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If you are in any doubt as to any aspect of this circular or as to the action you should take, 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 Hyfusin Group Holdings Limited, you should at once hand this circular to the purchaser or transferee or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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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 AND THE SERVICE AGREEMENT
FOR THE CONSTRUCTION OF A NEW FACTORY**

Financial adviser to the Company



Capitalised terms used in this cover page shall have the same meanings as those defined in this circular unless otherwise stated.

A letter from the Board is set out on pages 4 to 15 of this circular.

The Company has obtained written approvals for the Construction Contract, the Service Agreement and the transactions contemplated thereunder pursuant to Rule 19.44 of the GEM Listing Rules from the controlling shareholders of the Company, namely (i) Mr. Wong Wai Chit; (ii) Mr. Wong Man Chit; and (iii) AVW, holding more than 50% of the voting rights at a general meeting. Accordingly, no general meeting will be held to approve the Construction Contract, the Service Agreement and the transactions contemplated thereunder pursuant to Rule 19.44 of the GEM Listing Rules. This circular is being despatched to the Shareholders for information only.

26 July 2023

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 of the Stock Exchange 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 have the following meanings:

“Announcement”	the announcement of the Company dated 9 March 2022 in relation to the acquisition of land use rights of the Land by Fleming International
“AVW”	AVW International Limited, a company incorporated under the laws of British Virgin Islands with limited liability, which is beneficially-owned by Mr. Wong Wai Chit and Mr. Wong Man Chit in equal shares, being one of the controlling shareholders of the Company
“Board”	the board of Directors
“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, the Shares of which are listed on GEM of the Stock Exchange
“connected person(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Construction Contract”	the agreement dated 6 July 2023 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 VND135,000,000,000 (equivalent to approximately HK\$44.9 million), 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
“controlling shareholder(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Design Fee”	the consideration of the Design Solutions Agreement being VND944,255,500 (equivalent to approximately HK\$0.3 million)
“Design Solutions Agreement”	the agreement dated 5 January 2023 entered into between Fleming International and the Contractor (as designer) for the provision of design solutions in respect of the new factory before the tendering process
“Director(s)”	the director(s) of the Company

DEFINITIONS

“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”	a parcel of land situated at Long Binh (Amata) Industrial Park, Dong Nai Province, Vietnam (land plot No. 56 map sheet No. 10), with a gross floor area of 19,999.7 sq.m.
“Latest Practicable Date”	20 July 2023, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained in this circular
“Service Agreement”	the agreement dated 6 July 2023 entered into between Fleming International and the Service Provider for the provision of project management and construction management services in respect of the Works to be carried out by the Contractor on the Land
“Service Fee”	the consideration of the Service Agreement being VND3,550,500,000 (equivalent to approximately HK\$1.2 million)
“Service Provider” or “Engineer”	IntES Vietnam Company Limited, a company incorporated in Vietnam, an Independent Third Party
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws in Hong Kong)
“Share(s)”	the ordinary share(s) of par value of HK\$0.01 each in the share capital of the Company

DEFINITIONS

“Shareholder(s)”	the holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“TC Capital”	TC Capital International Limited, a corporation licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, the compliance adviser to the Company and the financial adviser to the Company in respect of the major transaction in relation to the Construction Contract and the Service Agreement for the construction of a new factory
“VND”	Vietnamese Dong, the lawful currency of Vietnam
“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 and warehouse, including the civil works, mechanical works, electrical works and the firefighting system, and other similar and incidental obligations of the Contractor under the Construction Contract
“%”	per cent

For illustration purposes, amounts in VND in this circular have been translated into HK\$ based on the exchange rate of VND3,006.51 = 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.

LETTER FROM THE BOARD

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)

Executive Directors:

Mr. Wong Wai Chit (*Chairman*)

Mr. Wong Man Chit (*Chief Executive Officer*)

Independent non-executive Directors:

Mr. Chan Cheong Tat

Mr. Ho Chi Wai

Mr. Chu Kin Wang, Peleus

Registered office:

Windward 3, Regatta Office Park

PO Box 1350

Grand Cayman KY1-1108

Cayman Islands

*Headquarters and principal place of
business in Hong Kong:*

Unit Nos. 4-8, 2/F

Aberdeen Marina Tower

8 Shum Wan Road

Aberdeen

Hong Kong

26 July 2023

To the Shareholders

Dear Sir or Madam,

MAJOR TRANSACTION IN RELATION TO THE CONSTRUCTION CONTRACT AND THE SERVICE AGREEMENT FOR THE CONSTRUCTION OF A NEW FACTORY

INTRODUCTION

References are made to the announcements of the Company dated 9 March 2022 and 6 July 2023 respectively. As disclosed in the announcement of the Company dated 9 March 2022, Fleming International, an indirect wholly-owned subsidiary of the Company, acquired the land use rights of the Land for a new factory to be constructed. On 6 July 2023 (after trading hours of the Stock Exchange), Fleming International entered into (i) the Construction Contract with the Contractor, pursuant to which the Contractor is appointed for the construction of the new factory on the Land at the Contract Price; and (ii) the Service Agreement with the Service Provider, pursuant to which the Service Provider is engaged for the provision of project management and construction management services in respect of the Works to be carried out by the Contractor on the Land.

LETTER FROM THE BOARD

As disclosed in the announcement of the Company dated 6 July 2023, the Construction Contract and the transactions contemplated thereunder constitute a major transaction on the part of the Company and are therefore subject to the reporting, announcement and shareholders' approval requirements under Chapter 19 of the GEM Listing Rules. Even though the Company is of the view that the Construction Contract and the Service Agreement shall not be regarded as one transaction and the applicable percentage ratios thereof shall not be aggregated, the Company considers it a prudent approach and in the best interests of the Shareholders to disclose the details of and seek the Shareholders' approval on both the Construction Contract and the Service Agreement in this particular occasion. In addition, for the reasons set out in the section headed "Implications under the GEM Listing Rules", the general meeting requirement to approve the Construction Contract and the Service Agreement is to be dispensed with. This circular is therefore sent to the Shareholders for their information only.

