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## THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult a stockbroker or other registered dealer in securities, a bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Summi (Group) Holdings Limited (the “Company”), you should at once hand this circular, together with the enclosed 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(s) or transferee(s).

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This circular is for your information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for securities of the Company.

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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)**

- (1) CONNECTED TRANSACTION INVOLVING SUBSCRIPTION OF  
NEW SHARES BY CONTROLLING SHAREHOLDER  
UNDER SPECIFIC MANDATE;  
(2) INCREASE IN AUTHORISED SHARE CAPITAL;  
AND  
(3) NOTICE OF EGM**

**Financial Adviser to the Company**



**Independent Financial Adviser to the Company**

**AmCap**  
*Ample Capital Limited*  
豐盛融資有限公司

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A letter from the Board is set out from pages 4 to 14 of this circular and a letter from the Independent Board Committee to the Independent Shareholders is set out on pages 15 to 16 of this circular. A letter from Ample Capital, the Independent Financial Adviser, containing its advice to the Independent Board Committee and Independent Shareholders is set out from pages 17 to 34 of this circular.

A notice convening the EGM to be held on 19 September 2023 (Tuesday) at 3:00 p.m. at Room 702, 7/F., Laford Centre, 838 Lai Chi Kok Road, Cheung Sha Wan, Kowloon, Hong Kong or any adjournment thereof is set out from pages EGM-1 to EGM-3 of this circular. A form of proxy for use at the EGM is also enclosed. Such form of proxy is also published on the website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) and the website of the Company at <http://hksummi.com>. Whether or not you intend to attend the EGM in person, you are requested to complete and return the accompanying form of proxy in accordance with the instructions printed thereon to the office of the Hong Kong branch share registrar and transfer office of the Company, Link Market Services (Hong Kong) Pty Limited, at Suite 1601, 16/F., Central Tower, 28 Queen's Road Central, Hong Kong as soon as possible, but in any event not less than 48 hours before the time of the EGM (by 17 September 2023, before 3:00 p.m.) or any adjournment thereof (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting at the EGM or any adjournment thereof (as the case may be) should you subsequently so wish.

31 August 2023

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## DEFINITIONS

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*In this circular, the following expressions have the following meanings unless the context requires otherwise:*

“Ample Capital” or “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
“Announcement”	the announcement of the Company dated 10 July 2023 in relation to the Subscription
“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
“Conditions Precedent”	the conditions precedent set out under the paragraphs headed “Conditions Precedent under the Subscription Agreement”
“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
“Director(s)”	the director(s) of the Company

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## DEFINITIONS

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“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
“Increase in Authorised Share Capital”	the proposed increase in the authorised share capital of the Company from HK\$30,000,000 divided into 3,000,000,000 Shares of HK\$0.01 each to HK\$50,000,000 divided into 5,000,000,000 Shares of HK\$0.01 each by the creation of an additional 2,000,000,000 new unissued Shares
“Independent Board Committee”	a committee comprised of Ms. Chung Wing Yee, Mr. Ma Yu-heng, Ms. Yang Xuping and Mr. Zhong Shuirong, all of whom are independent non-executive Directors, formed to advise the Independent Shareholders in connection with 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
“Latest Practicable Date”	24 August 2023, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Wu”	Mr. Wu Shaohao, an executive Director and the sole owner of the controlling shareholder of the Company
“PRC”	the People’s Republic of China
“SFC”	Securities and Futures Commission of Hong Kong

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## DEFINITIONS

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“SFO”	Securities and Futures Ordinance (cap 571 of the laws of Hong Kong), as amended from time to time
“Share(s)”	the ordinary share(s) of par value of HK\$0.01 each in the issued share capital of the Company
“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 approximately 57.40% of the issued share capital of the Company as at the Latest Practicable Date, 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 agreement dated 10 July 2023 entered into between the Company as issuer and the Subscriber for the subscription of the 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

*The exchange rates adopted in this circular for illustration purpose only are US\$1 = HK\$7.80 and RMB1 = HK\$1.09. Such conversion should not be construed as a representation that the currency could actually be converted at that rate.*

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## LETTER FROM THE BOARD

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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)**

***Directors***

*Executive Directors:*

Mr. Wu Shaohao

Mr. Wu Liantao (*Chairman*)

*Independent non-executive Directors:*

Ms. Chung Wing Yee

Mr. Ma Yu-heng

Ms. Yang Xuping

Mr. Zhong Shuirong

*Registered office:*

Windward 3, Regatta Office Park

P.O. Box 1350

Grand Cayman KY1-1108

Cayman Islands

*Principal place of business in Hong Kong:*

Room 702, 7/F.,

Laford Centre,

838 Lai Chi Kok Road,

Cheung Sha Wan, Kowloon,

Hong Kong

31 August 2023

*To the Shareholders*

Dear Sirs or Madams,

**(1) CONNECTED TRANSACTION INVOLVING SUBSCRIPTION OF  
NEW SHARES BY CONTROLLING SHAREHOLDER  
UNDER SPECIFIC MANDATE;  
(2) INCREASE IN AUTHORISED SHARE CAPITAL;  
AND  
(3) NOTICE OF EGM**

**INTRODUCTION**

Reference is made to the Announcement and the announcement of the Company dated 24 July 2023 in relation to, among others, the Subscription and the Increase in Authorised Share Capital.

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## LETTER FROM THE BOARD

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The circular sets out, 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) further details of the proposed Increase in Authorised Share Capital; (iii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders in respect of the Subscription; (iv) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders on the Subscription; (v) a notice convening the EGM; and (vi) other information required under the Listing Rules.

### 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 Latest Practicable Date, the Subscriber is the controlling shareholder of the Company 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 Latest Practicable Date 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 Latest Practicable Date 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;

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## LETTER FROM THE BOARD

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- (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;
- (d) a discount of approximately 9.46% to the closing price of HK\$0.074 per Share as quoted on the Stock Exchange on the Latest Practicable Date; and
- (e) a theoretical dilution effect represented by a discount of approximately 3.12%, calculated based on the theoretical diluted price of approximately HK\$0.0717 per Share to the theoretical benchmarked price of HK\$0.074 per Share (taking into account the higher of (a) the closing price of the Shares as quoted on the Stock Exchange on the Last Trading Day; and (b) the average of the closing prices of the Shares as quoted on the Stock Exchange for the previous five consecutive trading days prior to the date of the Announcement).

As the Company recorded consolidated net liabilities as at 30 June 2022, the comparison of the Subscription Price with the net asset value of the Company is not applicable.

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. In view of (i) the Subscription Price represents a very slight discount over the average closing prices of the Shares of approximately HK\$0.0674 for the period from 8 July 2022 (being the 12-month period prior to the Last Trading Day) and up to the Latest Practicable Date (the "**Review Period**") as a benchmark; (ii) the low trading volume of the Shares during the Review Period with average daily trading volume amounted approximately 0.05% to the total issued Shares as at the Latest Practicable Date; and (iii) the funding needs to repay the current liabilities of the Company including but not limited to the other borrowings and the corporate bonds amounted approximately HK\$67 million, the Directors considered that the Subscription Price has to be set at a reasonable discount in order to attract the Subscriber to subscribe the Subscription Shares and ensure the Subscription to be completed in short time. The Directors (including the independent non-executive Directors, whose view has been included in the section headed "Letter from the Independent Board Committee" in this circular) , 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.

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## LETTER FROM THE BOARD

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### 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 including but not limited to the passing by the Shareholders at the EGM of an ordinary resolution to approve the Increase in Authorised Share Capital; 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.

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## LETTER FROM THE BOARD

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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. As at the Latest Practicable Date, the Conditions Precedent are not fulfilled yet.

### 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 date (not being later than the Long Stop Date) 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.

### 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 Latest Practicable Date, 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 approximately 57.40% of the issued share capital of the Company, and hence a connected person of the Company under the Listing Rules.

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## LETTER FROM THE BOARD

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### 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.

