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**SUGA INTERNATIONAL HOLDINGS LIMITED**

**信佳國際集團有限公司\***

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 912)**

**MAJOR TRANSACTION  
TERMINATION OF COOPERATION AGREEMENT  
DISPOSAL OF EQUITY INTERESTS**

Reference is made to the announcements of the Company dated 9 September 2019, 7 July 2021 and 9 March 2022 respectively and the circular of the Company dated 23 August 2021, regarding, among other things, the Cooperation Agreement, the 2021 Supplemental Cooperation Agreement and the 2022 Supplemental Cooperation Agreement.

As was disclosed in the announcement dated 9 March 2022, the parties to the 2022 Supplemental Cooperation Agreement, namely Nodic-Matsumoto, Guangdong Fuchuan, Mr. Zhuang, Mr. Xu, Mr. Liu, Precise Computer Tooling and Huizhou Jiayifu, agreed among other things that (i) Huizhou Jiayifu should delay its application for the commercial housing pre-sale permit\* (商品房預售許可證) for the Development Project for a few months and (ii) Nodic-Matsumoto's agreement to the delay shall not affect its put option right under the Cooperation Agreement to require Guangdong Fuchuan to purchase the Equity Interests, representing all of Nodic-Matsumoto's 50% equity interests in Huizhou Jiayifu, at any time at Nodic-Matsumoto's discretion. Based on the formula provided in the Cooperation Agreement and disclosed in the announcement of the Company dated 9 September 2019, should Nodic-Matsumoto exercise the put option, the price payable by Guangdong Fuchuan for the Equity Interests would be approximately RMB50.4 million.

The parties to the 2022 Supplemental Cooperation Agreement have been in discussions in the last two months regarding the termination of the Cooperation Agreement, the exercise by Nodic-Matsumoto of its put option and the procurement by Guangdong Fuchuan of the release of Nodic-Matsumoto from the Guarantees and Share Charge granted in favour of the Bank.

## **THE TERMINATION AGREEMENT**

On 14 September 2022 (after trading hours), the parties to the 2022 Supplemental Cooperation Agreement, namely Nodic-Matsumoto, Guangdong Fuchuan, Mr. Zhuang, Mr. Xu, Mr. Liu, Precise Computer Tooling and Huizhou Jiayifu, entered into the Termination Agreement, pursuant to which, among other things (i) the parties conditionally agreed to terminate the Cooperation Agreement, (ii) Nodic-Matsumoto conditionally agreed to sell the Equity Interests, representing all of its 50% equity interests in Huizhou Jiayifu, to Guangdong Fuchuan at a consideration of RMB45.9 million to be satisfied by Guangdong Fuchuan in instalments, and (iii) Guangdong Fuchuan undertakes to procure the release of Nodic-Matsumoto from the Guarantees and Share Charge granted in favour of the Bank in support of the Bank Loans, the aggregate outstanding principal amount of which is RMB104.7 million as at the date of this announcement.

## **IMPLICATIONS UNDER THE LISTING RULES**

The entering into of the Termination Agreement and the transactions contemplated thereunder constitute a material variation and termination of the Cooperation Agreement which was previously announced and approved in writing by a closely allied group of Shareholders pursuant to Rule 14.44 of the Listing Rules. As the highest applicable percentage ratio in respect of the Termination Agreement and the transactions contemplated thereunder exceeds 25% but is less than 75%, the entering into of the Termination Agreement and the transactions contemplated thereunder constitute a major transaction of the Company, and is subject to the reporting, announcement, circular and shareholders' approval requirements, under Chapter 14 of the Listing Rules.

Pursuant to Rule 14.44 of the Listing Rules, the Company has obtained a written approval for the Termination Agreement and the transactions contemplated thereunder from the Closely Allied Group of Shareholders who together hold 170,528,000 Shares, representing approximately 59.8% of the issued share capital of the Company, as at the date of this announcement. Accordingly, no extraordinary general meeting will be convened for the approval of the Termination Agreement and the transactions contemplated thereunder.

