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## **Hyfusin Group Holdings Limited**

### **凱富善集團控股有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 8512)**

## **MAJOR TRANSACTION IN RELATION TO THE CONSTRUCTION CONTRACT FOR NEW FACTORY**

Reference is made to the announcement of the Company dated 15 October 2018 in relation to the acquisition of land use right of the Land by Fleming International, an indirect wholly-owned subsidiary of the Company (the “**Announcement**”).

### **THE CONSTRUCTION CONTRACT**

The Board is pleased to announce that on 2 November 2020 (after trading hours of the Stock Exchange), Fleming International entered into the Construction Contract with the Contractor in relation to the construction of the new factory on the Land at the Contract Price of VND83,279,000,000 (equivalent to approximately HK\$28,000,000).

The Directors consider that the terms of the Construction Contract and the Contract Price are fair and reasonable and in the interests of the Company and the Shareholders as a whole. To the best knowledge, information and belief of the Directors, having made all reasonable enquiries, the Contractor and its ultimate beneficial owner(s) are Independent Third Parties.

The Contract Price will be financed by (i) part of the net proceeds raised from the Share Offer (as defined in the Prospectus); (ii) a loan facility from a Vietnam bank; and (iii) general working capital of the Company.

## **IMPLICATIONS UNDER THE GEM LISTING RULES**

In respect of the Construction Contract, as one or more of the applicable percentage ratios calculated pursuant to the GEM Listing Rules is 25% or more but less than 100%, the Construction Contract and the transactions contemplated thereunder constitute a major transaction on the part of the Company and is therefore subject to the reporting, announcement and shareholders' approval requirements under Chapter 19 of the GEM Listing Rules.

To the best knowledge, information and belief of the Directors, having made all reasonable enquiries, no Shareholder is required to abstain from voting if the Company were to convene a general meeting to approve the Construction Contract and the transactions contemplated thereunder. The Company has obtained a written approval from the controlling shareholders of the Company, namely (i) Mr. Wong Wai Chit, the chairman and an executive Director of the Company, (ii) Mr. Wong Man Chit, the chief executive officer and an executive Director of the Company, and (iii) AVW International Limited, a company controlled by Mr. Wong Wai Chit and Mr. Wong Man Chit, which is interested in 643,500,000 Shares (representing approximately 58.5% of the issued Shares of the Company as at the date of this announcement), in respect of the Construction Contract and the transactions contemplated thereunder, in lieu of holding a general meeting pursuant to Rule 19.44 of the GEM Listing Rules.

A circular containing, among other things, further details of the Construction Contract will be despatched to the Shareholders on or before 23 November 2020.

## **INTRODUCTION**

As disclosed in the Announcement, Fleming International acquired the land use right of the Land for a new factory to be constructed by the Group.

The Board is pleased to announce that on 2 November 2020 (after trading hours of the Stock Exchange), Fleming International, an indirect wholly-owned subsidiary of the Company, entered into the Construction Contract with the Contractor in relation to the construction of the new factory on the Land at the Contract Price.

## PRINCIPAL TERMS OF THE CONSTRUCTION CONTRACT

Date: 2 November 2020 (after trading hours of the Stock Exchange)

Parties: 1. Fleming International (as principal); and  
2. the Contractor (as contractor).

Subject matter: Pursuant to the Construction Contract, the Contractor shall be responsible for the Works in relation to the construction of the new factory, including but not limited to:

- (a) the design, manufacturing, engineering, construction, installation, testing and commissioning, completion of and, rectification of defects in maintenance and warranty of the Works; and
- (b) the supply of all personnel, materials and plants for the execution of all other work and ancillary services contingently required, whether expressly stated or not, for the completion of the Works.

Contract Price and payment terms: The total Contract Price is principally a lump sum in the amount of VND83,279,000,000 (equivalent to approximately HK\$28,000,000) comprising the following payment from Fleming International to the Contractor:

- (a) 15% of the Contract Price as the advance payment payable to the Contractor within 14 days from the receipt of Fleming International of the original payment certificate attached with the original performance security and the original advance payment security;
- (b) 75% of the Contract Price payable by way of interim payments, each payable within 28 days after Fleming International receives the relevant original of the relevant interim payment certificate; and

- (c) The remaining balance of 10% of the Contract Price as certified by the Engineer in the final payment certificate shall be payable within 28 days after the issuance of the taking-over certificate. To guarantee the post-completion obligations on the Contractor to remedy or rectify on any defects or damages of the Works, the Contractor must provide a warranty guarantee equals to 5% of the Contract Price issued by a commercial bank licensed in Vietnam for a period of two years to Fleming International before the issuance of the taking-over certificate.

The Contract Price is subject to adjustments to cater for variation orders (if any) approved by Fleming International in accordance with the terms of the Construction Contract.

