Correspondence University in 1989, with a bachelor degree in economics and management. Mr. Zheng is currently a director of Shenzhen Fuyin Fire Protection Engineering Co., Ltd. and has worked in various sizeable enterprises, including Shenzhen Foreign Trade Group, Hong Kong Ocean Channel Engineering Transportation Company Limited and Shenzhen Corporate Informationization and Financing Guarantee Company Limited (深圳企業信息化融資擔保有限公司), and has over 30 years of experience in trade industry.

A letter of appointment was made between the Company and Mr. Zheng on 4 March 2022. His appointment is for an initial term of three years which will continue thereafter until terminated by not less than one month’ notice in writing served by either party on the other and subject to retirement by rotation and other related provisions as stipulated in the Articles. Pursuant to his letter of appointment, Mr. Zheng will be entitled to an annual Director’s fee of HK\$60,000, which was determined with reference to his background, experience, duties and responsibilities with the Group and the prevailing market conditions.

Save as disclosed above, as at the Latest Practicable Date, Mr. Zheng (i) does not have any relationship with any Directors, senior management or substantial Shareholders (as defined in the GEM Listing Rules) or controlling Shareholders (as defined in the GEM Listing Rules) of the Company; (ii) does not hold any directorship in any public companies the securities of which are listed on any securities market in Hong Kong or overseas in the three years preceding the Latest Practicable Date, or any other position with the Company and other members of the Group or possess any other major professional qualifications; and (iii) has no interests or short positions in Shares, securities or debentures of the Company and its associated corporations which are required to be disclosed pursuant to Part XV of the SFO.

Save as disclosed above, there are no other matters concerning Mr. Zheng that need to be brought to the attention of the Shareholders nor is there any information relating to Mr. Zheng that is required to be disclosed pursuant to Rules 17.50(2)(h) to (v) of the GEM Listing Rules.

Hephaestus Holdings Limited

客思控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 8173)

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that an annual general meeting (the “**AGM**”) of Hephaestus Holdings Limited (the “**Company**”) will be held at Cre8 (Greater China) Ltd., 1/F, China Building, 29 Queen’s Road Central, Hong Kong on Friday, 30 September 2022 at 11:00 a.m., for the following purposes:

ORDINARY RESOLUTIONS

1. To receive, consider and adopt the audited consolidated financial statements of the Company and its subsidiaries and the reports of the directors (the “**Directors**”) and auditor of the Company for the year ended 31 March 2022.
2.
 - (a) To re-elect Mr. Huang Liang as executive Director;
 - (b) To re-elect Ms. Lou Yi as executive Director;
 - (c) To re-elect Mr. Luk Chi Shing as independent non-executive Director;
 - (d) To re-elect Mr. Lee Man Chun as independent non-executive Director;
 - (e) To re-elect Mr. Zheng Yuqiang as independent non-executive Director; and
 - (f) To authorise the board of Directors to fix the Directors’ remuneration.
3. To re-appoint RSM Hong Kong as the auditors of the Company and to authorise the board of Directors to fix their remuneration.
4. To consider and, if thought fit, pass the following resolution as ordinary resolution:

“THAT:

- (a) subject to paragraph (c) below, pursuant to the Rules (the “**GEM Listing Rules**”) Governing the Listing of Securities on GEM operated by The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”), the exercise by the Directors during the Relevant Period (as defined below) of all the powers of the Company to allot, issue and deal with unissued shares of the Company (the “**Shares**”) and to make or grant offers, agreements and options (including warrants, bonds and debentures convertible into shares of the Company), which might require the exercise of such powers be and the same is hereby generally and unconditionally approved;

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- (b) the approval in paragraph (a) above shall authorise the Directors during the Relevant Period to make or grant offers, agreements and options (including warrants, bonds and debentures convertible into shares of the Company), which might require the exercise of such powers after the end of the Relevant Period;
- (c) the aggregate number of Shares allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to options or otherwise) by the Directors pursuant to the approval in paragraph (a) above, otherwise than pursuant to (i) a Rights Issue (as defined below); or (ii) the exercise of any options granted under a share option scheme of the Company; or (iii) any scrip dividend or similar arrangement providing for the allotment and issue of Shares in lieu of the whole or part of a dividend on Shares in accordance with the articles of association of the Company in force from time to time; or (iv) any issue of Shares upon the exercise of rights of subscription or conversion under the terms of any warrants of the Company or any securities which are convertible into Shares, shall not exceed the aggregate of:
- (aa) 20 per cent. of the total number of issued Shares on the date of the passing of this resolution; and
- (bb) (if the Directors are so authorised by a separate ordinary resolution of the shareholders of the Company) the number of issued Shares repurchased by the Company subsequent to the passing of this resolution (up to a maximum equivalent to 10 per cent. of the total number of issued Shares on the date of the passing of resolution no. 5),
- and the authority pursuant to paragraph (a) of this resolution shall be limited accordingly; and
- (d) for the purposes of this resolution:
- “**Relevant Period**” means the period from the date of the passing of this resolution until whichever is the earliest of:
- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the articles of association of the Company, the Companies Law (Revised) of the Cayman Islands or any other applicable laws of the Cayman Islands to be held; and
- (iii) the passing of an ordinary resolution by the shareholders of the Company in general meeting prior to the next annual general meeting of the Company revoking or varying the authority given to the Directors by this resolution.