Moreover, open offer and rights issue may impose financial burden on the Company. It will incur high underwriting commission and may not be beneficial to the Company and the Shareholders as a whole. The Company contacted two securities firms and was told that i) it would be difficult to proceed the open offer and rights issue due to the recent market sentiment (in particular the low trading volume of the Shares) and the continuous net loss of the Company; or ii) the rights issues or open offer may be proceeded with a deeper discount to the closing price of HK\$0.074 per Share as quoted on the Last Trading Day than the Subscription Price and incurred HK\$2.26 million or more underwriting commission for rights issue and open offer comparing to the Subscription.

The Directors consider that the Subscription represent a cost-effective mean of financing to the Group comparing with the debt financing, rights issue or open offer. Notwithstanding the potential dilution effect to the existing Shareholders which will arise from the Subscription, having considered (i) the Subscription can relieve part of the Group's existing borrowings without depleting its existing financial resources; (ii) the Company has funding needs in relation to the repayment of outstanding debts, in which the Subscription would enable the Company to settle the current liabilities of the Company including but not limited to the other borrowings and the corporate bonds amounted approximately HK\$67 million in a timely and effective manner; (iii) the terms of the Subscription Agreement being fair and reasonable so far as the Independent Shareholders are concerned; and (iv); the Subscription represents an appropriate mean of fund raising for the Company as a) it is less costly with no underwriting commission to be incurred for the Subscription; b) the Subscription is relatively less time consuming as it could normally be completed within 2 months as compared to around 2 to 3

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## LETTER FROM THE BOARD

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months of rights issue and open offer; and c) there is material uncertainty on whether possible rights issue and open offer can be fully subscribed, the Directors (including the independent non-executive Directors, whose view has been included in the section headed “Letter from the Independent Board Committee” in this circular), are of the view that the Subscription is in the interests of the Company and the Shareholders as a whole. As at the Latest Practicable Date, saved for the Subscription, the Company does not have any concrete plan or intend to carry out other fund-raising activities to repay the outstanding debts. However, the Board cannot rule out the possibility that the Company will conduct debt and/or equity fund raising exercises when suitable fund-raising opportunities arise for future development of the Group. The Company will make further announcement in this regard in accordance with the Listing Rules as and when appropriate.

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 for the following purposes:

- (a) as to 90% for repayment of debts of the Group. Approximately 32% will be used to repay the other borrowings of the Group which amounted approximately RMB21.5 million and approximately 68% will be used to repay the corporate bond Bond VII of the Group; and
- (b) as to 10% for the Group’s general working capital which will be used to cover the general operational expenses such as administrative expenses mainly included general office administrative expenses and salaries and for the maintenance of the existing business, and to settle professional fees such as audit fees, legal costs, fees of financial advisers and financial printing fees.

The Directors (including the independent non-executive Directors, whose view has been included in the section headed “Letter from the Independent Board Committee” in this circular), 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.

### **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 the Announcement.

### **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.

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## LETTER FROM THE BOARD

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### EFFECTS OF THE SUBSCRIPTION ON SHAREHOLDING STRUCTURE OF THE COMPANY

The shareholding structure of the Company (i) as at the Latest Practicable Date 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 Latest Practicable Date and Completion:

Substantial Shareholders	At the Latest Practicable Date		Immediately after the Completion	
	No. of Shares	Approximately	No. of Shares	Approximately
The Subscriber ( <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:* The Subscriber is Rui Er Holdings Company Limited, a company incorporated in the British Virgin Islands, and is owned as to 100% by Mr. Wu beneficially. Therefore, Mr. Wu and Ms. Yang Xijuan (the spouse of Mr. Wu) are deemed to be interested in these shares under the SFO.

### IMPLICATIONS UNDER THE LISTING RULES

As at the Latest Practicable Date, 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 approximately 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.

### PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL

The Board proposed to increase the authorised share capital of the Company from HK\$30,000,000 divided into 3,000,000,000 Shares of HK\$0.01 each to HK\$50,000,000 divided into 5,000,000,000 Shares of HK\$0.01 each by the creation of an additional 2,000,000,000 new unissued Shares.

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## LETTER FROM THE BOARD

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The Board believes that the Increase in Authorised Share Capital will provide the Company with greater flexibility to raise funds by the Subscription and other possible fund-raising activities in the future and is in the interests of the Company and the Shareholders as a whole.

The proposed Increase in Authorised Share Capital is subject to the approval of the Shareholders by way of an ordinary resolution at the EGM.

### **EGM**

The EGM will be convened for the purpose of considering and, if thought fit, approving, among other things, the Subscription and the Increase in Authorised Share Capital.

### **The Increase in Authorised Share Capital**

The Increase in Authorised Share Capital is conditional upon, among other things, the approval by the Shareholders by way of ordinary resolution at the EGM. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, as none of the Shareholders or their associates would have any interest in the Increase in Authorised Share Capital, no Shareholder would be required to abstain from voting in favour of the resolution(s) relating to the Increase in Authorised Share Capital at the EGM.

### **The Subscription**

Mr. Wu and its associate(s) will abstain from voting on the ordinary resolutions of the Subscription 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 (who is the son of Mr. Wu) are deemed to be interested in the Subscription Agreement and have abstained from voting on the board resolution in connection with 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.

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## LETTER FROM THE BOARD

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A notice convening the EGM to be held on 19 September 2023 (Tuesday) at 3:00 p.m. at Room 702, 7/F., Laford Centre, 838 Lai Chi Kok Road, Cheung Sha Wan, Kowloon, Hong Kong or any adjournment thereof is set out from pages EGM-1 to EGM-3 of this circular. A form of proxy for use at the EGM is also enclosed. Such form of proxy is also published on the website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) and the website of the Company at <http://hksummi.com>. Whether or not you intend to attend the EGM in person, you are requested to complete and return the accompanying form of proxy in accordance with the instructions printed thereon to the office of the Hong Kong branch share registrar and transfer office of the Company, Link Market Services (Hong Kong) Pty Limited, at Suite 1601, 16/F., Central Tower, 28 Queen's Road Central, Hong Kong as soon as possible, but in any event not less than 48 hours before the time of the EGM (by 17 September 2023, before 3:00 p.m.) or any adjournment thereof (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting at the EGM or any adjournment thereof (as the case may be) should you subsequently so wish.

### **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. Ample Capital has been appointed to advise the Independent Board Committee and the Independent Shareholders in this regard.

### **RECOMMENDATIONS**

The Directors consider that the Increase in Authorised Share Capital is fair and reasonable and in the interests of the Company and the Shareholders as a whole. Further, the Directors (including the independent non-executive Directors, whose view has been included in the section headed "Letter from the Independent Board Committee" in this circular) consider the terms of the Subscription Agreement (including the Subscription Price) and the transactions contemplated thereunder are fair and reasonable, on normal commercial terms and in the interests of the Company and the Shareholders as a whole, despite the entering into of the Subscription Agreement not being in the ordinary and usual course of business of the Company. Accordingly, the Directors (including the independent non-executive Directors, whose view has been included in the section headed "Letter from the Independent Board Committee" in this circular) recommend the Shareholders and the Independent Shareholders to vote in favour of the ordinary resolutions to be proposed at the EGM to approve the Increase in Authorised Share Capital and the Subscription.

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## LETTER FROM THE BOARD

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### RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the 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.

### CLOSURE OF REGISTER OF MEMBERS

For determining the Shareholders who are entitled to attend and vote at the EGM, the register of members of the Company will be closed from 14 September 2023 (Thursday) to 19 September 2023 (Tuesday), both days inclusive, during which period no transfer of Shares will be registered. In order to qualify for the entitlement to attend and vote at the EGM, all transfers of Shares accompanied by the relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Link Market Services (Hong Kong) Pty Limited, at Suite 1601, 16/F., Central Tower, 28 Queen's Road Central, Hong Kong for registration not later than 4:30 p.m. (Hong Kong time) on 13 September 2023 (Wednesday).

### ADDITIONAL INFORMATION

Your attention is drawn to (i) the letter from the Independent Board Committee set out on pages 15 to 16 of this circular, which contains its recommendation to the Independent Shareholders in respect of the Subscription; (ii) the letter from Ample Capital set out on pages 17 to 34 of this circular, which contains its advice to the Independent Board Committee and the Independent Shareholders in respect of the Subscription; and (iii) the general information set out in the Appendix to this circular.

