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## **Q P GROUP HOLDINGS LIMITED**

**雋思集團控股有限公司**

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

**(Stock code: 1412)**

### **DISCLOSEABLE TRANSACTION IN RELATION TO CONSTRUCTION OF A FACTORY IN VIETNAM**

#### **THE CONSTRUCTION CONTRACT**

The Board is pleased to announce that on 1 September 2022 (after trading hours), Q P Enterprise Vietnam, an indirect wholly-owned subsidiary of the Company, entered into the Construction Contract with the Contractor, pursuant to which the Contractor agreed, among other things, to undertake the Construction Works of the Factory at a consideration of VND133,999,000,000 (equivalent to approximately HKD44,875,754), subject to adjustment (if any).

#### **LISTING RULES IMPLICATIONS**

As the highest applicable percentage ratio set out in Rule 14.07 of the Listing Rules in respect of the transaction contemplated under the Construction Contract exceeds 5% but all the applicable percentage ratios are less than 25%, such transaction constitutes a discloseable transaction of the Company under the Listing Rules and is subject to notification and announcement requirements under Chapter 14 of the Listing Rules.

#### **INTRODUCTION**

The Board is pleased to announce that on 1 September 2022 (after trading hours), Q P Enterprise Vietnam, an indirect wholly-owned subsidiary of the Company, entered into the Construction Contract with the Contractor, pursuant to which the Contractor agreed, among other things, to undertake the Construction Works of the Factory at a consideration of VND133,999,000,000 (equivalent to approximately HKD44,875,754), subject to adjustment (if any).

## THE CONSTRUCTION CONTRACT

The principal terms of the Construction Contract are as follows:

Date: 1 September 2022

Parties: (i) Q P Enterprise Vietnam; and  
(ii) the Contractor.

To the best knowledge, information and belief of the Directors after having made all reasonable enquiries, the Contractor and its ultimate beneficial owners are third parties independent of the Company and its connected persons (as defined under the Listing Rules).

Scope of Construction Works: The Contractor shall carry out the Construction Works for construction of the Factory in accordance with the technical specifications as required under the Construction Contract and conform and comply with the applicable standards and applicable laws as required under the Construction Contract.

Period of Construction Works: Expected commencement date: 6 October 2022  
Expected completion date: 15 April 2023

Consideration: The consideration of the Construction Works is VND133,999,000,000 (equivalent to approximately HKD44,875,754), subject to adjustment (if any), which comprises the costs of all requisite materials, labour costs, machines and equipment, transportation costs, insurance and other general expenses (the “**Consideration**”).

Pursuant to the Construction Contract, the Consideration may be adjusted when there is any additional workload arising outside the scope and/or any changes in the scope as stated in the Construction Contract.

- Payment terms: The Consideration is payable by Q P Enterprise Vietnam to the Contractor in VND in the following manner:
- (i) 20% of the Consideration, being an advance payment, shall be paid within 7 Working Days from the date the Contractor provides Q P Enterprise Vietnam with a contract performance guarantee certificate issued by an authorised bank in Vietnam, as a guarantor, as specified in the Construction Contract. The advance payment shall be applied by Q P Enterprise Vietnam for deducting from each monthly payment 20% of the completed volume value as specified in (ii) below;
  - (ii) The monthly payment shall be paid according to the actual completed work volume in the corresponding months, which is calculated based on 90% of the completed volume value, minus 20% of the completed volume value under the final bill of quantities as confirmed by Q P Enterprise Vietnam and the Contractor, applying the advance payment as specified in (i) above. The Contractor shall submit the project progress report by the 25th day of each month. After the approval from Q P Enterprise Vietnam, Q P Enterprise Vietnam shall make payment to the Contractor within 5 Working Days; and
  - (iii) 10% of the Consideration, being a final payment, shall be paid within 7 Working Days from the date on which the Contractor has handed over to Q P Enterprise Vietnam the full and accurate payment dossier as specified in the Construction Contract, including without limitation, the Minutes of Acceptance and the Warranty Guarantee.

Funding: It is intended that the Consideration will be paid and funded by a combination of the Unutilised Net Proceeds, the Group's internal resources and bank borrowings. For details of the Unutilised Net Proceeds, please refer to the section headed "Use of Proceeds" in the Company's announcement dated 26 August 2022.

The Consideration was arrived at after arm's length negotiations between Q P Enterprise Vietnam and the Contractor on normal commercial terms with reference to the current estimated costs of the Construction Works, including the cost of materials and labour costs, and the market price of projects of similar nature in the same district.

## **INFORMATION OF THE PARTIES**

The Company is an investment holding company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Stock Exchange. The Group is principally engaged in manufacturing and trading of paper products.

Q P Enterprise Vietnam is an indirect wholly-owned subsidiary of the Company incorporated in Vietnam, the principal business of which is the manufacturing and trading of paper products.

