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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)

**CONNECTED TRANSACTION INVOLVING SUBSCRIPTION OF
NEW SHARES BY CONTROLLING SHAREHOLDER
UNDER SPECIFIC MANDATE**

Financial Adviser to the Company



**Independent Financial Adviser to the Independent Board Committee and
the Independent Shareholders**

AmCap
Ample Capital Limited
豐盛融資有限公司

**SUBSCRIPTION OF NEW SHARES BY CONTROLLING SHAREHOLDER
UNDER SPECIFIC MANDATE**

On 10 July 2023 (after trading hours of the Stock Exchange), the Company entered into the Subscription Agreement with the Subscriber, pursuant to which the Subscriber has conditionally agreed to subscribe for and the Company has conditionally agreed to allot and issue 1,123,500,000 Subscription Shares at the Subscription Price of HK\$0.067 per Subscription Share to the Subscriber. The Subscription is subject to various conditions set forth in the paragraphs headed “Conditions Precedent under the Subscription Agreement”.

The Subscription Shares represent approximately 49.23% of the existing issued Shares at the date of this announcement and approximately 32.99% of the enlarged issued Shares of 3,405,582,652 Shares immediately following Completion, assuming that there will be no change in the total number of issued Shares (other than the issue of the Subscription Shares) between the date of this announcement and Completion.

As at the date of this announcement, the Subscriber is an investment holding company incorporated in British Virgin Islands with limited liability, which is wholly owned by Mr. Wu. The Subscriber is the controlling shareholder which beneficially owns 1,309,881,110 Shares, representing 57.40% of the issued share capital of the Company, and hence a connected person of the Company under the Listing Rules. Accordingly, The Subscription Agreement and the transactions contemplated thereunder constitute a connected transaction of the Company and is subject to the reporting, announcement, circular and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

The Subscription Shares to be issued and allotted to the Subscriber will be allotted and issued under the Specific Mandate to be obtained at the EGM.

Mr. Wu and its associate(s) will abstain from voting on the relevant ordinary resolution(s) at the EGM. Save as disclosed and to the best of the knowledge, information and belief of the Directors, no other Shareholder has a material interest in the Subscription Agreement and the transactions contemplated thereunder (including without limitation, the allotment and issue of the Subscription Shares to the Subscriber and the grant of the Specific Mandate to the Directors for the allotment and issue of the Subscription Shares to the Subscriber), and is required to abstain from voting on the resolutions to approve the aforesaid matters at the EGM. To the best of the knowledge and belief of the Directors, save that Mr. Wu and Mr. Wu Liantao are deemed to be interested in the Subscription Agreement, none of the Directors has any interest in the resolution(s) of the Board to consider and approve the Subscription Agreement and the transactions contemplated thereunder (including without limitation, the allotment and issue of the Subscription Shares to the Subscriber and the grant of the Specific Mandate to the Directors for the allotment and issue of the Subscription Shares to the Subscriber) or is otherwise required to abstain from voting on the relevant resolution(s) of the Board.

A circular containing, among other things, (i) further details of the Subscription Agreement, and the transactions contemplated thereunder (including without limitation, the allotment and issue of the Subscription Shares to the Subscriber and the grant of the Specific Mandate to the Directors for the allotment and issue of the Subscription Shares to the Subscriber); (ii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders; (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders; (iv) a notice convening the EGM; and (v) other information required under the Listing Rules, will be despatched to the Shareholders as soon as practicable in accordance with the Listing Rules. It is expected that the circular will be despatched to the Shareholders on or before 31 July 2023.

Completion of the issue of the Subscription Shares are conditional upon the fulfilment of the conditions precedent set out under the paragraphs headed “Conditions Precedent under the Subscription Agreement” in this announcement, which may or may not be fulfilled. Accordingly, the Subscription may or may not proceed. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.

SUBSCRIPTION OF NEW SHARES BY CONTROLLING SHAREHOLDER UNDER SPECIFIC MANDATE

On 10 July 2023, the Company entered into the Subscription Agreement with the Subscriber, pursuant to which the Company has conditionally agreed to allot and issue, and the Subscriber has conditionally agreed to subscribe for, 1,123,500,000 Subscription Shares at the Subscription Price of HK\$0.067 per Subscription Share pursuant to the terms of the Subscription Agreement.