**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 circular, 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.**

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

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## LETTER FROM THE INDEPENDENT BOARD COMMITTEE

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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)**

31 August 2023

*To the Independent Shareholders:*

Dear Sirs or Madams,

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

We refer to the circular dated 31 August 2023 (the “**Circular**”) issued by the Company of which this letter forms part. Unless the context otherwise specified, capitalized terms used herein shall have the same meanings as those defined in the Circular.

We have been appointed by the Board as members of the Independent Board Committee to advise the Independent Shareholders on the fairness and the reasonableness of the terms of the Subscription Agreement and the transactions contemplated thereunder, including but not limited to the granting of the Specific Mandate for the issuance and allotment of the Subscription Shares. Ample Capital has been appointed by the Company as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard. Details of its advice, together with the principal factors and reasons it has taken into consideration in giving such advice, are set out on pages 17 to 34 of the Circular and the additional information is set out in the appendices thereto.

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## LETTER FROM THE INDEPENDENT BOARD COMMITTEE

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After taking account of the factors and reasons considered by Ample Capital and its conclusion and advice, we concur with its views and consider that the terms of the Subscription Agreement and the transactions contemplated thereunder, including but not limited to the granting of the Specific Mandate for the issuance and allotment of the Subscription Shares, are on normal commercial terms and fair and reasonable so far as the Company and the Independent Shareholders are concerned and in the interest of the Company and the Independent Shareholders as a whole, despite the entering into of the Subscription Agreement not being in the ordinary and usual course of business of the Company. Accordingly, we recommend the Independent Shareholders to vote in favour of the resolution to be proposed at the EGM to approve the Subscription Agreement and the transactions contemplated thereunder, including but not limited to the granting of the Specific Mandate for the issuance and allotment of the Subscription Shares at the EGM.

Yours faithfully

For and on behalf of the

**Independent Board Committee**

**Ms. Chung Wing Yee**

**Mr. Ma Yu-heng**

**Ms. Yang Xuping**

**Mr. Zhong Shuirong**

*Independent non-executive Directors*

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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*The following is the full text of the letter of advice from the Independent Financial Adviser, Ample Capital Limited, to the Independent Board Committee and the Independent Shareholders in respect of the Subscription Agreement and the transactions contemplated thereunder, which has been prepared for the purpose of inclusion in this circular.*

**AmCap**

*Ample Capital Limited*

豐盛融資有限公司

Ample Capital Limited

Unit A, 14th Floor

Two Chinachem Plaza

135 Des Voeux Road Central

Hong Kong

31 August 2023

*To the Independent Board Committee and the Independent Shareholders*

Dear Sir/Madam,

### **CONNECTED TRANSACTION IN RELATION TO SUBSCRIPTION OF NEW SHARES BY CONTROLLING SHAREHOLDER UNDER SPECIFIC MANDATE**

#### **INTRODUCTION**

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Subscription, details of which are set out in the letter from the Board (the “**Board Letter**”) contained in the circular dated 31 August 2023 issued by the Company to the Shareholders (the “**Circular**”), of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as those defined in the Circular unless the context requires otherwise.

#### **The Subscription 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 pursuant to the terms of the Subscription Agreement.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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The Subscription Shares represent approximately 49.23% of the existing issued Shares of 2,282,082,652 Shares at the Latest Practicable Date 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 Latest Practicable Date and Completion.

As stated in the Board Letter, as at the Latest Practicable Date, the Subscriber is an investment holding company incorporated in British Virgin Islands, which is wholly owned by Mr. Wu. 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. 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.

With reference to the Board Letter, 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 (who is the son of Mr. Wu) are deemed to be interested in the Subscription Agreement and have abstained from voting on the board resolution in connection with 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.

The Independent Board Committee comprising Ms. Chung Wing Yee, Mr. Ma Yu-heng, Ms. Yang Xuping and Mr. Zhong Shuirong, all being independent non-executive Directors, has been established to advise the Independent Shareholders on (i) whether the terms of the Subscription are on normal commercial terms and are fair and reasonable; (ii) whether the Subscription is conducted in the ordinary and usual course of the business of the Company and is in the interests of the Company and the Shareholders as a whole; and (iii) how the Independent Shareholders should vote in respect of the resolution to approve the Subscription and transactions contemplated thereunder at the EGM, after taking into account the factors and reasons considered by the Independent Financial Adviser and its conclusion and advice.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### OUR INDEPENDENCE

As at the Latest Practicable Date, we did not have any relationships or interests with the Company or any other parties that could reasonably be regarded as relevant to our independence. Save for the appointment as this appointment as the Independent Financial Adviser in respect of the Subscription and the transactions contemplated thereunder, there were no other engagements between us and the Group in the past two years that could reasonably be regarded as relevant to our independence. Apart from normal professional fees paid or payable to us in connection with this transaction, no other arrangement exists whereby we had received or would receive any fees or benefits from the Company or any parties that could reasonably be regarded as relevant to our independence. Accordingly, we consider ourselves independent in accordance with Rule 13.84 of the Listing Rules to act as the Independent Financial Adviser to give independent advices in respect of Subscription and the transactions contemplated thereunder.

### BASIS OF OUR OPINION

In formulating our opinion to the Independent Board Committee and the Independent Shareholders, we have relied on the statements, information, opinions and representations contained or referred to in the Circular and the information and representations as provided to us by the Directors. We have assumed that all information and representations that have been provided by the Directors, for which they are solely and wholly responsible, are true and accurate at the time when they were made and continue to be so as at the Latest Practicable Date. The Shareholders will be informed as soon as possible if there is any material change to the information or representations disclosed and made to us in this circular after the Latest Practicable Date and up to and including the date of the EGM. We have also assumed that all statements of belief, opinion, expectation and intention made by the Directors in the Circular were reasonably made after due enquiry and careful consideration. We have no reason to suspect that any material facts or information have been withheld or to doubt the truth, accuracy and completeness of the information and facts contained in the Circular, or the reasonableness of the opinions expressed by the Company, its advisers and/or the Directors, which have been provided to us. Our opinion is based on the Directors' representation and confirmation that there is no undisclosed private agreement/arrangement or implied understanding with anyone concerning the Subscription. We have not, however, conducted any independent in-depth investigation into the business affairs, financial position or future prospects of the Group, nor have we carried out any independent verification of the information provided by the Directors and the management. We consider that we have taken sufficient and necessary steps on which to form a reasonable basis and an informed view for our opinion in compliance with Rule 13.80 of the Listing Rules.

The Circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the 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 the 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 as contained in the Circular or the Circular misleading. We, as the Independent Financial Adviser, take no responsibility for the contents of any part of the Circular, save and except for this letter of advice.

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# LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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## PRINCIPAL FACTORS AND REASONS CONSIDERED

In formulating our opinion and recommendations to the Independent Board Committee and the Independent Shareholders, we have taken into consideration the following principal factors and reasons. Our conclusions are based on the results of all analyses taken as a whole.

### A. BACKGROUND INFORMATION

#### 1. Information of the Group

The Company is an investment holding company and the Group is principally engaged in (1) production and sale of frozen concentrated orange juice (“FCOJ”) and other related products; and (2) production and sale of Summi 100% freshly squeezed orange juice and other products.

##### a) *Financial results of the Group*

Set out below are extracts of financial information of the Group for each of the years ended 30 June 2021 (“FY2021”) and 30 June 2022 (“FY2022”) as extracted from the annual report of the Company for FY22 (“2022 Annual Report”) and the supplemental announcements to the 2022 Annual Report, and for each of the six months ended 31 December 2021 (“6M2021”) and 31 December 2022 (“6M2022”) as extracted from the interim report of the Company for 6M2021 (“2021 Interim Report”) and 6M2022 (“2022 Interim Report”).