## **GENERAL**

A circular containing, among other things, details of the Termination Agreement and the transactions contemplated thereunder, financial information of the Group, and other information as required under the Listing Rules will be despatched to the Shareholders and in accordance with the Listing Rules on or before 6 October 2022 (i.e. within 15 business days after the publication of this announcement).

**Shareholders and potential investors of the Company should note that completion of the transactions contemplated under the Termination Agreement is subject to the satisfaction of certain conditions and therefore may or may not proceed. Shareholders and potential investors of the Company are reminded to exercise caution when dealing in the securities of the Company.**

## **INTRODUCTION**

Reference is made to the announcements of the Company dated 9 September 2019, 7 July 2021 and 9 March 2022 respectively and the circular of the Company dated 23 August 2021, regarding, among other things, the Cooperation Agreement, the 2021 Supplemental Cooperation Agreement and the 2022 Supplemental Cooperation Agreement.

As was disclosed in the announcement dated 9 March 2022, the parties to the 2022 Supplemental Cooperation Agreement, namely Nodic-Matsumoto, Guangdong Fuchuan, Mr. Zhuang, Mr. Xu, Mr. Liu, Precise Computer Tooling and Huizhou Jiayifu, agreed among other things that (i) Huizhou Jiayifu should delay its application for the commercial housing pre-sale permit\* ( 商品房預售許可證) for the Development Project for a few months and (ii) Nodic-Matsumoto's agreement to the delay shall not affect its put option right under the Cooperation Agreement to require Guangdong Fuchuan to purchase the Equity Interests, representing all of Nodic-Matsumoto's 50% equity interests in Huizhou Jiayifu, at any time at Nodic-Matsumoto's discretion. Based on the formula provided in the Cooperation Agreement and disclosed in the announcement of the Company dated 9 September 2019, should Nodic-Matsumoto exercise the put option, the price payable by Guangdong Fuchuan for the Equity Interests would be approximately RMB50.4 million.

The parties to the 2022 Supplemental Cooperation Agreement have been in discussions in the last two months regarding the termination of the Cooperation Agreement, the exercise by Nodic-Matsumoto of its put option and the procurement by Guangdong Fuchuan of the release of Nodic-Matsumoto from the Guarantees and Share Charge granted in favour of the Bank.

## **THE TERMINATION AGREEMENT**

On 14 September 2022 (after trading hours), the parties to the 2022 Supplemental Cooperation Agreement, entered into the Termination Agreement, the principal terms of which are summarised below:

### **Date of entering into of the Termination Agreement**

14 September 2022 (after trading hours)

### **Parties**

- (1) Nodic-Matsumoto, an indirect wholly-owned subsidiary of the Company;
- (2) Guangdong Fuchuan;
- (3) Mr. Zhuang;
- (4) Mr. Xu;
- (5) Mr. Liu;
- (6) Precise Computer Tooling, an indirect wholly-owned subsidiary of the Company and holding company of Nodic-Matsumoto; and
- (7) Huizhou Jiayifu.

## **Termination of Cooperation Agreement**

The parties conditionally agreed to terminate the Cooperation Agreement by way of the sale of the Equity Interests by Nodic-Matsumoto to Guangdong Fuchuan.

## **Sale of Equity Interests by Nodic-Matsumoto to Guangdong Fuchuan**

Nodic-Matsumoto conditionally agreed to sell and Guangdong Fuchuan conditionally agreed to purchase the Equity Interests, representing the entire 50% equity interests in Huizhou Jiayifu legally and beneficially owned by Nodic-Matsumoto.

## ***Consideration and payment terms***

The Consideration for the sale and purchase of the Equity Interests is the cash sum of RMB45.9 million, payable by Guangdong Fuchuan in instalments as follows:

1. RMB5 million on or before the date of the Termination Agreement;
2. RMB5 million on or before 9 November 2022;
3. RMB0.9 million on or before Completion (the “**Completion Instalment**”);
4. RMB10 million on or before 9 September 2023;
5. RMB5 million on or before 9 December 2023; and
6. RMB20 million on or before 9 September 2024.

