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**Hong Kong Jun Tai Ting
Investment Company Limited**

*(Incorporated in the British Virgin Islands
with limited liability)*

Hephaestus Holdings Limited

客思控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 8173)

JOINT ANNOUNCEMENT

**(I) COMPLETION OF THE SALE AND PURCHASE OF SALE SHARES
IN HEPHAESTUS HOLDINGS LIMITED;**

AND

(II) MANDATORY UNCONDITIONAL CASH OFFER BY



FOR AND ON BEHALF OF

HONG KONG JUN TAI TING INVESTMENT COMPANY LIMITED

TO ACQUIRE ALL THE ISSUED SHARES IN

HEPHAESTUS HOLDINGS LIMITED

(OTHER THAN THOSE ALREADY OWNED

OR TO BE ACQUIRED BY

HONG KONG JUN TAI TING INVESTMENT COMPANY LIMITED

AND PARTIES ACTING IN CONCERT WITH IT);

AND

(III) APPOINTMENT OF THE INDEPENDENT FINANCIAL ADVISER;

AND

(IV) RESUMPTION OF TRADING

Financial adviser to the Offeror



Financial adviser to the Company



Independent Financial Adviser to the Independent Board Committee

TRINITY

Trinity Corporate Finance Limited

COMPLETION OF THE SALE AND PURCHASE OF SALE SHARES IN THE COMPANY

The Company was informed by Whistle Up and the Offeror that on 26 November 2021, after the trading hours of the Stock Exchange, Whistle Up and the Offeror entered into the Sale and Purchase Agreement pursuant to which Whistle Up has agreed to sell and the Offeror has agreed to purchase an aggregate of 158,947,368 Sale Shares, representing approximately 73.81% of the total issued share capital of the Company as at the date of this joint announcement. The consideration for the Sale Shares is HK\$73,810,000, which is equivalent to approximately HK\$0.4644 per Sale Share. The sale and purchase of the Sale Shares has been completed on 29 November 2021.

MANDATORY UNCONDITIONAL CASH OFFER

As at the date of this joint announcement, the Company has 215,346,526 Shares in issue. The Company does not have any outstanding options, derivatives, warrants or other securities which are convertible or exchangeable into Shares and has not entered into any agreement for the issue of such options, derivatives, warrants or other securities which are convertible or exchangeable into Shares. Save for the Shares, the Company has no other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) as at the date of this joint announcement.

Immediately prior to Completion, none of the Offeror, Ms. Ye and the parties acting in concert with any of them held, owned, controlled or had the right of direction over any Shares or other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company.

Upon Completion and as at the date of this joint announcement, the Offeror, Ms. Ye and parties acting in concert with any of them are interested in a total of 158,947,368 Shares, representing approximately 73.81% of the total issued share capital of the Company.

Pursuant to Rule 26.1 of the Takeovers Code, upon Completion, the Offeror is required to make a mandatory unconditional cash offer for all the issued Shares (other than those already owned or to be acquired by the Offeror, Ms. Ye and parties acting in concert with any of them).

PRINCIPAL TERMS OF THE OFFER

Kingston Securities will, for and on behalf of the Offeror, make the Offer to acquire all the Offer Shares (other than those already owned or to be acquired by the Offeror, Ms. Ye and parties acting in concert with any of them) in compliance with the Takeovers Code and on the terms to be set out in the Composite Document on the following basis:

For each Offer Share HK\$0.4644 in cash

The Offer Price of HK\$0.4644 per Offer Share is approximately equal to but not lower than the price per Sale Share paid by the Offeror under the Sale and Purchase Agreement.

The Offer will be unconditional in all aspects when it is made.

Value of the Offer

Based on the Offer Price of HK\$0.4644 per Offer Share and 215,346,526 Shares in issue as at the date of this joint announcement, the entire issued share capital of the Company is valued at approximately HK\$100.0 million.

As at the date of this joint announcement, excluding the total Shares of 158,947,368 Shares held by the Offeror, Ms. Ye and the parties acting in concert with any of them and assuming there is no change in the number of issued Shares before the close of Offer, a total of 56,399,158 Shares will be subject to the Offer and the value of the Offer is approximately HK\$26.2 million.

Confirmation of financial resources available for the Offer

The Offeror intends to finance the entire consideration payable under the Offer by the Loan Facility granted to it by Kingston Securities.

