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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 TRANSACTIONS:

(1) FINANCIAL ASSISTANCE TO A JOINT VENTURE COMPANY AND

(2) THE 2021 SUPPLEMENTAL COOPERATION AGREEMENT

FINANCIAL ASSISTANCE TO A JOINT VENTURE COMPANY IN 2020

On 15 January 2020, Huizhou Jiayifu (as borrower) entered into the 2020 Loan Agreement and the 2020 Loan Supplemental Agreement with the Bank (as lender) for the Bank Loan in the amount of RMB78 million. The Bank Loan was obtained by Huizhou Jiayifu for the purpose of repaying the Shareholder's Loan by Nodic-Matsumoto and the Shareholder's Loan by Guangdong Fuchuan.

In support of the Bank Loan, on the same date, (i) Nodic-Matsumoto, Guangdong Fuchuan, Mr. Zhuang, Mr. Xu and Mr. Liu, as guarantors, entered into the 2020 Guarantee Agreement with the Bank, pursuant to which these 2020 Guarantors provided a joint and several guarantee in favour of the Bank in respect of the obligations of Huizhou Jiayifu under the 2020 Loan Agreement; and (ii) Nodic-Matsumoto and the Bank entered into the 2020 Share Charge Agreement, pursuant to which Nodic-Matsumoto charged its 50% equity interest in Huizhou Jiayifu to the Bank, as security for the Bank Loan.

On 16 April 2021, Nodic-Matsumoto advanced the 2021 Shareholder's Loan by Nodic-Matsumoto in the amount of RMB5 million to Huizhou Jiayifu for the purpose of repaying part of the Bank Loan.

THE 2021 SUPPLEMENTAL COOPERATION AGREEMENT

On 7 July 2021, Nodic-Matsumoto, Guangdong Fuchuan, Mr. Zhuang, Mr. Xu, Mr. Liu, Precise Computer Tooling and Huizhou Jiayifu entered into the 2021 Supplemental Cooperation Agreement. According to the 2021 Supplemental Cooperation Agreement, Huizhou Jiayifu shall obtain the Proposed Second Bank Loan in an amount of RMB114 million from the Bank (or other financial institution), to be guaranteed by each of Nodic-Matsumoto, Guangdong Fuchuan, Mr. Zhuang, Mr. Xu and Mr. Liu. The purposes for obtaining the Proposed Second Bank Loan are to (1) repay the outstanding amount of the Bank Loan of RMB73 million together with relevant interest (which, as at 30 June 2021, was RMB10,000,452); (2) repay the 2021 Shareholder's Loan by Nodic-Matsumoto of RMB5 million; (3) repay the outstanding amount of the Shareholder's Loan by Guangdong Fuchuan of RMB14.96 million; and (4) provide working capital for the Development Project.

IMPLICATIONS UNDER THE LISTING RULES

Financial Assistance 2020

On a standalone basis, the Financial Assistance 2020 constituted a discloseable transaction of the Company under Chapter 14 of the Listing Rules as the applicable percentage ratios calculated with reference to Rule 14.07 of the Listing Rules exceeded 5% but were not more than 25%. Accordingly, the Financial Assistance 2020 was subject to the reporting and announcement requirements but not the circular and shareholders' approval requirements under Chapter 14 of the Listing Rules.

On an aggregate basis pursuant to Rule 14.22 of the Listing Rules, the Financial Assistance 2020, together with the Financial Assistance 2019, constituted a major transaction of the Company under Chapter 14 of the Listing Rules as one of the applicable percentage ratios calculated with reference to Rule 14.07 of the Listing Rules exceeded 25% but was less than 100%. Accordingly, the Financial Assistance 2020 was subject to the reporting, announcement, circular and shareholders' approval requirements under Chapter 14 of the Listing Rules.

The 2021 Shareholder's Loan by Nodic-Matsumoto

On a standalone basis, the 2021 Shareholder's Loan by Nodic-Matsumoto did not constitute a notifiable transaction of the Company under Chapter 14 of the Listing Rules as the applicable percentage ratios calculated with reference to Rule 14.07 of the Listing Rules were below 5%.

