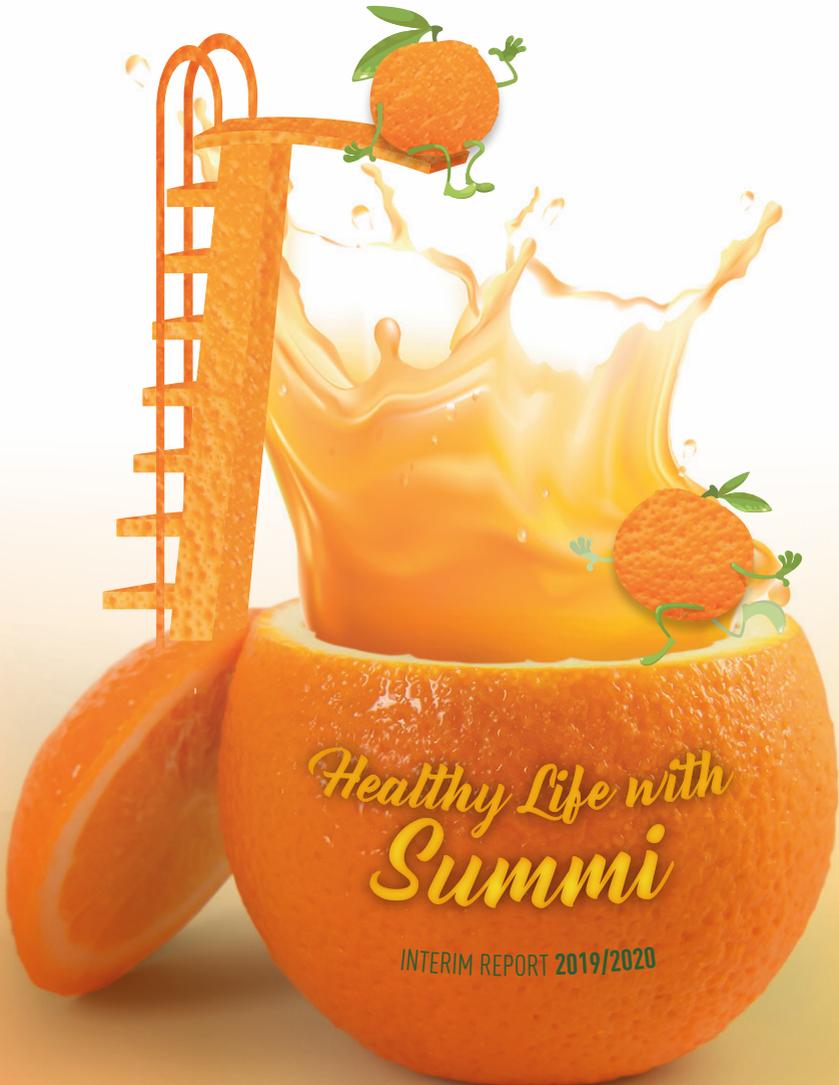




森美(集團)控股有限公司
Summi (Group) Holdings Limited

(incorporated in the Cayman Islands with limited liability)
Stock Code: 00756



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CORPORATE INFORMATION

DIRECTORS

Executive Directors

Mr. Wu Shaohao (Chairman)

Mr. Wu Liantao

Independent Non-Executive Directors

Mr. Kyaw Sai Hong HKICPA (practising)

Mr. Ma Chi Kin Kenneth CFA, CAIA, MRICS

Mr. Chen Ying

COMPANY SECRETARY

Mr. Lee Kwok Lun HKICPA (practising),
FCCA, ACIS, ACS

AUTHORISED REPRESENTATIVES

Mr. Wu Liantao

Mr. Lee Kwok Lun HKICPA (practising),
FCCA, ACIS, ACS

AUDIT COMMITTEE

Mr. Kyaw Sai Hong (Chairman)

HKICPA (practising)

Mr. Ma Chi Kin Kenneth CFA, CAIA, MRICS

Mr. Chen Ying

REMUNERATION COMMITTEE

Mr. Chen Ying (Chairman)

Mr. Wu Shaohao

Mr. Ma Chi Kin Kenneth CFA, CAIA, MRICS

NOMINATION COMMITTEE

Mr. Wu Shaohao (Chairman)

Mr. Ma Chi Kin Kenneth CFA, CAIA, MRICS

Mr. Kyaw Sai Hong HKICPA (practising)

INVESTMENT AND COMPLIANCE COMMITTEE

Mr. Wu Shaohao (Chairman)

Mr. Wu Liantao

Mr. Kyaw Sai Hong HKICPA (practising)

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room 1012, 10/F, Block A
Hung Hom Commercial Centre
37 Ma Tau Wai Road
Hung Hom, Kowloon
Hong Kong

REGISTERED OFFICE

Clifton House, 75 Fort Street
P.O. Box 1350, Grand Cayman KY1-1108
Cayman Islands

AUDITOR

Fuson CPA Limited

LEGAL ADVISORS AS TO HONG KONG LAWS

Khoo and Co.

PRINCIPAL BANKER

Standard Chartered Bank

SHARE REGISTRAR IN HONG KONG

Computershare Hong Kong Investor
Services Limited
Shops 1712–1716, 17th Floor
Hopewell Centre
183 Queen's Road East
Wanchai
Hong Kong

SHARE REGISTRAR AND TRANSFER OFFICE IN CAYMAN ISLANDS

Estera Trust (Cayman) Limited
Clifton House, 75 Fort Street
P.O. Box 1350, Grand Cayman KY1-1108
Cayman Islands

COMPANY WEBSITE

<https://hksummi.com>

FINANCIAL SUMMARY

FOR THE SIX MONTHS ENDED 31 DECEMBER 2019 (UNAUDITED)