Kingston Corporate Finance, being the financial adviser to the Offeror, is satisfied that sufficient financial resources are available to the Offeror to satisfy the total consideration payable by the Offeror upon full acceptances of the Offer.

INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

Pursuant to Rule 2.1 of the Takeovers Code, the Independent Board Committee comprising all the independent non-executive Directors, namely, Mr. Kwong U Hoi Andrew, Mr. Wong Jonathan and Mr. Chi Chi Hung Kenneth, has been established by the Board to advise the Independent Shareholders as to whether the terms of the Offer are fair and reasonable and as to the acceptance of the Offer.

The Independent Financial Adviser has been appointed with the approval of the Independent Board Committee to advise the Independent Board Committee in respect of the Offer and, in particular, as to whether the Offer is fair and reasonable and as to acceptance of the Offer.

COMPOSITE DOCUMENT

It is the intention of the Offeror and the Company that the offer document from the Offeror and the offeree board circular from the Company be combined into a Composite Document. In accordance with Rule 8.2 of the Takeovers Code, the Composite Document containing, amongst other things: (i) details of the Offer (including the expected timetable); (ii) a letter of advice from the Independent Board Committee to the Independent Shareholders in relation to the Offer; and (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee in relation to the Offer, together with the form of acceptance and transfer, is required to be despatched to the Shareholders within 21 days of the date of this joint announcement or such later date as the Executive may approve.

RESUMPTION OF TRADING

At the request of the Company, trading in the Shares on the Stock Exchange was halted with effect from 9:00 a.m. on Monday, 29 November 2021 pending the release of this joint announcement. An application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares on the Stock Exchange with effect from 9:00 a.m. on Tuesday, 7 December 2021.

WARNING

Shareholders and potential investors are advised to exercise caution when dealing in the Shares, and if they are in any doubt about their position, they should consult their professional advisers.

COMPLETION OF THE SALE AND PURCHASE OF SALE SHARES IN THE COMPANY

The Company was informed by Whistle Up and the Offeror that on 26 November 2021, after the trading hours of the Stock Exchange, Whistle Up and the Offeror entered into the Sale and Purchase Agreement pursuant to which Whistle Up has agreed to sell and the Offeror has agreed to purchase an aggregate of 158,947,368 Sale Shares, representing approximately 73.81% of the total issued share capital of the Company as at the date of this joint announcement. The consideration for the Sale Shares is HK\$73,810,000, which is equivalent to approximately HK\$0.4644 per Sale Share. The sale and purchase of the Sale Shares has been completed on 29 November 2021.

The principal terms of the Sale and Purchase Agreement are summaries below:

- Date** : 26 November 2021
- Parties** : (i) the Offeror as the purchaser
(ii) Whistle Up as the vendor

For further details of the Offeror, please refer to the section headed “Information on the Offeror” in this joint announcement.

Subject of the Sale and Purchase Agreement

Pursuant to the Sale and Purchase Agreement, Whistle Up has agreed to sell and the Offeror has agreed to purchase an aggregate of 158,947,368 Sale Shares, representing approximately 73.81% of the total issued share capital of the Company as at the date of this joint announcement.

The Consideration for the Sale Shares

The aggregate consideration paid by the Offeror to Whistle Up in respect of the Sale Shares is HK\$73,810,000, equivalent to approximately HK\$0.4644 per Sale Share, which was agreed between the Offeror and Whistle Up after arm’s length negotiations, taking into account, among others, the financial and operating positions of the Group, the performance and trading volume of the Shares. Whistle Up agreed to sell the Sale Shares at a significant discount to the trading price of the Shares on the Last Trading Day as (i) the price for the Sale Shares represents a premium of approximately 112.05% over the unaudited consolidated net asset value attributable to the owners of the Company of approximately HK\$0.219 per Share (based on the total number of the issued Shares as at the date of this joint announcement) as at 30 September 2021; (ii) the trading volume of the Shares was thin; and (iii) the Offeror agreed to buy all the 158,947,368 Sale Shares, representing approximately 73.81% of the total issued share capital of the Company in bulk.

The consideration has been settled by the Offeror to Whistle Up upon Completion in cash. The consideration was satisfied by the internal resources of the Offeror and the Loan Facility.