The 2021 Supplemental Cooperation Agreement

On a standalone basis, the Proposed Guarantee and Proposed Share Charge under the 2021 Supplemental Cooperation Agreement constitute a discloseable transaction of the Company under Chapter 14 of the Listing Rules as the applicable percentage ratios calculated with reference to Rule 14.07 of the Listing Rules exceed 5% but are not more than 25%. Accordingly, the Proposed Guarantee and Proposed Share Charge are subject to the reporting and announcement requirements but not the circular and shareholders' approval requirements under Chapter 14 of the Listing Rules.

On an aggregate basis pursuant to Rule 14.22 of the Listing Rules, the Financial Assistance 2020, the 2021 Shareholder's Loan by Nodic-Matsumoto and the Proposed Guarantee and Proposed Share Charge, together with the Financial Assistance 2019, constitute a major transaction of the Company under Chapter 14 of the Listing Rules as one of the applicable percentage ratios calculated with reference to Rule 14.07 of the Listing Rules exceeds 25% but is less than 100%. Accordingly, the Financial Assistance 2020, the 2021 Shareholder's Loan by Nodic-Matsumoto and the Proposed Guarantee and Proposed Share Charge are subject to the reporting, announcement, circular and shareholders' approval requirements under Chapter 14 of the Listing Rules.

Pursuant to Rule 14.15(2) of the Listing Rules, the aggregate funding commitment of the Group to Huizhou Jiayifu under the Financial Assistance 2020, the 2021 Shareholder's Loan by Nodic-Matsumoto and the Proposed Guarantee and Proposed Share Charge, together with the Capital Contribution by Nodic-Matsumoto and the Financial Assistance 2019, constitute a major transaction of the Company under Chapter 14 of the Listing Rules as one of the applicable percentage ratios calculated with reference to Rule 14.07 of the Listing Rules exceeds 25% but is less than 100%. Accordingly, the Financial Assistance 2020, the 2021 Shareholder's Loan by Nodic-Matsumoto and the Proposed Guarantee and Proposed Share Charge are subject to the reporting, announcement, circular and shareholders' approval requirements under Chapter 14 of the Listing Rules.

INTRODUCTION

Reference is made to (1) the announcement of the Company dated 16 August 2019 in relation to the Acquisition by Huizhou Jiayifu of land use rights in Huizhou City at a consideration of RMB92 million under the Land Transfer Contract (which was effectively the land premium of the Land); and (2) the 2019 Announcement in relation to the Cooperation Agreement relating to the Acquisition of land use rights in Huizhou City. Pursuant to the Cooperation Agreement, Nodic-Matsumoto and Guangdong Fuchuan agreed to jointly invest in Huizhou Jiayifu by way of Capital Contributions and Shareholders' Loan to develop the Land. The total commitment and consideration paid by Nodic-Matsumoto pursuant to the Cooperation Agreement was RMB47.38 million, which comprised (i) the Capital Contribution by Nodic-Matsumoto of RMB0.9 million; and (ii) the Shareholder's Loan by Nodic-Matsumoto of RMB46.48 million. The same capital commitment and consideration was paid by Guangdong Fuchuan to Huizhou Jiayifu. Following the completion of the Capital Contributions, Nodic-Matsumoto's equity interest in Huizhou Jiayifu was reduced from 90% to 50%.

As mentioned in the 2019 Announcement, (1) Huizhou Jiayifu would use the Capital Contributions and Shareholders' Loan (i.e. RMB94.76 million) solely to pay the consideration and the related tax of the Acquisition of land use rights in Huizhou City; and (2) within 90 days from the date on which Huizhou Jiayifu receives the land use right certificate in respect of the Land, Guangdong Fuchuan would procure third-party financing for Huizhou Jiayifu which would be used by Huizhou Jiayifu firstly to repay the Shareholder's Loan by Nodic-Matsumoto. On 16 October 2019, Huizhou Jiayifu received the land use right certificate.