The purposes of this circular are to provide you with, among others, (i) further details of the Construction Contract and the Service Agreement; and (ii) other information as required by the GEM Listing Rules.

PRINCIPAL TERMS OF THE CONSTRUCTION CONTRACT

- Date: 6 July 2023 (after trading hours of the Stock Exchange).
- Parties: Fleming International (as principal); and
the Contractor (as contractor).
- Subject matter: The Contractor shall be responsible for the Works in relation to the construction of the new factory on the Land which consists of a warehouse, a production floor, a two-story office, a two-story canteen, a parking lot (including car parking and bike parking), and ancillary buildings and roads. The Contractor shall be responsible for:
- (a) the review of the nominated design, manufacturing, engineering, construction, installation, testing, electrical works, fire-fighting system and commissioning, completion and rectification of defects in maintenance and warranty of the Works;
 - (b) the supply of all personnel, equipment, transport, accessories, materials and plants for the execution of the Works, all other work and ancillary services contingently required, whether expressly stated or not, for the completion of the Works; and
 - (c) obtaining applicable permits and licences for the Works under the applicable laws of Vietnam.

LETTER FROM THE BOARD

Contract Price and payment terms:

The total Contract Price is principally a lump sum for the execution and completion of the Construction Contract, which shall be VND135,000,000,000 (equivalent to approximately HK\$44.9 million).

The Contract Price shall be paid by Fleming International to the Contractor via bank transfer in the following manner:

- (a) 15% of the Contract Price as the advance payment payable to the Contractor within 14 days from Fleming International's receipt of the original payment certificate attached with the original performance security, the original advance payment security and the original construction permit duly issued by the relevant authority; and
- (b) 85% of the Contract Price payable by way of:
 - interim payments as specified in the relevant interim payment certificates, each payable within 28 days after Fleming International receives the original of the relevant interim payment certificate issued by the Engineer in respect of any part of the interim payment applied by the Contractor; and
 - final payment as specified in the final payment certificate, payable within 28 days after the issuance date of the taking-over certificate for the Works and Fleming International receives the original of the final payment certificate issued by the Engineer, provided that the Contractor has provided Fleming International with the original warranty bond in an amount equal to 5% of the Contract Price, issued by a commercial bank duly licensed for operation in Vietnam and be in a form approved by Fleming International.

The Contract Price may be subject to adjustments to cater for any variation orders to be approved by Fleming International in accordance with the terms of the Construction Contract.

LETTER FROM THE BOARD

Performance security: The Contractor shall, within 14 days from the execution of the Construction Contract but in any event not later than the commencement date, deliver to Fleming International the performance security in an amount equal to 15% of the Contract Price, and send a copy thereof to the Engineer. The performance security must be issued by a commercial bank duly licensed for operation in Vietnam and be in a form approved by Fleming International in advance. Such security will act as a guarantee for the Contractor's due performance and observance of the Construction Contract.

The Contractor shall ensure that the performance security is valid and enforceable until the Contractor has been issued the taking-over certificate and until 30 days after the date of issuance of the taking-over certificate to the Contractor.

Warranty bond: The Contractor shall, at its own cost, obtain a warranty bond equivalent to 5% of the Contract Price to guarantee the execution of all Works and the remedy of any defects or damages that may be notified by Fleming International on or before the expiry date of the defects notification period. Such period shall be 24 calendar months from the date of issuance of the taking-over certificate.

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 Company's compliance 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 has not been fulfilled within 60 days after the execution of the Construction Contract (or such other date as 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 its 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;

LETTER FROM THE BOARD

- (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.

As at the Latest Practicable Date, the above conditions have been fulfilled.

Expected commencement date:

On or around 25 July 2023.

Construction period:

The Contractor is expected to complete the Works within 240 calendar days (including weekend and holidays) from the commencement date.

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

PRINCIPAL TERMS OF THE SERVICE AGREEMENT

Date:

6 July 2023 (after trading hours of the Stock Exchange).

Parties:

Fleming International (as principal); and
the Service Provider (as consultant).

Scope of services:

The Service Provider shall be responsible for the provision of, among others, the following services (the “**Services**”):

- (a) performing the functions and roles of the Engineer for the execution of the Construction Contract as stated therein;

LETTER FROM THE BOARD

- (b) general project management for the planning, supervision, costing, progress, reporting and documents of the Works performed by the Contractor and sub-contractor(s) (if any);
- (c) construction management for health safety and environment management, construction procedure and quality management according to approved design documentation;
- (d) management of occupational health safety and environment related issues, including procedures, equipment, safety requirements, manpower, reports, plans, training, and permits;
- (e) monitoring and coordinating the general construction program and the construction processes;
- (f) performing regular progress measurements and reports;
- (g) reviewing the safety plan and inspecting the safety organisation of the Contractor and sub-contractor(s) (if any);
- (h) inspection, testing and certification of construction works;
- (i) performing hazard assessments and monitoring the prevention action program;
- (j) programming/scheduling;
- (k) reviewing, monitoring and coordinating the commissioning plans, re-testing, acceptance, contractor payment or procedures of the Contractor; and
- (l) providing additional services as instructed by Fleming International in writing.

Service Fee and payment terms:

Subject to adjustments to cater for variation orders to be approved by Fleming International, the total Service Fee shall be VND3,550,500,000 (equivalent to approximately HK\$1.2 million) which shall be paid by Fleming International in the following manner:

- (a) 30% of the Service Fee shall be paid within seven days from the date of signing of the Service Agreement; and

LETTER FROM THE BOARD

- (b) 70% of the Service Fee shall be paid in instalment as monthly progress payments proportional to the construction progress within 14 days from the date of payment request submitted by the Service Provider according to the agreed schedule.