Performance security: The Contractor will deliver the performance security, at the amount equal to 15% of the Contract Price, to be issued by a commercial bank licensed in Vietnam, to Fleming International within 14 days from the execution date of the Construction Contract but in any event not later than the Commencement Date to guarantee the Contractor's due performance and observance of the Construction Contract.

Conditions precedent: The Construction Contract is conditional upon:

- (a) the compliance with all necessary approval and other requirements of the Stock Exchange; and
- (b) the compliance of the Company with the GEM Listing Rules (including without limitation the Company obtaining the shareholders' approval of the Construction Contract and the transactions contemplated thereunder).

In the event that any of the conditions set out above shall not be fulfilled within 60 days after the execution of the Construction Contract (or such other date may be mutually agreed in writing between Fleming International and the Contractor):

- (a) the Contractor shall forthwith refund all deposits and prepayments to Fleming International upon request, except for any reasonable expenses in relation to the execution of the Construction Contract paid by the Contractor provided that such expenses must be evidenced by valid invoices and must be reviewed and agreed in writing by Fleming International and the Contractor;
- (b) Fleming International will return the performance security to the Contractor, if it has been provided to Fleming International by the Contractor; and
- (c) the Construction Contract shall whereupon cease to have any effect save in respect of claims arising out of any antecedent breach of the Construction Contract.

Commencement Date: 23 November 2020, being the expected commencement date of the Works.

Completion: The Contractor is expected to complete the Works by 10 August 2021.

Prior to completion of the Works as per specifications and terms and conditions of the Construction Contract, the Engineer and the Contractor shall carry a joint inspection of the Works. The Engineer may issue a taking-over certificate within 28 days after the valid application of the Contractor stating the date of practical completion of the Works or a section thereof in accordance with the Construction Contract provided that the Engineer shall have received the written undertaking from the Contractor to complete the minor outstanding within such time or times as may be stipulated by the Engineer.

Defects and rectification: Any item of works, plants and/or materials which does not comply with the Construction Contract shall be made good, remedied, or reconstrued before the application of the taking-over certificate.

The Contractor shall complete any work which is outstanding on the date stated in the taking-over certificate as set out in the schedule to the taking-over certificate; and execute all work required to remedy defects or damages, as may be notified by Fleming International on or before the expiry date of the relevant defects notification period.

## **Basis of determination of the Contract Price**

The Contract Price was determined after arm's length negotiations between Fleming International and the Contractor on normal commercial terms with reference to the size and project design of the Works. The Directors believe that the Contract Price is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The Contract Price was arrived at from a tendering process in which three potential contractors submitted their tenders for the Works. In the selection process, the Group considered the fee quotation, quality and technicality of the work and previous experience on similar projects. Given that the Contract Price was the lowest among the fee quoted by the potential contractors and considering the technical aspect of the construction work on the Land, the Directors consider that the Contract Price is fair and reasonable.

## **INFORMATION ON THE CONTRACTOR**

To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, the Contractor and its ultimate beneficial owner(s) are Independent Third Parties. The Contractor is a company incorporated in Vietnam and principally engaged in contractor works, design and building works. The Contractor was selected through a tendering process.

## **INFORMATION OF FLEMING INTERNATIONAL AND THE COMPANY**

Fleming International is an indirect wholly-owned subsidiary of the Company and principally engages in design, manufacture and trading of candle products in Vietnam.

The Group principally engages in the manufacturing and sale of candle products with the headquarters in Hong Kong and operations in Vietnam. As disclosed in the Prospectus, the Group is actively seeking to upgrade and expand its existing production facilities in order to meet the expected increase in demand for its candle products, reduce its reliance on subcontracting arrangement and enhance its productivity and its overall competitiveness.

## **REASONS FOR AND BENEFITS OF ENTERING INTO THE CONSTRUCTION CONTRACT**

As disclosed in the Prospectus, the Company intended to use part of the net proceeds actually raised from the Share Offer (as defined in the Prospectus) of approximately HK\$7,852,000 for acquisitions and works in relation to new premises including installation of necessary fittings and leasehold improvements to set up additional production facilities and warehouse.

As disclosed in the Announcement, Fleming International entered into a contract with an Independent Third Party and acquired the land use right of the Land. The Land is of a larger gross floor area than the Board's planned use of the net proceeds from the Share Offer (as defined in the Prospectus). The Contract Price is higher than the planned allocation of the net proceeds for the works due to larger construction area and larger scale of works to be carried out on the Land. To meet the increasing demands for candle products, increasing the production capacity and accelerating the progress and development by adding manufacturing facilities and warehouse would lay a solid foundation for the rapid growth of the Company. The Directors consider that the terms of the Construction Contract and the Contract Price are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

It is expected that the Contract Price will be financed as to (i) approximately HK\$7,852,000 from part of the net proceeds actually raised from the Share Offer (as defined in the Prospectus) and which was allocated for works in relation to new production facilities; (ii) approximately HK\$11,764,000 by a loan facility from a Vietnam bank; and (iii) approximately HK\$8,384,000 from general working capital of the Company.