On 15 January 2020:

- (1) Huizhou Jiayifu (as borrower) entered into the 2020 Loan Agreement and the 2020 Loan Supplemental Agreement with the Bank (as lender) for the Bank Loan in the amount of RMB78 million;
- (2) in support of the Bank Loan, Nodic-Matsumoto, Guangdong Fuchuan, Mr. Zhuang, Mr. Xu and Mr. Liu, as guarantors, entered into the 2020 Guarantee Agreement with the Bank, pursuant to which these 2020 Guarantors provided a joint and several guarantee in favour of the Bank in respect of the obligations of Huizhou Jiayifu under the 2020 Loan Agreement; and
- (3) Nodic-Matsumoto and the Bank entered into the 2020 Share Charge Agreement, pursuant to which Nodic-Matsumoto charged its 50% equity interest in Huizhou Jiayifu in favour of the Bank, as security for the Bank Loan.

On 20 January 2020, Huizhou Jiayifu repaid in full to Nodic-Matsumoto the latter's shareholder's loan in the amount of RMB46.48 million and repaid RMB31.52 million of the RMB46.48 million Shareholder's Loan by Guangdong Fuchuan.

On 16 April 2021, Nodic-Matsumoto advanced the 2021 Shareholder's Loan in the amount of RMB5 million to Huizhou Jiayifu for the purpose of repaying part of the Bank Loan.

To provide for the repayment of the Bank Loan and the relevant shareholders' loans by Nodic-Matsumoto and Guangdong Fuchuan, and to regulate the parties respective further funding obligations to Huizhou Jiayifu and the Development Project, on 7 July 2021, Nodic-Matsumoto, Guangdong Fuchuan, Mr. Zhuang, Mr. Xu, Mr. Liu, Precise Computer Tooling and Huizhou Jiayifu entered into the 2021 Supplemental Cooperation Agreement. According to the 2021 Supplemental Cooperation Agreement, Huizhou Jiayifu shall obtain the Proposed Second Bank Loan in an amount of RMB114 million from the Bank (or other financial institution), to be guaranteed by each of Nodic-Matsumoto, Guangdong Fuchuan, Mr. Zhuang, Mr. Xu and Mr. Liu.

FINANCIAL ASSISTANCE PROVIDED BY NODIC-MATSUMOTO TO HUIZHOU JIAYIFU IN 2020 AND 2021

The 2020 Loan Agreement and the 2020 Loan Supplemental Agreement

On 15 January 2020, Huizhou Jiayifu (as borrower) entered into the 2020 Loan Agreement and the 2020 Loan Supplemental Agreement with the Bank (as lender). Set out below is a summary of the major terms of the 2020 Loan Agreement and the 2020 Loan Supplemental Agreement.

Principal:	RMB78 million
Interest:	9% per annum
Loan term:	A term of three years from the date of the 2020 Loan Agreement
Repayment schedule:	RMB5 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
Purpose of the Bank Loan:	Payment of compensation for demolition and the fee for land levelling

Note: As the payment of the compensation for demolition and fee for land levelling (i.e. being part of the land premium of the Land) was made by Huizhou Jiayifu utilising the Shareholder's Loan by Nodic-Matsumoto and the Shareholder's Loan by Guangdong Fuchuan, the Bank Loan was used to repay the Shareholder's Loan by Nodic-Matsumoto in full in the amount of RMB46.48 million and repay RMB31.52 million of the RMB46.48 million Shareholder's Loan by Guangdong Fuchuan.

The 2020 Guarantee Agreement

On 15 January 2020, Nodic-Matsumoto, Guangdong Fuchuan, Mr. Zhuang, Mr. Xu and Mr. Liu, as guarantors, entered into the 2020 Guarantee Agreement in favour of the Bank, pursuant to which these 2020 Guarantors jointly and severally guaranteed the repayment obligations of Huizhou Jiayifu under the 2020 Loan Agreement. The scope of the 2020 Guarantee included the Bank Loan, interests, penalties, liquidated damages and expenses for enforcing the Bank's claims under the 2020 Loan Agreement and other related fees.

The term of the 2020 Guarantee Agreement commenced from the date of the 2020 Guarantee Agreement and shall terminate on the date falling two years after the expiry of the performance obligations of Huizhou Jiayifu under the 2020 Loan Agreement.

The 2020 Share Charge Agreement

On 15 January 2020, Nodic-Matsumoto and the Bank entered into the 2020 Share Charge Agreement, pursuant to which Nodic-Matsumoto charged its 50% equity interest in Huizhou Jiayifu in favour of the Bank as security for the obligations of Huizhou Jiayifu under the 2020 Loan Agreement. The 2020 Share Charge Agreement shall terminate upon the full repayment of the Bank Loan.