Conditions precedent:

The Service Agreement is conditional upon:

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

In the event that any of the conditions set out above shall not have been fulfilled:

- (a) the Service Provider shall forthwith refund all prepayments (if any) to Fleming International upon request, except for any reasonable expenses in relation to the execution of the Service Agreement paid by the Service Provider provided that such expenses must be evidenced by valid invoices and must be reviewed and agreed in writing by Fleming International and the Service Provider; and
- (b) the Service Agreement shall whereupon cease to have any effect upon receipt of notice in writing from Fleming International save in respect of claims arising out of any antecedent breach of the Service Agreement.

As at the Latest Practicable Date, the above conditions have been fulfilled.

Expected commencement date:

On or around 25 July 2023.

Term:

The Services are expected to be carried out for a period of 240 consecutive calendar days from the commencement date of the Construction Contract and with any extension period of such period (if any) upon a written agreement entered into between Fleming International and the Service Provider.

LETTER FROM THE BOARD

Basis of determination of the Contract Price and the Service Fee

The Contract Price was arrived at from a tender process whereby invitation to bid for the construction of the new factory on the Land was solicited by the Group and the tender submitted by the Contractor was considered the most appropriate among a total of four bidders (all specialised in the provision of construction services in Vietnam) after taking into account the tender price and payment terms, as well as the Contractor's background, capacity, qualifications and experiences. In order to conduct an efficient evaluation of the bids, Fleming International adopted a systematic marking scheme, pursuant to which each of the bidders was evaluated on a variety of assessment items covering the bidding price, financial performance and technical capabilities with different weightings based on their priorities. For example, each of the bidders was required to (i) illustrate its profitability and submit certain financial ratios with supporting financial statements; (ii) provide design proposal and solution; (iii) demonstrate that it has sufficient technical personnel with suitable experiences and qualifications; and (iv) submit the proposed construction schedule. Depending on the degree of compliance with each assessment item, each bidder was awarded a weighted score based on the assigned weighting of the corresponding assessment item. After detailed evaluation, the Contractor obtained the highest total weighted score and its bidding price was the lowest among all four bidders. Accordingly, the Directors consider that the Contract Price is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The Service Fee was determined after arm's length negotiations between Fleming International and the Service Provider on normal commercial terms with reference to the spectrum and complexity of the Services. The Directors believe that the Service Fee is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The Design Solutions Agreement and the Design Fee

Prior to the commencement of the tendering process in relation to the construction of the new factory on the Land, Fleming International entered into the Design Solutions Agreement with the Contractor, as designer, on 5 January 2023 for the provision of design solutions in relation to the new factory which comprises warehouse, production floor, office, canteen and parking spaces. The Contractor was primarily responsible for developing various diagrams and drawings for the construction of the factory building at the Design Fee of VND944,255,500 (equivalent to approximately HK\$0.3 million). The Design Solutions Agreement was completed on 3 May 2023.

INFORMATION OF THE CONTRACTOR

The Contractor is a company incorporated in Vietnam and principally engaged in contractor works, design and building works. The Contractor was selected through a tender process and was considered the most appropriate after taking into account the tender price and payment terms, as well as the Contractor's background, capacity, qualifications and experiences. As at the Latest Practicable Date, the capital of the Contractor was owned as to 62.5% by Mr. Le Anh Tuan, 20% by Mr. Nguyen Van Truong, 15% by Mr. Hoang Trong Tam Long and 2.5% by Mr. Tang Duy Hung. The controlling shareholder of the Contractor, Mr. Le Anh Tuan, was a Vietnamese and a merchant. To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, the Contractor and its ultimate beneficial owners are Independent Third Parties.

LETTER FROM THE BOARD

INFORMATION OF THE SERVICE PROVIDER

The Service Provider is a company incorporated in Vietnam and principally engaged in, among others, project management, construction management, buildings and building engineering, and engineering consultancy. As at the Latest Practicable Date, the capital of the Service Provider was solely owned by Intes Holding B.V., a company established and operating under the laws of the Netherlands. Based on the information provided by the Service Provider, Intes Holding B.V. was jointly and exclusively owned as to 33% by Mr. Doan Ngoc Son, 34% by Mr. Ronald de Vries and 33% by Mr. Hoang The Long. To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, the Service Provider and its ultimate beneficial owners are Independent Third Parties.

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. The Group mainly manufactures and sells daily-use candles, scented candles, decorative candles and other products such as diffusers. The major customers of the Group are mostly U.S. and U.K. department store operators and buying agents. The Group mainly manufactures candle products based on the requirements and specifications of its customers.

REASONS FOR AND BENEFITS OF ENTERING INTO THE CONSTRUCTION CONTRACT AND THE SERVICE AGREEMENT

As disclosed in the Announcement, in the course of the Group's production, finished products are packaged and stored at the storage space of the Group's production facility and its warehouses before delivery. As of the date of the Announcement, the warehouse at the Group's factory and other external warehouses were at their near full occupancy storing the Group's raw materials and finished goods. In addition, the then lease terms of the Group's external warehouses were typically short-term, ranging from 6 months to 1 year and the lease offers received by the Group often represented an increase in monthly rent. Moreover, the Group experienced operational inconvenience when using the third parties' warehouses as the Group was required to go through various procedures with the lessors for daily logistics arrangements. Accordingly, the Group decided to acquire the Land for building its own storage space.

