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森美(集團)控股有限公司
Summi (Group) Holdings Limited
(Incorporated in the Cayman Islands with limited liability)
(Stock code: 00756)

DISCLOSEABLE TRANSACTION IN RELATION TO DISPOSAL OF PROPERTY

The Board is hereby announce that on 18 January 2022 (after trading hours), the Vendor, an indirect wholly owned subsidiary of the Company, entered into the S&P Agreement with the Purchaser, an Independent Third Party, for the disposal of the Property at a consideration of RMB38,800,000.

THE S&P AGREEMENT

The principal terms of the S&P Agreement are set out below:

DATE

18 January 2022 (after trading hours)

PARTIES

- (1) 森美(福建)食品有限公司, as Vendor, is a company established in China and an indirect wholly-owned subsidiary of the Company. It is principally engaged in production and sale of frozen concentrate orange juice in China.
- (2) 泉州市榮信達科技服務有限公司, Purchaser, is a company established in China and is principally engaged in property investment. As at the date of this announcement, to the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Purchaser is owned as to 55% and 45% by Mr. Lu Rongpian and Ms. Wang Yumei as beneficial owners, respectively, who are Independent Third Parties. The Company solicited the Purchaser through 泉州豐澤嘉豐不動產中介所, which is a qualified estate agent in China and, to the best of the Director's knowledge, information and belief, having made all reasonable enquiries, the estate agent is an independent third party to the Company.

Property

The property is located at No. 184, Xiazeng, Xiazeng Village, Luoyang Town, Quanzhou Taiwanese Investment Zone. The saleable area of the property as measured from the registered floor plan is approximately 16,212.13 square m. The Property is to be sold to the Purchaser on an “as is” basis.

Consideration and payment terms:

Pursuant to the S&P Agreement, the Consideration of RMB38,800,000 will be payable by the Purchaser to the Vendor in the manner as follows: -

- (a) an Initial Deposit in the sum of RMB5,000,000 shall be paid upon signing of the S&P Agreement;
- (b) a Further Deposit in the sum of RMB3,800,000 shall be paid on date of signing of the Assignment Agreement; and
- (c) the remaining balance of the Consideration in the sum of RMB30,000,000 shall be paid upon Completion.

The Consideration of RMB38,800,000 was determined after arm’s length negotiations among the parties to the S&P Agreement taking into account (a) the valuation of the Property of RMB30,000,000 made by an independent valuer as at 30 April 2021; and (b) the prevailing market price of the Property of similar nature available in the localities.

Having considered the above factors, the Directors (including the independent non-executive Directors) consider that the Purchase Price, which was arrived at after arm’s length negotiations and is in the interests of the Company and the Shareholders as a whole.

Agency Fee, Tax and Stamp Duty

All agency fee, ad valorem tax and stamp duty shall be borne by the Purchaser solely.

Completion

Completion shall take place after the transfer of the title of the Property is completed, upon which the Property will cease to be held by the Group.

REASONS FOR AND BENEFITS OF THE DISPOSAL AND FINANCIAL EFFECT AND INTENDED USE OF THE PROCEEDS

The Property is classified as property, plant and equipment of the Group. The carrying value of the Property as shown in the audited consolidated accounts of the Company as at 30 June 2021 was approximately RMB8,000,000. Subject to review and confirmation by the auditors, the Company estimated that the gains arising from the disposal would be approximately RMB29,000,000, after deducting the transaction expenses.

The Board considers that the Disposal represents a good opportunity for realization of the investment and improving liquidity of the Group. The proceeds from the Disposal can further strengthen the cash flow of the Group and the Disposal will enable the Group to reallocate its resources for future development should opportunities arise. The Directors consider that the Disposal will not have a significant impact on the operating business of the Group, as it has other plants to fill up the production capacity.

Having considered the above, the Directors, including the independent non-executive Directors, are of the view that the Disposal is conducted on normal commercial terms, the terms of the S&P Agreement are fair and reasonable, and the entering into the S&P Agreement is in the interests of the Company and the Shareholders as a whole.

It is estimated that the net proceeds from the Disposal (after deduction of agency fees, legal fees and ancillary expenses) will be approximately RMB37,000,000. The Company intends to use the net proceeds from the Disposal for the repayment of bank loan and general working capital of the Group.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules in respect of the Disposal are more than 5% but less than 25%, the entering into of the S&P Agreement and the Disposal contemplated thereunder constitute a discloseable transaction of the Company and is subject to the reporting and announcement requirements but are exempted from the shareholders' approval requirement under Chapter 14 of the Listing Rules.

As Completion is subject to the fulfilment of certain conditions set out in the S&P Agreement and therefore may or may not proceed. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms have the following meanings when used herein:

“Board”	the board of Directors
“Company”	Summi (Group) Holdings Limited, a company incorporated in the Cayman Islands with limited liability and the issued Shares of which are listed on the Main Board of the Stock Exchange (stock code: 0756)
“Completion”	the completion of the Disposal pursuant to the terms and conditions of the S&P Agreement
“Consideration”	RMB38,800,000, being the total consideration payable by the Purchaser to the Vendor for the Property
“Director(s)”	the director(s) of the Company
“Disposal”	the disposal of the Property by the Vendor to the Purchaser
“Group”	the Company and its subsidiaries
“RMB”	Renminbi, the lawful currency of China
“Hong Kong”	the Hong Kong Special Administrative Region
“Independent Third Party”	any person or company and their respective ultimate beneficial owner(s) which, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, are third parties independent of the Company and its connected persons (as defined in the Listing Rules)
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, modified and supplemented from time to time
“percentage ratio(s)”	has the same meaning ascribed to it under the Listing Rules
“Property”	the property is located at No. 184, Xiazeng, Xiazeng Village, Luoyang Town, Quanzhou Taiwanese Investment Zone
“Share(s)”	ordinary share(s) of HK\$1 each in the share capital of the Target Company
“Shareholder(s)”	the holder(s) of share(s) of the Company

“Stock Exchange” The Stock Exchange of Hong Kong Limited

“%” per cent.

By Order of the Board
Summi (Group) Holdings Limited
Lee Kwok Lun
Company Secretary

Hong Kong, 18 January 2022

As at the date of this announcement, the Board comprises: Mr. WU Shaohao, and Mr. WU Liantao as executive Directors; and Mr. CHEN Ying, Mr. MA Chi Kin and Mr. KYAW Sai Hong as independent non-executive Directors.