MANDATORY UNCONDITIONAL CASH OFFER

As at the date of this joint announcement, the Company has 215,346,526 Shares in issue. The Company does not have any outstanding options, derivatives, warrants or other securities which are convertible or exchangeable into Shares and has not entered into any agreement for the issue of such options, derivatives, warrants or other securities which are convertible or exchangeable into Shares. Save for the Shares, the Company has no other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) as at the date of this joint announcement.

Immediately prior to Completion, none of the Offeror, Ms. Ye and the parties acting in concert with any of them held, owned, controlled or had the right of direction over any Shares or other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company.

Upon Completion and as at the date of this joint announcement, the Offeror, Ms. Ye and parties acting in concert with any of them are interested in a total of 158,947,368 Shares, representing approximately 73.81% of the total issued share capital of the Company.

Pursuant to Rule 26.1 of the Takeovers Code, upon Completion, the Offeror is required to make a mandatory unconditional cash offer for all the issued Shares (other than those already owned or to be acquired by the Offeror, Ms. Ye and parties acting in concert with any of them).

The Offer

Kingston Securities will, for and on behalf of the Offeror, make the Offer to acquire all the Offer Shares (other than those already owned or to be acquired by the Offeror, Ms. Ye and parties acting in concert with any of them) in compliance with the Takeovers Code and on the terms to be set out in the Composite Document on the following basis:

For each Offer ShareHK\$0.4644 in cash

The Offer Price of HK\$0.4644 per Offer Share is approximately equal to but not lower than the price per Sale Share paid by the Offeror under the Sale and Purchase Agreement.

The Offer will be unconditional in all aspects when it is made.

Comparison of value

The Offer Price of HK\$0.4644 per Offer Share represents:

- (i) a discount of approximately 47.82% to the closing price of HK\$0.89 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a discount of approximately 48.05% to the average of the closing prices as quoted on the Stock Exchange for the 5 consecutive trading days up to and including the Last Trading Day of approximately HK\$0.894 per Share;
- (iii) a discount of approximately 48.11% to the average of the closing prices as quoted on the Stock Exchange for the 10 consecutive trading days up to and including the Last Trading Day of approximately HK\$0.895 per Share;
- (iv) a discount of approximately 47.88% to the average of the closing prices as quoted on the Stock Exchange for the 15 consecutive trading days up to and including the Last Trading Day of approximately HK\$0.891 per Share;
- (v) a discount of approximately 44.71% to the average of the closing prices as quoted on the Stock Exchange for the 30 consecutive trading days up to and including the Last Trading Day of approximately HK\$0.840 per Share;

- (vi) a premium of approximately 82.83% over the audited consolidated net asset value attributable to the owners of the Company of approximately HK\$0.254 per Share (based on the total number of the issued Shares as at the date of this joint announcement) as at 31 March 2021, being the date to which the latest published audited annual financial results of the Group were made up; and
- (vii) a premium of approximately 112.05% over the unaudited consolidated net asset value attributable to the owners of the Company of approximately HK\$0.219 per Share (based on the total number of the issued Shares as at the date of this joint announcement) as at 30 September 2021, being the date to which the latest published unaudited interim financial results of the Group were made up.

Highest and lowest Share prices

The highest and lowest closing prices of the Shares as quoted on the Stock Exchange during the period commencing six months preceding the commencement of the offer period (as defined under the Takeovers Code), i.e. the date of this joint announcement (being 6 December 2021), were HK\$0.92 per Share (on 1 November 2021) and HK\$0.2 per Share (on 19 August 2021, 23 August 2021, 25 August 2021, 26 August 2021 and 27 August 2021), respectively.

Payment

Payment in cash in respect of acceptances of the Offer will be made as soon as possible but in any event within seven Business Days from the date on which the duly completed acceptances of the Offer and the relevant documents of title in respect of such acceptances are received by the Offeror (or its agent) to render each such acceptance complete and valid.

Value of the Offer

Based on the Offer Price of HK\$0.4644 per Offer Share and 215,346,526 Shares in issue as at the date of this joint announcement, the entire issued share capital of the Company is valued at approximately HK\$100.0 million.

As at the date of this joint announcement, excluding the total Shares of 158,947,368 Shares held by the Offeror, Ms. Ye and the parties acting in concert with any of them and assuming there is no change in the number of issued Shares before the close of Offer, a total of 56,399,158 Shares will be subject to the Offer and the value of the Offer is approximately HK\$26.2 million.

