

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*

## **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)**

### **DISCLOSEABLE TRANSACTION IN RELATION TO THE ACQUISITION OF LAND USE RIGHT IN DONG NAI PROVINCE, VIETNAM**

#### **ACQUISITION**

The Board is pleased to announce that on 12 October 2018 (after trading hours), the Purchaser, an indirect wholly-owned subsidiary of the Company, entered into the Deposit Agreement with the Vendor to acquire the land use right of the Land and pursuant to which the Purchaser paid the 10% initial deposit in the sum of VND4,871,790,000.00 (equivalent to approximately HK\$1,621,840.00) on 15 October 2018 to the Vendor in relation to the Acquisition.

The Purchase Price is VND48,717,900,000.00 (equivalent to approximately HK\$16,218,400.00), which will be financed by part of the net proceeds which was allocated for acquisition of new premises from the Share Offer (as defined in the Prospectus) and a mortgage loan. It is expected that the Acquisition would be completed by 31 December 2018.

#### **GEM LISTING RULES IMPLICATIONS**

As one or more of the applicable percentage ratios (as defined under Chapter 19 of the GEM Listing Rules) in respect of the Acquisition exceeds 5% but all of them are less than 25%, the Acquisition constitutes a discloseable transaction of the Company under Chapter 19 of the GEM Listing Rules and is subject to reporting and announcement requirements under Chapter 19 of the GEM Listing Rules.

## **INTRODUCTION**

The Board is pleased to announce that on 12 October 2018 (after trading hours), the Purchaser, an indirect wholly-owned subsidiary of the Company, entered into the Deposit Agreement with the Vendor to acquire the land use right of the Land and pursuant to which the Purchaser paid the 10% initial deposit in the sum of VND4,871,790,000.00 (equivalent to approximately HK\$1,621,840.00) on 15 October 2018 to the Vendor in relation to the Acquisition.

## **MAJOR TERMS OF THE DEPOSIT AGREEMENT**

Date	:	12 October 2018
Parties	:	(1) the Purchaser; and (2) the Vendor
Property	:	land use right of a piece of land situated at land plot no. 51, Amata Industrial Park, Long Binh Ward, Dong Nai Province, Vietnam (official parcel number: 234 and map sheet number: 8), with a gross floor area of 19,000 sq.m.
Purchase Price	:	VND48,717,900,000.00 (equivalent to approximately HK\$16,218,400.00), exclusive of annual land rental, income tax and stamp fee
Land rental	:	land rental in relation to the Land for the period ending on 31 December 2018 to be borne by the Vendor, whereas the annual land rental for the period beginning on 1 January 2019 to be borne by the Purchaser
Income tax	:	income tax (if any) arising from the Acquisition to be borne by the Vendor
Stamp duty	:	stamp duty arising from the Acquisition to be borne by the Purchaser
Manner of payment	:	(1) the initial deposit in the sum of VND4,871,790,000.00 (equivalent to approximately HK\$1,621,840.00), equivalent to 10% of the Purchase Price, was paid to the Vendor on 15 October 2018. The deposit paid will be deducted accordingly from the first instalment payable to the Vendor mentioned below upon the signing of the Formal Agreement;

- (2) the first instalment in the sum of VND38,974,320,000.00 (equivalent to approximately HK\$12,974,720.00), equivalent to 80% of the Purchase Price (inclusive of the 10% initial deposit paid on 15 October 2018), is payable within 7 days as from the date on which the Formal Agreement is executed and the approval letter from Amata Vietnam Company Limited, the developer of the Land, for the Acquisition is obtained. The Formal Agreement shall be signed by the parties within the Exclusivity Period. If the Purchaser does not make this further payment, the initial deposit will be forfeited;
- (3) the second instalment being the remaining balance of the Purchase Price in the sum of VND9,743,580,000.00 (equivalent to approximately HK\$3,243,680.00), equivalent to 20% of the Purchase Price, is to be paid upon (i) completion of the notarisation of the Formal Agreement; (ii) the signing of a new property lease agreement between the Purchaser and Amata Vietnam Company Limited for sub-leasing of the Land; (iii) the Purchaser being granted a new certificate of land use right; and (iv) the delivery of vacant possession of the Land to the Purchaser on site.

