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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)

VOLUNTARY ANNOUNCEMENT
MEMORANDUM OF UNDERSTANDING OF
THE CHENZHOU SUMMI INTEGRATED COMPLEX PROJECT
ENTERED INTO WITH THE PEOPLE'S GOVERNMENT
OF BEIHU DISTRICT, CHENZHOU CITY

This announcement is made by Summi (Group) Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) on a voluntary basis in order to keep the shareholders and potential investors of the Company informed of the latest business development of the Group.

MEMORANDUM OF UNDERSTANDING OF THE CHENZHOU SUMMI
INTEGRATED COMPLEX PROJECT

The Board of Directors is pleased to announce that on 15 April 2020, the Company, 郴州森美橙園投資發展有限公司 (Chenzhou Summi Chengyuan Investment and Development Company Limited*) (“**Chenzhou Summi**”), a wholly-owned subsidiary of the Company and the People’s Government of Beihu District, Chenzhou City entered into an Memorandum of Understanding (the “**MOU**”) of the Chenzhou Summi Integrated Complex Project in respect of leasing a land of approximately 5,000 Mu.

According to the MOU, the Company has agreed to lease the above-mentioned land for building an integrated complex project named under the brand of “Summi” (the “**Project**”), with aims to build and develop a processing plant for “Summi” products, related raw material supply base and real estate project. Further details of the terms and conditions of the Project are set out in the MOU.

GENERAL INFORMATION

The MOU aims to provide a framework consensus for all parties and does not constitute any formal agreement. If the Project is materialized, the transaction contemplated thereunder would constitute a notifiable transaction for the Company pursuant to the Listing Rules. The Company should be complied with relevant requirements of the Listing Rules when entering into a formal agreement on the Project.

WARNING

They are advised to exercise caution when dealing in the securities of the Company, and if they are in any doubt about their position, they should consult their professional advisers. Further announcement will be made by the Company as and when appropriate and necessary.

BACKGROUND

For its existing core business, the Company has been looking for a new land from Chenzhou city, Hunan province, the People's Republic of China (the "PRC"), as the target for the construction of Summi product processing plant, relevant raw material supply base and real estate projects. After negotiation, on 15 April 2020, the Company, Chenzhou Summi and People's Government of Beihu District, Chenzhou City entered into the MOU in relation to leasing a land of approximately 5,000 Mu in Chenzhou city, Hunan province, the PRC, as the framework memorandum of the Project.

THE MAJOR TERMS AND CONDITIONS OF THE MOU ARE SUMMARIZED AS FOLLOWS:

Date

15 April 2020

Project Name

Chenzhou Summi Integrated Complex Project

Parties

Party A: The Agricultural and Rural Bureau of Beihu District, Chenzhou City, on behalf of the People's Government of Beihu District, Chenzhou City

Party B: The Company

Party C: Chenzhou Summi

To the best of their knowledge, information and belief and having made all reasonable enquiries, the Directors confirm that Party A is a statutory governmental authority of the PRC and is an independent third party and not connected with the Company and its Connected Persons (defined in the Listing Rules) respectively.

Leased Land

The land usage right of a transferrable land located in Beihu district, Chenzhou city with total area of approximately 5,000 Mu, subject to the final approval of relevant component authorities.

Term

The transfer fee is payable for every five years, while the actual payment date is subject to the finalisation of the agreement.

CONTENT OF MOU

It is provided, *inter alia*, in the MOU that:–

1. According to the agricultural industry development plan of Party A, Party B and Party C intend to invest and construct a fresh orange planting base of 5,000 Mu, together with an orange juice processing plant with an annual output of over 200,000 tons and a supporting construction land of approximately 400 Mu in Beihu District, Chenzhou City, Hunan Province, China, mainly including ancillary commercial and residential properties, etc. The construction details, location and scope are subject to the determination of the planning department. The total investment of the Project is approximately RMB500 million.
2. According to the plan of the Project, Party A undertakes to assist Party B and Party C be leased the agricultural land of not less than 5,000 Mu with full compliance of the law as the development land for the Project, with the specific land boundaries and areas subject to the planning approval drawing and the land inspection as assessment criteria.
3. Each of Party A, Party B and Party C sets up a project headquarter to coordinate the active and healthy development of the Project.

RENTAL AND OTHER MAJOR TERMS

The Agricultural and Rural Bureau of Beihu District, Chenzhou City leases the land to Chenzhou Summi at an annual rental of RMB300 per Mu and the rental is paid every five years. In addition, an one-off payment of agricultural compensation at an average of RMB3,000 per Mu is required, while the required land of 400 Mu for supporting construction is obtained at the bid price. The Company expects that the initial rental prepayment and agricultural compensation will be approximately RMB22,500,000 in total, which will be paid in cash, while the actual amounts are subject to the finalisation of the agreement.

