
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, 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**, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on GEM of The Stock Exchange of Hong Kong Limited, you should at once hand this circular and the accompanying form of proxy to the purchaser or transferee or to the bank, stockbroker 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)

PROPOSALS FOR GENERAL MANDATES TO ISSUE SHARES AND TO REPURCHASE SHARES, RE-ELECTION OF RETIRING DIRECTORS AND NOTICE OF ANNUAL GENERAL MEETING

A notice convening the annual general meeting of Hyfusin Group Holdings Limited to be held at Suite 3318, 33/F, Jardine House, 1 Connaught Place, Central, Hong Kong on Friday, 9 June 2023 at 3:00 p.m. is set out on pages 17 to 21 of this circular. A form of proxy for use at the Annual General Meeting is also enclosed. Such form of proxy is also published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.hyfusingroup.com).

Whether or not you are able to attend the Annual General Meeting, you are requested to complete the form of proxy in accordance with the instructions printed thereon and return it to the Company's Hong Kong branch share registrar and transfer office, Union Registrars Limited, at Suites 3301-04, 33/F, Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the Annual General Meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude Shareholders from attending and voting in person at the Annual General Meeting or any adjournment thereof if they so wish and in such event, the form of proxy shall be deemed to be revoked.

This circular 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 its posting and will also be published on the Company's website at www.hyfusingroup.com.

31 March 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 shall have the followings meanings:

| | |
|---------------------------|--|
| “Annual General Meeting” | the annual general meeting of the Company to be held at Suite 3318, 33/F, Jardine House, 1 Connaught Place, Central, Hong Kong on Friday, 9 June 2023 at 3:00 p.m., or any adjournment thereof and notice of which is set out on pages 17 to 21 of this circular |
| “Articles of Association” | the amended and restated articles of association of the Company adopted by special resolution passed on 10 June 2022 and as amended, supplemented and/or otherwise modified from time to time |
| “Audit Committee” | the audit committee of the Board |
| “Board” | the board of Directors |
| “Companies Act” | the Companies Act, Chapter 22 (Act 3 of 1961, as consolidated and revised) of the Cayman Islands as amended, supplemented and/or otherwise modified from time to time |
| “Company” | Hyfusin Group Holdings Limited, a company incorporated in the Cayman Islands with limited liability, with the Shares listed on GEM |
| “Director(s)” | the director(s) of the Company |
| “GEM” | the GEM of the Stock Exchange |
| “GEM Listing Rules” | the Rules Governing the Listing of Securities on GEM, as amended from time to time |
| “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 |
| “Issue Mandate” | a general mandate proposed to be granted to the Directors at the Annual General Meeting to allot, issue and/or deal with Shares not exceeding 20% of the total number of issued Shares as at the date of passing of the relevant resolution granting the Issue Mandate |

DEFINITIONS

| | |
|---------------------------|--|
| “Latest Practicable Date” | 22 March 2023, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained in this circular |
| “Nomination Committee” | the nomination committee of the Board |
| “Remuneration Committee” | the remuneration committee of the Board |
| “Repurchase Mandate” | a general mandate proposed to be granted to the Directors at the Annual General Meeting to repurchase Shares not exceeding 10% of the total number of issued Shares as at the date of passing of the relevant resolution granting the Repurchase Mandate |
| “SFO” | the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong, as amended from time to time |
| “Share(s)” | ordinary share(s) of nominal value of HK\$0.01 each in the capital of the Company |
| “Shareholder(s)” | the holder(s) of the Share(s) |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |
| “Takeovers Code” | the Code on Takeovers and Mergers, issued by the Securities and Futures Commission of Hong Kong, as amended from time to time |
| “%” | per cent |

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

Mr. Wong Man Chit

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

31 March 2023

To the Shareholders

Dear Sir or Madam,

**PROPOSALS FOR
GENERAL MANDATES TO ISSUE SHARES AND
TO REPURCHASE SHARES,
RE-ELECTION OF RETIRING DIRECTORS
AND
NOTICE OF ANNUAL GENERAL MEETING**

INTRODUCTION

The purpose of this circular is to give you the notice of Annual General Meeting and the following proposals to be put forward at the Annual General Meeting, among other matters, (a) granting of the Issue Mandate to issue Shares and the Repurchase Mandate to repurchase Shares; and (b) the re-election of the retiring Directors.