	6M2022 <i>RMB'000</i> (Unaudited)	6M2021 <i>RMB'000</i> (Unaudited)	FY2022 <i>RMB'000</i> (Audited)	FY2021 <i>RMB'000</i> (Audited)
Revenue	14,608	19,635	30,172	111,168
Gross profit	1,126	2,096	7,178	4,231
Gross profit margin	7.7%	10.7%	23.8%	3.8%
Finance cost	(5,225)	(12,586)	(26,599)	(30,491)
Loss attributable to the owners of the Company	(17,887)	(29,709)	(39,807)	(48,360)

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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	As at 31 December 2022 <i>RMB'000</i> (Unaudited)	As at 31 December 2021 <i>RMB'000</i> (Unaudited)	As at 30 June 2022 <i>RMB'000</i> (Audited)	As at 30 June 2021 <i>RMB'000</i> (Audited)
Cash and cash equivalent	8,750	5,420	5,420	3,770
Borrowings ( <i>Note</i> )	163,496	183,264	183,264	259,458
Corporate bond ( <i>Note</i> )	122,558	116,702	116,702	99,697
Total assets	152,846	143,913	143,913	177,284
Total liabilities	428,750	401,908	401,908	414,027
Deficit attributable to the owners of the Company	(275,904)	(257,995)	(257,828)	(236,585)

*Note:* figures represented a summation of current and non-current portion of the liabilities.

### *FY2022 compared to FY2021*

The Group recorded revenue of approximately RMB30.2 million for FY2022, representing a decrease of approximately 72.9%, as compared to that of FY2021 of approximately RMB111.2 million. The decrease of the revenue was mainly due to the decrease in export business for Summi brand products and other products to the South East Asia. Due to the appreciation of RMB against other currencies in South East Asia, the Group faced fierce competition for its export business. However, the gross profit of the Group was approximately RMB7.2 million for FY2022, representing an increase of approximately 69.7%, as compared to that of FY2021 of approximately RMB4.2 million. The gross profit margin was 23.8% for FY2022 compared to 3.8% for FY2021. The increase in gross profit margin was mainly due to the effect of reversal of impairment losses recognised in respect of inventories which were utilised during the year. The finance cost of the Group decreased from approximately RMB30.5 million for FY2021 to RMB26.6 million for FY2022, which was mainly due to the decrease in interest expenses on convertible bonds from approximately RMB3.8 million for FY2021 to nil for FY2022. The Group recorded a decrease in loss attributable to the owners of the Company for FY2022 of approximately RMB39.8 million compared to RMB48.4 million for FY2021, representing a decrease of approximately 17.7%.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### *6M2022 compared to 6M2021*

The Group recorded revenue of approximately RMB14.6 million for 6M2022, representing a decrease of approximately 25.6%, as compared to that of 6M2021 of approximately RMB19.6 million. The decrease in revenue was mainly due to the cessation of a subsidiary in Malaysia for the distribution and sale of Summi brand products and other products in Malaysia after 30 June 2022. The gross profit of the Group was approximately RMB1.1 million for 6M2022, representing a decrease of approximately 46.3%, as compared to that of 6M2021 of approximately RMB2.1 million. The finance cost of the Group decreased from approximately RMB12.6 million for 6M2021 to RMB5.2 million for 6M2022, which was mainly due to the decrease in interest expenses on bank loans from approximately RMB11.2 million for 6M2021 to RMB5.2 for 6M2022. The Group recorded a decrease in loss attributable to the owners of the Company for 6M2022 of approximately RMB17.9 million compared to RMB29.7 million for 6M2021, representing a decrease of approximately 39.8%.

As at 31 December 2022, the Group's financial position remained tight with a deficit attributable to the owners of the Company of approximately RMB275.9 million. The Group had cash and cash equivalent of approximately RMB8.8 million, borrowings of approximately RMB163.5 million and corporate bond of approximately RMB122.6 million as at 31 December 2022.

With reference to the above and as advised by the Company, despite the Group's decline in revenue due to the setback in the export business in South East Asia, the Directors had made effective efforts to remedy the loss attributable to the owners of the Company and deficit attributable to the owners of the Company by reducing the finance cost through repayment of borrowings as reflected by the 2022 Annual Report and the 2022 Interim Report, which was consistent for the purpose of this Subscription.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### B. THE SUBSCRIPTION

#### 1. Principal terms of the Subscription Agreement

Set out below are the summary of principal terms of the Subscription Agreement, details of which are set out in the section titled “The Subscription Agreement” in the Letter from the Board.

##### *Date*

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

##### *Parties*

- (i) the Company (as issuer); and
- (ii) the Subscriber (as subscriber)

##### *Subscription Price*

HK\$0.067 per Subscription Share

##### *Subscription Shares*

The Subscriber has 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 Latest Practicable Date 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 Latest Practicable Date and Completion.

#### 2. Information of the Subscriber

As at the Latest Practicable Date, the Subscriber is an investment holding company incorporated in British Virgin Islands, which is wholly owned by Mr. Wu. 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.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### 3. Reasons for and benefits of the Subscription and the use of proceeds

Amid the uncertain global economic outlook, the general business environment remains challenging in coming year. The Group has been maintaining its current beverage series while also developing a series of new products by leveraging the Group's advantages in food and beverage industry to support the growth of the Group, and identifying new locations for setting up new plants in Hong Kong for the Company's products.

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 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 for the following purposes:

- (i) as to 90% for repayment of debts of the Group. Approximately 32% will be used to settle the other borrowings of the Group which amounted approximately RMB21.5 million and approximately 68% will be used to repay the corporate bond Bond VII of the Group; and
- (ii) as to 10% for the Group's general working capital which will be used to cover the general operational expense such as administrative expenses mainly included general office administrative expenses and salaries and for the maintenance of the existing business, and to settle professional fees such as audit fees, legal costs, fees of financial advisers and financial printing fees.

Based on our desktop research on the Comparables, as detailed under the below paragraph "Comparables" of this letter, six out of the nine identified transactions utilized more than 80% of the net proceeds in repayment of liabilities and replenishing general working capital. In this regard, we consider the reasons for the Subscription and the use of proceeds reasonable and not uncommon.

#### *a) Financing alternatives*

Upon our request, the Directors advised that they also considered other forms of fund-raising methods for the Group, such as other equity financing (i.e. placing of new Shares to independent third-party, rights issue, or open offer) and debt financing (i.e. bank borrowings or issuance of debt), before the entering into of the Subscription Agreement.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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With reference to the 2022 Annual Report and 2022 Interim Report, the finance cost of the Group was approximately RMB26.6 million for FY2022 and RMB5.2 million for 6M2022. As at 31 December 2022, the Group had total borrowings of approximately RMB163.5 million as well as corporate bonds of approximately RMB122.6 million while cash and cash equivalents were approximately RMB8.8 million. In face of the net loss recorded for 6M2022 and FY2022 together with a deficiency of shareholders' equity as at 31 December 2022, further debt financing or borrowing would incur additional finance costs and worsen the gearing level of the Group. Moreover, the possibility of refinancing with favorable terms would be difficult. In fact, the Hong Kong prime lending rate has increased to 6.00% per annum in May 2023 from approximately 5.375% per annum in September 2022 according to The Hong Kong Mortgage Corporation Limited.