Confirmation of financial resources available for the Offer

The Offeror intends to finance the entire consideration payable under the Offer by the Loan Facility granted to it by Kingston Securities.

Kingston Corporate Finance, being the financial adviser to the Offeror, is satisfied that sufficient financial resources are available to the Offeror to satisfy the total consideration payable by the Offeror upon full acceptances of the Offer.

On the date of the Sale and Purchase Agreement, the Offeror entered into the Loan Facility Agreement in connection with the Loan Facility, and the Offeror entered into the Share Charges in favour of Kingston Securities.

Effect of accepting the Offer

By accepting the Offer, the Shareholders will sell their Shares to the Offeror free from all encumbrances together with all rights attached thereto, including but not limited to all rights to any dividend or other distribution declared, made or paid on or after the date on which the Offer is made, being the date of the Composite Document.

Acceptances of the Offer shall be irrevocable and not capable of being withdrawn, except as otherwise permitted under the Takeovers Code.

As at the date of this joint announcement, (a) no dividends or distributions have been declared but unpaid; and (b) there is no intention for the Company to make, declare or pay any dividends or distributions.

Hong Kong stamp duty

Seller's Hong Kong ad valorem stamp duty on acceptances of the Offer at a rate of 0.13% of the consideration payable in respect of the relevant acceptances or, if higher, the market value of the Offer Shares subject to such acceptance, will be deducted from the amounts payable to Independent Shareholders who accept the Offer. The Offeror will arrange for payment of the seller's ad valorem stamp duty on behalf of the Independent Shareholders who accept the Offer and pay the buyer's Hong Kong ad valorem stamp duty in connection with the acceptance of the Offer and the transfers of the relevant Shares in accordance with the Stamp Duty Ordinance (Chapter 117 of the Laws of Hong Kong).

Overseas Shareholders

The availability of the Offer to any Overseas Shareholders may be affected by the applicable laws and regulations of their relevant jurisdictions of residence. Overseas Shareholders should observe any applicable legal and regulatory requirements and, where necessary, consult their own professional advisers. It is the responsibilities of the Overseas Shareholders who wish to accept the Offer to satisfy themselves as to the full observance of the laws and regulations of the relevant jurisdiction in connection with the acceptance of the Offer (including the obtaining of any governmental or other consent which may be required or the compliance with other necessary formalities and the payment of any transfer or other taxes due by such Overseas Shareholders in respect of such jurisdiction).

Acceptance of the Offer by any Overseas Shareholder will be deemed to constitute a representation and warranty from such Overseas Shareholder to the Offeror that the local laws and requirements have been complied with. The Overseas Shareholders should consult their professional advisers if in doubt.

Taxation Advice

Shareholders are recommended to consult their own professional advisers if they are in any doubt as to the taxation implications of accepting or rejecting the Offer. None of the Offeror, parties acting in concert with the Offeror, the Company, Kingston Corporate Finance, Kingston Securities, Merdeka Corporate Finance Limited, the Independent Financial Adviser and their respective ultimate beneficial owners, directors, officers, advisers, agents or associates or any other person involved in the Offer accepts responsibility for any taxation effects on, or liabilities of, any persons as a result of their acceptance or rejection of the Offer.

DEALING AND INTERESTS IN THE COMPANY'S SECURITIES

Save for the Sale Shares, none of the Offeror, Ms. Ye and parties acting in concert with any of them has dealt in nor owned any Share or relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company during the six months period prior to the commencement of the offer period (as defined under the Takeovers Code), i.e. the date of this joint announcement (being 6 December 2021).