## ***Conditions precedent***

Pursuant to the Termination Agreement, Completion shall be conditional upon the fulfilment of the following Conditions:

1. the Company having obtained the approval of the Shareholders for the Termination Agreement and the transactions contemplated thereunder pursuant to the requirements of the Listing Rules;
2. Guangdong Fuchuan having paid the instalment of the Consideration due on 9 November 2022 and all other instalment(s) of the Consideration which has/have become due;
3. Nodic-Matsumoto and Guangdong Fuchuan having executed all necessary documents and completed all necessary procedures for the registration of the change of equity interests and directors in Huizhou Jiayifu in accordance with the relevant laws of the PRC; and
4. the procurement by Guangdong Fuchuan of the release of Nodic-Matsumoto from the Guarantees and Share Charge granted in favour of the Bank to support the Bank Loans (the “**Release**”) and the delivery to Nodic-Matsumoto of the formal documents of the Release issued by the Bank.

For details of the Bank Loans, Guarantees and Share Charge, please see the section headed “REASONS FOR AND BENEFITS OF THE TERMINATION AGREEMENT – Details of Bank Loans” in this announcement.

If the above Conditions (2)–(4) are not fulfilled on or before the Long Stop Date:

- (a) Guangdong Fuchuan shall pay to Nodic-Matsumoto liquidated damages in the amount of RMB5 million;
- (b) if the Equity Interests are no longer registered in the name of Nodic-Matsumoto, Nodic-Matsumoto has the right, exercisable by written notice to Guangdong Fuchuan, to require Guangdong Fuchuan to transfer the Equity Interests back to Nodic-Matsumoto and procure the reappointment of two directors nominated by Nodic-Matsumoto to the board of Huizhou Jiayifu and complete all necessary procedures for the registration of such transfer of the Equity Interests and appointment of directors within 10 days of the written notice of Nodic-Matsumoto, failing which Guangdong Fuchuan shall pay to Nodic-Matsumoto liquidated damages of RMB100,000 for each day of delay in the completion of such registration; and
- (c) Guangdong Fuchuan shall its use best efforts to procure that the Conditions are fulfilled, and the Completion shall take place, as soon as practicable.

Guangdong Fuchuan undertakes to Nodic-Matsumoto that until Condition (4) is fulfilled, it shall indemnify and hold Nodic-Matsumoto harmless against all losses, liabilities and expenses incurred or suffered by Nodic-Matsumoto as a result of any enforcement of the Guarantees and/or Share Charge by the Bank.

### ***Completion***

Completion of the sale and purchase of the Equity Interests shall take place within seven days after the last of the Conditions is fulfilled. At Completion, Guangdong Fuchuan shall satisfy the Completion Instalment of the Consideration.

Upon Completion, the Cooperation Agreement shall terminate automatically.

Guangdong Fuchuan, Mr. Zhuang, Mr. Xu, Mr. Liu and Huizhou Jiayifu undertake to Nodic-Matsumoto that notwithstanding Completion, until the full satisfaction of the Consideration by Guangdong Fuchuan, except with the prior written consent of Nodic-Matsumoto (which consent may be given subject to such conditions as Nodic-Matsumoto may impose), Huizhou Jiayifu shall not effect any reduction of registered capital, merger or other capital restructuring, winding-up, material investments or disposal of assets, nor allow any change in the equity interests of Huizhou Jiayifu or the occurrence of any event which may affect Nodic-Matsumoto’s rights to receive payment under the Termination Agreement.