As mentioned in the Board Letter, the Board has also considered rights issue or open offer. Open offer and rights issue may impose financial burden on the Company. It will incur high underwriting commission and may not be beneficial to the Company and the Shareholders as a whole. The Company contacted two securities firms and was told that (i) it would be difficult to proceed the open offer and rights issue due to the recent market sentiment (in particular the low trading volume of the Shares) and the continuous net loss of the Company; or (ii) the rights issues or open offer may be proceeded with a deeper discount to the closing price of HK\$0.074 per Share as quoted on the Last Trading Day than the Subscription Price and incurred HK\$2.26 million or more underwriting commission for rights issue and open offer comparing to the Subscription. Based on our desktop research for the recent three months, we identified 16 rights issue and one open offer involving underwriting and/or placing and among these transactions we identified, the commission expenses for rights issue and open offer by companies listed on the Main Board of the Stock Exchange ranged from 0.2% to 7.1% which implies an additional cost ranging from approximately HK\$0.2 million to HK\$5.3 million for rights issue or open offer compared to the Subscription. We consider the review period is fair and reasonable to provide a general reference for the recent market practice which has also provided reasonable number of samples for our analysis purpose.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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Therefore, the Directors consider that the Subscription represents a cost-effective means of financing to the Group comparing with the debt financing, rights issue or open offer. Notwithstanding the potential dilution effect to the existing Shareholders which will arise from the Subscription, having considered (i) the Subscription can relieve part of the Group's existing borrowings without depleting its existing financial resources; (ii) the Company has funding needs in relation to the repayment of outstanding debts, in which the Subscription would enable the Company to settle the current liabilities of the Company including but not limited to the other borrowings and the corporate bonds amounted approximately HK\$67 million in a timely and effective manner; (iii) the terms of the Subscription Agreement being fair and reasonable so far as the Independent Shareholders are concerned; and (iv); the Subscription represents appropriate means of fund raising for the Company as a) it is less costly with no underwriting commission to be incurred for the Subscription; b) the Subscription is relatively less time consuming as it could normally be completed within 2 months as compared to around 2 to 3 months of rights issue and open offer; and c) there is material uncertainty on whether possible rights issue and open offer can be fully subscribed, the Directors are of the view that the Subscription are in the interests of the Company and the Shareholders as a whole.

Based on the above factors, the Directors consider and we concur that the Subscription is an appropriate fund-raising method currently available to the Group and is in the interests of the Company and Independent Shareholders as a whole.

### ***b) Financial effects of the Subscription Agreement***

Based on our discussion with and the representation from the Directors, we understand from the Directors that they have taken into account the following factors when they considered the potential impact of the Subscription Agreement on the financial positions of the Group.

According to 2022 Interim Report, the net liabilities and cash and cash equivalents of the Group amounted to approximately RMB275.9 million and RMB8.8 million as at 31 December 2022, respectively. Upon completion of the Subscription, it is expected that the net liabilities will be reduced by and cash and cash equivalents of the Group will increase by the net proceeds of approximately HK\$74.7 million (equivalent to approximately RMB68.5 million), being the estimated aggregate net proceeds of the Subscription. The Subscription is expected to have a positive impact on the Group's financial positions.

It should be noted that the aforementioned analyses are for illustrative purpose only and do not purport to represent how the financial positions of the Group will be upon completion of the Subscription.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### 4. Evaluation of the Subscription Price

The price per Subscription Share of approximately HK\$0.067 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 the Latest Practicable Date;
- (b) a discount of approximately 9.46% to the closing price of HK\$0.074 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (c) a discount of approximately 9.46% to the average closing price of HK\$0.074 per Share as quoted on the Stock Exchange for the last five trading days up to and including the Last Trading Day;
- (d) a discount of approximately 9.70% to the average closing price of HK\$0.0742 per Share as quoted on the Stock Exchange for the last ten trading days up to and including the Last Trading Day; and

The net subscription price, after deduction of relevant expenses is estimated to be approximately HK\$0.0665 per Subscription Share.

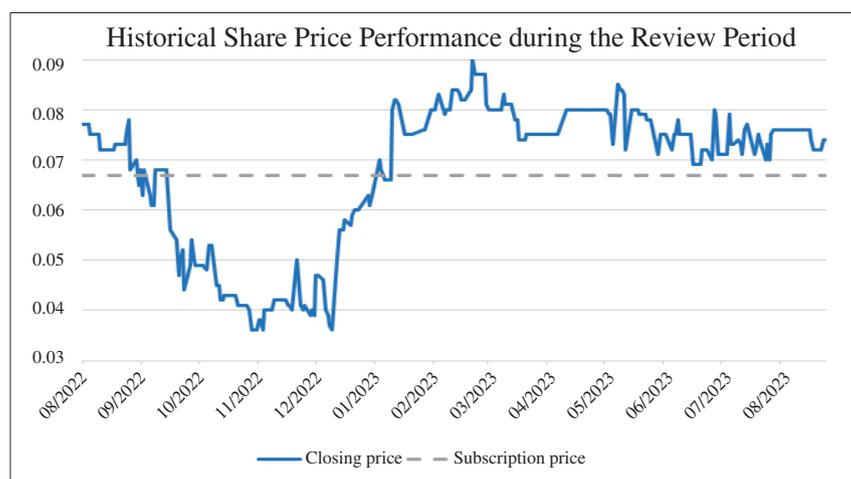
#### *a) Historical Share price performance*

We have reviewed the daily closing prices of the Shares for the period from 1 August 2022 (being the 12-month period prior to the Last Trading Day) and up to the Latest Practicable Date (the “**Review Period**”). We consider that the Review Period is adequate to illustrate the recent price movement of the Shares for conducting a reasonable comparison among the historical closing price prior to the Last Trading Day and such comparison is relevant for the assessment of the fairness and reasonableness of the Subscription Price, as the Share price before the Last Trading Day represents a fair market value of the Company which the Shareholders expected. The following chart sets out the daily closing prices of the Shares on the Stock Exchange during the Review Period:

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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Source: The Stock Exchange

During the Review Period, the highest and lowest closing prices of the Shares as quoted on the Stock Exchange were HK\$0.092 per Share and HK\$0.036 per Share respectively. The Subscription Price fell within the closing price range of the Shares during the Review Period and represented a slight discount of approximately 1.03% to the average closing price of the Shares of approximately HK\$0.0677 during the Review Period.

As depicted from the above chart, the closing prices of the Shares represented a general decreasing trend from August 2022 to November 2022, followed by an increasing trend from December 2022 to March 2023, and remained a relatively flatted trend with fluctuations up to the Last Trading Day.

Based on the above, we also noted that the Subscription Price was higher than the closing prices of the Shares in more than half of the total number of trading days during the Review Period. Given (i) the Subscription Price fell within the closing price range and was close to the average closing price of the Shares during the Review Period; (ii) the Group's business performance as reflected by the net loss for 6M2022, FY2022 and FY2021 while the Group's financial position remained tight with net liabilities; and (iii) the difficulties of alternative fund raising methods, the existing Shares may subject to further price volatility, we are of the view that the Subscription Price is fair and reasonable and in the interest of the Company and the Independent Shareholders as a whole.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### *b) Historical Share liquidity*

The following table sets out the total trading volume per month and the average daily trading volume per month of the Share during the Review Period:

	Total trading volume of Share for the month/period <i>(Shares)</i>	Number of trading days <i>(days)</i>	Average daily trading volume <i>(Shares)</i>	% of average daily trading volume to total number of Shares held by the public as at the Last Trading Date <i>(Approximately)</i>	% of average daily trading volume to total number of Shares as at the Last Trading Date <i>(Approximately)</i>
<b>2022</b>					
July (8th to 29th)	3,248,000	16	203,000	0.02%	0.01%
August	4,464,000	23	194,087	0.02%	0.01%
September	35,356,000	21	1,683,619	0.20%	0.07%
October	7,460,000	20	373,000	0.04%	0.02%
November	7,384,000	22	335,636	0.04%	0.01%
December	13,256,000	20	662,800	0.08%	0.03%
<b>2023</b>					
January	53,024,000	18	2,945,778	0.35%	0.13%
February	3,496,000	20	174,800	0.02%	0.01%
March	21,028,000	23	914,261	0.11%	0.04%
April	2,272,000	17	133,647	0.02%	0.01%
May	39,008,000	21	1,857,524	0.22%	0.08%
June	35,252,000	21	1,678,667	0.20%	0.07%
July	62,892,000	20	3,144,600	0.37%	0.14%
August (up to the Latest Practicable Date)	19,784,000	18	1,099,111	0.13%	0.05%
<b>Minimum</b>	2,272,000	16	133,647	0.02%	0.01%
<b>Maximum</b>	62,892,000	23	3,144,600	0.37%	0.14%
<b>Average</b>	21,994,571	20	1,100,038	0.13%	0.05%

*Source: The Stock Exchange*

We noted from the above table that the average daily trading volume of the Shares was thin during the Review Period. During the Review Period, the Average Volume was below 1% of the total number of issued Shares held in public hands and the total number of issued Shares as at the Last Trading Day.