As at the date of this joint announcement,

- (i) save for the Sale Shares held by the Offeror, none of the Offeror, Ms. Ye and parties acting in concert with any of them holds, owns or has control or direction over any voting rights or rights over any Shares, convertible securities, warrants, options or derivatives of the Company;
- (ii) there is no outstanding derivative in respect of securities in the Company which is owned, controlled or directed by, or has been entered into by the Offeror, its ultimate beneficial owner and/or any person acting in concert with any of them;
- (iii) none of the Offeror, Ms. Ye and parties acting in concert with any of them has borrowed or lent any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company;
- (iv) there is no arrangement (whether by way of option, indemnity or otherwise) of any kind referred to in Note 8 to Rule 22 of the Takeovers Code in relation to the shares of the Offeror or the Shares which might be material to the Offer;
- (v) there is no agreement or arrangement to which the Offeror, Ms. Ye or parties acting in concert with any of them is a party which relates to circumstances in which it may or may not invoke or seek to invoke a precondition or condition to the Offer;

- (vi) none of the Offeror, Ms. Ye and parties acting in concert with any of them has received any irrevocable commitment(s) to accept or reject the Offer;
- (vii) there is no understanding, arrangement, agreement or special deal between the Offeror, Ms. Ye and parties acting in concert with any of them on the one hand, and Whistle Up and any party acting in concert with it on the other hand;
- (viii) save for the total consideration for the Sale Shares of HK\$73,810,000, there is no other consideration or benefit in whatever form paid or payable by the Offeror, Ms. Ye and parties acting in concert with any of them to Whistle Up, its ultimate beneficial owners and parties acting in concert with any of them.

The Company and the Offeror confirm that, as at the date of this joint announcement, save for the Sale and Purchase Agreement, there is no understanding, arrangement, agreement or special deal (as defined under Rule 25 of the Takeovers Code) between (i) any Shareholder; and (ii) (a) the Offeror, Ms. Ye and any party acting in concert with any of them; or (b) the Company, its subsidiaries or associated companies.

INFORMATION ON THE OFFEROR

The Offeror is incorporated in the British Virgin Islands on 5 November 2021 with limited liabilities, which was incorporated solely for the purpose of holding the Sale Shares to be acquired by the Offeror, and is an investment holding company ultimately wholly and beneficially owned by Ms. Ye.

Ms. Ye holds a bachelor's degree in law from the Xi'an Jiaotong University. Since 2004, Ms. Ye has been a senior management at Shenzhen Longhua Henghe Real Estate Development Company Limited[#] (深圳市龍華恆和房地產開發有限公司), a company that is principally engaged in real estate development and property investment business in the PRC.

Save for being the controlling shareholder of the Company, as at the date of this joint announcement, Ms. Ye was not a substantial shareholder (as defined under the GEM Listing Rules) of other public listed companies in Hong Kong (whether listed on the GEM or the main board of the Stock Exchange) in the past three years.

The sole director of the Offeror is Ms. Zheng Lu (鄭露) (“**Ms. Zheng**”). Ms. Zheng graduated from the Shenzhen Polytechnic[#] (深圳職業技術學院). Ms. Zheng worked as a sales manager at Dragon Art Furniture Decoration & Design, a company that is principally engaged in selling furniture. Due to the travel restrictions and quarantine required against COVID-19 pandemic, Ms. Ye is unable to travel between Hong Kong and the PRC frequently to handle the corporate matters, Ms. Ye has therefore appointed Ms. Zheng who is currently based in Hong Kong as the director of the Offeror to handle the corporate matters on her behalf.

[#] *for identification purpose only*

INFORMATION ON THE GROUP

The Company is a company incorporated in the Cayman Islands with limited liability, the issued Shares of which are currently listed on the GEM of the Stock Exchange (stock code: 8173). The Group is principally engaged in the provision of interior design and execution services.

Set out below is the summary of the financial information of the Group for the financial years ended 31 March 2020 and 2021 as extracted from the annual report of the Company for the year ended 31 March 2021, and for the six months ended 30 September 2021 as extracted from the interim report of the Company for the six months ended 30 September 2021:

	For the year ended 31 March		For the six months ended 30 September
	2020	2021	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(audited)	(audited)	(unaudited)
Revenue	73,088	53,238	25,625
(Loss)/Profit before taxation	(39,450)	9,441	2,671
(Loss)/Profit and total comprehensive income for the year/period	(42,646)	8,213	2,161
	As at 31 March		As at 30 September
	2020	2021	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(audited)	(audited)	(unaudited)
Total assets	113,989	113,722	80,937
Total equity	46,424	54,637	47,175

Further financial information of the Group will be set out in the Composite Document to be despatched.