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“**Rights Issue**” means an offer of Shares, or offer or issue of warrants, options or other securities giving rights to subscribe for Shares open for a period fixed by the Directors to holders of Shares on the register on a fixed record date in proportion to their then holdings of Shares (subject to such exclusion or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements, or having regard to any restrictions or obligations under the laws of, or the requirements of, or the expense or delay which may be involved in determining the existence or extent of any restrictions or obligations under the laws of, or the requirements of, any jurisdiction applicable to the Company, or any recognised regulatory body or any stock exchange applicable to the Company).”

5. To consider and, if thought fit, pass the following resolution as ordinary resolution:

“**THAT:**

- (a) subject to paragraph (b) of this resolution, the exercise by the Directors during the Relevant Period (as defined below) of all powers of the Company to repurchase the Shares on the Stock Exchange or any other stock exchange on which the Shares may be listed and recognised by the Securities and Futures Commission and the Stock Exchange for such purpose under the Hong Kong Code on Share Buy-backs, and otherwise in accordance with the rules and regulations of the Securities and Futures Commission, the Stock Exchange, the Companies Law and all other applicable laws in this regard, be and the same is hereby generally and unconditionally approved;
- (b) the total number of Shares which may be repurchased by the Company pursuant to the approval in paragraph (a) of this resolution during the Relevant Period shall not exceed 10 per cent. of the total number of issued Shares as at the date of the passing of this resolution and the authority pursuant to paragraph (a) of this resolution shall be limited accordingly; and
- (c) for the purposes of this resolution,

“**Relevant Period**” means the period from the date of the passing of this resolution until whichever is the earliest of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the articles of association of the Company, the Companies Law (Revised) of the Cayman Islands or any other applicable laws of the Cayman Islands to be held; and

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(iii) the passing of an ordinary resolution by the shareholders of the Company in general meeting prior to the next annual general meeting of the Company revoking or varying the authority given to the Directors by this resolution.”

6. To consider and, if thought fit, pass the following resolution as ordinary resolution:

“**THAT** conditional upon resolutions numbered 4 and 5 above being passed, the unconditional general mandate granted to the Directors to allot, issue and deal with additional Shares and to make or grant offers, agreements, and options which might require the exercise of such powers pursuant to resolution numbered 4 above be and is hereby extended by the addition thereto of an amount representing the aggregate nominal amount of the share capital of the Company repurchased by the Company under the authority granted pursuant to resolution numbered 5 above, provided that such amount shall not exceed 10% of the total number of the issued Shares of the Company as at the date of passing of this resolution.”

By order of the Board
Hephaestus Holdings Limited
Huang Liang
Chairman and Chief Executive Officer

Hong Kong, 29 August 2022

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

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

Notes:

1. A member entitled to attend and vote at the AGM, is entitled to appoint a proxy or more than one proxy (for member holding two or more Shares) to attend and vote in his/her stead. A proxy need not be a member of the Company.