Given the low liquidity of the Shares as illustrated above, it is reasonable to set the Subscription Price at a discount to the closing price of the Share as at the Last Trading Day. To assess the fairness and reasonableness of the level of discount, we further performed comparables analyses, details of which are set out in the below section.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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*c) Comparables*

In assessing the fairness and reasonableness of the Subscription Price, we identified subscription of new shares listed on the Main Board of the Stock Exchange under specific mandate (including connected transactions and transactions with independent third parties to demonstrate practices under comparable transactions regardless of the identities of counterparties), but excluding transactions involving restructuring (where restructuring usually involves a package of transactions with more factors to consider and discount is substantially larger for companies with greater financial distress), and the subscription prices of such transactions representing nil or discounts to their respective market closing price to the last trading day or announcement date, which were announced by Hong Kong listed companies during the six-month period from 10 January 2023 up to and including 10 July 2023 (the “**Comparables**”) to provide a general reference for the recent market practice in relation to the key terms of subscription under specific mandate under similar market condition. We consider that the review period is appropriate since it provided, in our opinion, a reasonable and meaningful number of samples for our analysis purpose and the Comparables as a whole provides a fair and representative sample.

Based on these criteria, we identified 9 Comparable Transactions as below and they are exhaustive. Shareholders should note that the market capitalisations, businesses, operations and prospects of the Company are not the same as the subject companies of the Comparables and the subscriber(s) under the Comparables may or may not be connected person(s) of the subject company. Nevertheless, these factors would not affect the comparability of the Comparables as they serve for comparison among practices of listed companies in Hong Kong.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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Date of announcement (2023)	Company name (Stock code)	Connected transaction	Discount of the subscription price to closing price per share on the date of the agreement in relation to the subscription of new shares	Discount of the subscription price to the average closing price per share for the last five consecutive trading days up to and including the last trading day prior to the date of agreement in relation to the respective subscription of new shares	Theoretical value dilution
11 January	COFCO Joycome Foods Limited (1610)	Y	1.71%	2.13%	0.25%
18 January	Honghua Group Limited (196)	Y	1.71%	3.51%	0.75%
19 January	New Concepts Holdings Limited (2221)	N	13.64%	11.01%	1.24%
19 March	Suoxinda Holdings Limited (3680)	N	5.00%	6.86%	1.27%
26 April	New Huo Technology Holdings Limited (1611)	Y	9.57%	11.79%	0.46%
28 April	Energy International Investments Holdings Limited (353)	Y	5.50%	8.40%	1.82%
3 May	Shandong Fengxiang Co., Ltd. (9977)	N	0.45%	0.61%	0.08%
9 June	China Silver Technology Holdings Limited (515)	N	4.76%	5.66%	1.89%
4 July	China Ruyi Holdings Limited (136)	Y	17.53%	16.67%	3.50%
	Maximum discount		17.53%	16.67%	3.50%
	Minimum discount		0.45%	0.61%	0.08%
	Average		9.25%	9.71%	1.29%
10 July	<b>The Company</b>	Y	9.46%	9.46%	3.12%

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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According to the above table, the subscription prices of the Comparables ranged from a discount of approximately 0.45% to 17.53%, with an average of approximately 9.25% to the respective closing prices of the shares on the date of agreement in relation to the respective subscription. The subscription prices of the Comparables ranged from a discount of approximately 0.61% to 16.67%, with an average of approximately 9.71% to the respective average closing prices of the shares for the five consecutive trading days up to and including the last trading day prior to the date of agreement in relation to the respective subscription of the new shares. There would be a theoretical dilution effect for the Subscription represented by a discount of approximately 3.12%, calculated based on the theoretical diluted price of approximately HK\$0.0717 per Share to the theoretical benchmarked price of HK\$0.074 per Share (taking into account the higher of (a) the closing price of the Shares as quoted on the Stock Exchange on the Last Trading Day; and (b) the average of the closing prices of the Shares as quoted on the Stock Exchange for the previous five consecutive trading days prior to the date of the Announcement). The theoretical value of the Subscription fell within the range of the Comparables' and close to the highest of the Comparables of approximately 3.50%. Although the theoretical value dilution was close to the highest of the Comparables', having considered the unappealing financial performance of the Company, being net loss for FY2021, FY2022 and 6M2022 and a deficiency of shareholders' equity as at 31 December 2022, we consider a higher theoretical value dilution is reasonable.

Having considered the following factors, including:

- (i) the discount to the closing price of the Shares on the date of agreement of the Subscription Price fell within the range of the Comparables' and was close to the average of the Comparables';
- (ii) the discount to the average closing price of the Shares for the five consecutive trading days up to and including the last trading day prior to the date of agreement of the Subscription Price fell within the range of the Comparables' and was close to the average of the Comparables'; and
- (iii) the theoretical value dilution of the Subscription fell within the range of the Comparables' and close to the highest of the Comparables',

as such, we are of the view that the terms of the Subscription Agreement, including the Subscription Price, are fair and reasonable and on normal commercial terms, and the entering into of the Subscription Agreement and the transactions contemplated thereunder are in the interests of the Company and the Independent Shareholders as a whole.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### 5. Possible dilution effect on the shareholding interests of the public Shareholders

As at the Latest Practicable Date, the Company had a total of 2,282,082,652 Shares in issue. Set out below is the shareholding structure of the Company: (i) as at the Latest Practicable Date; and (ii) immediately after Completion assuming that there are no changes in the total number of issued Shares between the Latest Practicable Date and the allotment and issue of the Subscription Shares:

	As at the Latest Practicable Date		Immediately after Completion	
	No. of Shares	Approximately	No. of Shares	Approximately
The Subscriber ( <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:* The Subscriber is Rui Er Holdings Company Limited, a company incorporated in the British Virgin Islands and is owned as to 100% by Mr. Wu beneficially. Therefore, Mr. Wu and Ms. Yang Xijuan (the spouse of Mr. Wu) are deemed to be interested in these shares under the SFO.

As shown in the above table, we noted that the shareholding in the Company held by the public Shareholders would be diluted from approximately 37.31% as at the Latest Practicable Date to approximately 25.00% immediately after Completion. We are aware of the Subscription will incur a dilution effect on the shareholding of the exiting public Shareholders. Nonetheless, having considered that (i) the Subscription can resolve the eminent funding needs of the Company and improve the financial position of the Group; and (ii) the terms of the Subscription Agreement, including the Subscription Price as analysed in the above sections, are considered fair and reasonable so far as the Independent Shareholders are concerned, we are of the view that the potential dilution effect on the shareholding interests of the public Shareholders to be acceptable.

### RECOMMENDATION

Having taken into consideration the factors and reasons as stated above and as summarised below,

- (i) the Company's net loss recorded for FY2021, FY2022 and 6M2022 together with a deficiency of shareholders' equity as at 31 December 2022;
- (ii) the funding needs to repay the current liabilities of the Company;
- (iii) the difficulties and possible increased time and cost of alternative fund raising methods;

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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- (iv) the low trading volume of the Shares;
- (v) the discount to the closing price of the Shares on the date of agreement of the Subscription Price fell within the range of the Comparables' and close to the average of the Comparables';
- (vi) the discount to the average closing price of the Shares for the five consecutive trading days up to and including the last trading day prior to the date of agreement of the Subscription Price fell within the range of the Comparables' and close to the average of the Comparables'; and
- (vii) the theoretical value dilution of the Subscription fell within the range of the Comparables' and close to the highest of the Comparables',

we are of the opinion that (i) the terms of the Subscription Agreement, including the Subscription Price are on normal commercial terms and are fair and reasonable; and (ii) although the Subscription is not in the ordinary and usual course of business of the Group, the Subscription is in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Board Committee to advise the Independent Shareholders to vote in favour of the resolution to be proposed at the EGM to approve the Subscription and we recommend the Independent Shareholders to vote in favour of the resolution in this regard.