LETTER FROM THE BOARD

ISSUE MANDATE TO ISSUE SHARES

In order to ensure flexibility and give discretion to the Directors, in the event that it becomes desirable for the Company to issue any new Shares, approval is to be sought from the Shareholders, pursuant to the GEM Listing Rules, for the Issue Mandate to issue Shares. At the Annual General Meeting, an ordinary resolution numbered 5(A) will be proposed to grant the Issue Mandate to the Directors to exercise the powers of the Company to allot, issue and deal with the additional Shares not exceeding 20% of the total number of issued Shares as at the date of passing of the resolution in relation to the Issue Mandate.

As at the Latest Practicable Date, 1,100,000,000 Shares have been issued and fully paid or credited as fully paid. Subject to the passing of the ordinary resolution numbered 5(A) and on the basis that no further Shares are issued or repurchased after the Latest Practicable Date and up to the date of the Annual General Meeting, the Company will be allowed to issue a maximum of 220,000,000 Shares pursuant to the Issue Mandate.

In addition, subject to a separate approval of the ordinary resolution numbered 5(C), the number of Shares repurchased by the Company under ordinary resolution numbered 5(B) will also be added to extend the Issue Mandate as mentioned in ordinary resolution numbered 5(A) provided that such additional Shares shall represent up to 10% of the total number of issued Shares as at the date of passing the resolutions in relation to the Issue Mandate and Repurchase Mandate. The Directors wish to state that they have no immediate plans to issue any new Shares pursuant to the Issue Mandate.

REPURCHASE MANDATE TO REPURCHASE SHARES

In addition, an ordinary resolution will be proposed at the Annual General Meeting to approve the granting of the Repurchase Mandate to the Directors to exercise the powers of the Company to repurchase Shares representing up to 10% of the total number of issued Shares as at the date of passing of the resolution in relation to the Repurchase Mandate.

An explanatory statement required by the GEM Listing Rules to be sent to the Shareholders in connection with the proposed Repurchase Mandate is set out in Appendix II to this circular. This explanatory statement contains all information reasonably necessary to enable the Shareholders to make an informed decision on whether to vote for or against the relevant resolution at the Annual General Meeting.

RE-ELECTION OF RETIRING DIRECTORS

In accordance with article 108 of the Articles of Association, one-third of the Directors for the time being (or if their number is not three or a multiple of three, then the number nearest to but not less than one-third) shall retire from office by rotation and will be eligible for re-election and re-appointment at every annual general meeting, provided that every Director shall be subject to retirement by rotation at least once every three years.

LETTER FROM THE BOARD

In accordance with article 108 of the Articles of Association, Mr. Wong Man Chit and Mr. Chan Cheong Tat will retire by rotation at the Annual General Meeting and, being eligible, will offer themselves for re-election at the Annual General Meeting. Details of Mr. Wong Man Chit and Mr. Chan Cheong Tat (collectively, the “**Retiring Directors**”) who are subject to re-election at the Annual General Meeting are set out in Appendix I to this circular in accordance with the relevant requirements of the GEM Listing Rules.

Procedure and Process for Nomination of Directors

The Nomination Committee will recommend to the Board for the appointment of a Director including an independent non-executive Director in accordance with the following selection criteria and nomination procedures:

Selection Criteria

The Nomination Committee shall consider the following criteria in evaluating and selecting candidates for directorships:

- (a) Diversity in the aspects, amongst others, of gender, age, cultural and educational background, professional experience, skills, knowledge and length of service;
- (b) The number of directorships in other listed/public companies;
- (c) Commitment for responsibilities of the Board in respect of available time and relevant interest;
- (d) Qualifications, including accomplishment and experience in the relevant industries in which the Group’s business is involved;
- (e) Experience in the Group’s principal business and/or the industry in which the Group operates;
- (f) Independence;
- (g) Reputation for integrity; and
- (h) Potential contributions that the individual can bring to the Board.

LETTER FROM THE BOARD

Nomination Procedures

The Nomination Committee will recommend to the Board for the appointment of a Director in accordance with the following procedures and process:

- i. The Nomination Committee and/or the Board may select candidates for directorship from various channels, including but not limited to internal promotion, re-designation, referral by other member of the management, external recruitment agents and may seek independent professional advice to access a wider range of potential candidates.
- ii. The secretary of the Nomination Committee shall invite nomination of candidates from Board members (if any) for consideration by the Nomination Committee. The Nomination Committee may also put forward candidates who are not nominated by the Board.
- iii. Upon considering a candidate suitable for the directorship, the Nomination Committee will hold a meeting and/or by way of written resolutions to, if thought fit, approve the recommendation to the Board for appointment.
- iv. The Nomination Committee will provide the relevant information of the selected candidate to the Remuneration Committee for consideration of the remuneration package of such selected candidate.
- v. The Nomination Committee will thereafter make the recommendation to the Board in relation to the proposed appointment, and the Remuneration Committee will make the recommendation to the Board on the policy and structure for the remuneration.
- vi. All appointment of Directors will be confirmed by the filing of the consent to act as Director of the relevant Director (or any other similar filings requiring the relevant Director to acknowledge or accept the appointment as Director, as the case may be) to be filed with the relevant regulatory authorities, if required.
- vii. For any person that is nominated by a Shareholder for election as a Director at the general meeting of the Company, the Nomination Committee and/or the Board should evaluate such candidate based on the criteria as set out above to determine whether such candidate is qualified for directorship.
- viii. The Nomination Committee and/or the Board should make recommendation to Shareholders in respect of the proposed election of Director at the general meeting.