NOTICE OF AGM

2. In the case of joint holders of a Share, and any one of such joint holders may vote, either in person or by proxy, in respect of such Share as if he were solely entitled thereto, but if more than one of such joint holders be present at the meeting, the vote of the senior who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the vote(s) of the other joint holder(s), and for this purpose, seniority will be determined by the order in which the names stand in the register of members of the Company in respect of the relevant joint holding.
3. To be valid, a form of proxy, together with the power of attorney or other authority (if any) under which it is signed or a notarially certified copy of that power of attorney or authority must be deposited with the Company's share registrar and transfer office in Hong Kong, Union Registrars Limited, at Suites 3301-04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong not less than 48 hours before the time appointed for the holding of the AGM or any adjournment thereof (as the case may be), and in default thereof the form of proxy shall not be treated as valid.
4. With respect to resolution numbered 2 of this notice, details of the retiring Directors standing for re-election are set out in the circular of the Company dated 29 August 2022.
5. For the purpose of determining shareholders' entitlements to attend and vote at the AGM, the transfer books and the register of members of the Company will be closed from Monday, 26 September 2022 to Friday, 30 September 2022 (both days inclusive), during which period no transfer of Shares will be effected. In order to establish the right to attend and vote at the AGM, all transfers, accompanied by the relevant share certificates, must be lodged with the Company's share registrar and transfer office in Hong Kong, Union Registrars Limited, at Suites 3301-04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong for registration by no later than 4:00 p.m. on Friday, 23 September 2022.
6. If Typhoon Signal No. 8 or above, or a "black" rainstorm warning or extreme conditions caused by super typhoons is in effect in Hong Kong any time after 12:00 noon on the date of the AGM, the meeting will be postponed. The Company will post an announcement on the websites of the Company at www.hephaestus.com.hk and the GEM website at www.hkgem.com to notify shareholders of the date, time and venue of the rescheduled meeting.
7. Due to the recent development of the epidemic caused by novel coronavirus pneumonia ("COVID-19"), to comply with the Prevention and Control of Disease (Prohibition on Group Gathering) Regulation (Chapter 599G of the Laws of Hong Kong) (the "**Regulation**") and to safeguard the health and safety of Shareholders who might be attending the AGM in person, the Company will also implement the following measures at the AGM:
 - (a) Compulsory temperature screening/checks will be carried out on every attendee at the entrance of Cre8 (Greater China) Ltd., 1/F, China Building, 29 Queen's Road Central, Hong Kong ("**AGM Venue**"). Any person with a body temperature of over 37.3 degrees Celsius or is exhibiting flu-like symptoms may be denied entry into the AGM Venue and be requested to leave the AGM Venue. Please note that any person who is subject to health quarantine prescribed by the Hong Kong Government or self-quarantine in relation to COVID-19, or has close contact with any person under quarantine will not be admitted to the AGM Venue.
 - (b) Every attendee will be required to submit a completed health declaration form prior to entry into the AGM Venue. Please note that the health declaration form will be available for your completion and signing at the entrance of the AGM Venue.
 - (c) Every attendee will be required to wear a face mask throughout the AGM and sit at a distance from other attendees. Please note that no masks will be provided at the AGM Venue and the attendees should wear their own masks.

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- (d) Every attendee will be assigned a designated seat at the time of registration to ensure appropriate social distancing. The number of seats in the AGM Venue will be limited to ensure social distancing. In order to comply with the Regulation, the Company may limit the number of attendees at the AGM as may be necessary to avoid over-crowding and possibly not all attendees could be accommodated.
- (e) Any attendee who declines any of the abovementioned measures or cooperate with hotel or Company staff will be refused admission to the AGM Venue.
- (f) No gifts, refreshments or drinks will be provided to attendees at the AGM.
- (g) Any other additional precautionary measures in accordance with the prevailing requirements or guidelines of the Hong Kong Government and/or regulatory authorities, or as considered appropriate in light of the development of the COVID-19.

Attendees are in addition requested to observe and practise good personal hygiene at all times. To the extent permitted by law, the Company reserves the right to deny entry into the AGM Venue or require any person to leave the AGM Venue so as to ensure the health and safety of the attendees at the AGM.

Voting by proxy in advance of the AGM: The Company does not in any way wish to diminish the opportunity available to Shareholders to exercise their rights and to vote, but is conscious of the pressing need to protect Shareholders from possible exposure to the COVID-19 pandemic. For the health and safety of Shareholders, the Company reiterates that Shareholders are strongly encouraged to exercise their right to vote at the AGM by appointing the Chairman of the AGM as their proxy instead of attending the AGM in person. Completion and return of the form of proxy will not preclude Shareholders from attending and voting in person at the AGM or any adjournment thereof should they subsequently so wish.

Shareholders are reminded that physical attendance is not necessary for the purpose of exercising Shareholders' rights. They are strongly encouraged to exercise their rights and indicate how they would like the proxy to vote on their behalves by submitting a form of proxy to appoint the Chairman of the AGM as their proxy for voting. The Company would like to further remind the shareholders that they should carefully consider the risks of attending the AGM, taking into account of their own personal circumstances.

Appointment of proxy by non-registered shareholders: non-registered shareholders whose Shares are held through banks, brokers, custodians or the Hong Kong Securities Clearing Company Limited are strongly encouraged to consult directly with their banks or brokers or custodians (as the case may be) to assist them in the appointment of proxy.

Due to the constantly evolving COVID-19 pandemic situation in Hong Kong, the Company may implement additional measures which will be announced closer to the date of the AGM. Shareholders should check the Company's website at www.hephaestus.com.hk or the website of the Stock Exchange at www.hkexnews.hk for further announcements and updates on the AGM arrangements.