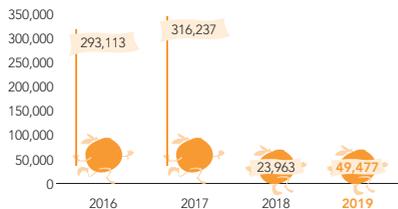
FINANCIAL HIGHLIGHTS

	Six months ended		Change % (Approximate)
	31 December 2019	31 December 2018	
	RMB'000	RMB'000	
Statement of profit or loss and other comprehensive income			
Revenue	49,477	23,963	106.5%
Gross profit	845	1,366	(38.1%)
Gross profit margin	1.71%	5.70%	3.99pp
Profit/(loss) for the period	329,037	(97,500)	N/A
Basic earnings/(loss) per share (RMB cents)	24.5	(7.23)	N/A

	As at		Change % (Approximate)
	31 December 2019	30 June 2019	
	RMB'000	RMB'000	
Statement of financial position			
Cash and cash equivalents	3,487	4,364	(20.1%)
Inventories	9,588	22,008	(56.4%)
Trade receivables	3,313	19,252	(82.8%)
Borrowings	278,046	767,937	(63.8%)
Net liabilities	(312,725)	(660,864)	(52.7%)

REVENUE

FOR THE SIX MONTHS ENDED 31 DECEMBER (RMB'000)



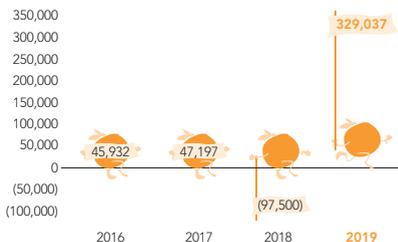
REVENUE BREAKDOWN

FOR THE SIX MONTHS ENDED 31 DECEMBER (Approximate percentage)



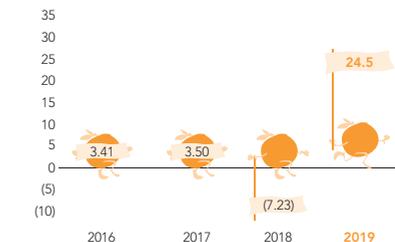
NET PROFIT/(LOSS)

FOR THE SIX MONTHS ENDED 31 DECEMBER (RMB'000)



BASIC EARNINGS/(LOSS) PER SHARE

FOR THE SIX MONTHS ENDED 31 DECEMBER (RMB cents)





CHAIRMAN'S STATEMENT

Dear Shareholders,

I am very pleased to present to the shareholders (the "Shareholder(s)") of Summi (Group) Holdings Limited (the "Company") the unaudited interim report of the Company and its subsidiaries (collectively, the "Group") for the six months ended 31 December 2019 (the "Reporting Period").

REVIEW AND PROSPECTS

During the Reporting Period, the Group has been striving for recovering from the difficult year in 2019 and the result is encouraging. On 9 December 2019, the Company and certain banks entered in to a loan settlement agreement, pursuant to which the Company and the banks agreed to settle the loans at a discount. After the completion of the loans, the Group has reduced the bank borrowing from approximately RMB768 million to approximately RMB278 million. The Company expects that further negotiation with other banks will be smooth, which in turn may cause the Company's financial position to be greatly improved.

During the Reporting Period, the Company has been recovering from the business reorganisation in the last year. The Group recorded the revenue and gross profit of approximately RMB49.5 million and RMB845,000 respectively, representing an increase of 106% and a decrease of 38% over the same period last year. The net profit for the Reporting Period was approximately RMB329.0 million, turning loss into profit compared to the same period last year.

Looking forward, the Group hopes to regain customers' confidence and get out of the doldrums through the quality of Summi products.

INVESTOR RELATIONS

One of the main duties of the board (the "Board") of directors (the "Director(s)") of the Company is to maintain good communications with its Shareholders and potential investors. The Group's management regularly pays visits to domestic and overseas prestigious institutional investors and private client investment advisors, as well as attended investor conferences, in order to provide the Shareholders and potential investors a thorough understanding of the Group's strategy and the latest business development. It is hoped that through such communication, the Company can enhance the transparency and strengthen the relationships with investors.



CHAIRMAN'S STATEMENT

APPRECIATION

On behalf of the Board, I would like to extend my sincere gratitude to every Shareholder, customer and business partner for their support, trust and concern over the years. In addition, I would also like to thank our excellent management team and employees for their efforts. The Group will continue to enhance our core competence and strive to become a leading producer in the juice beverage industry in the PRC.

Wu Shaohao

Chairman

Shanghai, 25 February 2020



MANAGEMENT DISCUSSION AND ANALYSIS



**COLLECTION
OF ORANGES**



**WASHING
AND
BRUSHING**



SORTING



SQUEEZING



PASTEURIZATION



**SUMMI FRESH
ORANGE JUICE**

FINISH



**ASEPTIC PACKING
AND STORAGE**





MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND PROSPECT

The Group's operations during the Reporting Period was encouraging, with the operations of each major segment having an improvement of performance. As set out in the announcement dated 26 June 2019, the Group ceased to operate the orange plantation in Chongqing, while the operations of manufacturing frozen concentrate orange juice ("FCOJ") and Summi Products remained active, and the revenue from the sales of FCOJ and Summi Products have been recovering.

During the Reporting Period, the Group has managed to achieve an encouraging development. On 9 December 2019, the Company and certain banks entered into a loan settlement agreement, pursuant to which, the banks agreed to reduce their respective amounts of outstanding liabilities payable by the Company to the settlement balances. The loan settlement agreement has been completed and the Company recorded a substantially decrease in bank borrowings and a gain arising from the reduction of loan principals of approximately USD47,810,000 (equivalent to approximately RMB331,897,000) and approximately RMB363,085,000, respectively. Currently, the Company has been finalising the negotiation with the remaining banks in relation to a debt structuring agreement. The management of the Company is optimistic with the outcome of the negotiation, upon which the Company will be able to further extend the repayment terms of the bank loans with the principals of approximately HK\$137.2 million to 2024 and the Company's financial position will be greatly improved.