LETTER FROM THE BOARD

Recommendation of the Nomination Committee

The Nomination Committee had assessed and reviewed the annual written confirmation of independence of each of the independent non-executive Directors for the year ended 31 December 2022 and thereafter up to 22 March 2023 based on the independence criteria as set out in Rule 5.09 of the GEM Listing Rules and confirmed that all of them, including Mr. Chan Cheong Tat, remain independent. In addition, the Nomination Committee had evaluated the performance of each of the Retiring Directors for the year ended 31 December 2022 and found their performance satisfactory. Therefore, the Nomination Committee nominated the Retiring Directors to the Board for it to propose to the Shareholders for re-election at the Annual General Meeting.

Accordingly, with the recommendation of the Nomination Committee, the Board has proposed that all the Retiring Directors, namely Mr. Wong Man Chit and Mr. Chan Cheong Tat, stand for re-election as Directors at the Annual General Meeting.

The biographical details (including the number of the other public companies' directorship) of each of the Retiring Directors to be re-elected at the Annual General Meeting are set out in Appendix I to this circular in accordance with the relevant requirements under the GEM Listing Rules.

Further information about the Board's composition and diversity as well as the attendance record at the meetings of the Board and/or its committees and the general meeting(s) of the Directors (including the Retiring Directors) is disclosed in the "Biography of Directors and Senior Management" and "Corporate Governance Report" in the Annual Report of the Company.

NOTICE OF ANNUAL GENERAL MEETING

Set out on pages 17 to 21 of this circular is the notice of the Annual General Meeting at which, inter alia, ordinary resolutions will be proposed to the Shareholders to consider and approve the granting of the Issue Mandate to issue Shares and the Repurchase Mandate to repurchase Shares, and the re-election of the Retiring Directors.

CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining Shareholders' entitlement to attend and vote at the Annual General Meeting, the register of members of the Company will be closed from Thursday, 1 June 2023 to Friday, 9 June 2023 (both dates inclusive) during which period no transfer of Shares will be registered. In order to qualify for attending and voting at the Annual General Meeting, all transfers accompanied by the relevant share certificates must be lodged for registration with the Company's Hong Kong branch share registrar and transfer office, Union Registrars Limited, at Suites 3301-04, 33/F, Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong not later than 4:00 p.m. on Wednesday, 31 May 2023.

LETTER FROM THE BOARD

FORM OF PROXY

A form of proxy is enclosed for use at the Annual General Meeting. Such form of proxy is also published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.hyfusingroup.com). Whether or not you intend to attend the Annual General Meeting, you are requested to complete the form of proxy in accordance with the instructions printed thereon and return it to the Company's Hong Kong branch share registrar and transfer office, Union Registrars Limited, at Suites 3301-04, 33/F, Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong not less than 48 hours before the time fixed for holding the Annual General Meeting or any adjournment thereof. Completion and delivery of the form of proxy shall not preclude a Shareholder from attending and voting in person at the Annual General Meeting or any adjournment thereof if they so wish and in such event, the form of proxy shall be deemed to be revoked.

VOTING BY POLL

Pursuant to Rule 17.47(4) of the GEM Listing Rules and article 72 of the Articles of Association, any resolution put to the vote of the Shareholders at a general meeting shall be decided on a poll except where the chairman of the general meeting, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands. Accordingly, each of the resolutions set out in the notice of the Annual General Meeting will be taken by way of poll.

On a poll, every Shareholder present in person or by proxy or, in the case of a Shareholder being a corporation, by its duly authorised representative, shall have one vote for every fully paid Share of which he/she is the holder. A Shareholder entitled to more than one vote needs not use all his/her votes or cast all the votes he/she uses in the same way.

RECOMMENDATION

The Directors consider that the proposed resolutions for the granting of the Issue Mandate to issue Shares, the Repurchase Mandate to repurchase Shares and the re-election of the Retiring Directors are in the interests of the Group and the Shareholders as a whole. The Directors therefore recommend the Shareholders to vote in favour of all the resolutions to be proposed at the Annual General Meeting.