Yours faithfully, for and on behalf of  
Ample Capital Limited

<b>T.Y. Yeung</b>	<b>Jenny Law</b>
<i>President</i>	<i>Vice President</i>

*Mr. T.Y. Yeung is a licensed person registered with the Securities and Futures Commission of Hong Kong and a responsible officer of Ample Capital Limited, which is licensed under the SFO to carry out Type 6 (advising on corporate finance) regulated activity. Mr. T.Y. Yeung has over 13 years' experience in the corporate finance industry.*

*Ms. Jenny Law is a licensed person registered with the Securities and Futures Commission of Hong Kong and a responsible officer of Ample Capital Limited, which is licensed under the SFO to carry out Type 6 (advising on corporate finance) regulated activity. Ms. Jenny Law has over 10 years' experience in the corporate finance industry.*

**1. RESPONSIBILITY STATEMENT**

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. 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.

**2. SHARE CAPITAL**

The authorised and issued Shares (i) as at the Latest Practicable Date; (ii) immediately follow the completion of the Increase in Authorised Share Capital but before the completion of the Subscription; and (iii) immediately follow the completion of the Subscription will be, as follows:

**As at the Latest Practicable Date**

<i>Authorised share capital</i>	<i>HK\$</i>
<u>3,000,000,000</u> Shares	<u>30,000,000</u>
<i>Issued and fully paid share capital</i>	<i>HK\$</i>
<u>2,282,082,652</u> Shares in issue	<u>22,820,827</u>

**Immediately follow the completion of the Increase in Authorised Share Capital but before the completion of the Subscription**

<i>Authorised share capital</i>	<i>HK\$</i>
<u>5,000,000,000</u> Shares	<u>50,000,000</u>
<i>Issued and fully paid share capital</i>	<i>HK\$</i>
<u>2,282,082,652</u> Shares in issue	<u>22,820,827</u>

**Immediately follow the completion of the Subscription (assuming that there will be no change in the issued shares other than the issue of the Subscription Shares)**

<i>Authorised share capital</i>	<i>HK\$</i>
<u>5,000,000,000</u> Shares	<u>50,000,000</u>
<i>Issued and fully paid share capital</i>	<i>HK\$</i>
2,282,082,652 Shares in issue	22,820,827
<u>1,123,500,000</u> Subscription Shares to be issued and allotted	<u>11,235,000</u>
<u>3,405,582,652</u> Shares in issue immediately following the issue of the Subscription Shares	<u>34,055,827</u>

All Shares in issue rank pari passu with each other in all respects including the rights as to voting and dividends.

No share, options, warrants, conversion rights or any equity or debt securities of the Company were outstanding or were proposed to be issued for cash or otherwise and no commissions, discounts, brokerages or other special terms have been granted in connection with the issue or sale of any such capital.

### 3. DISCLOSURE OF INTERESTS

#### A. Directors' interests in Shares

As at the Latest Practicable Date, the interests and short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which the Directors and chief executive were deemed or taken to have under such provisions of the SFO), or which were required, pursuant to section 352 of the SFO, to be recorded in the register therein, or were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies contained in the Listing Rules (the "Model Code") were as follows:

Name of Director	Number of Shares (Note 1)	Nature of interest	Approximate percentage of issued Shares (Note 3)
Mr. Wu	1,309,881,110 (L)	Interest of a controlled corporation (Note 2)	57.40%

*Notes:*

- The letter "L" denotes a person's "long position" (as defined under Part XV of the SFO) in such Shares.
- The Shares are held by the Subscriber, a company wholly-owned by Mr. Wu. Mr. Wu is therefore deemed to be interested in 1,309,881,110 Shares held by the Subscriber under the SFO.
- Based on 2,282,082,652 Shares of HK\$0.01 each in issue as at the Latest Practicable Date.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors and chief executive of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which the Directors and chief executive were deemed or taken to have under such provisions of the SFO), or which were required, pursuant to section 352 of the SFO, to be recorded in the register therein, or were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

**B. Substantial shareholders' interests in Shares**

As at the Latest Practicable Date, the following persons (other than a Director or chief executive of the Company) had interests or short positions in the Shares and underlying Shares of the Company which fall to be disclosed to the Company pursuant to provisions of Divisions 2 and 3 of Part XV of the SFO or which were required to be recorded in the register of the Company required to be kept under section 336 of the SFO:

Name	Number of Shares <i>(Notes 1)</i>	Nature of interest	Approximate percentage of issued Shares <i>(Note 4)</i>
The Subscriber <i>(Note 2)</i>	1,309,881,110 (L)	Beneficial owner	57.40%
Ms. Yang Xijuan <i>(Note 3)</i>	1,309,881,110 (L)	Interest of spouse	57.40%
Ms. Hu Mingyue	120,784,960 (L)	Beneficial owner	5.29%

*Notes:*

1. The letter "L" denotes a person's "long position" (as defined under Part XV of the SFO) in such Shares.
2. The Subscriber is wholly-owned by Mr. Wu. Mr. Wu is therefore deemed to be interested in 1,309,881,110 Shares held by the Subscriber under the SFO.
3. Ms. Yang Xijuan is the spouse of Mr. Wu. Ms. Yang Xijuan is therefore deemed to be interested in 1,309,881,110 Shares held by Mr. Wu under the SFO.
4. Based on 2,282,082,652 Shares of HK\$0.01 each in issue as at the Latest Practicable Date.

Other than as disclosed above, as at the Latest Practicable Date, no person (other than Directors and chief executive of the Company) or company had interests or short positions in the Shares or underlying Shares which fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were required to be recorded in the register of the Company required to be kept under section 336 of the SFO.

As at the Latest Practicable Date, saved as Mr. Wu is the director of the Subscriber, none of the Directors is a director or employee of a company which has an interest or short position in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

**4. FURTHER INFORMATION CONCERNING DIRECTORS****A. Competing interests**

As at the Latest Practicable Date, none of the Directors or their respective close associates (as defined under the Listing Rules) had any business or interest in any business which competes or is likely to compete, either directly or indirectly, with the business of the Group.

**B. Directors' service contracts**

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contracts with any member of the Group, excluding contracts expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation).

**C. Directors' interest in assets**

As at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any assets which had been acquired, disposed of by or leased, or which were proposed to be acquired, disposed of by or leased to any member of the Group since 30 June 2022, being the date to which the latest published audited consolidated financial statements of the Group were made up.

**D. Directors' interest in contracts or arrangement**

As at the Latest Practicable Date, save for the Subscription Agreement, none of the Directors was materially interested in any contract or arrangement entered into by any member of the Group and subsisting at the Latest Practicable Date which was significant in relation to the business of the Group.

**5. MATERIAL ADVERSE CHANGE**

As at the Latest Practicable Date, the Directors are not aware of any material adverse change in the financial position or trading position of the Group since 30 June 2022, being the date to which the latest published audited consolidated financial statements of the Group were made up.

**6. LITIGATION**

As at the Latest Practicable Date, no member of the Group was engaged in any litigation, arbitration or claim of material importance and no litigation, arbitration or claim of material importance is known to the Directors to be pending or threatened against any member of the Group.

**7. EXPERT AND CONSENTS**

The followings are the qualifications of the expert who has provided advice which are contained in this circular:

<b>Name</b>	<b>Qualifications</b>
Ample Capital Limited	A licensed corporation to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO (Chapter 571 of the Laws of Hong Kong)

As at the Latest Practicable Date, Ample Capital:

- (i) has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter of advice and references, as the case may be dated 31 August 2023, and reference to its name, and/or its advice in the form and context in which it appears;
- (ii) did not have any shareholding, directly or indirectly, in any member of the Group, nor did they have any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group; and
- (iii) did not have any direct or indirect interest in any assets which had been acquired, or disposed of by, or leased to any member of the Group, or were proposed to be acquired, or disposed of by, or leased to any member of the Group since 30 June 2022, being the date to which the latest published audited consolidated financial statements of the Group were made up.