Set out below is a summary of the principal terms of the Subscription Agreement:

PRINCIPAL TERMS OF THE SUBSCRIPTION AGREEMENT

Date: 10 July 2023 (after trading hours of the Stock Exchange)

Parties: (i) The Company, as issuer; and
(ii) The Subscriber

Subscription Shares: 1,123,500,000 Subscription Shares

Subscription Price: HK\$0.067 per Subscription Share

As at the date of this announcement, the Subscriber is the controlling shareholder which beneficially owns 1,309,881,110 Shares, representing approximately 57.40% of the issued share capital of the Company, and hence a connected person of the Company under the Listing Rules.

SUBSCRIPTION SHARES

Pursuant to the Subscription Agreement, the Subscriber have conditionally agreed to subscribe for, and the Company has conditionally agreed to allot and issue, an aggregate of 1,123,500,000 Subscription Shares, representing approximately 49.23% of the existing issued Shares of 2,282,082,652 Shares as at the date of this announcement and approximately 32.99% of the enlarged issued Shares of 3,405,582,652 Shares immediately following Completion, assuming that there will be no change in the total number of issued Shares (other than the issue of the Subscription Shares) between the date of this announcement and Completion.

SUBSCRIPTION PRICE

The Subscription Price of HK\$0.067 per Subscription Share represents:

- (a) a discount of approximately 9.46% to the closing price of HK\$0.074 per Share as quoted on the Stock Exchange on 10 July 2023, being the Last Trading Day;
- (b) a discount of approximately 9.46% to the average closing price of approximately HK\$0.074 per Share as quoted on the Stock Exchange for the last five (5) trading days up to and including the Last Trading Day;

- (c) a discount of approximately 9.70% to the average closing price of approximately HK\$0.0742 per Share as quoted on the Stock Exchange for the last ten (10) trading days up to and including the Last Trading Day;

The Subscription Price was determined after arm's length negotiation between the Company and the Subscriber after taking into account the prevailing market price of the Shares, the trading volume of the Shares, the existing capital market conditions and the funding needs. The Directors (other than the independent non-executive Directors who will give their opinion after considering the advice from the Independent Financial Adviser), are of the view that the terms of the Subscription Agreement (including the Subscription Price) are fair and reasonable, on normal commercial terms, and in the interests of the Company and the Shareholders as a whole.

The Subscription Shares have an aggregate nominal value of HK\$11,235,000 and market value of HK\$83,139,000 based on the closing price of HK\$0.074 per Share on the Last Trading Day. The net proceeds from the Subscription, after deduction of relevant costs and expenses, is estimated to be approximately HK\$74,710,000. The net Subscription Price per Subscription Share, after deduction of relevant costs and expenses, is estimated to be approximately HK\$0.0665 per Subscription Share.

RANKING

The Subscription Shares, when issued and fully paid, will rank *pari passu* in all respects among themselves and with all other Shares in issue at the time of allotment and issue of the Subscription Shares.

CONDITIONS PRECEDENT UNDER THE SUBSCRIPTION AGREEMENT

Completion of the Subscription is conditional upon the satisfaction (or, if applicable, waiver) of the following conditions precedent:

- (a) the passing of resolution(s) by the Independent Shareholders at the EGM approving the Subscription Agreement and the transactions contemplated thereunder;
- (b) the Listing Committee of the Stock Exchange having granted the approval for the listing of, and permission to deal in, the Subscription Shares and such approval not having been revoked, withdrawn or cancelled;
- (c) the current listing of the Shares on the Stock Exchange not having been cancelled or withdrawn;
- (d) each of the representations and warranties included in the Subscription Agreement given by the Company and the Subscriber remaining true and accurate in all respects and not misleading in any respect as at the date of the Subscription Agreement and the Completion;
- (e) the Company having performed all of its obligations or undertakings under the Subscription Agreement prior to Completion;

- (f) all consents, approvals or waivers (as the case may be) that the Company and the Subscriber reasonably considers necessary pursuant to applicable laws, regulations or rules (including but not limited to the Listing Rules) for its execution, implementation and completion of the Subscription Agreement having been obtained, and all such consents, approvals and waivers not having been revoked or withdrawn at any time before Completion; and
- (g) from the date of the Subscription Agreement entered into between the Company and the Subscriber up to and at the date of Completion, there not having occurred any change (nor any development or event involving a prospective change), which is materially adverse to the condition (financial or other), prospects, results of operations or general affairs of the Company or the Group taken as a whole.