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.

Yours faithfully
By order of the Board
Hyfusin Group Holdings Limited
WONG Wai Chit
Chairman and Executive Director

APPENDIX I DETAILS OF DIRECTORS PROPOSED FOR RE-ELECTION

The following are the particulars of the Directors (as required by the GEM Listing Rules) proposed to be re-elected at the Annual General Meeting.

As at the Latest Practicable Date, none of the following Directors, save as disclosed herein, had any interest in Shares within the meaning of Part XV of the SFO.

Save as disclosed herein, none of the following Directors holds any position with the Company or any other member of the Group, or any directorships in other public companies, the securities of which are listed on any securities market in Hong Kong or overseas in the last three years, and other major appointments and professional qualification. Save as disclosed herein, the following Directors are not otherwise related to any Directors, senior management, substantial Shareholders or controlling Shareholders of the Company (as defined in the GEM Listing Rules).

Save as disclosed herein, there is no other matter in relation to the following Directors that needs to be brought to the attention of the Shareholders and there is no other information relating to the following Directors which is required to be disclosed pursuant to any of the requirements of Rule 17.50(2)(h) to (v) of the GEM Listing Rules.

Executive Director

Mr. Wong Man Chit

Mr. Wong Man Chit (黃聞捷) (“**Mr. Andrew Wong**”), aged 57, is our chief executive officer and executive Director. Mr. Andrew Wong is one of the controlling Shareholders and he joined our Group as the director of Fleming International Limited, a wholly-owned subsidiary of the Company, on 20 July 1993. He was appointed as Director on 5 July 2017 and was redesignated as executive Director on 23 June 2018. Mr. Andrew Wong is responsible for overseeing our Group’s business operations, its overall sales and marketing strategies and its production and product development.

Mr. Andrew Wong is one of the founding members of our Group and has over 20 years of candle manufacturing experience. He was educated in secondary schools in Hong Kong. Mr. Andrew Wong is the elder brother of Mr. Wong Wai Chit.

Mr. Andrew Wong is or has been (as the case may be) a director of the following companies:

| Company | Period | Remark |
|---------------------------------------|------------------------------|---------------|
| Fleming International Limited | 20 July 1993 to present | |
| Success Glory Worldwide Limited | 25 September 2013 to present | |
| Fleming International Vietnam Limited | 12 October 2004 to present | |

APPENDIX I DETAILS OF DIRECTORS PROPOSED FOR RE-ELECTION

| Company | Period | Remark |
|-------------------------------------|-------------------------------|--|
| AVW International Limited | 4 July 2017 to present | |
| Fleming Group International Limited | 5 July 2017 to present | |
| 泛明工藝禮品(深圳)有限公司 | Dissolved (Deregistration) | Mr. Andrew Wong was the director and legal representative of this company, which was dissolved by way of deregistration in the People's Republic of China on 9 December 2016 as this company ceased to carry on any business. As confirmed by Mr. Andrew Wong, this company was solvent at the time when it was dissolved and he is not aware of any actual or potential claim that has been or will be made against him or this company as a result of such dissolution |
| Natural Candle (Holdings) Limited | Dissolved (Deregistration) | This company was dissolved by way of voluntary deregistration in Hong Kong on 13 April 2012 as this company ceased to carry on any business. As confirmed by Mr. Andrew Wong, this company was inactive at the time when it was dissolved and there was no wrongful act on his part leading to the dissolution and he is not aware of any actual or potential claim that has been or will be made against him as a result of such dissolution. |
| Natural Light (Malaysia) Limited | Dissolved (Deregistration) | This company was dissolved by way of voluntary deregistration in Hong Kong on 13 April 2012 as this company ceased to carry on any business. As confirmed by Mr. Andrew Wong, this company was inactive at the time when it was dissolved and there was no wrongful act on his part leading to the dissolution and he is not aware of any actual or potential claim that has been or will be made against him as a result of such dissolution. |

APPENDIX I DETAILS OF DIRECTORS PROPOSED FOR RE-ELECTION

| Company | Period | Remark |
|----------------|-------------------------------|---|
| Nobs Limited | Dissolved (Deregistration) | This company was dissolved by way of voluntary deregistration in Hong Kong on 7 October 2011 as this company ceased to carry on any business. As confirmed by Mr. Andrew Wong, this company was inactive at the time when it was dissolved and there was no wrongful act on his part leading to the dissolution and he is not aware of any actual or potential claim that has been or will be made against him as a result of such dissolution. |

Mr. Andrew Wong has entered into a service agreement with the Company for a term of 3 years commencing from 19 July 2021 and will continue thereafter until terminated by not less than 3 months' notice in writing served by either party on the other. He is entitled to receive emoluments of HK\$3,600,000 per annum, executive Director's quarter, medical benefits and bonus as determined by the Board with reference to the experience, responsibility, workload and time devoted to the Group.