On the same date, Guangdong Fuchuan and the Bank also entered into a separate share charge agreement, pursuant to which Guangdong Fuchuan charged its 50% equity interest in Huizhou Jiayifu in favour of the Bank as security for the obligations of Huizhou Jiayifu under the 2020 Loan Agreement.

2021 Shareholder's Loan by Nodic-Matsumoto

On 16 April 2021, Nodic-Matsumoto advanced the 2021 Shareholder's Loan by Nodic-Matsumoto in the amount of RMB5 million to Huizhou Jiayifu which was utilised by Huizhou Jiayifu to make a quarter repayment according to the repayment schedule of the Bank Loan.

The 2021 Shareholder's Loan by Nodic-Matsumoto was financed by the internal resources of the Group.

2021 SUPPLEMENTAL COOPERATION AGREEMENT

To provide for the repayment of the Bank Loan and the relevant shareholders' loans by Nodic-Matsumoto and Guangdong Fuchuan, and to regulate the parties respective further funding obligations to Huizhou Jiayifu and the Development Project, on 7 July 2021, Nodic-Matsumoto, Guangdong Fuchuan, Mr. Zhuang, Mr. Xu, Mr. Liu, Precise Computer Tooling and Huizhou Jiayifu entered into the 2021 Supplemental Cooperation Agreement, pursuant to which, among other things:

- (1) Guangdong Fuchuan shall be responsible for raising the necessary funds for Huizhou Jiayifu to repay the outstanding Bank Loan and its interest. If Guangdong Fuchuan is unable to raise the necessary funds before Huizhou Jiayifu is required to repay the outstanding Bank Loan and its interest, Guangdong Fuchuan shall provide shareholder's loan(s) to Huizhou Jiayifu for the repayment of the outstanding Bank Loan and its interest;
- (2) Huizhou Jiayifu shall obtain the Proposed Second Bank Loan in an amount of RMB114 million from the Bank (or other financial institution); and
- (3) in support of the Proposed Second Bank Loan:
 - (i) Huizhou Jiayifu shall pledge the Land and the properties thereon to the Bank (or other financial institution);
 - (ii) Nodic-Matsumoto, Guangdong Fuchuan, Mr. Zhuang, Mr. Xu and Mr. Liu shall grant the Proposed Guarantee in favour of the Bank (or other financial institution) to jointly and severally guarantee the repayment obligations of Huizhou Jiayifu under the Proposed Second Bank Loan; and
 - (iii) each of Nodic-Matsumoto and Guangdong Fuchuan shall charge its 50% equity interest in Huizhou Jiayifu in favour of the Bank (or other financial institution).

The Proposed Second Bank Loan shall be used by Huizhou Jiayifu, by order of priority:

- (1) to repay the outstanding amount of the Bank Loan of RMB73 million together with relevant interest (which, as at 30 June 2021, was RMB10,000,452);
- (2) to repay the 2021 Shareholder's Loan by Nodic-Matsumoto of RMB5 million;
- (3) to repay the outstanding amount of the Shareholder's Loan by Guangdong Fuchuan of RMB14.96 million; and
- (4) as working capital for the Development Project.

The Proposed Second Bank Loan shall be repaid firstly by the proceeds received from the pre-sale of the properties in the Development Project. Should the proceeds be insufficient to repay the Proposed Second Bank Loan, Guangdong Fuchuan shall be solely responsible for providing the necessary funds and shall advance shareholder's loan to Huizhou Jiayifu for such repayment. 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 the future funding needs of Huizhou Jiayifu for the Development Project and its operation.

INFORMATION ON THE PARTIES INVOLVED

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. Precise Computer Tooling is an indirect wholly-owned subsidiary of the Company whose principal business is investment holding.

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.

Guangdong Fuchuan is a company established in the PRC with experience in property development, which 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.

The Bank is a banking institution in the PRC. To the best of the Director's knowledge, information and belief, and after making all reasonable enquiries, the Bank and its ultimate beneficial owners are third parties independent of the Company and its connected persons.