**8. GENERAL**

- (a) The registered office of the Company is located at Windward 3, Regatta Office Park, PO Box 1350, Grand Cayman, KY1-1108, Cayman Islands.
- (b) The principal place of business of the Company in Hong Kong is located at Room 702, 7/F., Laford Centre, 838 Lai Chi Kok Road, Cheung Sha Wan, Kowloon, Hong Kong.
- (c) The principal share registrar and transfer office of the Company is Ocorian Trust (Cayman) Limited, Windward 3, Regatta Office Park, PO Box 1350, Grand Cayman, KY1-1108, Cayman Islands.
- (d) The branch share registrar and transfer office of the Company in Hong Kong is Link Market Services (Hong Kong) Pty Limited, at Suite 1601, 16/F., Central Tower, 28 Queen's Road Central, Hong Kong.

- (e) The company secretary of the Company is Ms. Chin Ying Ying who is a member of the Hong Kong Institute of Certified Public Accountants and a Certified Internal Auditor.

**9. DOCUMENTS ON DISPLAY**

Copies of the following documents will be published on the Company's website (<http://hksummi.com>) and the Stock Exchange's website ([www.hkexnews.hk](http://www.hkexnews.hk)) for the period of 14 days commencing from the date of this circular:

- (i) the Subscription Agreement;
- (ii) the letter from the Independent Board Committee, the text of which is set out on pages 15 to 16 to this circular;
- (iii) the letter from Ample Capital to the Independent Board Committee and Independent Shareholders, the text of which is set out on pages 17 to 34 to this circular;
- (iv) the written consent from Ample Capital referred to in the paragraph headed "Expert and Consents" in this appendix; and
- (v) this circular.

**10. MISCELLANEOUS**

In the event of inconsistency, the English version of this circular shall prevail over the Chinese text.

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## NOTICE OF EGM

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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)**

### NOTICE OF EXTRAORDINARY GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that an extraordinary general meeting (the “EGM”) of Summi (Group) Holdings Limited (the “Company”) will be held on 19 September 2023 (Tuesday) at 3:00 p.m. at Room 702, 7/F., Laford Centre, 838 Lai Chi Kok Road, Cheung Sha Wan, Kowloon, Hong Kong for the purpose of considering and, if thought fit, passing, without modifications, the following ordinary resolutions of the Company. Unless otherwise specified, capitalised terms used herein shall have the same meanings as those defined in the circular of the Company dated 31 August 2023 of which the notice convening the EGM forms part.

#### ORDINARY RESOLUTIONS

1. “**THAT**
  - (a) (i) the conditional Subscription Agreement dated 10 July 2023 (a copy of which is tabled at the EGM and signed by the chairman of the EGM for identification purpose) entered into between the Company and the Subscriber and the transactions contemplated thereunder, including but not limited to the issuance and allotment of the Subscription Shares under the Specific Mandate, be and are hereby approved, confirmed and ratified;
  - (ii) any one Director be and is hereby authorised to, on behalf of the Company, do all such acts and things, to sign and execute such documents or agreements or deeds and take all such actions as he/she/they may in his/her/their absolute discretion consider necessary, appropriate, desirable or expedient for the purposes of giving effect to or in connection with the Subscription Agreement and the transactions contemplated thereunder and agree to such variation, amendment or waiver as are, in the opinion of such Director, in the interest of the Company and the Shareholders as a whole; and

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## NOTICE OF EGM

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(iii) subject to and conditional upon the Listing Committee of Stock Exchange having granted the listing of, and permission to deal in the Subscription Shares, the Directors be and are hereby granted the Specific Mandate which shall entitle the Directors to exercise all the powers of the Company to issue, allot and credit as fully paid, the Subscription Shares on and subject to the terms and conditions of the Subscription Agreement, providing that the Specific Mandate shall be in addition to, and shall not prejudice nor revoke any general or specific mandates(s) which has/have been granted or may from time to time be granted to the Directors prior to the passing of this resolution.”

2. **“THAT**

- (i) the authorised share capital of the Company be increased from HK\$30,000,000 divided into 3,000,000,000 Shares of HK\$0.01 each to HK\$50,000,000 divided into 5,000,000,000 Shares of HK\$0.01 each by the creation of an additional 2,000,000,000 Shares (the **“Increase in Authorised Share Capital”**); and
- (ii) any one Director be and is hereby authorised to, on behalf of the Company, do all such acts and things, to sign and execute such documents or agreements or deeds and take all such actions as he/she/they may in his/her/their absolute discretion consider necessary, appropriate, desirable or expedient for the purposes of giving effect to or in connection with the Increase in Authorised Share Capital.”

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

Hong Kong, 31 August 2023

*Notes:*

1. The register of members of the Company (the **“Member”**) will be closed from 14 September 2023 (Thursday) to 19 September 2023 (Tuesday), both days inclusive. No transfer of shares of the Company will be registered during that period. In order to qualify to attend and vote at the EGM, all instruments of transfer together with the relevant share certificate(s) must be lodged with the Company’s branch share register in Hong Kong, Link Market Services (Hong Kong) Pty Limited, at Suite 1601, 16/F., Central Tower, 28 Queen’s Road Central, Hong Kong, for registration no later than 4: 30 p.m. on 13 September 2023 (Wednesday).
2. Any member of the Company entitled to attend and vote at the EGM shall be entitled to appoint another person as his proxy to attend and vote instead of him. A member who is the holder of two or more shares may appoint more than one proxy to represent him and vote on his behalf at the EGM. A proxy need not be a member of the Company. On a poll, votes may be given either personally or by proxy.

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## NOTICE OF EGM

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3. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his/her attorney duly authorized in writing or, if the appointer is a corporation, the form of proxy must be under its common seal, or under the hand of an officer or attorney duly authorised on its behalf.
4. Voting at the EGM shall be taken by poll.
5. To be valid, the instrument appointing a proxy and (if required by the Board) the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of such power or authority, shall be delivered to the office of the Hong Kong branch share registrar and transfer office of the Company, Link Market Services (Hong Kong) Pty Limited, at Suite 1601, 16/F., Central Tower, 28 Queen's Road Central, Hong Kong not less than 48 hours before the time appointed for holding the EGM or any adjournment thereof.
6. No instrument appointing a proxy shall be valid after expiration of 12 months from the date named in it as the date of its execution, except at an adjourned meeting or on a poll demanded at the EGM or any adjournment thereof in cases where the EGM was originally held within 12 months from such date.
7. In order to be valid, a form of proxy must be deposited at the Company's Hong Kong branch share registrar, Link Market Services (Hong Kong) Pty Limited, at Suite 1601, 16/F., Central Tower, 28 Queen's Road Central, Hong Kong, as soon as possible and in any event not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof. The completion and delivery of the form of proxy will not preclude a member from attending and voting at the meeting if he so wishes. In the event that he attends the meeting after having lodged the form of proxy, the form of proxy will be deemed to have been revoked.
8. Where there are joint holders of any share, any one of such joint holders may vote at the meeting either personally or by proxy, in respect such share as if he were solely entitled thereto, but if more than one of such joint holders be present at any meeting the votes of the senior holder who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of other joint holders and, for this purpose, seniority shall be determined by the order in which the names of the joint holders stand in the register of members of the Company in respect of the joint holding.
9.
  - (a) Subject to paragraph (b) below, if a tropical cyclone warning signal No. 8 or above is expected to be hoisted or "extreme conditions" caused by super typhoons or a black rainstorm warning signal is expected to be in force at any time on the date of the EGM, the EGM will be postponed to the next Business Day on which no tropical cyclone warning signal No. 8 or above or "extreme conditions" caused by super typhoons or a black rainstorm warning signal is hoisted or in force in Hong Kong at any time between the hours from 12:00 p.m. to 3:00 p.m. and in such case the EGM shall be held at the same time and venue.
  - (b) If a tropical cyclone warning signal No. 8 or above or "extreme conditions" caused by super typhoons or a black rainstorm warning signal is lowered or cancelled three hours before the time appointed for holding the EGM and where conditions permit, the EGM will be held as scheduled.
  - (c) The EGM will be held as scheduled when a tropical cyclone warning signal No. 3 or below is hoisted or an amber or red rainstorm warning signal is in force.
  - (d) After considering their own situations, Members should decide on their own whether or not they would attend the EGM under any bad weather condition and if they do so, they are advised to exercise care and caution.
10. A form of proxy for use at the EGM is enclosed.