Among the above conditions, items (a), (b), (c) and (f) are not waivable, while items (d), (e) and (g) may be waived by the Subscriber. In the event the above conditions are not fulfilled (or waived) by 6 October 2023, the Subscription Agreement shall terminate and all rights, obligations and liabilities of the parties under the Subscription Agreement in relation to the Subscription shall cease and determine and none of the parties shall have any claim against the others in respect of the Subscription save for any antecedent breach. The Conditions Precedent are not fulfilled yet at this stage.

TERMINATION

If any Conditions Precedent has not been satisfied or waived by 11:59 p.m. (Hong Kong time) on 6 October 2023 (the “**Long Stop Date**”), the Subscription Agreement shall be automatically terminated with immediate effect.

COMPLETION

Completion will take place at 10:00 a.m. (Hong Kong time) on the third Business Day after the last condition has been satisfied or waived, or such other date as the parties may agree in writing. At Completion, the Company will allot and issue 1,123,500,000 Subscription Shares to the Subscriber, and the Subscriber will make payments either by delivery of a cashier’s order or such other methods as the parties may agree.

SPECIFIC MANDATE

In respect of the Subscription by the Subscriber, the Subscription Shares will be allotted and issued under the Specific Mandate to be sought from the Independent Shareholders at the EGM.

LISTING APPLICATION

An application will be made by the Company to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Subscription Shares on the Stock Exchange.

EFFECTS OF THE SUBSCRIPTION ON SHAREHOLDING STRUCTURE OF THE COMPANY

The shareholding structure of the Company (i) as at the date of this announcement and (ii) immediately after Completion, assuming that there will be no change in the issued Shares (other than the issue of the Subscription Shares) between the date of this announcement and Completion:

Substantial Shareholders	At the date of this announcement		Immediately after the Completion	
	<i>No. of Shares</i>	<i>Approximately</i>	<i>No. of Shares</i>	<i>Approximately</i>
Mr. Wu	1,309,881,110	57.40%	2,433,381,110	71.45%
The Subscriber	1,309,881,110	57.40%	2,433,381,110	71.45%
Ms. Yang Xijuan (<i>Note</i>)	1,309,881,110	57.40%	2,433,381,110	71.45%
Ms. Hu Mingyue	120,784,960	5.29%	120,784,960	3.55%
Public Shareholders	851,416,582	37.31%	851,416,582	25.00%
Total:	<u>2,282,082,652</u>	<u>100.00%</u>	<u>3,405,582,652</u>	<u>100.00%</u>

Note:

Ms. Yang Xijuan is the spouse of Mr. Wu.

EQUITY FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

The Company has not conducted any equity fund raising activities in the past twelve months before the date of this announcement.

REASONS FOR THE SUBSCRIPTION AND USE OF PROCEEDS

The Directors consider that the Subscription offers a good opportunity to raise additional funds to strengthen the financial position, reduce the gearing level of the Company and broaden the capital base of the Group so as to facilitate its future development.

The Director consider that raising funds by way of allotment and issue of the Subscription Shares shall enable the Company to obtain funds at a lower cost, as compared to a rights issue or an open offer. The Board has considered other alternative fundraising methods such as debt financing, rights issue or open offer. The Board has considered that debt financing may incur financial costs on the Group, while rights issue or open offer will incur additional costs including but not limited to underwriting commission and other professional fee and require relatively longer time when compared to the Subscription. Further, in view of the current market conditions, there is uncertainty in the amount of funds which could be raised under a rights issue or an open offer.