UPDATE ON THE DEVELOPMENT PROJECT

As mentioned above, Huizhou Jiayifu received the land use right certificate on 16 October 2019. Work on the Development Project was scheduled to commence in April 2020 but was delayed to August 2020 due to the impact of COVID-19 restrictions. As at the date of this announcement, the Development Project is approximately 30% complete and the pre-sale properties in the Development Project is expected to commence at the end of 2021. Full completion of the Development Project is expected to take place in mid-2023.

REASONS FOR AND BENEFITS OF PROVISIONS OF FINANCIAL ASSISTANCE 2020, THE 2021 SHAREHOLDER'S LOAN BY NODIC-MATSUMOTO AND THE 2021 SUPPLEMENTAL COOPERATION AGREEMENT

As disclosed in the 2019 Announcement, within 90 days from the date on which Huizhou Jiayifu received the land use right certificate(s) in respect of the Land, Guangdong Fuchuan would procure third-party financing for Huizhou Jiayifu which would be used by Huizhou Jiayifu firstly to repay the Shareholder's Loan by Nodic-Matsumoto. On 16 October 2019, Jiayifu received the land use right certificate. Accordingly, Huizhou Jiayifu entered into the 2020 Loan Agreement and the 2020 Loan Supplemental Agreement with the Bank to obtain the Bank Loan and utilised part of it to repay the Shareholder's Loan by Nodic-Matsumoto's in full. At the request of the Bank, the 2020 Guarantee Agreement and the 2020 Share Charge Agreement were entered into as security for the Bank Loan (i.e. the Financial Assistance 2020).

The 2021 Shareholder's Loan by Nodic-Matsumoto was utilised to make a quarter repayment of the Bank Loan.

Huizhou Jiayifu expects to commence the pre-sale of the properties in the Development Project at the end of 2021. As the full repayment of the Bank Loan to release the charge on the Land in favour of the Bank is one of the pre-conditions to obtaining the pre-sale permit for the Development Project, Huizhou Jiayifu will need to obtain the Proposed Second Bank Loan to repay the Bank Loan. The Proposed Guarantee and Proposed Share Charge will provide necessary support for obtaining the Proposed Second Bank Loan.

As mentioned in the section headed "Update on the Development Project" in this announcement, the Development Project is approximately 30% complete as at the date of this announcement. In view of the potential growth and outlook of the property market in the region where the Land is situated after taking into account the economic potential of the Greater Bay Area and the approximately 20% increase in the average price per square metres of surrounding residential properties since January 2019, the Board is confident of the positive prospects of the Development Project.

The terms of the 2020 Loan Agreement, the 2020 Loan Supplemental Agreement, 2020 Guarantee Agreement, 2020 Share Charge Agreement, the 2021 Shareholder's Loan by Nodic-Matsumoto and the 2021 Supplemental Cooperation Agreement were determined after arm's length negotiations between the parties. The Directors (including all the independent non-executive Directors) are of the view that the terms of the 2020 Loan Agreement, the 2020 Loan Supplemental Agreement, 2020 Guarantee Agreement, 2020 Share Charge Agreement, the 2021 Shareholder's Loan by Nodic-Matsumoto and the 2021 Supplemental Cooperation Agreement are on normal commercial terms and are fair and reasonable. In

light of the above and the positive prospects of the Development Project, the Directors (including all the independent non-executive Directors) further consider that the entering into of the 2020 Loan Agreement, the 2020 Loan Supplemental Agreement, 2020 Guarantee Agreement, 2020 Share Charge Agreement, the 2021 Shareholder's Loan by Nodic-Matsumoto and the 2021 Supplemental Cooperation Agreement are in the interests of the Company and the Shareholders as a whole.

IMPLICATIONS UNDER THE LISTING RULES

Financial Assistance 2020

On a standalone basis, the Financial Assistance 2020 constituted a discloseable transaction of the Company under Chapter 14 of the Listing Rules as the applicable percentage ratios calculated with reference to Rule 14.07 of the Listing Rules exceeded 5% but were not more than 25%. Accordingly, the Financial Assistance 2020 was subject to the reporting and announcement requirements but not the circular and shareholders' approval requirements under Chapter 14 of the Listing Rules.