OPERATING PERFORMANCE

Summi Products

During the Reporting Period, the Group has been rebuilding the sales network and developing new products in relation to Summi Products to leverage the advantages of "Summi" brand. During the Reporting Period, sales of Summi Products increased by 298.8% from approximately RMB5,612,000 over the same period last year to RMB22,382,000, which was mainly attributable to the sales of Summi Products in the supermarkets in the PRC, Hong Kong and Malaysia under new the business model. In addition, the Group has been developing new series of products and mock samples have been sent to distributors and launch dates are expected to be in 2020. The Group estimates that the launch of new products will further enhance the Group's products range and leverage the Group's advantages in food and beverage industry.

FCOJ and related products

Sales of FCOJ and related products increased from approximately RMB18,351,000 over the same period last year to approximately RMB27,095,000 in the Reporting Period. During the Reporting Period, international frozen orange juice futures prices have remained stable, same prices as compared with the previous year were recorded for the sale prices of FCOJ.

MANAGEMENT DISCUSSION AND ANALYSIS

Gross Profit

During the Reporting Period, the Group's gross profit was approximately RMB845,000, an approximate decrease of 38.1% compared to approximately RMB1,366,000 over the same period last year. The Group's gross profit margin decreased to approximately 1.71% (six months ended 31 December 2018: approximately 5.70%). The decrease in gross profit margin during the Reporting Period is due to the decreased average selling price as a result of change of business model.

Gains from loan settlement

The gains were arising from the reduction of the loan principals pursuant to the loan settlement agreement, details of which are set out in the announcement dated 10 December 2019.

Distribution costs and administrative expenses

The Group's distribution costs mainly included marketing expenses and transportation costs. Distribution costs decreased by approximately 49.0% from approximately RMB17,330,000 over the same period last year to approximately RMB8,838,000 during the Reporting Period.

The Group's administrative expenses mainly included general office administrative expenses, salaries, amortisation, etc. Administrative expenses decreased from approximately RMB59,896,000 over the last year to approximately RMB23,917,000 during the Reporting Period.

Reduction of the distribution costs and administrative expenses was a result of business reorganisation, which greatly streamlined the Company's structure.

Finance costs

During the Reporting Period, the Group's finance costs were approximately RMB6,929,000 (six months ended 31 December 2018: approximately RMB29,632,000). Decrease in amount was due to the significant reduction of bank borrowing during the Reporting Period.

Net profit

During the Reporting Period, the Group's net profit was approximately RMB329,037,000, compared to a loss of approximately RMB97,500,000 over the same period last year.

Interim dividend

The Board has resolved not to announce any interim dividend for the six months ended 31 December 2019 (six months ended 31 December 2018: nil).

LIQUIDITY, FINANCIAL RESOURCES, GEARING AND CAPITAL STRUCTURE

Liquidity

As at 31 December 2019, current assets amounted to approximately RMB29,587,000 (30 June 2019: approximately RMB61,134,000); current liabilities amounted to approximately RMB315,846,000 (30 June 2019: approximately RMB892,987,000).

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Resources

As at 31 December 2019, the Group had cash and cash equivalents and pledged bank deposits of approximately RMB3,487,000 (30 June 2019: approximately RMB12,608,000) respectively, as well as total borrowings of approximately RMB278,046,000 (30 June 2019: approximately RMB767,937,000).

As at 31 December 2019, the Group's trade receivables amounted to approximately RMB3,313,000 (30 June 2019: approximately RMB19,252,000), and inventory amounted to approximately RMB9,588,000 (30 June 2019: approximately RMB22,008,000).

Gearing

The Board's approach to manage our working capital is to ensure sufficient current assets to meet its maturing liabilities, so as to avoid any unacceptable losses or damage to the Group's reputation.

Capital Structure

As at 31 December 2019, the total number of issued shares of the Company (the "Shares") was 1,347,860,727 Shares. Based on the closing price of HK\$0.190 per Share as at 31 December 2019, the Company's market capitalisation was HK\$256,093,538.13.

FOREIGN EXCHANGE EXPOSURE

The Group is subject to foreign exchange risk of different currencies, primarily with respect to the United States Dollar. Foreign currency exposure arises out of future commercial activities, recognised assets and liabilities and net investment in overseas business. Furthermore, the exchange of Renminbi ("RMB") is subject to foreign exchange control regulations and laws of the government of PRC. The Group has established a set of foreign exchange exposure management policies, and constantly consider the forward contracts and multiple derivative tools to mitigate the related risks.

PLEDGE OF ASSETS

As at 31 December 2019, the Group had pledged the following assets to banks to secure banking facilities granted to the Group:

	As at 31 December 2019 RMB'000	As at 30 June 2019 RMB'000
Property, plant and equipment	75,382	67,164
Right-of-use assets/land use rights	8,789	9,021
Pledged bank deposits	-	8,244
	84,171	84,429

MANAGEMENT DISCUSSION AND ANALYSIS

CONTINGENT LIABILITIES

As at 31 December 2019, the Group had no material contingent liabilities (30 June 2019: nil).

CAPITAL EXPENDITURE

During the Reporting Period, the Group's capital expenditure amounted to approximately RMB3,596,000 (six months ended 31 December 2018: nil) which was used for acquisition of property, plant and equipment.

PLANTS

The Group owns four highly-efficient FCOJ production plants and one brand new plant for the production of orange juice not from concentrate, strategically located in China's major citrus growing areas (namely Chongqing, Fujian and Hunan). All plants are equipped with advanced flowline production equipment imported from the United States, Switzerland, Italy and Germany.

The Group possesses rich experience and can successfully manage the production demands of orange juice processing plants. The design of production flow is a result of the Group's understanding of design and manufacturing processes and years of research and development effort, so that the Group can make optimal use of production equipment to manufacture processed orange juice of excellent quality.