As at the Latest Practicable Date, the Board has reconsidered the Group's initial plan to utilise the Land solely for storage facilities. After careful evaluation, the Board believes it would be more advantageous for the Group to build a new factory on the Land, which would encompass both production facilities and warehouse(s) based on the following reasons:

1. the Group has secured new businesses from sizeable and reputable customers with a global presence and it anticipates that its candle product business will expand rapidly if stable business relationships with such customers can be maintained;

LETTER FROM THE BOARD

2. by having the factory and warehouse in close proximity, the Company can significantly save both time and costs associated with transportation and logistics. This streamlined process allows for more efficient management of the production and storage, ultimately leading to improved overall operations and increased competitiveness of the Group in the market;
3. in June 2023, approaching the peak season of production, the Group's utilisation of production capacity of scented candles which is the major products of the Group had reached approximately 80% which demonstrated that the Group's existing production facilities are insufficient to support the anticipated growth and development of the Group's business. It is estimated that the overall production capacity of the Group in relation to its candle products will increase by approximately 51% upon the full production of the new factory in the second half of 2024;
4. given that approximately 44% of the gross floor area of the new factory building is expected to be utilised as storage facilities, the benefits of the original plan mentioned in the Announcement can still be achieved. These benefits include but are not limited to (i) saving on rental expenses incurred from renting external storage spaces; (ii) avoiding operational inconvenience; and (iii) optimising the use of self-owned warehouse by having the discretion to install racks and other structures to increase storage space and to provide for other operational uses;
5. the Group's major external warehouses in Vietnam located in an industrial park, which may be subject to a conversion plan introduced by the local government for its transformation and development into a commercial and service area; and
6. considering the need for back-up storage facilities to ensure a steady transition from utilising external warehouses to internal storage at the new factory and the short lease term of the external warehouses, the Company does not consider it necessary to immediately terminate all external leases of existing external warehouses after the construction of the new factory (which consists of both production and storage facilities). Instead, the Group intends to gradually transfer the stored goods and raw materials in the external warehouses to the storage facilities of the new factory after the completion of the construction and allow the leases of the existing external warehouses to expire in an orderly manner, thereby reducing the Group's reliance on external warehouses to enhance cost management. Nevertheless, if the Group requires additional storage facilities in the future due to the rising demands for its products, the Group may reconsider leasing external warehouses.

Based on the current timetable and the proposed schedule submitted by the Contractor, it is expected that the construction of the new factory will complete by March 2024. The construction mainly consists of three stages, namely the preliminary design and setup stage, the construction stage and the completion stage. During the preliminary design and setup stage, the Contractor is primarily responsible for reviewing the design and various drawings to finalise the construction plan, and set up the construction site with the necessary machinery and manpower. Subsequently, the Contractor will start the construction works of the new factory, including but not limited to the production floor, storage facilities, office, canteen and kitchen, utility building and the infrastructure system. Entering into the completion stage, the Contractor will arrange for the inspection and handover matters in order to ensure a smooth transition of the control over the construction site and the new factory to Fleming International.

LETTER FROM THE BOARD

Accordingly, to meet the future demands for the Group's candle products, increasing production capacity and accelerating progress and development by adding manufacturing facilities and a warehouse would lay a solid foundation for the Company's rapid growth. The Directors consider that the terms of the Construction Contract and the Service Agreement 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\$22.3 million, representing approximately 49.6% of the Contract Price, by a loan facility from a Vietnam bank; and (ii) approximately HK\$22.6 million, representing approximately 50.4% of the Contract Price, from the general working capital of the Group. It is also expected that the Service Fee, being approximately HK\$1.2 million will be financed solely by the general working capital of the Group.

FINANCIAL EFFECT OF ENTERING INTO THE CONSTRUCTION CONTRACT AND THE SERVICE AGREEMENT

As mentioned above, the Contract Price will be financed partly by a loan facility from a bank in Vietnam and partly by the general working capital of the Group whereas the Service Fee will be financed solely by the general working capital of the Group. The progress interim payments will be recognised as construction in progress and other payables in the Group's consolidated financial statements respectively according to the construction progress. The applicable borrowing costs to be incurred during the construction process will also be recorded as the costs of construction in progress. No depreciation is expected to be made on construction in progress until such time as the relevant assets are completed and ready for the intended use. Accordingly, the property, plant and equipment, bank borrowings and capital expenditures of the Group will increase. Therefore, the Construction Contract and the Service Agreement will increase the Group's total assets and liabilities. In addition, the Company believes that the establishment of the new factory would enhance the Group's production capacity to meet the rising demands for its candle products in the future while allowing the Group to reduce its reliance on external warehouses for better cost control. As such, the Group will be capable to generate more revenue and maximise its profitability in the long run.

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 are therefore subject to the reporting, announcement and shareholders' approval requirements under Chapter 19 of the GEM Listing Rules.

In respect of the Service Agreement, as none of the applicable percentage ratios calculated pursuant to the GEM Listing Rules exceeds 5%, the Service Agreement and the transactions contemplated thereunder do not constitute a discloseable transaction on the part of the Company and are not subject to the reporting, announcement and shareholders' approval requirements under Chapter 19 of the GEM Listing Rules.

LETTER FROM THE BOARD

In respect of the Design Solutions Agreement, as none of the applicable percentage ratios calculated pursuant to the GEM Listing Rules exceeded 5% according to the Company's evaluation on 5 January 2023, the Design Solutions Agreement and the transactions contemplated thereunder did not constitute a discloseable transaction on the part of the Company and was not subject to the reporting, announcement and shareholders' approval requirements under Chapter 19 of the GEM Listing Rules.