As at the Latest Practicable Date, Mr. Andrew Wong is deemed to be interested in 643,500,000 Shares, which is held by AVW International Limited, a company beneficially owned as to 50% by Mr. Andrew Wong and 50% by Mr. Wong Wai Chit, within the meaning of Part XV of the SFO.

Independent Non-executive Director**Mr. Chan Cheong Tat**

Mr. Chan Cheong Tat (陳昌達), aged 73, was appointed as our independent non-executive Director on 23 June 2018 and is the chairman of the Audit Committee and a member of Remuneration Committee and Nomination Committee. Mr. Chan provides independent advice to our Board on management and provides independent judgment on the issue of strategy, performance, resources and standard of conduct of our Company, despite that he is not participating in the day-to-day management of our business operation. Mr. Chan is appointed for a term of 3 years from 19 July 2021 and he is subject to retirement by rotation and re-election in accordance with the Articles of Association.

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, 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).

APPENDIX I DETAILS OF DIRECTORS PROPOSED FOR RE-ELECTION

Mr. Chan has entered into a letter of appointment with the Company for a term of 3 years commencing from 19 July 2021 and may be terminated by not less than 3 months' notice in writing served by either party on the other. He is entitled to receive emoluments of HK\$180,000 per annum as determined by the Board with reference to the experience, responsibility, workload and time devoted to the Group.

As at the Latest Practicable Date, Mr. Chan did not have any interests in the Shares within the meaning of Part XV of the SFO.

This Appendix serves as an explanatory statement, as required by the GEM Listing Rules, to provide all the information reasonably necessary to enable Shareholders to make an informed decision on whether to approve the Repurchase Mandate.

GEM LISTING RULES

The GEM Listing Rules permit companies with a primary listing on GEM to repurchase their Shares on the Stock Exchange subject to certain restrictions.

SHAREHOLDERS' APPROVAL

All proposed repurchases of Shares by a company with a primary listing on GEM must be approved in advance by an ordinary resolution, either by way of general mandate or by specific approval of a particular transaction.

SHARE CAPITAL

As at the Latest Practicable Date, the number of issued Shares was 1,100,000,000 Shares of nominal value of HK\$0.01 each which have been fully paid or credited as fully paid. Subject to the passing of the resolution granting the Repurchase Mandate and on the basis that no further Shares are issued or repurchased before the date of the Annual General Meeting, the Company will be allowed to repurchase a maximum of 110,000,000 Shares which represent 10% of the total number of issued Shares during the period ending on the earlier of (i) the conclusion of the next annual general meeting of the Company; or (ii) the expiry of the period within which the next annual general meeting of the Company is required by any applicable laws or the Articles of Association to be held; or (iii) the passing of an ordinary resolution by Shareholders in general meeting of the Company revoking or varying such mandate.

REASONS FOR AND FUNDING OF REPURCHASES

The Directors believe that it is in the best interests of the Company and the Shareholders to have a general authority from the Shareholders to enable the Company to repurchase its Shares in the market. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the Company's net asset value and/or its earnings per Share and will only be made when the Directors believe that such repurchases will benefit the Company and the Shareholders as a whole.

Repurchase of the Shares must be funded out of funds legally available for such purpose in accordance with the Articles of Association and the applicable laws of the Cayman Islands. The Directors may not repurchase the Shares on the Stock Exchange for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange. Subject to the foregoing, the Directors may make repurchases with profits of the Company or out of a new issuance of shares made for the purpose of the repurchase or, if authorised by the Articles of Association and subject to the Companies Act, out of capital and, in the case of any premium payable on the repurchase, out of profits of the Company or from sums standing to the credit of the share premium account of the Company or, if authorised by the Articles of Association and subject to the Companies Act, out of capital.

FUNDING OF REPURCHASE

The Directors have no present intention to repurchase any Shares and they would only exercise the power to repurchase in circumstances where they consider that the repurchase would be in the best interests of the Company. The Directors believe that if the Repurchase Mandate is exercised in full, it may/may not have a material adverse impact on the working capital and/or gearing position of the Company, as compared with the positions disclosed in the audited consolidated financial statements of the Company as at 31 December 2022, being the date to which the latest published audited consolidated financial statements of the Company were made up. The Directors do not propose to exercise the Repurchase Mandate to such an extent as would, in the circumstances, have a material adverse effect on the working capital requirements of the Company or its gearing levels which, in the opinion of the Directors, are from time to time appropriate for the Company.