INTEGRATED OPERATION MODEL

The Group adopts an integrated operation model, enhancing our value chain, and is one of the few concentrated orange juice producers in the PRC involved in upstream operations of self-operated orange plantations.

HUMAN RESOURCES AND REMUNERATION POLICY

As at 31 December 2019, the Group had 103 employees (2018: 98 employees). The Group offers excellent remuneration, discretionary bonuses and social insurance benefits to its employees. In addition, a share option scheme (the "Scheme") has been adopted on 7 June 2008 for the employees of the Group. The limit in respect of Shares that may be issued pursuant to the exercise of all share options granted under the Scheme has been refreshed on 5 November 2012.

Most of the employees as disclosed by the Group in the previous years were seasonal workers who engaged in the process of extracting contents from the fresh oranges in order to produce orange sac. Since the Company's production has been suspended due to the above reasons, the number of workers required was reduced substantially.

OTHER INFORMATION

INTERESTS AND SHORT POSITIONS OF THE DIRECTORS AND CHIEF EXECUTIVES IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at 31 December 2019, interests and 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 Securities and Futures Ordinance (chapter 571 of the Laws of Hong Kong) (“SFO”)) held by the Directors and chief executives of the Company which have been notified to the Company and The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which were taken or deemed to have under such provisions of the SFO) or have been entered in the register maintained by the Company pursuant to section 352 of the SFO, or otherwise have been notified to the Company and the Stock Exchange pursuant to the Appendix 10 — Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) to the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”) are as follows:

Interests and short position in the shares of the Company (the “Shares”)

Name of Director	Capacity/Nature	Number of Shares held/interested in	Approximate percentage of issued share
Mr. Wu Shaohao (“Mr. Wu”)	(i) Interest of controlled corporation (<i>Note 2</i>)	765,444,145 (L)	56.79%
Mr. Sin Ke (“Mr. Sin”)	(i) Beneficial owner (<i>Note 3</i>)	15,688,000 (L)	1.16%
	(ii) Beneficial owner (<i>Note 3</i>)	4,000,000 (L)	0.30%
Mr. San Kwan (“Mr. San”)	(i) Beneficial owner (<i>Note 4</i>)	8,000,000 (L)	0.59%
	(ii) Beneficial owner (<i>Note 4</i>)	2,000,000 (L)	0.15%

OTHER INFORMATION

INTERESTS AND SHORT POSITIONS OF THE DIRECTORS AND CHIEF EXECUTIVES IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS (Continued)

Interests and short position in the shares of the Company (the "Shares") (Continued)

Notes:

1. The letters "L" denotes a long position in the Shares/underlying Shares.
2. Mr. Wu was deemed (by virtue of the SFO) to be interested in 765,444,145 Shares. These shares were held in the following capacity:

The 754,800,145 Shares are beneficially held by Rui Er Holdings Company Limited ("Rui Er"). Rui Er is owned as to 100% by Mr Wu.

3. Mr. Sin was deemed (by virtue of the SFO) to be interested in 15,688,000 Shares, which were held in the beneficial owner capacity and the options to subscribe for 4,000,000 Shares were granted on 19 November 2015 under the share option scheme of the Company and were held by Mr. Sin in a beneficial owner capacity.

Mr. Sin was removed from the position of director on 23 April 2019.

4. Mr. San was deemed (by virtue of the SFO) to be interested in 8,000,000 Shares, which were held in the beneficial owner capacity and the options to subscribe for 2,000,000 Shares were granted on 19 November 2015 under the share option scheme of the Company and were held by Mr. San in a beneficial owner capacity.

Mr. San tendered his resignation as an executive director on 12 April 2019.

Save as disclosed above, as at 31 December 2019, none of the Directors or 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 would be required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, or which would be required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

OTHER INFORMATION

INTERESTS AND SHORT POSITIONS OF THE SUBSTANTIAL SHAREHOLDERS IN SHARES AND UNDERLYING SHARES

As at 31 December 2019, as far as is known to the Directors, the following persons (not being a Director or chief executive of the Company) had interests or short positions in the Shares or underlying Shares which fell to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO:

Interests and short position in the Shares and underlying Shares

Name of Shareholder	Capacity/Nature	Number of Shares held/interested in	Approximate percentage of issued share
Rui Er Holdings Company Limited ("Rui Er")	Beneficial owner (Note 2)	754,800,145 (L)	56%
Ms. Yang Xijuan ("Ms. Yang")	Interest of spouse (Note 2)	754,800,145 (L)	56%

Notes:

- The letters "L" denotes a long position and "S" denotes short position in the Shares/underlying Shares.
- Rui Er is owned as to 100% by Mr Wu. As Ms. Yang is the spouse of Mr. Wu, Ms. Yang was deemed, or taken to be, interested in the 754,800,145 Shares held by Mr. Wu by virtue of the SFO.

Save as disclosed above, and as at 31 December 2019, the Directors were not aware of any persons (who were not Directors or chief executive of the Company) who had an interest or short position in the Shares or underlying Shares which would fall to be disclosed under Divisions 2 and 3 of Part XV of the SFO, or which would be required, pursuant to Section 336 of the SFO, to be entered in the register referred to therein.

OTHER INFORMATION

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Apart from the details as disclosed under the heading "Interests and short positions of the Directors and chief executives in Shares, underlying Shares and debentures of the Company and its associated corporations" above, at no time during the Reporting Period were rights to acquire benefits by means of the acquisition of Shares in or debentures of the Company granted to any Director or their respective spouse or children under 18 years of age, or were any such rights exercised by them; or was the Company and any of its subsidiaries a party to any arrangement to enable the directors, or their respective spouse or children under 18 years of age, to acquire such rights in any other body corporate.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the Reporting Period, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

CONTINUING DISCLOSURE REQUIREMENTS UNDER RULE 13.21 OF CHAPTER 13 OF THE LISTING RULES

There exists no reporting obligation by the Company under rule 13.17 of the Listing Rules.