Rules 19.22 and 19.23 of the GEM Listing Rules provide that the Stock Exchange may require listed issuers to aggregate a series of transactions and treat them as if they were one transaction if they are all completed within a 12-month period or are otherwise related. As a matter of illustration, even if the Construction Contract, the Service Agreement and the Design Solutions Agreement are treated as if they were one transaction, none of the applicable percentage ratios calculated pursuant to the GEM Listing Rules would have exceeded 100%. Accordingly, they would still constitute a major transaction on the part of the Company and are therefore subject to the reporting, announcement and shareholders' approval requirements under Chapter 19 of the GEM Listing Rules. Even though the Company is of the view that the Construction Contract and the Service Agreement shall not be regarded as one transaction and the applicable percentage ratios thereof shall not be aggregated, the Company considers it a prudent approach and in the best interests of the Shareholders to disclose the details of and seek the Shareholders' approval on both the Construction Contract and the Service Agreement in this particular occasion.

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, the Service Agreement and the transactions contemplated thereunder. The Company has obtained written approvals 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, a company controlled by Mr. Wong Wai Chit and Mr. Wong Man Chit in equal shares, in respect of the Construction Contract, the Service Agreement and the transactions contemplated thereunder, in lieu of holding a general meeting pursuant to Rule 19.44 of the GEM Listing Rules. In particular, AVW directly held 643,500,000 Shares (representing approximately 58.5% of the issued Shares as at the Latest Practicable Date), in which Mr. Wong Wai Chit and Mr. Wong Man Chit were deemed to be interested due to their control over AVW.

This circular is despatched to the Shareholders for their information only.

FURTHER INFORMATION

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

Yours faithfully
For and on behalf of the Board
Hyfusin Group Holdings Limited
Wong Wai Chit
Chairman

1. FINANCIAL INFORMATION OF THE GROUP

Financial information of the Group for each of the three years ended 31 December 2022 are disclosed in the following documents respectively which have been published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (<https://www.hyfusingroup.com/>):

Annual report of the Company for the year ended 31 December 2020:

<https://www1.hkexnews.hk/listedco/listconews/gem/2021/0329/2021032900488.pdf>

Annual report of the Company for the year ended 31 December 2021:

<https://www1.hkexnews.hk/listedco/listconews/gem/2022/0325/2022032501196.pdf>

Annual report of the Company for the year ended 31 December 2022:

<https://www1.hkexnews.hk/listedco/listconews/gem/2023/0330/2023033000747.pdf>

2. STATEMENT OF INDEBTEDNESS

Borrowings

As at 31 May 2023, being the latest practicable date for the purpose of preparing indebtedness statement prior to printing of this circular, the Group had total bank borrowings of approximately HK\$59,766,000 as follows:

	<i>HK\$'000</i>
Bank loans	30,551
Import and export loans	29,215
	<u>59,766</u>

All of the Group's bank borrowings are guaranteed and secured and carried variable rate and fixed rate of interest. The maturity of bank borrowings based on scheduled repayment terms are as follows:

	<i>HK\$'000</i>
Carrying amounts repayable (based on scheduled repayable terms):	
Within one year	34,961
More than one year, but not more than two years	4,982
More than two years, but not more than five years	11,199
More than five years	8,624
	<u>59,766</u>

As at 31 May 2023, the Group's bank borrowings were guaranteed by the corporate guarantees by the Company or the Company and Fleming Group International Limited; and secured by (i) debt instruments at fair value through other comprehensive income of approximately HK\$930,000; (ii) pledged bank deposits of approximately HK\$22,171,000; (iii) certain Group's property, plant and equipment located in Vietnam with aggregate carrying amount of approximately HK\$40,667,000; and (iv) the Group's leasehold land under right-of-use assets of approximately HK\$47,616,000.

As at 31 May 2023, the Group had unutilised banking facilities of approximately HK\$73,455,000.

Lease liabilities

As at 31 May 2023, being the latest practicable date for the purpose of preparing indebtedness statement prior to printing of this circular, the Group had total lease liabilities, primarily the rental payable for the Group's office premise, directors' quarters and office equipment of approximately HK\$4,813,000.

	<i>HK\$'000</i>
Current	2,761
Non-current	2,052
	<hr/>
	4,813
	<hr/> <hr/>

Disclaimer

Save as disclosed above, the Group did not have any debt securities issued and outstanding, or authorised or otherwise created but unissued, any term loans (secured, unsecured, guaranteed or not), any other borrowings or indebtedness in the nature of borrowing including bank overdrafts and liabilities under acceptances (other than normal trade bills) or acceptance credits or hire purchase commitments (whether secured or unsecured, guaranteed or not), any mortgages or charges, or other material contingent liabilities or guarantees as at 31 May 2023.

As at the Latest Practicable Date, the Directors were not aware of any material changes in the Group's indebtedness and contingent liabilities on 31 May 2023.

3. WORKING CAPITAL STATEMENT

The Directors are of the opinion that, after taking into account of the Group's internal resources, cash flow from operations, banking facilities available to the Group, and the effect of the major transaction in relation to the Construction Contract and the Service Agreement for the construction of a new factory, the Group will have sufficient working capital to satisfy its present requirements that is, for at least the next twelve months from the date of this circular in the absence of unforeseen circumstances.

4. FINANCIAL AND TRADING PROSPECTS OF THE GROUP

The Group is principally engaged in the manufacturing and sale of candle products with headquarters in Hong Kong and operations in Vietnam. The Group generated a revenue of approximately HK\$684.9 million for the year ended 31 December 2022, which represented a decrease of approximately HK\$130.2 million or 16.0% when compared with the Group's revenue for the year ended 31 December 2021. Such decrease in revenue was due to the decrease in sales of scented candles and daily-use candles. Nevertheless, the Group has been continuously strengthening its marketing efforts to expand its customer base, for example in light of the rapid growth of candle products especially in the U.S. market, the Group entered into contracts with sales representatives to promote the introduction of new customers from these sales representatives since 2018. Recently, the Group has also engaged in discussions and negotiations with certain sizeable and reputable potential customers in relation to the sale of its candle products. Therefore, the Board is of the view that the demand for the Group's candle products will increase steadily in the future.