The Purchase Price was determined after arm's length negotiations between the Vendor and the Purchaser on normal commercial terms with reference to the value of the Land at VND48,830,000,000.00 (equivalent to approximately HK\$16,255,719.00) as at 9 October 2018 as appraised by South Inspection – Valuation Corporation, an independent property valuer appointed by the Company, in a valuation report of the Land of even date. The Directors (including the independent non-executive Directors) believe that the Purchase Price is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Pursuant to the terms and conditions of the Deposit Agreement, the Vendor shall provide the Purchaser with an exclusive right to acquire the land use right of the Land within the Exclusivity Period, which may be extended by the parties to the Deposit Agreement upon agreement in writing, if necessary. During the Exclusivity Period, the Vendor shall not, directly or indirectly, (i) offer, discuss, promise, negotiate, arrange, sign a sale and purchase agreement, or receive a deposit in relation to the Land to/with/from other third parties; or (ii) transfer, donate, pledge, mortgage or otherwise dispose of the Land.

If the Vendor fails to execute the Formal Agreement within the Exclusivity Period or the Formal Agreement cannot be signed due to fault or a breach of the Vendor as specified in the Deposit Agreement, the Vendor shall be responsible for returning the 10% initial deposit and paying a monetary amount equivalent to the sum of the 10% initial deposit to the Purchaser within five calendar days from either the expiration of the Exclusivity Period or from the date the Purchaser dispatches a written request for the return of the deposit and payment of the monetary amount.

Meanwhile, if the Purchaser refuses to enter into the Formal Agreement without any fault or breach of the Deposit Agreement on the part of the Vendor, the Vendor shall be entitled to forfeit the 10% initial deposit.

In the event that the parties to the Deposit Agreement fail to obtain the written approval for the Acquisition from Amata Vietnam Company Limited, the developer of the Land, the Purchaser shall be entitled to terminate the Deposit Agreement and retain the 10% initial deposit paid to the Vendor.

The Deposit Agreement takes effect from the date on which the 10% initial deposit is fully transferred to the Vendor's bank account on 15 October 2018. The Vendor undertakes to indemnify the Purchaser for all damages caused by the Vendor's breach of any of its obligations, duties, warranties and representations as specified in the Deposit Agreement.

It is expected that the parties would enter into the Formal Agreement in relation to the Acquisition on or before 30 November 2018. The Acquisition is expected to be completed by 31 December 2018.

## **INFORMATION OF THE LAND**

Pursuant to the terms and conditions of the Deposit Agreement, the Vendor shall sell and the Purchaser shall acquire the land use right of the Land, which is located at land plot no. 51, Amata Industrial Park, Long Binh Ward, Dong Nai Province, Vietnam (official parcel number: 234 and map sheet number: 8). The Land has a gross floor area of 19,000 sq.m. and is sub-leased from Amata Vietnam Company Limited, the developer of the Land, until 30 November 2044 pursuant to the certificate of land use right and ownership of assets no. CT 36889 issued by the Department of Natural Resources and Environment of Dong Nai Province, Vietnam, on 16 November 2017. The Land is designated for industrial usage.

## **INFORMATION OF THE VENDOR**

The Vendor is a company incorporated in Vietnam with limited liability, which is principally engaged in wholesale of household goods.

The Directors confirm that to the best of their knowledge, information and belief, having made all reasonable enquiries, the Vendor and its ultimate beneficial owner(s) (if applicable) and their respective associates (as defined under the GEM Listing Rules), are third parties independent of the Company and connected persons (as defined under the GEM Listing Rules) of the Company.

## **INFORMATION OF THE PURCHASER AND THE COMPANY**

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

As disclosed in the interim report of the Company dated 10 August 2018, the Group principally engages in the manufacturing and sale of candle products with headquarters in Hong Kong and operations in Vietnam. As disclosed in the Prospectus, the Group is actively seeking to upgrade and expand its existing production facilities in order to meet the expected increase in demand for its candle products, reduce its reliance on subcontracting arrangement and enhance its productivity and its overall competitiveness.

## **REASONS FOR AND BENEFITS OF THE ACQUISITION**

As disclosed in the Prospectus, the Company intended to use part of the net proceeds from the Share Offer (as defined in the Prospectus) of approximately HK\$11,600,000.00 (based on the mid-point of the indicative Offer Price range of the Share Offer as defined in the Prospectus) for acquisition of new premises in Amata Industrial Park, Vietnam, expected to be of approximately 8,000 sq.m. for expanding the Company's production facilities, out of which the Board intended to use the majority of the area for production purpose, while approximately 500 sq.m. accounting for approximately 6.3% of the expected total area of the new premises would be set aside for ancillary use as storage space. Further, part of the new premises would be designated for the use as showroom. Such acquisition was expected to expand the Company's production capacity, free up certain storage space of the Company's existing production facilities for additional production lines and allow the Company to house and display its sample products in Vietnam and to serve the need of its customers better.