OBLIGATIONS OF PARTY A

1. Party A assists Party B and Party C in negotiating and signing fresh orange planting and purchasing agreements with the relevant counties and districts within the Chenzhou City, and helps Party C to enter into the leases of land for an orange planting base of approximately 5,000 Mu within the planned area of the integrated complex within the jurisdiction of the city.
2. Party A provides Party B and Party C with a supporting construction land of not less than 400 Mu respectively, which is used to build the processing plant and integrated complex facilities.
3. Party A will give Party B and Party C industry support in accordance with relevant regulations to ensure the long-term and healthy development of the Project.

OBLIGATIONS OF PARTY B AND PARTY C

1. Party B and Party C shall complete the infrastructure construction, site leveling and planting of orange trees in the leased land.
2. Party B and Party C are responsible for preparing the preliminary planning of the Project, and reporting that to the relevant departments for review and approval, as well as the use of land according to the area, types of land use right and purpose determined by the plan. Party B and Party C shall complete the preparation of the territorial and spatial planning within the scope of the integrated complex as soon as possible.
3. Party C shall use the land acquired in the bidding of about 400 Mu as the supporting development and construction land.
4. Party C shall develop and construct in batches according to the investment requirements of the Project. The construction of each stage of the Project is independently accounted and operated by Party C. Party C shall pay relevant taxes according to regulations, and bear its own profits and losses.
5. Party C will start planting seedlings of 5,000 Mu for the orange orchard, land acquisition for orange processing plant and road infrastructure construction in 2020 at the earliest.
6. Party C promises to give priority to recruiting villagers who are the original residents to work in the pastoral complex under the same conditions, and to help solve local labor and employment problems.

The MOU aims to provide a framework consensus for all parties and does not constitute any formal agreement. If the Project is materialized, the transaction contemplated thereunder would constitute a notifiable transaction for the Company pursuant to the Listing Rules. The Company should be complied with relevant requirements of the Listing Rules when entering into a formal agreement on the Project.

GENERAL INFORMATION

The Company is principally engaged in manufacturing and selling of Summi Products, frozen concentrate orange juice and its related products. The Group owns five highly-efficient production plants, strategically located in China's major citrus growing areas (namely Chongqing, Fujian and Hunan). The Group adopts an integrated operation model, and is one of the few orange juice producers involved in upstream operations of self-operated orange plantations.

REASONS FOR AND BENEFITS OF ENTERING INTO THE MOU

The Board believes that the leasing of the relevant land in Chenzhou City, Hunan Province will enable all parties to fully develop the fresh orange resources in Chenzhou City, Hunan Province, the PRC. The orange plantation will also bring effective economic benefits to the Group. In view of the above and after considering the terms of the project framework of the MOU, the Board (including independent non-executive directors) considers that it is in the overall interest of the Company and the shareholders to enter into the Chenzhou Summi Pastoral Complex Project Framework Memorandum, and the terms are normal commercial terms and are fair and reasonable.

WARNING

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DEFINITIONS

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

“Beihu District Government”	People’s Government of Beihu District, Chenzhou City
“Board”	the current board of the Directors of the Company
“Chenzhou Summi”	郴州市森美橙園投資發展有限公司 (Chenzhou Summi Chengyuan Investment and Development Company Limited*)
“Chenzhou Summi Chengyuan Investment and Development Company Limited*”	郴州森美橙園投資發展有限公司 (Chenzhou Summi Chengyuan Investment and Development Company Limited*), a company incorporated in the PRC, and a wholly-owned subsidiary of the Company

“Company”	森美（集團）控股有限公司 Summi (Group) Holdings Limited (Stock Code: 756), a company incorporated under the laws of the Cayman Islands with limited liability, the Shares of which are listed on the main board of the Stock Exchange
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Independent Third Party”	a party which is (i) not a connected person of the Company and (ii) independent of and not connected with any Director, chief executives and substantial shareholder of the Company or any of its subsidiaries or any of their respective associates (as defined in the Listing Rules)
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“MOU”	the memorandum of understanding entered into among Party A, Party B and Party C on 15 April 2020 in respect of the Chenzhou Summi Pastoral Complex Project
“Mu”	Mu (畝), a unit of measurement of area in the PRC, which equals to approximately 666 square meters
“Party A”	the Agricultural and Rural Bureau of Beihu District, Chenzhou City, on behalf of People’s Government of Beihu District, Chenzhou City, and an Independent Third Party
“Party B”	the Company
“Party C”	郴州森美橙園投資發展有限公司 (Chenzhou Summi Chengyuan Investment and Development Company Limited*), a company incorporated in the PRC, and an Independent Third Party
“PRC”	People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC

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

Hong Kong, 15 April 2020

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

* For identification purposes only