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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 HESHAN**

**THE CONSTRUCTION CONTRACT**

The Board is pleased to announce that on 28 February 2023 (after trading hours), Taunus Printing (Heshan), 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 RMB45,000,000 (equivalent to approximately HK\$50,873,000), 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 28 February 2023 (after trading hours), Taunus Printing (Heshan), 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 RMB45,000,000 (equivalent to approximately HK\$50,873,000), subject to adjustment (if any).

## THE CONSTRUCTION CONTRACT

The principal terms of the Construction Contract are as follows:

Date: 28 February 2023

Parties: (i) Taunus Printing (Heshan); 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 with a construction area of 20,882.06 sq.m. in accordance with the technical specifications as required under the Construction Contract and conform and comply with the applicable standards and laws as required under the Construction Contract.

Period of Construction Works: Expected commencement date: 1 March 2023  
Expected completion date: 25 December 2023

Consideration: The consideration of the Construction Works is RMB45,000,000 (equivalent to approximately HK\$50,873,000) (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 Taunus Printing (Heshan) to the Contractor in RMB in the following manner:

**Advance payment**

Taunus Printing (Heshan) shall pay 15% of the Consideration, being RMB6,750,000 (equivalent to approximately HK\$7,631,000), to the Contractor at the expected commencement date of the Construction Works.

**Second instalment**

Taunus Printing (Heshan) shall pay 10% of the Consideration, being RMB4,500,000 (equivalent to approximately HK\$5,087,000), to the Contractor after completion of the foundation pit support, basement and ground level foundation works.

**Third instalment**

Taunus Printing (Heshan) shall pay 10% of the Consideration, being RMB4,500,000 (equivalent to approximately HK\$5,087,000), to the Contractor after completion of the first layer of beam and slab reinforced concrete works.

**Fourth instalment**

Taunus Printing (Heshan) shall pay 10% of the Consideration, being RMB4,500,000 (equivalent to approximately HK\$5,087,000), to the Contractor after completion of the second layer of beam and slab reinforced concrete works.

**Fifth instalment**

Taunus Printing (Heshan) shall pay 10% of the Consideration, being RMB4,500,000 (equivalent to approximately HK\$5,087,000), to the Contractor after completion of the third layer of beam and slab reinforced concrete works.

### **Sixth instalment**

Taunus Printing (Heshan) shall pay 10% of the Consideration, being RMB4,500,000 (equivalent to approximately HK\$5,087,000), to the Contractor after completion of the roofing layer of beam and slab reinforced concrete works.

### **Seventh instalment**

Taunus Printing (Heshan) shall pay 5% of the Consideration, being RMB2,250,000 (equivalent to approximately HK\$2,544,000), to the Contractor after completion of the brick masonry works.

### **Eighth instalment**

Taunus Printing (Heshan) shall pay 5% of the Consideration, being RMB2,250,000 (equivalent to approximately HK\$2,544,000), to the Contractor after completion of the interior and exterior decoration works.

### **Ninth instalment**

Taunus Printing (Heshan) shall pay 5% of the Consideration, being RMB2,250,000 (equivalent to approximately HK\$2,544,000), to the Contractor after completion of the fire fighting works and electrical and mechanical works.

### **Tenth instalment**

Taunus Printing (Heshan) shall pay 5% of the Consideration, being RMB2,250,000 (equivalent to approximately HK\$2,544,000), to the Contractor after completion of the completion inspection of the fire fighting works and electrical and mechanical works.

### **Eleventh instalment**

Taunus Printing (Heshan) shall pay 5% of the Consideration, being RMB2,250,000 (equivalent to approximately HK\$2,544,000), to the Contractor after completion of the preliminarily completion inspection of the masonry works.

## **Twelfth instalment**

Taunus Printing (Heshan) shall pay 7% of the Consideration, being RMB3,150,000 (equivalent to approximately HK\$3,561,000), to the Contractor upon obtaining the immovable property title certificates.

## **Warranty payment**

The remaining 3% of the Consideration, being RMB1,350,000 (equivalent to approximately HK\$1,526,000) (as adjusted by final settlement audit) shall be retained as the warranty payment, which shall be payable after two years from the date of completion inspection record of the Construction Works.

### **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 Taunus Printing (Heshan) 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.

Taunus Printing (Heshan) is an indirect wholly-owned subsidiary of the Company established under the laws of the PRC with limited liability, the principal business of which is the manufacturing and trading of paper products.

The Contractor is a company established under the laws of the PRC with limited liability 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. LIU Guo Cao\* (劉國草) and Ms. ZHONG Xing Lan\* (鍾興蘭), who own 91% and 9% of the issued share capital of the Contractor, respectively.

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

As disclosed in the Prospectus and the announcement of the Company dated 26 August 2022, we intended to utilise part of the net proceeds raised from the listing of the Company's shares for constructing an additional factory building in our production site in Heshan. The existing production site in Heshan has almost achieved full production capacity. Therefore, the Group intends to increase overall production capacity in Heshan so as to cater for the continuous growth of our paper products manufacturing business. Under such plan, the Group can also enhance its overall production efficiency and operational efficiency as the management will be able to perform better production planning and more effective allocation of resources to support our production capacity with the increased production space and new machines in Heshan. For details, please refer to the section headed "Future Plans and Use of Proceeds" in the Prospectus.

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 28 February 2023 entered into between Taunus Printing (Heshan) 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”	Guangdong Yuda Construction Group Co Ltd.* (廣東裕達建設集團有限公司), a company established under the laws of the PRC with limited liability
“Director(s)”	the director(s) of the Company
“Factory”	a factory premise 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
“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
“Land”	New Material Industrial Base Zone, Gonghe Town, Heshan, Guangdong, China* (中國廣東省鶴山市新材料產業基地共和園區)
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China
“Prospectus”	the prospectus of the Company dated 31 December 2019
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	holder(s) of the ordinary share(s) of HK\$0.01 each in the share capital of the Company
“sq.m.”	square metres
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

- “Taunus Printing (Heshan)” Taunus Printing (Heshan) Company Limited\*, a company established under the laws of the PRC with limited liability and an indirect wholly-owned subsidiary of the Company
- “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
- “%” per cent

Unless otherwise specified in this announcement and for the purpose of illustration only, RMB is converted into HK\$ at the rate of HK\$1.1305=RMB1.

The English translation of Chinese names or words in this announcement, where indicated by “\*”, are included for information only, and should not be regarded as the official English translation of such Chinese names or words.

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

Hong Kong, 28 February 2023

*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.*