Looking forward, the Group remains confident in its future prospects. Despite global economic uncertainties, the Group anticipates to achieve strong revenue and to create value for the Shareholders in the long run. The Group notices the rapid growth of candle products especially in the U.S. market and have confidence in capturing business opportunities in the U.S. market. Having acquired the land use rights of the Land on 9 March 2022, Fleming International entered into the Design Solutions Agreement on 5 January 2023, and the Construction Contract and the Service Agreement on 6 July 2023. The Group believes that the expansion of the production and storage facilities will not only allow the Group to meet the future demands for the Group's candle products and reduce its reliance on external warehouses to enhance cost management, but would also lay a solid foundation for the Company's growth in the proximate future.

5. MATERIAL ADVERSE CHANGES

As at the Latest Practicable Date, the Directors have confirmed that they were not aware of any material adverse change in the financial or trading position of the Group since 31 December 2022, being the date to which the latest published audited consolidated financial statements of the Group were made up.

1. 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.

2. DISCLOSURE OF INTERESTS

(a) Directors' and chief executives' interests and short positions in the Shares, underlying shares or debentures of the Company and its associated corporations

As at the Latest Practicable Date, the interests and short positions of each of the Directors and the chief executives of the Company in the Shares, underlying shares or debentures of the Company or any of its associated corporation (within the meaning of Part XV of the SFO) which were required (i) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (iii) to be notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules are as follows:

Long positions in ordinary Shares

Name of Director	Nature of interest	Total number of Shares held	Approximate % of the total number of Shares in issue
Wong Wai Chit	Interest in controlled corporation	643,500,000 ^(Note)	58.5%
Wong Man Chit	Interest in controlled corporation	643,500,000 ^(Note)	58.5%

Long position in ordinary shares of associated corporation

Name of Director	Name of associated corporation	Capacity	Approximate % of the issued share capital of the associated corporation
Wong Wai Chit	AVW	Directly and beneficially owned ^(Note)	50%
Wong Man Chit	AVW	Directly and beneficially owned ^(Note)	50%

Note: These 643,500,000 Shares are held by AVW, which is beneficially owned as to 50% by Mr. Wong Wai Chit and 50% by Mr. Wong Man Chit. Each of Mr. Wong Wai Chit and Mr. Wong Man Chit is deemed to be interested in the same number of Shares in which AVW is interested under the SFO. Mr. Wong Wai Chit and Mr. Wong Man Chit are the directors of AVW.

Save as disclosed herein, as at the Latest Practicable Date, none of the Directors nor the chief executives of the Company had or was deemed to have any interests or short positions in the Shares, underlying shares or debentures of the Company or any of its associated corporation (within the meaning of Part XV of the SFO) which were required (i) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (iii) pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange.

(b) **Persons who have an interest or short position which is discloseable under Divisions 2 and 3 of Part XV of the SFO and substantial Shareholders**

As at the Latest Practicable Date, so far as the Directors are aware, other than the Directors and chief executives of the Company as disclosed above, the following persons will have or be deemed or taken to have an interest and/or short position in the Shares or the underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which would be recorded in the register of the Company required to be kept under section 336 of the SFO, or who will be, directly or indirectly, to be interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company or any other members of the Group:

Long positions in ordinary Shares

Name of Shareholder	Nature of interest	Total number of Shares held	Approximate % of the total number of Shares in issue
AVW ^(Note 1)	Beneficial owner	643,500,000	58.5%
Ms. Iong Man Lai ^(Notes 1 and 4)	Interest of spouse	643,500,000	58.5%
Ms. Tse Sheung ^(Notes 1 and 5)	Interest of spouse	643,500,000	58.5%
Vibes Enterprises Company Limited (“ Vibes Enterprises ”) ^(Note 2)	Beneficial owner	181,500,000	16.5%
Vibes Management Company Limited (“ Vibes Management ”) ^(Note 2)	Interest in controlled corporation	181,500,000	16.5%
Pioneer Unicorn Limited (“ Pioneer ”) ^(Note 2)	Interest in controlled corporation	181,500,000	16.5%
Ms. Li Yin Ping ^(Note 2)	Interest in controlled corporation	181,500,000	16.5%
Ms. Zheng Xiaochun ^(Note 2)	Interest in controlled corporation	181,500,000	16.5%
Mr. Guan Le ^(Notes 2 and 3)	Interest of spouse	181,500,000	16.5%
Mr. Chan Sheung Chi ^(Notes 2 and 6)	Interest of spouse	181,500,000	16.5%

Notes:

1. AVW is beneficially owned as to 50% by Mr. Wong Wai Chit and 50% by Mr. Wong Man Chit, executive directors of the Company. Each of Mr. Wong Wai Chit and Mr. Wong Man Chit is deemed to be interested in the same number of Shares in which AVW is interested under the SFO.
2. Vibes Enterprises is wholly owned by Vibes Management. Vibes Management is wholly owned by Pioneer, which is owned as to 50% by Ms. Li Yin Ping and 50% by Ms. Zheng Xiaochun. As such, Ms. Li Yin Ping and Ms. Zheng Xiaochun together indirectly control all the Shares held by Vibes Enterprises. Under the SFO, each of Vibes Management, Pioneer, Ms. Li Yin Ping and Ms. Zheng Xiaochun is deemed to be interested in the same number of Shares in which Vibes Enterprises is interested.
3. Mr. Guan Le is the spouse of Ms. Zheng Xiaochun. Mr. Guan Le is deemed to be interested in the same number of Shares in which Ms. Zheng Xiaochun is interested by virtue of the SFO.
4. Ms. Iong Man Lai is the spouse of Mr. Wong Wai Chit. Ms. Iong Man Lai is deemed to be interested in the same number of Shares in which Mr. Wong Wai Chit is interested by virtue of the SFO.
5. Ms. Tse Sheung is the spouse of Mr. Wong Man Chit. Ms. Tse Sheung is deemed to be interested in the same number of Shares in which Mr. Wong Man Chit is interested by virtue of the SFO.
6. Mr. Chan Sheung Chi is the spouse of Ms. Li Yin Ping. Mr. Chan Sheung Chi is deemed to be interested in the same number of Shares in which Ms. Li Yin Ping is interested by virtue of the SFO.