The Land contemplated to be acquired under the Acquisition is of a larger gross floor area and with a higher purchase price than the Board's planned use of the net proceeds from the Share Offer (as defined in the Prospectus), and the Acquisition will be actualised earlier than the proposed timeline for the use of proceeds. The Board considers that the Land is similar to its targeted premises as it is located at the targeted location, Amata Industrial Park, Vietnam, which is in close proximity to the Company's existing production facilities and therefore would ease the Company's management over its production. Since Listing, the Company has been trying to find suitable land matching with its targeted location, size and budget. However, in light of (i) the competition for land supply in Amata Industrial Park which the Company encountered and (ii) the recent China-United States trade war as a result of which the Board believes that more entrepreneurs would choose to shift their production base from China to Southeast Asia in an attempt to minimise the potential impact brought by the increasing tariffs imposed by the United States, the Board expects that the supply of land for industrial use in Vietnam would become even tighter. Overall, the Board considers that the Land will cater and is suitable for the Company's expansion plan and production scale and the Acquisition is a commercially viable decision in the interests of the Company and the Shareholders as a whole.

It is expected that the Purchase Price will be financed as to (i) approximately HK\$10,243,200.00 from part of the net proceeds which was actually raised from the Share Offer (as defined in the Prospectus) and allocated for acquisition of new premises, and (ii) approximately HK\$5,975,200.00 by a mortgage loan from a bank in Vietnam, the terms of which are under negotiation. The Board confirms that the financing arrangement of the Acquisition is consistent with the use of the net proceeds as stated in the Prospectus. The extra floor area on top of the planned 8,000 sq.m. will be used for the principal business of the Company and the intended usage of the Land will be in line with the disclosure in the Prospectus.

## **GEM LISTING RULES IMPLICATIONS**

As one or more of the applicable percentage ratios (as defined under Chapter 19 of the GEM Listing Rules) in respect of the Acquisition exceeds 5% but all of them are less than 25%, the Acquisition constitutes a discloseable transaction of the Company under Chapter 19 of the GEM Listing Rules and is subject to reporting and announcement requirements under Chapter 19 of the GEM Listing Rules. Further announcement(s) will be made by the Company regarding the Acquisition as and when appropriate pursuant to the GEM Listing Rules.

## **DEFINITIONS**

The following terms shall have the following meanings ascribed to them respectively in this announcement unless the context otherwise requires:

“Acquisition”	the acquisition by the Purchaser from the Vendor of the legal and beneficial ownership of the land use right of the Land
“Board”	the board of Directors of the Company
“Director(s)”	the directors of the Company
“Company”	Hyfusin Group Holdings Limited (凱富善集團控股有限公司) (stock code: 8512), a company incorporated in the Cayman Islands with limited liability, the securities of which are listed on GEM of The Stock Exchange of Hong Kong Limited
“Deposit Agreement”	the agreement on deposit and transfer commitment dated 12 October 2018 entered into between the Purchaser and the Vendor relating to the possible Acquisition
“Exclusivity Period”	60 calendar days as from the date of payment of the 10% initial deposit by the Purchaser to the Vendor, i.e. from 15 October 2018

“Formal Agreement”	any formal sale and purchase agreement in relation to the Acquisition
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Land”	land plot no. 51, Amata Industrial Park, Long Binh Ward, Dong Nai Province, Vietnam (official parcel number: 234 and map sheet number: 8), with a gross floor area of 19,000 sq.m.
“Listing”	the commencement of dealings in the Company’s shares on GEM of The Stock Exchange of Hong Kong Limited
“Prospectus”	the prospectus of the Company dated 29 June 2018
“Purchaser”	Fleming International Vietnam Limited, a company established under Vietnamese laws with limited liability and an indirectly wholly-owned subsidiary of the Company
“Purchase Price”	the consideration in the amount of VND48,717,900,000.00 (equivalent to approximately HK\$16,218,400.00) payable by the Purchaser for the Acquisition
“Shareholder(s)”	holder(s) of the ordinary share(s) of HK\$0.01 each in the share capital of the Company
“sq.m.”	square metre(s)
“Vendor”	Binh Tien Dong Nai Company Limited, a company incorporated in Vietnam, an independent third party and not connected with the Company and its connected persons (as defined under the GEM Listing Rules)



“VND” Vietnamese Dong, the lawful currency of Vietnam

“%” per cent.

*Unless otherwise stated, the exchange rate adopted in this announcement is based on the exchange rate of HK\$1.00 = VND3,003.87 and is provided for identification purpose only.*

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

Hong Kong, 15 October 2018

*As at the date of this announcement, the executive Directors are Mr. Wong Wai Chit (Chairman) and Mr. Wong Man Chit; the non-executive Director is Ms. Wong Fong; and the independent non-executive Directors are Mr. Chan Cheong Tat, Mr. Ho Chi Wai and Mr. Yu Pui Hang.*

*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.*

*In the event of any discrepancies between the English version and the Chinese version, the English version shall prevail.*