SHAREHOLDING STRUCTURE OF THE COMPANY

The following table sets out the shareholding structure of the Company (i) immediately prior to the Completion; and (ii) immediately following the Completion and as at the date of this joint announcement:

	Immediately prior to the Completion		Immediately after the Completion and as at the date of this joint announcement	
	Number of Shares	Approximately %	Number of Shares	Approximately %
Whistle Up (<i>Note 1</i>) Offeror and parties acting in concert with it(<i>Note 2</i>)	158,947,368	73.81	—	—
Other Shareholders	<u>56,399,158</u>	<u>26.19</u>	<u>56,399,158</u>	<u>26.19</u>
Total	<u>215,346,526</u>	<u>100.00</u>	<u>215,346,526</u>	<u>100.00</u>

Notes:

- Whistle Up is a company incorporated in the British Virgin Islands with limited liability and is owned as to 96% by Mr. Norman Chan, 3% by Mr. Lee Alex Kam-fai and 1% by Ms. Kwok Lai Yi, Susanna (the spouse of Mr. Norman Chan).*
- The Offeror is a company incorporated in the British Virgin Islands with limited liability and is wholly and beneficially owned by Ms. Ye.*

INTENTION OF THE OFFEROR ON THE COMPANY

Upon Completion, the Offeror has become the controlling Shareholder (as defined under the GEM Listing Rules). As at the date of this joint announcement, the Offeror has no intention to discontinue the employment of the employees or to dispose of or re-deploy the assets of the Group other than those in its ordinary course of business. The Offeror also intends to continue the existing principal business of the Group immediately following Completion. The Offeror will continue to review the business operations and financial position of the Group from time to time for development of a sustainable business plan and strategy to the Group. As at the date of this joint announcement, the Offeror is in the course of identifying the person(s) to be appointed as Director(s) of the Board, but has yet determined the candidate(s) for the appointment(s).

Any changes to the members of the Board will be made in compliance with the Takeovers Code and/or the GEM Listing Rules and further announcement(s) will be made as and when appropriate.

MAINTAINING THE LISTING STATUS OF THE COMPANY

The Stock Exchange has stated that if, at the close of the Offer, less than the minimum prescribed percentage applicable to the Company, being 25% of the Shares, are held by the public, or if the Stock Exchange believes that (i) a false market exists or may exist in the trading of the Shares; or (ii) there are insufficient Shares in public hands to maintain an orderly market, it will consider exercising its discretion to suspend dealings in the Shares.

The Offeror intends the Company to remain listed on the Stock Exchange after the close of the Offer. The Offeror does not intend to avail itself of any powers of compulsory acquisition of any Shares outstanding after the close of the Offer. The sole director of the Offeror and the new Directors to be appointed to the Board (if any) will jointly and severally undertake to the Stock Exchange to take appropriate steps to ensure that sufficient public float exists in the Shares, such as disposal of Shares held by the Offeror, Ms. Ye or parties acting in concert with any of them and/or issue of additional Shares by the Company for this purpose. The Company and the Offeror will issue a separate announcement as and when necessary in this regard.

INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

Pursuant to Rule 2.1 of the Takeovers Code, the Independent Board Committee comprising all the independent non-executive Directors, namely, Mr. Kwong U Hoi Andrew, Mr. Wong Jonathan and Mr. Chi Chi Hung Kenneth, has been established by the Board to advise the Independent Shareholders as to whether the terms of the Offer are fair and reasonable and as to the acceptance of the Offer.

The Independent Financial Adviser has been appointed with the approval of the Independent Board Committee to advise the Independent Board Committee in respect of the Offer and, in particular, as to whether the Offer is fair and reasonable and as to acceptance of the Offer.

COMPOSITE DOCUMENT

It is the intention of the Offeror and the Company that the offer document from the Offeror and the offeree board circular from the Company be combined into a Composite Document. In accordance with Rule 8.2 of the Takeovers Code, the Composite Document containing, amongst other things: (i) details of the Offer (including the expected timetable); (ii) a letter of advice from the Independent Board Committee to the Independent Shareholders in relation to the Offer; and (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee in relation to the Offer, together with the form of acceptance and transfer, is required to be despatched to the Shareholders within 21 days of the date of this joint announcement or such later date as the Executive may approve.

The Independent Shareholders are encouraged to read the Composite Document carefully, including the advice of the Independent Financial Adviser to the Independent Board Committee and the recommendation from the Independent Board Committee to the Independent Shareholders in respect of the Offer, before deciding whether or not to accept the Offer.