The Board confirms that the financing arrangement of the Construction Contract is consistent with the use of the net proceeds as stated in the Prospectus.

## **IMPLICATIONS UNDER THE GEM LISTING RULES**

In respect of the Construction Contract, as one or more of the applicable percentage ratios calculated pursuant to the GEM Listing Rules is 25% or more but less than 100%, the Construction Contract and the transactions contemplated thereunder constitute a major transaction on the part of the Company and is therefore subject to the reporting, announcement and shareholders' approval requirements under Chapter 19 of the GEM Listing Rules.

To the best knowledge, information and belief of the Directors, having made all reasonable enquiries, no Shareholder is required to abstain from voting if the Company were to convene a general meeting to approve the Construction Contract and the transactions contemplated thereunder. The Company has obtained a written approval from the controlling shareholders of the Company, namely (i) Mr. Wong Wai Chit, the chairman and an executive Director of the Company, (ii) Mr. Wong Man Chit, the chief executive officer and an executive Director of the Company, and (iii) AVW International Limited, a company controlled by Mr. Wong Wai Chit and Mr. Wong Man Chit, which is interested in 643,500,000 Shares (representing approximately 58.5% of the issued Shares of the Company as at the date of this announcement), in respect of the Construction Contract and the transactions contemplated thereunder, in lieu of holding a general meeting pursuant to Rule 19.44 of the GEM Listing Rules.

A circular containing, among other things, further details of the Construction Contract will be despatched to the Shareholders on or before 23 November 2020.

## DEFINITIONS

In this announcement, the following expressions will have the following meanings unless the context requires otherwise:

“Board”	the board of Directors of the Company
“Company”	Hyfusin Group Holdings Limited (凱富善集團控股有限公司)(stock code: 8512), a company incorporated in the Cayman Islands with limited liability, with the Shares listed on GEM of the Stock Exchange
“Commencement Date”	23 November 2020, being the expected commencement date of the Works
“Construction Contract”	the agreement dated 2 November 2020 entered into between Fleming International and the Contractor in respect of the Works of the new factory on the Land
“Contract Price”	the consideration of the Construction Contract being VND83,279,000,000 (equivalent to approximately HK\$28,000,000), subject to adjustments to cater for variation orders to be approved by Fleming International in accordance with the terms of the Construction Contract
“Contractor”	Solutions Construction Company Limited, a company incorporated in Vietnam, an Independent Third Party
“Director(s)”	the directors of the Company
“Engineer”	a company to be appointed by the Fleming International to act as the engineer in due course for the purpose of the Construction Contract
“Fleming International”	Fleming International Vietnam Limited, a company established under Vietnamese laws with limited liability and an indirect wholly-owned subsidiary of the Company
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM of the Stock Exchange
“Group”	the Company and its subsidiaries



“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party(ies)”	any person(s) or company(ies) and their respective ultimate beneficial owner(s), who/which, to the best knowledge, information and belief of the Directors, having made all reasonable enquiries, is/are not connected with the Company and its connected persons (as defined in the GEM Listing Rules)
“Land”	the parcel of land located at plot no. 236 (formerly known as plot no. 51), Amata Road, Amata Industrial Park, Long Binh Park, Bien Hoa City, Dong Nai Province, Vietnam
“Prospectus”	the prospectus of the Company dated 29 June 2018
“Share(s)”	the ordinary share(s) of par value of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	the holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“VND”	Vietnamese Dong, the lawful currency of Vietnam
“Work” or “Works”	all the works, services, performances that the Construction Contract requires the Contractor to perform, provide and deliver including but not limited to construction of the new factory, including access road, drain, boundary wall, etc, insurance and other similar and incidental obligations of the Contractor under the Construction Contract
“%”	per cent

*For illustration purposes, amounts in VND in this announcement have been translated into HK\$ based on the exchange rate of VND2,974.25 = HK\$1.00. Such conversion shall not be construed as representations that amounts in VND were or may have been converted into HK\$ at such rate or any other exchange rate.*

By order of the Board  
**Hyfusin Group Holdings Limited**  
**WONG Wai Chit**  
*Chairman*

Hong Kong, 2 November 2020

As at the date of this announcement, the Directors are:

**EXECUTIVE DIRECTORS**

Mr. Wong Wai Chit

Mr. Wong Man Chit

**NON-EXECUTIVE DIRECTOR**

Ms. Wong Fong

**INDEPENDENT NON-EXECUTIVE DIRECTORS**

Mr. Chan Cheong Tat

Mr. Yu Pui Hang

Mr. Ho Chi Wai

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

*This announcement will remain on the “Latest Company Announcements” page of the GEM website at [www.hkgem.com](http://www.hkgem.com) for at least 7 days from the date of its posting and will also be published on the Company’s website at [www.fleming-int.com](http://www.fleming-int.com).*