The aggregate gross proceeds of the Subscription will be approximately HK\$75,274,500. The aggregate net proceeds of the Subscription, after the deduction of related fees and expenses, will be approximately HK\$74,710,000.

The Company intends to apply the net proceeds from the Subscription (a) as to 90% repayment of debts of the Group; and (b) as to 10% for the Group's general working capital.

The Directors (other than the independent non-executive Directors who will give their opinion after considering the advice from the Independent Financial Adviser), are of the view that the terms of the Subscription Agreement (including the Subscription Price) are fair and reasonable, on normal commercial terms, and in the interests of the Company and the Shareholders as a whole.

INFORMATION OF THE GROUP

The Group is principally engaged in the production and sales of orange juice and related products.

INFORMATION OF THE SUBSCRIBER

As at the date of this announcement, the Subscriber is an investment holding company incorporated in British Virgin Islands with limited liability, which is wholly owned by Mr. Wu. The Subscriber is the controlling shareholder which beneficially owns 1,309,881,110 Shares, representing 57.40% of the issued share capital of the Company, and hence a connected person of the Company under the Listing Rules.

IMPLICATIONS UNDER THE LISTING RULES

As at the date of this announcement, the Subscriber is an investment holding company incorporated in British Virgin Islands with limited liability, which is wholly owned by Mr. Wu. The Subscriber is the controlling shareholder which beneficially owns 1,309,881,110 Shares, representing 57.40% of the issued share capital of the Company, and hence a connected person of the Company under the Listing Rules. Accordingly, The Subscription Agreement and the transactions contemplated thereunder constitute a connected transaction of the Company and is subject to the reporting, announcement, circular and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules. As the Subscription Shares to be issued and allotted to the Subscriber will be allotted and issued under the Specific Mandate to be obtained at the EGM, the Subscription by the Subscriber is subject to the Independent Shareholders' approval.

FORMATION OF THE INDEPENDENT BOARD COMMITTEE AND APPOINTMENT OF INDEPENDENT FINANCIAL ADVISER

The Independent Board Committee comprising Ms. Chung Wing Yee, Mr. Ma Yu-heng, Ms. Yang Xuping and Mr. Zhong Shuirong, being all the independent non-executive Directors, has been formed to advise the Independent Shareholders in respect of the Subscription by the Subscriber. An Independent Financial Adviser has been appointed to advise the Independent Board Committee and the Independent Shareholders in this regard.

EGM

The EGM will be convened for the purpose of considering and, if thought fit, approving, among other things, the Subscription Agreement and the transactions contemplated thereunder (including without limitation, the allotment and issue of the Subscription Shares to the Subscriber and the grant of the Specific Mandate to the Directors for the allotment and issue of the Subscription Shares to the Subscriber).

Mr. Wu and its associate(s) will abstain from voting on the relevant ordinary resolution(s) at the EGM. Save as disclosed and to the best of the knowledge, information and belief of the Directors, no other Shareholder has a material interest in the Subscription Agreement and the transactions contemplated thereunder (including without limitation, the allotment and issue of the Subscription Shares to the Subscriber and (b) the grant of the Specific Mandate to the Directors for the allotment and issue of the Subscription Shares to the Subscriber), and is required to abstain from voting on the resolutions to approve the aforesaid matters at the EGM.

To the best of the knowledge and belief of the Directors, save that Mr. Wu and Mr. Wu Liantao are deemed to be interested in the Subscription Agreement, none of the Directors has any interest in the resolution(s) of the Board to consider and approve the Subscription Agreement and the transactions contemplated thereunder (including without limitation, the allotment and issue of the Subscription Shares to the Subscriber and the grant of the Specific Mandate to the Directors for the allotment and issue of the Subscription Shares to the Subscriber) or is otherwise required to abstain from voting on the relevant resolution(s) of the Board.