The followings are the details of the loan agreement with covenants relating to specific performance on the controlling shareholders of the Company as at 31 December 2019 pursuant to rule 13.18 of the Listing Rules.

On 8 August 2016, the Company (as borrower), certain of its subsidiaries which are not incorporated in the People's Republic of China (as corporate guarantors) and Mr. Sin (as individual guarantor) entered into a facility agreement (the "Facility Agreement") with several financial institutions (as lender), relating to a term facility up to an amount of USD80,000,000.

Pursuant to the Facility Agreement, it would be an event of default under the Facility Agreement if Mr. Sin and his family acting in concert do not, or cease to beneficially own (directly or indirectly) 30% or more of the issued voting equity share capital of the Company or do not, or cease to exercise the power to direct the Company's policies and management, whether by contact or otherwise; or (ii) Mr. Sin is not, or ceases to be the chairman and president of the Company and/or does not, or cease to, have legal capacity to execute, deliver and perform his obligations under the Facility Agreement.

OTHER INFORMATION

CONTINUING DISCLOSURE REQUIREMENTS UNDER RULE 13.21 OF CHAPTER 13 OF THE LISTING RULES (Continued)

On 2 November 2018, the Company received a demand letter (the "Demand Letter") in relation to a facility agreement dated 8 August 2016 made between (amongst others) the Company as borrower, Mr. Sin Ke as personal guarantor, Bank of China (Hong Kong) Limited, Hang Seng Bank Limited and The Hongkong and Shanghai Banking Corporation Limited as mandated lead arrangers, Nanyang Commercial Bank Limited and Industrial and Commercial Bank of China (Asia) Limited as senior lead arrangers, the financial institutions listed therein as the original lenders, and Bank of China (Hong Kong) Limited as agent (the "Facility Agreement").

It is stated in the Demand Letter, inter alia, that:

- (a) the acquisition of 602,980,145 shares of the Company by Rui Er Holdings Company Limited from Key Wise Group Limited which took place on 15 October 2018 constitutes an event of default under the Facility Agreement;
- (b) as of 31 October 2018, the outstanding first repayment instalment under the Facility Agreement was not paid in full and certain PRC entities have not executed guarantees in favour of the finance parties under the Facility Agreement, and that failure to remedy the same constitutes an event of default under the Facility Agreement;
- (c) the Company is being notified that all of the loans, together with accrued interests, and all other amounts accrued or outstanding under the Finance Documents (as defined in the Facility Agreement) are immediately due and payable;
- (d) the Company is being demanded to make immediate payment in the sum of US\$8,301,798.79 (equivalent to approximately HK\$64,720,823.37); and
- (e) if the Company fails to pay all outstanding amounts on or before 5 November 2018, the agent and the lenders under the Facility Agreement may commence legal action against the Company without further notice.

OTHER INFORMATION

CONTINUING DISCLOSURE REQUIREMENTS UNDER RULE 13.21 OF CHAPTER 13 OF THE LISTING RULES (Continued)

As set out in the announcement dated 10 December 2019, on 9 December 2019, the Company and the Banks entered into a loan settlement agreement (the "Settlement Agreement"), pursuant to which, the Banks agreed to reduce their respective amounts of outstanding liabilities payable by the Company to the settlement balances. Pursuant to the Settlement Agreement, the amounts to be repaid by the Company to the banks were US\$20,490,000 and the loan settlement expenses of HK\$2,380,000. Upon full settlement, the Banks would fully discharge all of the Company's obligations and indebtedness in relation to their respective parts of outstanding liabilities. On 27 December 2019, the Company settled an amount of US\$20,490,000 to the Banks and the Banks agreed that the Company discharged in full its obligations and indebtedness.

Accordingly, there is no longer breach of loan agreement by the Company as at 31 December 2019 pursuant to rule 13.19 of the Listing Rules.

SHARE OPTION SCHEME

The status of the share options under the Scheme during the Reporting Period is as follows:

Category of participants	As at 1 July 2019	Granted during the Reporting Period	Exercised during the Reporting Period	Cancelled/ Lapsed during the Reporting Period	As at 31 December 2019	Date of grant of share options	Exercise period of share options	Share price of the Company as at the date of grant	
								Exercise price of share options HK\$	of share options* HK\$
Director Mr. Sin	4,000,000	-	-	-	4,000,000	19 November 2015	5 years from the date of grant	1.112	1.100
Mr. San	2,000,000	-	-	-	2,000,000	19 November 2015	5 years from the date of grant	1.112	1.100
Other qualified participants**	3,850,000	-	-	-	3,850,000	19 November 2015	5 years from the date of grant	1.112	1.100
Total	9,850,000	-	-	-	9,850,000				

* The share price of the Company as at the date of the grant of the share options was the closing price as quoted on the Stock Exchange of the trading day immediately prior to the date of the grant of the share options.

** Other qualified participants of the Group being granted share options under the Scheme, all of them are not Directors, chief executive or substantial Shareholders or their respective associates.

For further information of the share options, please refer to note 20 to the consolidated financial statements.

CORPORATE GOVERNANCE REPORT

The Board recognises the importance of good corporate governance practices in safeguarding the interest of the Shareholders. The Company commits to achieving and maintaining high standard of corporate governance, the principle of which serves to uphold transparency, accountability and independence in all aspects of business and endeavors to ensure that affairs are conducted in accordance with applicable laws and regulations.

The corporate governance practices adopted by the Company are in compliance with the principles of the Corporate Governance Code (the "Code") contained in Appendix 14 to the Listing Rules.

THE BOARD

The Board comprises two executive Directors and three independent non-executive Directors. The Board will periodically review the Company's current corporate governance practices and procedures and will maintain and further enhance the standard of corporate governance practices of the Company, in order to ensure it is in line with international and local best practices.