On an aggregate basis pursuant to Rule 14.22 of the Listing Rules, the Financial Assistance 2020, together with the Financial Assistance 2019, constituted a major transaction of the Company under Chapter 14 of the Listing Rules as one of the applicable percentage ratios calculated with reference to Rule 14.07 of the Listing Rules exceeded 25% but was less than 100%. Accordingly, the Financial Assistance 2020 was subject to the reporting, announcement, circular and shareholders' approval requirements under Chapter 14 of the Listing Rules.

The 2021 Shareholder's Loan by Nodic-Matsumoto

On a standalone basis, the 2021 Shareholder's Loan by Nodic-Matsumoto did not constitute a notifiable transaction of the Company under Chapter 14 of the Listing Rules as the applicable percentage ratios calculated with reference to Rule 14.07 of the Listing Rules were below 5%.

The 2021 Supplemental Cooperation Agreement

On a standalone basis, the Proposed Guarantee and Proposed Share Charge under the 2021 Supplemental Cooperation Agreement constitute a discloseable transaction of the Company under Chapter 14 of the Listing Rules as the applicable percentage ratios calculated with reference to Rule 14.07 of the Listing Rules exceed 5% but are not more than 25%. Accordingly, the Proposed Guarantee and Proposed Share Charge are subject to the reporting and announcement requirements but not the circular and shareholders' approval requirements under Chapter 14 of the Listing Rules.

On an aggregate basis pursuant to Rule 14.22 of the Listing Rules, the Financial Assistance 2020, the 2021 Shareholder's Loan by Nodic-Matsumoto and the Proposed Guarantee and Proposed Share Charge, together with the Financial Assistance 2019, constitute a major transaction of the Company under Chapter 14 of the Listing Rules as one of the applicable percentage ratios calculated with reference to Rule 14.07 of the Listing Rules exceeds 25% but less than 100%. Accordingly, the Financial Assistance 2020, the 2021 Shareholder's

Loan by Nodic-Matsumoto and the Proposed Guarantee and Proposed Share Charge are subject to the reporting, announcement, circular and shareholders' approval requirements under Chapter 14 of the Listing Rules.

Pursuant to Rule 14.15(2) of the Listing Rules, the aggregate funding commitment of the Group to Huizhou Jiayifu under the Financial Assistance 2020, the 2021 Shareholder's Loan by Nodic-Matsumoto and the Proposed Guarantee and Proposed Share Charge, together with the Capital Contribution by Nodic-Matsumoto and the Financial Assistance 2019, constitute a major transaction of the Company under Chapter 14 of the Listing Rules as one of the applicable percentage ratios calculated with reference to Rule 14.07 of the Listing Rules exceeds 25% but is less than 100%. Accordingly, the Financial Assistance 2020, the 2021 Shareholder's Loan by Nodic-Matsumoto and the Proposed Guarantee and Proposed Share Charge are 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, shareholders' approval may be obtained by way of written shareholders' approval in lieu of holding a general meeting if (a) no shareholder is required to abstain from voting if the Company were to convene a general meeting for the approval of the Financial Assistance 2020, the 2021 Shareholder's Loan by Nodic-Matsumoto and the Proposed Guarantee and Proposed Share Charge and the transactions contemplated thereunder; and (b) written shareholders' approval has been obtained from a shareholder or a closely allied group of shareholders who together hold more than 50% of the voting rights at that general meeting to approve the Financial Assistance 2020, the 2021 Shareholder's Loan by Nodic-Matsumoto and the Proposed Guarantee and the Proposed Share Charge and the transactions contemplated thereunder. On the date of this announcement, the Company has obtained the written Shareholders' approval from a closely allied group of shareholders who are interested in an aggregate of 170,528,000 Shares, representing approximately 60.15% of the issued share capital of the Company as at the date of this announcement, such written approval of the aforementioned group of Shareholders has been accepted in lieu of holding a general meeting pursuant to Rule 14.44 of the Listing Rules. The aforesaid closely allied group of Shareholders are (i) Dr. Ng (holding 6,930,000 Shares representing approximately 2.4% of the issued share capital of the Company); (ii) Billion Linkage Limited, a company held by Dr. Ng and his spouse in equal shares (holding 53,598,000 Shares representing approximately 18.9% of the issued share capital of the Company); 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 38.8% of the issued share capital of the Company).