SHARE PRICES

The highest and lowest prices at which the Shares had been traded on the Stock Exchange during the 12 calendar months preceding the Latest Practicable Date were as follows:

| Month | Highest prices | Lowest prices |
|---|-----------------------|----------------------|
| | <i>HK\$</i> | <i>HK\$</i> |
| 2022 | | |
| March | 0.275 | 0.230 |
| April | 0.250 | 0.230 |
| May | 0.260 | 0.214 |
| June | 0.229 | 0.162 |
| July | 0.191 | 0.166 |
| August | 0.180 | 0.137 |
| September | 0.140 | 0.116 |
| October | 0.175 | 0.130 |
| November | 0.182 | 0.142 |
| December | 0.170 | 0.140 |
| 2023 | | |
| January | 0.160 | 0.136 |
| February | 0.165 | 0.135 |
| March (up to the Latest Practicable Date) | 0.155 | 0.144 |

UNDERTAKING

None of the Directors nor, to the best of their knowledge, having made all reasonable enquiries, their respective close associates (as defined in the GEM Listing Rules), have any present intention if the Repurchase Mandate is approved by the Shareholders, to sell any Shares to the Company.

The Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the Repurchase Mandate in accordance with the GEM Listing Rules, the Articles of Association and the applicable laws of the Cayman Islands.

No core connected person (as defined in the GEM Listing Rules) has notified the Company that he or she has a present intention to sell any Shares to the Company, or has undertaken not to do so, if the Repurchase Mandate is approved by the Shareholders.

TAKEOVERS CODE

If as a result of a repurchase of Shares pursuant to the Repurchase Mandate, a Shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition of voting rights for the purposes of the Takeovers Code. Accordingly, a Shareholder, or a group of Shareholders acting in concert (within the meaning under the Takeovers Code), depending on the level of increase in the Shareholder's interest, could obtain or consolidate control of the Company and thereby become obliged to make a mandatory offer in accordance with Rules 26 and 32 of the Takeovers Code. Save as aforesaid, the Directors are not aware of any consequences which would arise under the Takeovers Code as a result of any repurchase of Shares pursuant to the Repurchase Mandate.

As at the Latest Practicable Date, to the best knowledge and belief of the Directors, Mr. Wong Wai Chit and his spouse, Ms. Iong Man Lai, and Mr. Wong Man Chit and his spouse, Ms. Tse Sheung are parties acting in concert (the "**Concert Parties**") and were deemed to be interested in 643,500,000 Shares held by AVW International Limited, a company is beneficially owned as to 50% by Mr. Wong Wai Chit and 50% by Mr. Wong Man Chit, representing approximately 58.5% of the number of issued Shares in aggregate. In the event that the Directors should exercise in full the Repurchase Mandate, their shareholding in the Company will be increased to approximately 65.0% of the number of the issued Shares. To the best knowledge and belief of the Directors, such increase would not give rise to an obligation to make a mandatory offer under the Takeovers Code. The Directors have no present intention to repurchase the Shares to the extent that will trigger the obligations under the Takeovers Code for the Concert Parties to make a mandatory offer. The Directors are not aware of any other consequences which may arise under the Takeovers Code as a result of any purchase by the Company of its Shares.

The GEM Listing Rules prohibit a company from making repurchase on the Stock Exchange if the result of the repurchase would be that less than 25% (or such other prescribed minimum percentage as determined by the Stock Exchange) of the total number of issued Shares would be in public hands. The Directors do not propose to repurchase Shares which would result in less than the prescribed minimum percentage of Shares in public hands.

SHARE REPURCHASE MADE BY THE COMPANY

No repurchases of Shares have been made by the Company during the six months immediately preceding the Latest Practicable Date (whether on the Stock Exchange or otherwise).

NOTICE OF ANNUAL GENERAL MEETING

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)

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the annual general meeting (the “**Annual General Meeting**”) of Hyfusin Group Holdings Limited (the “**Company**”) will be held at Suite 3318, 33/F, Jardine House, 1 Connaught Place, Central, Hong Kong on Friday, 9 June 2023 at 3:00 p.m. for the following purposes:

ORDINARY RESOLUTIONS

1. To receive and adopt the audited consolidated financial statements of the Company for the year ended 31 December 2022 and the reports of the directors and independent auditor thereon.
2. To re-elect the following retiring directors of the Company (the “**Directors**”):
 - (a) Mr. Wong Man Chit as an executive Director; and
 - (b) Mr. Chan Cheong Tat as an independent non-executive Director.
3. To authorise the board of Directors to fix the remuneration of the respective Directors.
4. To re-appoint BDO Limited as auditor of the Company and to authorise the board of Directors to fix its remuneration for the year ending 31 December 2023.
5. To consider and, if thought fit, pass with or without modification the following resolutions as ordinary resolutions:
 - (A) “**That:**
 - (i) subject to paragraph (iii) below, the exercise by the Directors during the Relevant Period (as defined hereinafter) of all the powers of the Company to allot, issue and/or otherwise deal with additional shares of the Company or securities convertible into shares, or options, warrants or similar rights to subscribe for shares or such convertible securities of the Company and to make or grant offers, agreements and/or options (including bonds, warrants and debentures convertible into shares of the Company) which may require the exercise of such powers, be and is hereby generally and unconditionally approved;

NOTICE OF ANNUAL GENERAL MEETING

- (ii) the approval in paragraph (i) above shall be in addition to any other authorisation given to the directors of the Company and shall authorise the directors of the Company during the Relevant Period (as defined hereinafter) to make or grant offers, agreements and/or options which may require the exercise of such power after the end of the Relevant Period;

- (iii) the aggregate number of shares allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to options or otherwise) by the Directors during the Relevant Period (as defined hereinafter) pursuant to paragraph (i) above, otherwise than pursuant to paragraph (i) of this resolution, otherwise than pursuant to:
 - (1) any Rights Issue (as defined hereinafter);

 - (2) the grant or exercise of any option under any share option scheme of the Company (if applicable) or any other option, scheme or similar arrangements for the time being adopted for the grant or issue to the Directors, officers and/or employees of the Company and/or any of its subsidiaries and/or other eligible participants specified thereunder of options to subscribe for shares or rights to acquire shares;

 - (3) any scrip dividend or similar arrangement providing for the allotment and issue of Shares in lieu of the whole or part of a dividend on shares in accordance with the articles of association of the Company; or

 - (4) any issue of shares upon the exercise of rights of subscription or conversion under the terms of any existing convertible notes issued by the Company or any existing securities of the Company which carry rights to subscribe for or are convertible into Shares, shall not exceed the aggregate of:
 - (a) 20% of the number of issued shares of the Company as at the date of passing this resolution; and

 - (b) (if the Board is so authorised by resolution numbered 5(C)) the aggregate number of shares of the Company repurchased by the Company subsequent to the passing of resolution numbered 5(B) (up to a maximum equivalent to 10% of the number of issued shares of the Company as at the date of passing resolution numbered 5(B)),

and the approval shall be limited accordingly; and

NOTICE OF ANNUAL GENERAL MEETING

- (iv) for the purpose of this resolution:
 - (a) “Relevant Period” means the period from the passing of this resolution until whichever is the earliest of:
 - (1) the conclusion of the next annual general meeting of the Company;
 - (2) the expiry of the period within which the next annual general meeting of the Company is required by any applicable laws or the articles of association of the Company to be held; and
 - (3) the passing of an ordinary resolution by the shareholders of the Company in general meeting revoking or varying the authority given to the Directors by this resolution; and
 - (b) “Rights Issue” means an offer of shares of the Company or an issue of warrants, options or other securities giving rights to subscribe for shares of the Company, open for a period fixed by the Directors to holders of shares of the Company on the register of members on a fixed record date in proportion to their then holdings of such shares of the Company (subject to such exclusions or other arrangements as the directors of the Company may deem necessary or expedient in relation to fractional entitlements or, having regard to any restrictions or obligations under the laws of, or the requirements of, or the expense or delay which may be involved in determining the exercise or extent of any restrictions or obligations under the laws of, or the requirements of, any jurisdiction applicable to the Company, any recognised regulatory body or any stock exchange applicable to the Company).”

(B) **“That:**

- (i) subject to paragraph (ii) of this resolution, the exercise by the directors of the Company during the Relevant Period (as defined hereinafter) of all the powers of the Company to repurchase shares of the Company on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) or on any other stock exchange on which the shares of the Company may be listed and which is recognised for this purpose by the Securities and Futures Commission and the Stock Exchange under the Code on Share Buy-backs and, subject to and in accordance with all applicable laws and the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the “**GEM Listing Rules**”), be and is hereby generally and unconditionally approved;
- (ii) the aggregate number of the shares to be repurchased pursuant to the approval in paragraph (i) of this resolution shall not exceed 10% of the number of issued shares of the Company as at the date of passing of this resolution, and the said approval shall be limited accordingly;
- (iii) subject to the passing of each of the paragraphs (i) and (ii) of this resolution, any prior approvals of the kind referred to in paragraphs (i) and (ii) of this resolution which had been granted to the directors of the Company and which are still in effect be and are hereby revoked; and