***Default in payment of the Consideration:***

If Guangdong Fuchuan shall fail to pay any of the instalments of the Consideration when due:

- (a) Guangdong Fuchuan shall pay to Nodic-Matsumoto liquidated damages equal to 0.02% of the overdue amount for each day of delay in payment;
- (b) Nodic-Matsumoto has the right, exercisable by written notice to Guangdong Fuchuan and Huizhou Jiayifu, to require the overdue amount to be satisfied by the transfer to Nodic-Matsumoto or its nominee of (i) saleable and/or pre-sale units in the Development Project at prices equal to 80% of the market value of the units as determined by a professional valuer nominated by Nodic-Matsumoto, and/or (ii) the net proceeds of sale of such units which shall not be less than 80% of the market value of the units;
- (c) if Guangdong Fuchuan fails to transfer the saleable and/or pre-sale unit to Nodic-Matsumoto or its nominee and the Equity Interests are no longer registered in the name of Nodic-Matsumoto, Nodic-Matsumoto has the right, exercisable by written notice to Guangdong Fuchuan, to require Guangdong Fuchuan to transfer the Equity Interests back to Nodic-Matsumoto and procure the reappointment of two directors nominated by Nodic-Matsumoto to the board of Huizhou Jiayifu and complete all necessary procedures for the registration of such transfer of the Equity Interests and appointment of directors within 10 days of the written notice of Nodic-Matsumoto, failing which Guangdong Fuchuan shall pay to Nodic-Matsumoto liquidated damages of RMB100,000 for each day of delay in the completion of such registration; and
- (d) Guangdong Fuchuan shall indemnify and hold Nodic-Matsumoto harmless against all losses, liabilities and expenses incurred or suffered by Nodic-Matsumoto in enforcing any of its above rights.

In the event that Nodic-Matsumoto exercises its right to require the transfer back to it of the Equity Interests, whether due to a delay in the fulfilment of the Conditions or a delay in the payment of any instalment of the Consideration, and the Equity Interests are registered back in the name of Nodic-Matsumoto:

- (a) provisions in the Cooperation Agreement relating to the voting rights, profit sharing and board representation of the equity holders and the corporate governance of Huizhou Jiayifu shall apply to Guangdong Fuchuan and Nodic-Matsumoto;
- (b) when all of the Conditions have been fulfilled and the Consideration has been paid in full, the parties shall complete all necessary procedures for the registration of the change of Equity Interests and directors in Huizhou Jiayifu in accordance with the relevant laws of the PRC; and
- (c) notwithstanding the registration of the Equity Interests in Nodic-Matsumoto's name, Nodic-Matsumoto shall not be required to provide any further shareholder's loan or guarantee for the Development Project. Guangdong Fuchuan shall be solely responsible for satisfying any further funding needs of Huizhou Jiayifu and the Development Project.

## **Guarantee by Mr. Zhuang, Mr. Xu and Mr. Liu**

Mr. Zhuang, Mr. Xu and Mr. Liu jointly and severally guarantee the due performance by Guangdong Fuchuan of all of the latter's obligations under the Termination Agreement.

## **INFORMATION ON THE PARTIES**

The Group is principally engaged in the research and development, manufacturing and sales of electronic and other products, and the sales of pet food and pet related products. The Company is principally engaged in investment holding.

Nodic-Matsumoto is an indirect wholly-owned subsidiary of the Company whose principal business is investment holding in Mainland China.

Huizhou Jiayifu is a company established in the PRC and its principal business activity is investment holding. It is a joint venture company held as to 50% by each of Nodic-Matsumoto and Guangdong Fuchuan as at the date of this announcement.

Set out below is a summary of the key financial information of Huizhou Jiayifu for the two years ended 31 December 2021, which has been prepared in accordance with PRC Accounting Standards:

	<b>For the year ended</b>	
	<b>31 December</b>	<b>31 December</b>
	<b>2020</b>	<b>2021</b>
	<b>(unaudited)</b>	<b>(unaudited)</b>
	<b>(RMB)</b>	<b>(RMB)</b>
Net loss before taxation	241,562.36	363,337.85
Net loss after taxation	241,562.36	363,337.85

The unaudited total asset value and net asset value of Huizhou Jiayifu as at 30 June 2022 were approximately RMB175,497,462.66 and RMB8,851,592.89 respectively.

Guangdong Fuchuan is a company established in the PRC with experience in property development, and is owned as to 55% by Mr. Zhuang, 30% by Mr. Xu and 15% by Mr. Liu as at the date of this announcement.