REMUNERATION COMMITTEE

The Company established the remuneration committee (the "Remuneration Committee") which comprises one executive Director and two independent non-executive Directors. The roles and functions of the Remuneration Committee include consulting the chairman of the Board (the "Chairman") about their remuneration proposals for other executive Directors, making recommendation to the Board on the Company's remuneration policy and structure for all Directors' and senior management and making recommendation to the Board on the remuneration packages of individual Directors' and senior management. The Remuneration Committee's authority and duties are set out in written terms of reference that are posted on the websites of the Stock Exchange and the Company.

NOMINATION COMMITTEE

The Company established the nomination committee (the "Nomination Committee") which comprises one executive Director and two independent non-executive Directors. The roles and functions of the Nomination Committee include reviewing the structure, size, composition and diversity (including the skills, knowledge and experience) of the Board, identifying individuals suitably qualified to become a Board member and assessing the independence of independent non-executive Directors. The Nomination Committee is established with specific terms of reference which deal clearly with the committee's authority and duties and is available on the websites of the Stock Exchange and the Company.

CORPORATE GOVERNANCE REPORT

AUDIT COMMITTEE

The Company established the audit committee (the "Audit Committee") which comprises three independent non-executive Directors. The primary duties of the Audit Committee are to review the Company's financial information, review and supervise the Company's financial reporting process, risk management system and internal control procedures, nominate and monitor external auditors and provide advice and comments to the Board. The Audit Committee is established with specific terms of reference which deal clearly with the committee's authority and duties and is available on the website of the Stock Exchange and the Company.

The Audit Committee has reviewed with management the accounting principles and practices adopted by the Group and discussed auditing, risk management, internal controls and financial reporting matters including a review of the unaudited interim report and the unaudited interim results of the Group for the six months ended 31 December 2019.

INVESTMENT AND COMPLIANCE COMMITTEE

The Company established the Investment and Compliance Committee (the "Investment and Compliance Committee") which comprises two executive Directors and one independent non-executive Director. The Investment and Compliance Committee is responsible for reviewing and evaluating investment projects for long-term development of the Company and making recommendation to the Board on such investment projects. It also studies and make recommendations to the Board on major investment and financing solutions, major capital investment and other significant investment matters which may have effect on the development of the Company.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Board has reviewed the Company's corporate governance practices and is satisfied that the Company's corporate governance practices have complied with the code provisions set out in the Code throughout the six months ended 31 December 2019.



CORPORATE GOVERNANCE REPORT

CODE OF CONDUCT REGARDING DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding Directors' securities transactions on terms no less exacting than the required standard set out in Appendix 10 — Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code"). Specific enquiry has been made of all the Directors and the Directors have confirmed that they had complied with such the required standard set out in the Model Code and code of conduct during the Reporting Period.

On behalf of the Board

Wu Shaohao
Chairman

25 February 2020

CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 31 DECEMBER 2019

		Six months ended 31 December	
	<i>Notes</i>	2019 RMB'000 (unaudited)	2018 RMB'000 (unaudited)
CONTINUING OPERATIONS			
Revenue	4	49,477	23,963
Cost of sales		(48,632)	(22,597)
Gross profit		845	1,366
Gains on a loan settlement agreement		363,085	–
Other income	5	4,795	10,355
Selling and distribution costs		(8,838)	(17,330)
Administrative expenses		(23,917)	(59,896)
Profit (loss) from operations		335,970	(65,505)
Finance costs	6	(6,929)	(29,632)
Profit (loss) before tax		329,041	(95,137)
Income tax expense (credit) from continuing operations	8	(4)	563
Profit (loss) for the period from Continuing Operations	7	329,037	(94,574)
DISCONTINUED OPERATION			
Loss for the period from Discontinued Operation	9	–	(2,926)
Profit (loss) for the period		329,037	(97,500)

CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 31 DECEMBER 2019

	<i>Note</i>	Six months ended 31 December 2019 RMB'000 (unaudited)	2018 RMB'000 (unaudited)
Profit (loss) for the period		329,037	(97,500)
Other comprehensive income for the period			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange difference arising on translation of financial statements of foreign operations		19,102	37,419
Other comprehensive income for the period		19,102	37,419
Total comprehensive income (expense) for the period attributable to owners of the Company		348,139	(60,081)
Earnings (loss) per share:	11		
From continuing operations and discontinuing operation			
– Basic and diluted (RMB cents)		24.5	(7.23)
From continuing operations			
– Basic and diluted (RMB cents)		24.5	(7.02)

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2019

		As at 31 December 2019 RMB'000 (Unaudited)	As at 30 June 2019 RMB'000 (Audited)
	<i>Notes</i>		
NON-CURRENT ASSETS			
Property, plant and equipment	12	139,193	151,984
Right-of-use assets	13	21,380	–
Land use rights		–	21,435
		160,573	173,419
CURRENT ASSETS			
Inventories		9,588	22,008
Trade and other receivables	14	16,512	26,518
Pledged bank deposits		–	8,244
Cash and cash equivalents		3,487	4,364
		29,587	61,134
CURRENT LIABILITIES			
Trade and other payables	15	37,765	86,118
Income tax payables		3	2
Borrowings	16	278,046	767,937
Corporate bonds	17	–	38,930
Lease liabilities	13	32	–
		315,846	892,987
NET CURRENT LIABILITIES		(286,259)	(831,853)
TOTAL ASSETS LESS CURRENT LIABILITIES		(125,686)	(658,434)

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2019

		As at 31 December 2019 RMB'000 (Unaudited)	As at 30 June 2019 RMB'000 (Audited)
	<i>Notes</i>		
NON-CURRENT LIABILITIES			
Deferred tax liabilities		1,250	1,250
Deferred income		–	1,180
Amount due to a shareholder		145,767	–
Corporate bonds	17	39,799	–
Lease liabilities	13	223	–
		187,039	2,430
NET LIABILITIES			
		(312,725)	(660,864)
CAPITAL AND RESERVES			
Share capital	18	11,610	11,610
Reserves		(324,335)	(672,474)
Deficiency of shareholders' equity			
		(312,725)	(660,864)