DEALINGS DISCLOSURE

In accordance with Rule 3.8 of the Takeovers Code, the associates (as defined under the Takeovers Code, including a person who owns or controls 5% or more of any class of relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code)) of the Company and the Offeror are hereby reminded to disclose their dealings in any securities of the Company pursuant to Rule 22 of the Takeovers Code. In accordance with Rule 3.8 of the Takeovers Code, the full text of Note 11 to Rule 22 of the Takeovers Code is reproduced below:

“Responsibilities of stockbrokers, banks and other intermediaries

Stockbrokers, banks and others who deal in relevant securities on behalf of clients have a general duty to ensure, so far as they are able, that those clients are aware of the disclosure obligations attaching to associates of an offeror or the offeree company and other persons under Rule 22 and that those clients are willing to comply with them. Principal traders and dealers who deal directly with investors should, in appropriate cases, likewise draw attention to the relevant Rules. However, this does not apply when the total value of dealings (excluding stamp duty and commission) in any relevant security undertaken for a client during any 7 day period is less than HK\$1 million.

This dispensation does not alter the obligation of principals, associates and other persons themselves to initiate disclosure of their own dealings, whatever total value is involved.

Intermediaries are expected to co-operate with the Executive in its dealings enquiries. Therefore, those who deal in relevant securities should appreciate that stockbrokers and other intermediaries will supply the Executive with relevant information as to those dealings, including identities of clients, as part of that co-operation.”

WARNING

The Directors make no recommendation as to the fairness or reasonableness of the Offer or as to the acceptance of the Offer in this joint announcement, and strongly recommend the Independent Shareholders not to form a view on the Offer unless and until they have received and read the Composite Document, including the recommendations of the Independent Board Committee in respect of the Offer and a letter of advice from the Independent Financial Adviser.

Shareholders and potential investors are advised to exercise caution when dealing in the Shares, and if they are in any doubt about their position, they should consult their professional advisers.

RESUMPTION OF TRADING

At the request of the Company, trading in the Shares on the Stock Exchange was halted with effect from 9:00 a.m. on Monday, 29 November 2021 pending the release of this joint announcement. An application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares on the Stock Exchange with effect from 9:00 a.m. on Tuesday, 7 December 2021.

DEFINITIONS

In this joint announcement, the following expressions have the meanings set out below unless the context requires otherwise:

“acting in concert”	has the meaning ascribed thereto under the Takeovers Code
“associate(s)”	has the meaning ascribed thereto under the Takeovers Code
“Board”	the board of Directors
“Business Day(s)”	a day on which the Stock Exchange is open for the transaction of business
“Company”	Hephaestus Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the issued Shares of which are listed on the GEM (stock code: 8173)
“Completion”	completion of the sale and purchase of the Sale Shares pursuant to the terms of the Sale and Purchase Agreement
“Composite Document”	the composite offer and response document to be jointly issued by the Offeror and the Company in accordance with the Takeovers Code containing, among other things, details of the Offer, the recommendation from the Independent Board Committee to the Independent Shareholders and the advice from the Independent Financial Adviser to the Independent Board Committee in respect of the Offer
“Director(s)”	the director(s) of the Company
“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any delegate of the Executive Director
“GEM”	GEM of the Stock Exchange

“GEM Listing Rules”	the Rules Governing the Listing of Securities on the GEM of the Stock Exchange
“Group”	the Company and its subsidiaries from time to time
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	an independent committee of the Board comprising all independent non-executive Directors established for the purpose of advising the Independent Shareholders in respect of the Offer and in particular as to whether the terms of the Offer are fair and reasonable and as to acceptance of the Offer
“Independent Financial Adviser”	Trinity Corporate Finance Limited, a corporation licensed by the SFC to conduct Type 6 (Advising on Corporate Finance) regulated activity under the SFO, being the independent financial adviser appointed by the Company and approved by the Independent Board Committee for the purpose of advising the Independent Board Committee in respect of the terms of the Offer and as to acceptance of the Offer
“Independent Shareholders”	the Shareholders other than the Offeror, Ms. Ye and parties acting in concert with any of them
“Kingston Corporate Finance”	Kingston Corporate Finance Limited, a corporation licensed by the SFC to conduct Type 6 (Advising on Corporate Finance) regulated activity under the SFO, being the financial adviser to the Offeror in respect of the Offer
“Kingston Securities”	Kingston Securities Limited, a corporation licensed by the SFC to conduct Type 1 (Dealing in Securities) regulated activity under the SFO, being the agent making the Offer on behalf of the Offeror
“Last Trading Day”	26 November 2021, being the last trading day of the Shares on the Stock Exchange prior to the halt of trading in the Shares pending the release of this joint announcement
“Loan Facility”	a loan facility of up to HK\$49 million granted by Kingston Securities as lender to the Offeror as borrower in accordance with the terms of the Loan Facility Agreement for financing the acquisition of the Sale Shares and the Offer Shares under the Offer