Mr. Zhuang, Mr. Xu and Mr. Liu are PRC citizens and the shareholders of Guangdong Fuchuan. To the best of the Director's knowledge, information and belief, and after making all reasonable enquiries, they are third parties independent of the Company and its connected persons.

Precise Computer Tooling is a company established in Hong Kong and its principal business activity is trading of moulds and plastic products in Hong Kong. It is an indirect wholly-owned subsidiary of the Company and the holding company of Nodic-Matsumoto as at the date of this announcement.

## **FINANCIAL IMPACT OF THE TERMINATION AGREEMENT**

Upon Completion, Nodic-Matsumoto will cease to hold any equity interest in Huizhou Jiayifu.

The gain on the disposal of the Equity Interests (before taxation) is calculated to be approximately HK\$36.4 million, which is derived from (i) the difference between (a) the Consideration of RMB45.9 million (HK\$52.3 million) and (b) the unaudited carrying value of the Group's investment in Huizhou Jiayifu as at Completion date of approximately HK\$7.5 million; (ii) the total estimated discounting effect on instalments payable as per the Termination Agreement of RMB4.7 million (HK\$5.4 million) and (iii) the estimated expenses or costs arising from the disposal of the Equity Interests of approximately HK\$3.0 million.

Upon the Release, the Guarantees amounting to approximately HK\$4.3 million as at Completion date will be derecognised and the respective loss allowance recognised in prior year of approximately HK\$4.3 million will be reversed.

Shareholders should note that the actual amount of gain from the disposal of the Equity Interests to be recognised in the consolidated financial statements of the Group depends on, among other things, the consolidated net asset value of Huizhou Jiayifu at Completion, the assessment of expected credit risk in relation to the instalments receivables from Guangdong Fuchuan and is subject to audit to be performed by the auditors of the Company in the annual audit of the Group's financial statements for the year ending 31 March 2023.

The Company intends to apply the net proceeds from the sale of the Equity Interests as general working capital of the Group.

## **REASONS FOR AND BENEFITS OF THE TERMINATION AGREEMENT**

### **Details of Bank Loans**

As was disclosed in the announcements of the Company dated 7 July 2021 and 9 March 2022, Nodic-Matsumoto agreed under the 2021 Supplemental Cooperation Agreement to, among other things, grant joint and several guarantee(s) and charge its 50% equity interests in Huizhou Jiayifu in favour of the Bank to support up to RMB114 million of bank loans to be advanced by the Bank to Huizhou Jiayifu for the purposes of the Development Project (collectively the "**Bank Loans**"). Such grant of guarantee(s) and share charge by Nodic-Matsumoto in favour of the Bank constituted financial assistance given for the benefit of Huizhou Jiayifu and was approved by the Shareholders of the Company by way of a written shareholders' approval dated 7 July 2021.



Set out below is a summary of the Bank Loans, the total outstanding principal amount of which as at the date of this announcement is RMB104.7 million.

<b>Principal outstanding as at date of this announcement</b>	<b>Interest per annum</b>	<b>Loan term</b>	<b>Repayment schedule</b>
RMB8.7 million	8.5%	27.09.2021 to 01.09.2024	RMB435,000 per quarter from the second year of the Bank Loan and interest to be paid monthly, and all outstanding payment and interest to be paid at the end of the loan term
RMB10 million	9.2%	21.02.2022 to 01.09.2024	RMB500,000 per quarter from the second year of the Bank Loan and interest to be paid monthly, and all outstanding payment and interest to be paid at the end of the loan term
RMB72 million	9.2%	20.04.2022 to 01.09.2024	RMB3.6 million per quarter from the second year of the Bank Loan and interest to be paid monthly, and all outstanding payment and interest to be paid at the end of the loan term
RMB14 million	9.2%	14.07.2022 to 01.09.2024	RMB1.05 million per quarter from the second year of the Bank Loan and interest to be paid monthly, and all outstanding payment and interest to be paid at the end of the loan term

In respect of the above four Bank Loans, Nodic-Matsumoto granted four joint and several guarantees (the “**Guarantees**”) and a charge over the Equity interests (the “**Share Charge**”) in favour of the Bank.