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 31 DECEMBER 2019

	Attributable to owners of the Company							Total RMB'000
	Share capital RMB'000	Share premium RMB'000 Note (a)	Capital reserve RMB'000 Note (b)	Share award reserve RMB'000 Note (c)	Statutory reserve RMB'000 Note (d)	Exchange reserve RMB'000 Note (e)	(Accumulated losses) retained profits RMB'000	
At 1 July 2019 (audited)	11,610	453,671	46,390	(11,159)	38,810	(36,279)	(1,163,907)	(660,864)
Profit for the period	-	-	-	-	-	-	329,037	329,037
Other comprehensive income								
Exchange differences arising on translation of foreign operations	-	-	-	-	-	19,102	-	19,102
Total comprehensive income for the period	-	-	-	-	-	19,102	329,037	348,139
At 31 December 2019 (unaudited)	11,610	453,671	46,390	(11,159)	38,810	(17,177)	(834,870)	(312,725)
At 1 July 2018 (audited)	11,610	453,671	60,483	(14,672)	38,810	(11,381)	1,205,670	1,744,191
Loss for the period	-	-	-	-	-	-	(97,500)	(97,500)
Other comprehensive income								
Exchange differences arising on translation of foreign operations	-	-	-	-	-	37,419	-	37,419
Total comprehensive expense for the period	-	-	-	-	-	37,419	(97,500)	(60,081)
At 31 December 2018 (unaudited)	11,610	453,671	60,483	(14,672)	38,810	26,038	1,108,170	1,684,110

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 31 DECEMBER 2019

Notes:

(a) Share premium

The application of the share premium account is governed by the Companies Law of the Cayman Islands. The share premium is distributable.

(b) Capital reserve

The capital reserve of the Group comprise the following:

- The excess of paid-in capital of Summi Fujian of RMB3,585,000;
- The capital reserve of Sunshine Vocal in connection with the waiver of an equity shareholder's loan and related interest of RMB36,396,000; and
- The fair value of the actual or estimated number of share options granted to employees of the Group recognised in accordance with the accounting policy adopted for share-based payments.

(c) Share award reserve

The amount represents the reserve relating to the "shares held under the share award scheme" and details of which are set out in note 21. The carrying amount of the shares held as at the end of reporting period was presented as a deduction against equity.

(d) Statutory reserve

Statutory reserves were established in accordance with the relevant PRC rules and regulations and the articles of association of the Group's PRC subsidiaries. Transfers to the reserves were approved by the directors of these companies.

The Group's PRC subsidiaries are required to transfer not less than 10% of their net profits, as determined in accordance with the PRC accounting rules and regulations, to the statutory reserve until the reserve balance reaches 50% of their registered capital. The transfer to this reserve must be made before the distribution of dividends to shareholders can be made.

The statutory surplus reserve can be used to make good previous years' losses, if any, and may be converted into share capital by the issue of new shares to shareholders in proportion to their existing shareholdings or by increasing the par value of the shares currently held by them, provided that the balance after such issue is not less than 25% of the registered capital.

The Group's PRC subsidiaries made appropriations to discretionary surplus reserve in accordance with their board of directors' resolutions.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE SIX MONTHS ENDED 31 DECEMBER 2019

	Six months ended	
	31 December	
	2019	2018
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Cash used in operations	(15,792)	(371,296)
Income tax paid	(3)	(64)
Net cash used in operating activities	(15,795)	(371,360)
Net cash from investing activities	4,648	117,322
Net cash from (used in) financing activities	10,270	(261,432)
Net decrease in cash and cash equivalents	(877)	(515,470)
Cash and cash equivalents at the beginning of the period	4,364	521,487
Effect of foreign exchange rates changes	–	13,323
Cash and cash equivalents at the end of the period, represented by bank balances and cash	3,487	19,340

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 DECEMBER 2019

1. GENERAL INFORMATION AND BASIS OF PREPARATION

Summi (Group) Holdings Limited is incorporated in the Cayman Islands as an exempted company with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). Its parent and ultimate holding company is Rui Er Holdings Company Limited (the "Controlling Shareholder"), a company incorporated in the British Virgin Islands (the "BVI").

The Company acts as an investment holding company and the Group is principally engaged in the production and sale of frozen concentrated orange juice ("FCOJ") and other related products business (the "Production and Sale of FCOJ and Other Related Products Business"), and production and sale of Summi 100% freshly squeezed orange juice ("Summi Fresh Orange Juice") and other products (the "Production and Sale of Summi Fresh Orange Juice and Other Products Business"). The Group ceased the business of the plantation and sale of agricultural produce (the "Plantation and Sale of Agricultural Produce Business") with effect from 26 June 2019.

The interim condensed consolidated financial statements have been prepared in accordance with International Accounting Standard ("IAS") 34 *Interim Financial Reporting* issued by the International Accounting Standards Board (the "IASB") and the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules").

The Company's functional currency is Hong Kong dollars ("HK\$") while that for the major subsidiaries in the People's Republic of China (the "PRC") is Renminbi ("RMB"). As the operation of the Group is mainly held in the PRC, the directors of the Company (the "Directors") consider that it is appropriate to present the interim condensed consolidated financial statements in RMB.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 DECEMBER 2019

2. PRINCIPAL ACCOUNTING POLICIES

The interim condensed consolidated financial statements have been prepared on the historical cost basis except for biological assets and financial instruments that are measured at fair value. Historical cost is generally based on the fair value of the consideration given in exchange for goods.

The accounting policies used in the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 30 June 2019 except as described below.