The Contractor is a joint stock company established in Vietnam and is principally engaged in construction works and related businesses. As at the date of this announcement, to the best of the Directors' knowledge, information and belief after having made all reasonable enquiries, the ultimate beneficial owners of the Contractor are Mr. Nguyen Quoc Bao, Mr. Nguyen Van Thao, Ms. Nguyen Thi Hoa, Mr. Ngo Van Chung and Mr. Tran Trung Hieu, who own 55.0%, 27.0%, 10.0%, 7.0% and 1.0% of the issued share capital of the Contractor, respectively.

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

The Group intends to establish a self-owned production plant in Vietnam so as to develop a comprehensive supply chain in that region, with the aim of (i) consolidating its overall production capacity for future business expansion; (ii) diversifying its potential operational risks arising from geopolitical factors; and (iii) providing more geographical manufacturing options for its customers.

Accordingly, the Board is of the view that the terms of the Construction Contract are entered into on normal commercial terms, which are fair and reasonable and the entering into of the Construction Contract is in the interests of the Company and the Shareholders as a whole.

## **LISTING RULES IMPLICATIONS**

As the highest applicable percentage ratio set out in Rule 14.07 of the Listing Rules in respect of the transaction contemplated under the Construction Contract exceeds 5% but all the applicable percentage ratios are less than 25%, such transaction constitutes a discloseable transaction of the Company under the Listing Rules and is subject to notification and announcement requirements under Chapter 14 of the Listing Rules.

## DEFINITIONS

Unless otherwise specified, the following terms have the following meanings in this announcement:

|                         |  |
|-------------------------|--|
| “Board”                 | the board of Directors   |
| “Company”               | Q P Group Holdings Limited, a company incorporated in the Cayman Islands with limited liability and the shares of which are listed on the Main Board of the Stock Exchange   |
| “Construction Contract” | the contract dated 1 September 2022 entered into between Q P Enterprise Vietnam and the Contractor for the Construction Works of the Factory   |
| “Construction Work(s)”  | the construction and installation of the Factory on the basis of the approved designs and the respective construction permit, including but not limited to related works in service of the execution of the Construction Contract or any items thereof |
| “Contractor”            | Enco Industry Joint Stock Company, a joint stock company established in Vietnam  |
| “Director(s)”           | the director(s) of the Company   |
| “Factory”               | a factory, including office premises and the accompanying infrastructure, to be constructed on the Land under the Construction Contract for the Group’s production in its ordinary and usual course of business  |
| “Group”                 | the Company and its subsidiaries   |
| “HKD”                   | Hong Kong dollars, the lawful currency of Hong Kong  |
| “Hong Kong”             | the Hong Kong Special Administrative Region of the People’s Republic of China  |
| “Land”                  | lot II-CN-09.8, Thanh Liem Industrial Park Phase II, Thanh Tuyen Ward, Phu Ly City, Ha Nam Province, Vietnam   |
| “Listing Rules”         | the Rules Governing the Listing of Securities on the Stock Exchange  |

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|---------------------------|--|
| “Minutes of Acceptance”   | the minutes issued upon acceptance of completion of a part or all of the Construction Works pursuant to the requirements of the Construction Contract  |
| “Q P Enterprise Vietnam”  | Q P Enterprise (Vietnam) Company Limited, a company established in Vietnam with limited liability and an indirect wholly-owned subsidiary of the Company   |
| “Shareholder(s)”          | holder(s) of the ordinary share(s) of HK\$0.01 each in the share capital of the Company  |
| “Stock Exchange”          | The Stock Exchange of Hong Kong Limited  |
| “Unutilised Net Proceeds” | net proceeds raised from the listing of the Company’s shares on 16 January 2020 which remain unutilised as at the date of this announcement  |
| “USA”                     | The United States of America   |
| “Vietnam”                 | The Socialist Republic of Vietnam  |
| “VND”                     | Vietnamese Dong, the lawful currency of Vietnam  |
| “Warranty Guarantee”      | the warranty guarantee given by the Contractor by opening a bank guarantee for Q P Enterprise Vietnam as the beneficiary in accordance with the terms of the Construction Contract for securing the Contractor’s performance of its warranty obligations |
| “Working Day(s)”          | a day other than Saturdays, Sundays, public holidays in accordance with the Vietnamese laws  |
| “%”                       | per cent   |

Unless otherwise specified in this announcement and for the purpose of illustration only, VND is converted into HKD at the rate of HKD1 = VND2,986.

By Order of the Board  
**Q P Group Holdings Limited**  
**Cheng Wan Wai**  
*Chairman*

Hong Kong, 1 September 2022

*As at the date of this announcement, the Board comprises Mr. CHENG Wan Wai, Mr. YEUNG Keng Wu Kenneth, Ms. LIU Shuk Yu Sanny, Mr. CHAN Wang Tao Thomas, Ms. HUI Li Kwan and Mr. MAK Chin Pang as executive Directors; and Mr. CHAN Hiu Fung Nicholas, Prof. CHENG Man Chung Daniel and Mr. NG Shung as independent non-executive Directors.*