Save as disclosed above, as at the Latest Practicable Date, according to the register of interests required to be kept by the Company under section 336 of the SFO, there was no person or corporation (other than the Directors and chief executives of the Company as disclosed above) who had any interest or short position in the Shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

3. COMPETING INTERESTS

As at the Latest Practicable Date, none of the Directors, controlling shareholders of the Company nor their respective close associates (as defined under the GEM Listing Rules) was interested in a business which competes or is likely to compete, either directly or indirectly, with the business of the Group.

As at the Latest Practicable Date, neither TC Capital, nor each of its directors, employees and close associates (as referred to in Rule 6A.32 of the GEM Listing Rules) was interested in a business which competes or is likely to compete, either directly or indirectly, with the business of the Group.

4. INTERESTS OF THE COMPLIANCE ADVISER

Save for (i) TC Capital's participation as the sponsor in relation to the Company's listing on GEM of the Stock Exchange; and (ii) the compliance adviser agreement entered into between the Company and TC Capital dated 25 September 2017, neither TC Capital nor its directors, employees or close associates (as defined under the GEM Listing Rules) had any interests in the Group or in the share capital of any member of the Group as at the Latest Practicable Date, which is required to be notified to the Company pursuant to Rule 6A.32 of the GEM Listing Rules.

5. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contract with the Company or any other member of the Group which is not determinable within one year without payment of compensation, other than statutory compensation.

6. DIRECTORS' INTERESTS IN SIGNIFICANT TRANSACTIONS, ARRANGEMENT AND CONTRACTS

As at the date of this circular, there was no contract or arrangement subsisting in which any Director was materially interested and which was significant in relation to the business of the Group.

As at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any assets which had been acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group since 31 December 2022 (being the date to which the latest published audited consolidated financial statements of the Group were made up).

7. MATERIAL CONTRACTS

Save for the following, the Group has not entered into any contracts that are or may be material (not being contracts entered into in the ordinary course of business) within the two years immediately preceding the date of this circular.

- (a) the transfer agreement dated 9 March 2022 entered into between Fleming International as transferee and Pacific Investment and Production Joint Stock Company, a joint stock company incorporated under Vietnamese laws, as transferor in relation to the acquisition of land use rights of the Land for a lease term commencing from the date of entering into the new sublease contract until 8 August 2061 at the consideration of VND93,186,000,000 (excluding value-added tax) (equivalent to approximately HK\$31.0 million); and
- (b) the Construction Contract.

8. LITIGATION

As at the Latest Practicable Date, neither the Company nor any of its subsidiaries were engaged in any litigation, arbitration or claim of material importance and no litigation, arbitration or claim of material importance was known to the Directors to be pending or threatened by or against any member of the Group.

9. GENERAL

- (a) The registered office of the Company is situated at Windward 3, Regatta Office Park, PO Box 1350, Grand Cayman KY1-1108, Cayman Islands.
- (b) The headquarters and principal place of business in Hong Kong of the Company is situated at Unit Nos. 4-8, 2/F, Aberdeen Marina Tower, 8 Shum Wan Road, Aberdeen, Hong Kong.
- (c) The Cayman Islands principal share registrar and transfer office is Ocorian Trust (Cayman) Limited at Windward 3, Regatta Office Park, PO Box 1350, Grand Cayman KY1-1108, Cayman Islands.
- (d) The branch share registrar of the Company in Hong Kong is Union Registrars Limited, at Suites 3301-04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong.
- (e) The company secretary of the Company is Ms. Leung Shui Bing, who is an associate member of The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom.
- (f) The compliance officer of the Company is Mr. Wong Wai Chit, who is also an executive Director and the chairman of the Board.
- (g) The audit committee of the Company was established on 23 June 2018 with written terms of reference in accordance with Rules 5.28 and 5.29 of the GEM Listing Rules and in compliance with code provision D.3 of the Corporate Governance Code as set out in Appendix 15 to the GEM Listing Rules. The primary duties of the audit committee are to make recommendations to the Board on the appointment, reappointment and removal of the external auditor(s), approve the remuneration and terms of engagement of the external auditor(s), review and monitor the integrity of the Company's financial statements, annual reports and accounts, half-year reports and quarterly reports and the significant financial reporting judgments contained therein, and oversee the financial reporting system and internal control procedures of the Group. The audit committee currently consists of three independent non-executive Directors and is chaired by Mr. Chan Cheong Tat ("**Mr. Chan**"), the other members are Mr. Ho Chi Wai ("**Mr. Ho**") and Mr. Chu Kin Wang, Peleus ("**Mr. Chu**").

