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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)

INSIDE INFORMATION ANNOUNCEMENT UPDATE ON RECALL OF CANDLE PRODUCTS

This announcement is made by Hyfusin Group Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 17.10 of the Rules Governing the Listing of Securities on GEM (the “**GEM Listing Rules**”) of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) and the inside information provisions under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

Reference is made to the announcement of the Company dated 18 December 2023 (the “**Claim Announcement**”) regarding a claim (the “**Claim**”) of about US\$6.8 million (equivalent to approximately HK\$53.0 million) from the Customer to compensate for its commercial losses due to the recall of the Affected Products. Unless otherwise specified, capitalised terms used in this announcement shall have the same meanings as defined in the Claim Announcement.

On 28 March 2024, the Company has finalised an agreement with the Customer for a settlement with a compensation amount of US\$3.0 million (equivalent to approximately HK\$23.3 million), payable by the Group to the Customer in four instalments, and that the Company shall be discharged from any further liability to the Customer in respect of the Claim (the “**Settlement**”). Due to the uncertainty of the timing and amount of the final settlement for the Claim at the time the audited consolidated financial statements of the Company for the year ended 31 December 2023 (the “**FY2023 Financial Results**”) were prepared, full amount of the Claim of US\$6.8 million (equivalent to approximately HK\$53.0 million) was provided for in the FY2023 Financial Results. Following the agreement for the Settlement, it is expected that the Group will record a gain on reversal of provision for the Claim of US\$3.8 million (equivalent to approximately HK\$29.7 million) for the year ending 31 December 2024. Shareholders and potential investors of the Company should note that the aforesaid financial impact of the Settlement is for illustrative purpose only and prepared based on the information currently available only, which will have to be ascertained at the time of preparation of the Company’s consolidated financial statements, and is subject to audit.

Reference is also made to the announcement of the Company dated 20 February 2024 (the “**Share Buy-back Announcement**”) in relation to, among other things, the proposed off-market share buy-back by the Company (the “**Share Buy-back**”).

The possible financial impact of the Settlement mentioned in this announcement constitutes a profit forecast under Rule 10 of the Hong Kong Code on Takeovers and Mergers (the “**Takeovers Code**”) and should therefore be reported on by the Company’s financial advisers and auditors or accountants in accordance with Rule 10.4 of the Takeovers Code. In view of the requirements of timely disclosures of the inside information under Rule 17.10(2)(a) of the GEM Listing Rules and pursuant to Part XIVA of the SFO, the Company is required to issue this announcement as soon as practicable and given the time constraints, the Company has encountered genuine practical difficulties (time-wise or otherwise) in meeting the reporting requirements set out in Rule 10.4 of the Takeovers Code.

The profit forecast relating to the possible financial impact of the Settlement in this announcement will be reported on in accordance with Rule 10.4 of the Takeovers Code as soon as reasonably practicable by the Company’s financial adviser and its auditors and the relevant reports will be contained in the circular relating to the Share Buy-back, being the next document to be sent to the Shareholders by the Company.

WARNING: The possible financial impact of the Settlement has not been reported on in accordance with the requirements under Rule 10 of the Takeovers Code and hence does not meet the standard required by Rule 10 of the Takeovers Code. Shareholders and potential investors should exercise caution in placing reliance on the possible financial impact of the Settlement in assessing the merits and demerits of the Share Buy-back. Shareholders and potential investors of the Company should be aware that the completion of the Share Buy-back is subject to the fulfillment of all of the conditions under the Agreement (as defined in the Share Buy-back Announcement). Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company.

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

Hong Kong, 2 April 2024

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

EXECUTIVE DIRECTORS

Mr. Wong Wai Chit

Mr. Wong Man Chit

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Chan Cheong Tat

Mr. Ho Chi Wai

Mr. Chu Kin Wang, Peleus

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this announcement and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statement in this announcement misleading.

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 Listed Company Information” page of the Stock Exchange’s website at www.hkexnews.hk for at least 7 days from the date of its posting and will also be published on the Company’s website at www.hyfusingroup.com.