Disclosure of advance to an entity made pursuant to Rules 13.13 and 13.14 of the Listing Rules

As the 2020 Guarantee, which constituted a relevant advance to an entity pursuant to Rule 13.11(2)(c) of the Listing Rules, when aggregated with the Shareholder's Loan by Nodic-Matsumoto, exceeded 8% under the assets ratio as defined under Rule 14.07(1) of the Listing Rules, the 2020 Guarantee was subject to the general disclosure obligations under Rules 13.13 and 13.15 of the Listing Rules. Such disclosure was not made by the Company.

As the Proposed Guarantee exceeds the aggregate of the Shareholder's Loan by Nodic-Matsumoto and the 2020 Guarantee (had the latter been disclosed) by 3% or more under the assets ratio as defined under Rule 14.07(1) of the Listing Rules, the Proposed Guarantee is subject to the general disclosure obligations under Rules 13.14 and 13.15 of the Listing Rules.

Disclosure of provisions of financial assistance and guarantees to affiliated companies pursuant to Rule 13.16 of the Listing Rule

Huizhou Jiayifu is an affiliated company (as defined in Rule 13.11(2)(a) of the Listing Rules) of the Company. As the Shareholder's Loan by Nodic-Matsumoto and the Financial Assistance 2020 in aggregate exceeded 8% under the assets ratio as defined under Rule 14.07(1) of the Listing Rules, they were subject to the general disclosure obligation under Rule 13.16 of the Listing Rules. Such disclosure was not made by the Company. Please refer to the section headed "Capital Contributions and Shareholders' Loan" of the 2019 Announcement for the terms of the Shareholder's Loan by Nodic-Matsumoto and the section headed "Financial Assistance provided by Nodic-Matsumoto to Huizhou Jiayifu in 2020 and 2021" in this announcement for the terms of the Financial Assistance 2020.

REMEDIAL MEASURES AND ACTIONS

The Board considers the Company's inadvertent oversight and failure to comply with the relevant provisions of Chapters 13 and 14 of the Listing Rules and make timely disclosures of the Financial Assistance 2020 and the 2021 Shareholder's Loan by Nodic-Matsumoto regretful. To avoid any occurrence of similar incidents in the future, the Company will adopt the following measures to strengthen the relevant internal control procedures of the Group:

- (i) provide training to the Directors and senior management of the Group to remind them, in particular the finance team, to report transactions which may need to be disclosed under Chapters 13 and 14 of the Listing Rules to the Group's compliance personnel, and seek professional advice if necessary, to ensure that they understand the requirements under the Listing Rules and the relevant rules and regulations; and
- (ii) review, strengthen and continue to monitor the relevant internal control measures of the Group, including but not limited to contract signing procedures, to ensure that current and future transactions will be conducted in compliance with the applicable requirements under the Listing Rules and other relevant rules and regulations.

DESPATCH OF CIRCULAR

Pursuant to Rule 14.41(a) of the Listing Rules, a circular containing, among other things, details of the major transaction constituted by the Financial Assistance 2020, the 2021 Shareholder's Loan by Nodic-Matsumoto and the Proposed Guarantee and the Proposed Share Charge and other information as required by the Listing Rules, is required to be despatched to the Shareholders within 15 business days from the date of this announcement. On this basis, the Company expects to despatch the circular to the Shareholders on or before 28 July 2021.