Mr. Chan is the founding shareholder and sole director of C T Tax Consultants Limited since August 2006. Prior to that, Mr. Chan had worked in the Inland Revenue Department for over 32 years. He joined the Hong Kong Government as assistant assessor in November 1972, and was promoted to assessor in January 1976, to senior assessor in May 1985, to chief assessor in June 1994, to assistant commissioner of the Inland Revenue Department in September 2003, and commenced the pre-retirement leave in April 2005. Mr. Chan obtained a Master degree in Financial Management from Central Queensland University of Australia in 1995. He was admitted as, an associate of the Institute of Chartered Secretaries and Administrators in March 1974, a fellow of the Association of Certified Accountants in November 1983, a fellow of the Hong Kong Institute of Certified Public Accountants in March 1986, a fellow of the Australian Society of Certified Practising Accountants in June 1990, and an associate of the Hong Kong Institute of Company Secretaries in August 1994. Mr. Chan has been appointed as, from March 2006 to June 2020, an independent non-executive director of Guangdong Tannery Limited (currently known as Namyue Holdings Limited), the shares of which are listed on the Main Board of the Stock Exchange (Stock code: 1058), since December 2014, an independent non-executive director of Medicskin Holdings Limited, the shares of which are listed on GEM of the Stock Exchange (Stock code: 8307), since September 2018, an independent non-executive director of Chong Fai Jewellery Group Holdings Company Limited, the shares of which are listed on GEM of the Stock Exchange (Stock code: 8537), since September 2019, an independent non-executive director of Accel Group Holdings Limited, the shares of which are listed on the Main Board of the Stock Exchange (Stock code: 1283), since February 2020, an independent non-executive director of Ye Xing Group Holdings Limited, the shares of which are listed on the Main Board of the Stock Exchange (Stock code: 1941), from January 2015 to December 2016, an independent non-executive director of Man Sang International Limited, the shares of which are listed on the Main Board of the Stock Exchange (Stock code: 938), since June 2020, an independent non-executive director of Wasion Holdings Limited, the shares of which are listed on the Main Board of the Stock Exchange (Stock code: 3393), from October 2006 to December 2011, an independent non-executive director of Nobel Jewelry Holdings Limited (now known as Central Development Holdings Limited), the shares of which are listed on the Main Board of the Stock Exchange (Stock code: 475).

Mr. Ho has over 25 years of experience in audit assurance and business consulting. He is currently a partner of SRF Partners & Co., Certified Public Accountants. Prior to starting his own practice in 2012, Mr. Ho had been appointed, among others, from May 2010 to November 2011, the principal, from May 2005 to May 2010, the audit manager and from May 2000 to May 2005, the audit senior of an accounting firm, from June 1997 to April 1999, the audit staff, and from May 1999 to May 2000, the audit senior of a local accounting firm. Mr. Ho obtained a Bachelor of Business Administration degree from Lingnan University (formerly known as Lingnan College) in 1997 and a Master of Finance degree from Jinan University in 2012. He is currently a practicing certified public accountant of the Hong Kong Institute of Certified Public Accountants, a chartered tax adviser at the Taxation Institute of Hong Kong, a fellow member of the Taxation Institute of Hong Kong, a fellow member of the Association of International Accountants, a fellow member of Association of Chartered Certified Accountants and a member of the Hong Kong Independent Non-Executive Association. Mr. Ho has been appointed as, since March 2014,

an independent non-executive director of Wai Chi Holdings Company Limited, the shares of which are listed on the Main Board of the Stock Exchange (Stock code: 1305), from June 2012 to October 2013, an independent non-executive director of Ming Kei Holdings Limited (now known as Capital Finance Holdings Limited), the shares of which are listed on GEM of the Stock Exchange (Stock code: 8239), and since May 2018, an independent non-executive director of Affluent Foundation Holdings Limited, the shares of which are listed on the Main Board of the Stock Exchange (Stock code: 1757).

Mr. Chu has over 30 years of experience in corporate finance, auditing, accounting and taxation. He is an independent non-executive director of China First Capital Group Limited (Stock code: 1269), Huayu Expressway Group Limited (Stock code: 1823), Tianli Holdings Group Limited (Stock code: 117) and Mingfa Group (International) Company Limited (Stock code: 846), all of the above companies are listed on the Main Board of the Stock Exchange. Mr. Chu is also an independent non-executive director of Madison Holdings Group Limited (Stock code: 8057), which is listed on the GEM of the Stock Exchange. Mr. Chu was an executive director of Momentum Financial Holdings Limited (Stock code: 1152) from August 2021 to March 2022, an independent non-executive director of Telecom Service One Holdings Limited (Stock code: 3997) from April 2013 to December 2017, Xinming China Holdings Limited (Stock code: 2699) from April 2021 to August 2021, and Peking University Resources (Holdings) Company Limited (Stock code: 618) from October 2021 to October 2022, and a non-executive director of Perfect Group International Holdings Limited (Stock code: 3326) from August 2015 to March 2017. He was also an independent non-executive director of China Huishan Dairy Holdings Company Limited (Stock code: 6863) from June 2017 to December 2017, PT International Development Corporation Limited (Stock code: 372) from March 2017 to September 2017, Flyke International Holdings Limited (Stock code: 1998) from February 2010 to December 2020 and a deputy chairman and executive director of Chinese People Holdings Company Limited (Stock code: 681) from December 2008 to October 2020. All of the above companies are listed on the Main Board of the Stock Exchange. He was also an independent non-executive director of SuperRobotics Holdings Limited (Stock code: 8176) from March 2012 to November 2021, which is listed on the GEM of the Stock Exchange. Mr. Chu obtained a master's degree in Business Administration from The University of Hong Kong in December 1998. Mr. Chu is a fellow of the Hong Kong Institute of Certified Public Accountants and is also an associate member of both The Chartered Governance Institute in the United Kingdom and The Hong Kong Chartered Governance Institute.

- (h) In the event of inconsistency, the English text of this circular shall prevail over the Chinese text thereof.

10. DOCUMENTS ON DISPLAY

Copies of the following documents are published on the website of the Stock Exchange at (www.hkexnews.hk) and the website of the Company at (<https://www.hyfusingroup.com/>) for a period of 14 days commencing from the date of this circular:

- (a) the Construction Contract;
- (b) the Service Agreement; and
- (c) the Design Solutions Agreement.