There is no outstanding loan advanced by Nodic-Matsumoto to Huizhou Jiayifu. On the other hand, there is an outstanding capital contribution commitment made by Nodic-Matsumoto to Huizhou Jiayifu in the amount of RMB4.1 million.

### **Status of the Development Project**

As at the date of this announcement, the Development Project is approximately 73% complete. Huizhou Jiayifu obtained the commercial housing pre-sale permit\* (商品房預售許可證) for approximately 27% of the Development Project on 11 March 2022. To date, only one of the 126 units available for pre-sale has been sold.

It is estimated that a further RMB90 million is required to complete the Development Project.

Given the poor results of the pre-sale of units to date, it is highly unlikely that the further funds needed to complete the Development Project could be financed by the proceeds of pre-sales of units, as was the original plan of Huizhou Jiayifu. As such, Huizhou Jiayifu would need to obtain further loans from financial institutions or its equity holders in order to complete the Development Project. Although Nodic-Matsumoto has only committed to providing joint and several guarantee(s) and charging its Equity Interests in support of up to RMB114 million of bank loans of Huizhou Jiayifu, it is likely that the Bank or any other lender would require similar guarantees and charges from Nodic-Matsumoto for any further loans to Huizhou Jiayifu.

As the Guarantees granted by Nodic-Matsumoto to the Bank is on a joint and several basis, in the event that Huizhou Jiayifu defaults in its repayment of any interest or principal due under the Bank Loans, Nodic-Matsumoto could be required to bear the entire amount of the Bank Loans and interest thereon.

In view of (i) the continuation and waves of the COVID-19 pandemic which have contributed to a downturn in the property market in Guangdong Province and the PRC generally; (ii) the status of the Development Project, in particular its poor pre-selling results and the need for further funds to complete the project; (iii) the potential liability of Nodic-Matsumoto to repay the entire amount of the Bank Loans and interest thereon under the Guarantees granted in favour of the Bank; (iv) the Consideration receivable by Nodic-Matsumoto for the sale of the Equity Interest; (v) the Release and (vi) the fact that Nodic-Matsumoto will no longer be required to make the outstanding capital contribution of RMB4.1 million if Completion takes place, the Directors consider that it would be in the interests of the Group to exit Huizhou Jiayifu and the Development Project on the terms of the Termination Agreement at this time.

As was disclosed in the announcements of the Company dated 9 September 2019 and 9 March 2022, pursuant to the Cooperation Agreement, Nodic-Matsumoto has a put option to require Guangdong Fuchuan to purchase the Equity Interests at a consideration calculated based on a certain formula. Although according to such formula, the consideration payable by Guangdong Fuchuan for the Equity Interests would be RMB50.4 million, which is a higher amount than the Consideration of RMB45.9 million, the parties arrived at the Consideration after a series of arm's length negotiations taking into account such factors as the procurement of the Release by Guangdong Fuchuan and the liquidated damages payable by it should it fail to do so, the status of the Development Project, the further funds needed to complete it, the uncertainty in the prospects of the property market in Guangdong Province and in the PRC generally, and the financial burden that Guangdong Fuchuan would need to bear as the sole equity holder of Huizhou Jiayifu.

The Directors also considered the additional time and costs that Nodic-Matsumoto would need to incur if it were to enforce the put option against Guangdong Fuchuan which may involve court proceedings, and the uncertainties in the outcome of court proceedings, and were of the view that entering into the Termination Agreement would be the best option for Nodic-Matsumoto in the circumstances and that the terms of the Termination Agreement, including the Consideration, are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

## **IMPLICATIONS UNDER THE LISTING RULES**

The entering into of the Termination Agreement and the transactions contemplated thereunder (including the disposal of Nodic-Matsumoto's equity interest in Huizhou Jiayifu) constitute a material variation and termination of the terms of the Cooperation Agreement which was previously announced and approved in writing by a closely allied group of Shareholders pursuant to Rule 14.44 of the Listing Rules. As the highest applicable percentage ratio in respect of the Termination Agreement and the transactions contemplated thereunder exceeds 25% but is less than 75%, the entering into of the Termination Agreement and the transactions contemplated thereunder constitute a major transaction of the Company, and is subject to the reporting, announcement, circular and shareholders' approval requirements, under Chapter 14 of the Listing Rules.