A circular containing, among other things, (i) further details of the Subscription Agreement, and the transactions contemplated thereunder (including without limitation, the allotment and issue of the Subscription Shares to the Subscriber and the grant of the Specific Mandate to the Directors for the allotment and issue of the Subscription Shares to the Subscriber); (ii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders; (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders; (iv) a notice convening the EGM; and (v) other information required under the Listing Rules, will be despatched to the Shareholders as soon as practicable in accordance with the Listing Rules. It is expected that the circular will be despatched to the Shareholders on or before 31 July 2023.

Completion of the issue of the Subscription Shares are conditional upon the fulfilment of the conditions precedent set out under the paragraphs headed “Conditions Precedent under the Subscription Agreement” in this announcement, which may or may not be fulfilled. Accordingly, the Subscription may or may not proceed. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.

DEFINITIONS

In this announcement, the following expressions shall, unless the context requires otherwise, have the following meanings:

“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Business Day(s)”	a day (excluding Saturday, Sunday, public holiday or any day on which a tropical cyclone warning no. 8 or above or a “black” rainstorm warning is hoisted between 9:00 a.m. and 5:00 p.m. in Hong Kong) on which licensed banks in Hong Kong are generally open for business throughout their normal business hours
“Company”	Summi (Group) Holdings Limited (森美 (集團) 控股有限公司) , a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the Stock Exchange (Stock Code: 0756)
“Completion”	completion of the Subscription
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“controlling shareholder”	has the meaning ascribed to it under the Listing Rules
“Conditions Precedent”	the conditions precedent set out under the paragraphs headed “Conditions Precedent under the Subscription Agreement”
“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be convened to approve, among other things, the allotment and issue of the Subscription Shares to the Subscriber and the grant of the Specific Mandate to the Directors for the allotment and issue of the Subscription Shares to the Subscriber
“Group”	the Company and its subsidiaries from time to time
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC

“Independent Board Committee”	a committee comprised of Ms. Chung Wing Yee, Mr. Ma Yuheng, Ms. Yang Xuping and Mr. Zhong Shuirong, all of whom are independent non-executive Directors of the Company, formed to advise the Independent Shareholders in connection with the transactions contemplated under Subscription Agreement
“Independent Financial Adviser”	Ample Capital Limited (豐盛融資有限公司), a licensed corporation to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, being the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in relation to the transactions contemplated under Subscription Agreement
“Independent Shareholders”	shareholders other than the connected person(s) who is/are interested in the relevant transactions
“Last Trading Day”	10 July 2023, being the last trading day prior to the signing of the Subscription Agreement, which took place after trading hours
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Wu”	Mr. Wu Shaohao, an executive Director of the Company and the sole owner of the controlling shareholder of the Company
“Share(s)”	the ordinary share(s) of par value of HK\$0.01 each in the issued share capital of the Company
“PRC”	the People’s Republic of China
“Shareholder(s)”	the holder(s) of the Share(s)
“Specific Mandate”	the specific mandate to be granted by the Independent Shareholders to the Directors at the EGM for the allotment and issue of the Subscription Shares to the Subscriber
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscriber”	Rui Er Holdings Company Limited, the controlling shareholder of the Company, a company incorporated in British Virgin Islands with limited liability, holding 1,309,881,110 Shares, representing 57.40% of the issued share capital of the Company as at the date of this announcement, which is wholly-owned by Mr. Wu

“Subscription”	the subscription of the Subscription Shares by the Subscriber pursuant to the terms of the Subscription Agreement
“Subscription Agreement”	the conditional subscription agreements dated 10 July 2023 entered into between the Company as issuer and the Subscriber for the subscription of 1,123,500,000 Subscription Shares at the Subscription Price
“Subscription Price”	HK\$0.067 per Subscription Share
“Subscription Shares”	an aggregate of 1,123,500,000 Shares to be subscribed by the Subscriber pursuant to the Subscription Agreement
“%”	per cent

By Order of the Board
Summi (Group) Holdings Limited
WU Liantao
Chairman and Executive Director

Hong Kong, 10 July 2023

As at the date of this announcement, the Board comprises: Mr. WU Shaohao and Mr. WU Liantao as executive Directors; Ms. CHUNG Wing Yee, Mr. MA Yu-heng, Ms. YANG Xuping and Mr. ZHONG Shuirong as independent non-executive Directors.