NOTICE OF ANNUAL GENERAL MEETING

(iv) for the purpose of this resolution:

“Relevant Period” means the period from the passing of this resolution until whichever is the earliest of:

- (a) the conclusion of the next annual general meeting of the Company;
 - (b) the expiry of the period within which the next annual general meeting of the Company is required by any applicable laws or the articles of association of the Company to be held; and
 - (c) the passing of an ordinary resolution by the shareholders of the Company in general meeting revoking or varying the authority given to the Directors by this resolution.”
- (C) “**That** conditional upon the resolutions numbered 5(A) and 5(B) set out in this notice being passed, the general mandate granted to the Directors to exercise the powers of the Company to allot, issue and/or otherwise deal with new shares of the Company and to make or grant offers, agreements and options which might require the exercise of such powers pursuant to the resolution numbered 5(A) set out in this notice be and is hereby extended by the addition to the number of the issued shares of the Company which may be allotted or agreed conditional or unconditionally to be allotted by the Directors pursuant to such general mandate of an amount representing the number of the issued shares of the Company repurchased by the Company under the authority granted pursuant to resolution numbered 5(B) set out in this notice, provided that such extended amount shall represent up to 10% of the number of issued shares of the Company as at the date of passing of the said resolutions.”

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

Hong Kong, 31 March 2023

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

NOTICE OF ANNUAL GENERAL MEETING

Notes:

- (i) Resolution numbered 5(C) will be proposed to the shareholders for approval provided that resolutions numbered 5(A) and 5(B) are passed by the shareholders of the Company.
- (ii) A shareholder entitled to attend and vote at the above meeting is entitled to appoint one, if he/she holds two or more shares appoint more than one, proxy to attend, speak and vote in his/her stead. The proxy does not need to be a shareholder of the Company.
- (iii) To be valid, a form of proxy, together with the power of attorney or other authority (if any) under which it is signed or a notarially certified copy of that power of attorney or authority must be deposited with the Company's Hong Kong branch share registrar and transfer office, Union Registrars Limited, at Suites 3301-04, 33/F, Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong not less than 48 hours before the time appointed for holding the Annual General Meeting (i.e. before 3:00 p.m. on Wednesday, 7 June 2023) or any adjournment thereof and in default thereof the form of proxy shall not be treated as valid. No instrument appointing a proxy shall be valid after the expiry of 12 months from the date of its execution.
- (iv) The register of members of the Company will be closed from Thursday, 1 June 2023 to Friday, 9 June 2023, both days inclusive, in order to determine the eligibility of shareholders to attend and vote at the Annual General Meeting, during which period no share transfers will be registered. To be eligible to attend the above meeting, all properly completed transfer forms accompanied by the relevant share certificates must be lodged for registration with the Company's Hong Kong branch share registrar and transfer office, Union Registrars Limited, at Suites 3301-04, 33/F, Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong not later than 4:00 p.m. on Wednesday, 31 May 2023.
- (v) With reference to ordinary resolution numbered 2 above, Mr. Wong Man Chit and Mr. Chan Cheong Tat shall retire and being eligible, offered themselves for re-election at the above meeting. Details of the above retiring Directors are set out in Appendix I to the circular dated 31 March 2023.
- (vi) In respect of the resolutions numbered 5(A), 5(B) and 5(C) above, the Directors wish to state that they have no immediate plans to repurchase any shares or issue any new securities pursuant to the relevant mandates.
- (vii) In respect of resolution numbered 5(B) above, the Directors wish to state that they will exercise the powers conferred by the general mandate to repurchase shares of the Company in circumstances which they deem appropriate and for the benefits of shareholders of the Company. The explanatory statement containing the information necessary to enable shareholders to make an informed decision on whether to vote for or against the resolution to approve the repurchase by the Company of its own shares, as required by the GEM Listing Rules, is set out in Appendix II to the circular dated 31 March 2023.
- (viii) Delivery of an instrument appointing a proxy will not preclude a shareholder from attending and voting in person at the Annual General Meeting or any adjournment thereof, in such event, the instrument appointing a proxy shall be deemed to be revoked.
- (ix) If Typhoon Signal No. 8 or above, or a "black" rainstorm warning or extreme condition caused by super typhoon is in effect in Hong Kong any time after 12:00 noon on the date of the Annual General Meeting, the meeting will be postponed. The Company will post an announcement on the websites of the Company at (www.hyfusingroup.com) and the Stock Exchange at (www.hkexnews.hk) to notify shareholders of the Company of the date, time and venue of the rescheduled meeting.