Pursuant to Rule 14.44 of the Listing Rules, the Company has obtained a written approval for the Termination Agreement and the transactions contemplated thereunder from the Closely Allied Group of Shareholders who together hold 170,528,000 Shares, representing approximately 59.8% of the issued share capital of the Company, as at the date of this announcement. Accordingly, no extraordinary general meeting will be convened for the approval of the Termination Agreement and the transactions contemplated thereunder.

## **GENERAL**

A circular containing, among other things, details of the Termination Agreement and the transactions contemplated thereunder, financial information of the Group, and other information as required under the Listing Rules will be despatched to the Shareholders and in accordance with the Listing Rules on or before 6 October 2022 (i.e. within 15 business days after the publication of this announcement).

**Shareholders and potential investors of the Company should note that completion of the transactions contemplated under the Termination Agreement is subject to the satisfaction of certain conditions and therefore may or may not proceed. Shareholders and potential investors of the Company are reminded to exercise caution when dealing in the securities of the Company.**

## DEFINITIONS

In this announcement: (i) if there is any inconsistency between the Chinese name of any document, or entity or enterprise established in the PRC, and its English translation, the Chinese name shall prevail. The English translation of names or any descriptions in Chinese which are marked with “\*” is for identification purpose only and (ii) the following expressions shall, unless the context requires otherwise, have the following meanings:

“2021 Supplemental Cooperation Agreement”	the supplemental agreement to the Cooperation Agreement dated 7 July 2021 and entered into amongst Nodic-Matsumoto, Guangdong Fuchuan, Mr. Zhuang, Mr. Xu, Precise Computer Tooling and Huizhou Jiayifu
“2022 Supplemental Cooperation Agreement”	the second supplemental agreement to the Cooperation Agreement dated 9 March 2022 and entered into amongst Nodic-Matsumoto, Guangdong Fuchuan, Mr. Zhuang, Mr. Xu, Mr. Liu, Precise Computer Tooling and Huizhou Jiayifu
“Bank”	Huizhou Rural Commercial Bank, a banking institution in the PRC
“Bank Loans”	the loans in the aggregate principal amount of up to RMB114 million to be advanced by the Bank to Huizhou Jiayifu for the purposes of the Development Project, the details of which are set out in the section headed “REASONS FOR AND BENEFITS OF THE TERMINATION AGREEMENT – Details of Bank Loans” in this announcement
“Board”	the board of Directors
“Closely Allied Group of Shareholders”	a closely allied group of Shareholders comprising (i) Dr. Ng (holding 6,930,000 Shares representing approximately 2.4% of the issued share capital of the Company as at the date of this announcement); (ii) Billion Linkage Limited, a company held by Dr. Ng and his spouse in equal shares (holding 53,598,000 Shares representing approximately 18.8% of the issued share capital of the Company as at the date of this announcement); and (iii) Superior View Inc., a company ultimately held by Fidelitycorp Limited as the trustee of the C.H. Family Trust, the beneficiaries of which are the family members of Dr. Ng (holding 110,000,000 Shares representing approximately 38.6% of the issued share capital of the Company as at the date of this announcement)