“Loan Facility Agreement”	the loan facility agreement entered into between Kingston Securities as lender and the Offeror as borrower dated 26 November 2021 in relation to the Loan Facility
“Mr. Norman Chan”	Mr. Chan Norman Enrique, the chairman and an executive Director of the Company and the owner of 96% of the issued shares of Whistle Up
“Ms. Ye”	Ms. Ye Huacong (叶鏵聰), the ultimate beneficial owner of the Offeror
“Offer”	the mandatory unconditional cash offer to be made by Kingston Securities on behalf of the Offeror to acquire all the Offer Shares
“Offer Price”	HK\$0.4644 per Offer Share
“Offer Share(s)”	all the issued Shares (other than those already beneficially owned or to be acquired by the Offeror, Ms. Ye and parties acting in concert with any of them)
“Offeror”	Hong Kong Jun Tai Ting Investment Company Limited, a company incorporated in the British Virgin Islands with limited liabilities which is ultimately wholly and beneficially owned by Ms. Ye
“Overseas Shareholders”	Independent Shareholders whose addresses as shown on the register of members of the Company are outside Hong Kong
“PRC”	the People’s Republic of China, for the purpose of this joint announcement, shall exclude Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“Sale and Purchase Agreement”	the sale and purchase agreement dated 26 November 2021 and entered into between Whistle Up as vendor and the Offeror as purchaser in relation to the sale and purchase of the Sale Shares
“Sale Share(s)”	the 158,947,368 Shares transferred to the Offeror from Whistle Up pursuant to the Sale and Purchase Agreement
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of HK\$0.0005 each in the share capital of the Company

“Share Charge(s)”	collectively, (i) the share charge entered into between Kingston Securities as chargee and the Offeror as charger dated 26 November 2021 whereby the Offeror has agreed to charge to Kingston Securities as security for the Loan Facility all of the Sale Shares owned by the Offeror upon Completion; and (ii) the share charge entered into between Kingston Securities as chargee and the Offeror as charger dated 26 November 2021 whereby the Offeror has agreed to charge to Kingston Securities as security for the Loan Facility the Shares to be acquired by the Offeror under the Offer or on the market at or below the Offer Price (as the case maybe)
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	the Code on Takeovers and Mergers
“Whistle Up”	Whistle Up Limited, a company incorporated in the British Virgin Islands with limited liability and owned as to 96% by Mr. Norman Chan, 3% by Mr. Lee Alex Kam-fai and 1% by Ms. Kwok Lai Yi, Susanna (the spouse of Mr. Norman Chan)
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

For and on behalf of
**Hong Kong Jun Tai Ting Investment
Company Limited**
Zheng Lu
Sole Director

By order of the Board
Hephaestus Holdings Limited

Chan Norman Enrique
Executive Director

Hong Kong, 6 December 2021

As at the date of this joint announcement, 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.

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this joint announcement (other than those relating to the Offeror, Ms. Ye and parties acting in concert with any of them), and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this joint announcement (other than those expressed by the sole director of the Offeror) have been arrived at after due and careful consideration and there are no other facts not contained in this joint announcement, the omission of which would make any statements in this joint announcement misleading.

As at the date of this joint announcement, the sole director of the Offeror is Ms. Zheng Lu.

The sole director of the Offeror and Ms. Ye jointly and severally accept full responsibility for the accuracy of information contained in this joint announcement (other than the information relating to the Group) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this joint announcement (other than those expressed by the Directors) have been arrived at after due and careful consideration and there are no other facts not contained in this joint announcement the omission of which would make any statement in this joint announcement misleading.