DEFINITIONS

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

“2019 Announcement”	the announcement of the Company dated 9 September 2019
“2020 Guarantee”	the joint and several guarantees provided by the 2020 Guarantors in favour of the Bank in respect of the Bank Loan pursuant to the terms of the 2020 Guarantee Agreement
“2020 Guarantee Agreement”	the guarantee agreement dated 15 January 2020 entered into between the Bank and the 2020 Guarantors
“2020 Guarantors”	Nodic-Matsumoto, Guangdong Fuchuan, Mr. Zhuang, Mr. Xu and Mr. Liu
“2020 Loan Agreement”	the loan agreement dated 15 January 2020 entered into between the Bank and Huizhou Jiayifu
“2020 Loan Supplemental Agreement”	the supplemental agreement dated 15 January 2020 entered into between the Bank and Huizhou Jiayifu under the 2020 Loan Agreement
“2020 Share Charge Agreement”	the share charge agreement dated 15 January 2020 and entered into between the Bank (as chargee) and Nodic-Matsumoto (as chargor) by way of charge of the rights and interest in 50% of the share capital of Huizhou Jiayifu in favour of the Bank
“2021 Shareholder’s Loan by Nodic-Matsumoto”	an unsecured and interest-free term loan in the principal amount of RMB5 million advanced by Nodic-Matsumoto to Huizhou Jiayifu for the purpose of repayment of part of the Bank Loan
“2021 Supplemental Cooperation Agreement”	a supplemental agreement to the Cooperation Agreement dated 7 July 2021 and entered into amongst Nodic-Matsumoto, Guangdong Fuchuan, Mr. Zhuang, Mr. Xu, Mr. Liu, Precise Computer Tooling and Huizhou Jiayifu
“Acquisition”	the acquisition of the land use right to the Land by Huizhou Jiayifu from the Bureau under the Land Transfer Contract
“Bank”	Huizhou Rural Commercial Bank, a banking institution in the PRC
“Bank Loan”	a loan in the principal amount of RMB78 million granted by the Bank as lender to Huizhou Jiayifu as borrower pursuant to the 2020 Loan Agreement

“Board”	the board of Directors
“Bureau”	Huizhou Natural Resources Bureau (惠州市自然資源局)
“Capital Contribution by Guangdong Fuchuan”	the capital contribution of RMB0.9 million made by Guangdong Fuchuan pursuant to the Cooperation Agreement
“Capital Contribution by Nodic-Matsumoto”	the capital contribution of RMB0.9 million made by Nodic-Matsumoto pursuant to the Cooperation Agreement
“Capital Contributions”	comprises (i) Capital Contribution by Guangdong Fuchuan and (ii) Capital Contribution by Nodic-Matsumoto
“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)
“Cooperation Agreement”	the cooperation agreement dated 9 September 2019 entered into between Nodic-Matsumoto, Guangdong Fuchuan, Mr. Zhuang, Mr. Xu and Precise Computer Tooling, in relation to, among other things, the Capital Contributions and the Shareholder’s Loans
“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
“Financial Assistance 2019”	the Shareholder’s Loan by Nodic-Matsumoto
“Financial Assistance 2020”	the guarantee and share charge provided by Nodic-Matsumoto under the 2020 Guarantee Agreement and the 2020 Share Charge Agreement respectively
“Group”	collectively, the Company and its subsidiaries
“Guangdong Fuchuan”	Guangdong Fuchuan Investment Co., Ltd.* (廣東富川投資有限公司)
“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 HightechZone, 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
“Land Transfer Contract”	the contract entered into between the Bureau as transferor and Huizhou Jiayifu as transferee on 16 August 2019 for the transfer of land use right to the Land
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“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-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
“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, a wholly-owned subsidiary of the Company and the holding company of Nodic-Matsumoto
“Proposed Guarantee”	the proposed joint and several guarantees to be provided by the 2020 Guarantors in relation to the Proposed Second Bank Loan
“Proposed Second Bank Loan”	a loan in the principal amount of RMB114 million proposed to be borrowed by Huizhou Jiayifu as borrower from the Bank or other financial institution
“Proposed Share Charge”	the proposed charge by Nodic-Matsumoto in favour of the Bank (or other financial institution) over the former’s rights and interest in 50% of the equity interest in Huizhou Jiayifu as security for the Proposed Second Bank Loan
“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
“Shareholder(s)”	holder(s) of the Shares
“Shareholder’s Loan”	collectively, the Shareholder’s Loan by Guangdong Fuchuan and the Shareholder’s Loan by Nodic-Matsumoto
“Shareholder’s Loan by Guangdong Fuchuan”	the shareholder’s loan in the principal amount of RMB46.48 million provided by Guangdong Fuchuan pursuant to the Cooperation Agreement
“Shareholder’s Loan by Nodic-Matsumoto”	the shareholder’s loan in the principal amount of RMB46.48 million provided by Nodic-Matsumoto pursuant to the Cooperation Agreement
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent

In this announcement, if there is any inconsistency between the Chinese names of the entities or enterprises established in the PRC and their English translations, the Chinese names shall prevail. The English translation of names or any descriptions in Chinese which are marked with “” is for identification purpose only.*

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

Hong Kong, 7 July 2021

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.