“Company”	Suga International Holdings Limited, a company incorporated in Bermuda with limited liability whose shares are listed on the Main Board of the Stock Exchange (Stock Code: 00912)
“Completion”	completion of the sale and purchase of the Equity Interests pursuant to the Termination Agreement
“Conditions”	the conditions set out in the in the section headed “THE TERMINATION AGREEMENT – Sale of Equity Interests by Nodic-Matsumoto to Guangdong Fuchuan – <i>Conditions Precedent</i> ” in this announcement
“Consideration”	the consideration payable by Guangdong Fuchuan to Nodic-Matsumoto for the Equity Interests in the amount RMB45.9 million payable in instalments
“Cooperation Agreement”	the cooperation agreement dated 9 September 2019 and entered into between Nodic-Matsumoto, Guangdong Fuchuan, Mr. Zhuang, Mr. Xu and Precise Computer Tooling, in relation to, among other things, the respective capital contributions and the shareholder’s loans to be made by Nodic-Matsumoto and Guangdong Fuchuan to Huizhou Jiayifu, as supplemented by the 2021 Supplemental Cooperation Agreement and the 2022 Supplemental Cooperation Agreement
“Development Project”	the project being undertaken by Huizhou Jiayifu for developing the Land in accordance with the “Three Olds Renovation Plan” (i.e. a plan on the renovation of the old urban areas, old villages and old plants approved by the People’s Government of Guangdong Province)
“Director(s)”	the director(s) of the Company
“Dr. Ng”	Dr. Ng Chi Ho, the Chairman of the Group and an executive Director
“Equity Interests”	the 50% equity interest in Huizhou Huayifu legally and beneficially owned by Nodic-Matsumoto as at the date of this announcement
“Group”	collectively, the Company and its subsidiaries
“Guangdong Fuchuan”	Guangdong Fuchuan Investment Co., Ltd.* (廣東富川投資有限公司)
“Guarantees”	the four joint and several guarantees granted by Nodic-Matsumoto in favour of the Bank in support of the four Bank Loans

“HK\$”	Hong Kong dollars, the legal currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Huizhou Jiayifu”	Huizhou Jiayifu Real Estate Development Co., Ltd.* (惠州佳宜富房地產開發有限公司)
“Land”	a parcel of land situated at Huihuan Street, Zhongkai High-tech Zone, Huizhou City, the PRC (land parcel no. ZKA-008-01)* (中國惠州仲愷高新區惠環街道 ZKA-008-01號地塊), occupying a site area of 9,806 square metres
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	28 February 2023 (or such other date as may be agreed between Nodic-Matsumoto and Guangdong Fuchuan)
“Mr. Liu”	Mr. Liu Haibin* (柳海濱), a PRC citizen
“Mr. Xu”	Mr. Xu Weihong* (許偉鴻), a PRC citizen
“Mr. Zhuang”	Mr. Zhuang Ziyuan* (莊子遠), a PRC citizen
“Nodic-Matsumoto”	Nodic-Matsumoto Tooling and Plastic Injection (Huizhou) Co., Limited* (腦力一松本模具注塑(惠州)有限公司), a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company
“PRC”	the People’s Republic of China which, for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“PRC Accounting Standards”	the PRC Accounting Standards for Business Enterprises, as promulgated and, from time to time, amended or supplemented by the Ministry of Finance of the PRC
“Precise Computer Tooling”	Precise Computer Tooling Co., Limited* (精工電腦制模有限公司), a company established in Hong Kong with limited liability, an indirect wholly-owned subsidiary of the Company and the holding company of Nodic-Matsumoto
“RMB”	Renminbi, the lawful currency of the PRC

“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Share Charge”	the charge over the Equity Interests granted by Nodic-Matsumoto in favour of the Bank in support of the four Bank Loans
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent

*Unless otherwise specified in this announcement and for the purpose of illustration only, RMB is translated into HK\$ at the rate of HK\$1.00 = RMB0.878.*

By Order of the Board  
**Suga International Holdings Limited**  
**NG Chi Ho**  
*Chairman*

Hong Kong, 14 September 2022

*As at the date this announcement, the executive Directors are Dr. NG Chi Ho, Mr. MA Fung On and Dr. NG Man Cheuk, the non-executive Directors are Mr. LEE Kam Hung and Prof. LUK Wing Ching and the independent non-executive Directors are Mr. LEUNG Yu Ming, Steven, Mr. CHAN Kit Wang and Dr. CHEUNG Nim Kwan.*

\* *For identification purpose only*