In the current interim period, the Group has applied, for the first time, the following new and amendments to International Financial Reporting Standards ("IFRSs"), which include IFRSs, IASs, amendments and interpretation ("Int(s)") issued by the IASB which are effective for the Group's financial year beginning 1 July 2019:

IFRS 16	Leases
IFRIC – Int 23	Uncertainty over Income Tax Treatments
Amendments to IFRS 9	Prepayment Features with Negative Compensation
Amendments to IFRS 19	Plan Amendment, Curtailment or Settlement
Amendments to IAS 28	Long-term Interests in Associates and Joint Ventures
Amendments to IFRSs	Annual Improvement tot IFRSs 2015-2017 Cycle

The adoption of IFRS 16 resulted in changes in the Group's accounting policies and adjustments to the amounts recognised in the interim condensed consolidated financial statements. The new accounting policies are set out in note 3 below. The application of other new and amendments to IFRSs in the current interim period has had no material effect on the Group's financial performance and positions for the current and prior periods and/or on the disclosures set out in the interim condensed consolidated financial statements.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 DECEMBER 2019

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

2.1 Impacts on adoption of IFRS 16 Leases

IFRS 16 introduces new or amended requirements with respect to lease accounting. It introduces significant changes to the lessee accounting by removing the distinction between operating lease and finance lease and requiring the recognition of right-of-use asset and a lease liability for all leases, except for short-term leases and leases of low value assets. In contrast to lessee accounting, the requirements for lessor accounting have remained largely unchanged. Details of these new accounting policies are described in note 3.

The Group has applied IFRS 16 Leases retrospectively with the cumulative effect of initial application as an adjustment to the opening balance of equity, where appropriate, at 1 July 2019, and has not restated comparatives for the 2018 reporting period as permitted under the specific transitional provisions in the standard. Accordingly, certain comparative information may not be comparable a comparative information was prepared under IAS 17 Leases.

On transition to IFRS 16, the Group elected to apply the practical expedient to grandfather the assessment of which arrangements are, or contain, leases. It applied IFRS 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under IAS 17 and IFRIC 4 were not reassessed. Therefore, the definition of a lease under IFRS 16 has been applied only to contracts entered into or changed on or after 1 July 2019.

The major impacts of the adoption of IFRS 16 on the Group's interim condensed consolidated financial statements are described below.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 DECEMBER 2019

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

2.1 Impacts on adoption of IFRS 16 Leases (Continued)

The Group as lessee

On adoption of IFRS 16, the Group recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principle of IAS 17 Leases (except for lease of low value assets and lease with remaining lease term of twelve months or less). These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 July 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 July 2019 was 3.0%.

The Group recognises right-of-use assets and measures them at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments.

The following table summarises the impact of transition to IFRS 16 at 1 July 2019. Line items that were not affected by the adjustments have not been included.

		Carrying amount previously reported at 30 June 2019	Impact on adoption of IFRS 16	Carrying amount restated at 1 July 2019
	<i>Notes</i>	RMB'000	RMB'000	RMB'000
Right-of-use assets	(a), (b)	–	21,752	21,752
Land use rights	(b)	21,435	(21,435)	–
Lease liabilities	(a)	–	317	317

Notes:

- (a) As at 1 July 2019, right-of-use assets were measured at an amount equal to the lease liability of approximately RMB317,000.
- (b) Land use rights of approximately RMB21,435,000 which represent the upfront payments for the use of leasehold lands in the PRC as at 1 July 2019 were adjusted to right-of-use assets.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 DECEMBER 2019

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

2.2 Practical expedients applied

On the date of initial application of IFRS 16, the Group has used the following practical expedients permitted by the standard:

- not to reassess whether a contract is, or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date the Group relied on its assessment made applying IAS 17 and IFRIC 4 *Determining whether an arrangement contains a lease*;
- the use of a single discount rate to a portfolio of leases with reasonably similar characteristics; and
- the accounting for operating leases with a remaining lease term of less than 12 months as at 1 July 2019 as short-term leases.

3. CHANGE IN ACCOUNTING POLICIES

Leases

Definition of a lease

Under IFRS 16, a contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration.

The Group as lessee

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less). For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

Lease liabilities

At the commencement date, the Group measures lease liability at the present value of the lease payments that are not paid at that date. The lease payments are discounted by using the interest rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise fixed lease payments (including in-substance fixed payments).

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 DECEMBER 2019

3. CHANGE IN ACCOUNTING POLICIES (Continued)

Leases (Continued)

The Group as lessee (Continued)

Lease liabilities (Continued)

The lease liability is presented as a separate line in the interim condensed consolidated statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

Lease liability is remeasured (and with a corresponding adjustment to the related right-of-use asset) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using revised discount rate.
- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 DECEMBER 2019

3. CHANGE IN ACCOUNTING POLICIES (Continued)

Leases (Continued)

The Group as lessee (Continued)

Right-of-use assets

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement date and any initial direct costs, less lease incentives received.

Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses. They are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The Group presents right-of-use assets as a separate line item on the interim condensed consolidated statement of financial position.

The Group applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the "Property, plant and equipment" policy as stated in the Group's annual consolidated financial statements for the year ended 30 June 2019.

Lease modification

The Group accounts for a lease modification as a separate lease if:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and
- the consideration for the lease increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 DECEMBER 2019

4. REVENUE AND SEGMENT INFORMATION

The Group determines its operating segments based on the information reported to the chief operating decision maker, being the senior executive management of the Group, for making strategic decisions and assessing the performance of each operating segment. The segments are managed separately as each operating segment offers different products which require different production information to formulate different strategies. No operating segment identified by the chief operating decision maker has been aggregated in arriving at the reportable segments of the Group.

During the year ended 30 June 2019, the Company decided to cease and terminate its Plantation and Sale of Agricultural Produce Business segment and thus this business segment is classified as Discontinued Operation and their net results for the period and the comparatives are excluded from the Continuing Operations as one-line item below net loss of the Continuing Operations. Further details of financial information of the Discontinued Operation are set out in note 9 to the interim condensed consolidated financial statements.

During the year ended 30 June 2019, the Company established a wholly owned subsidiary, Summi (Malaysia) Trading Sdn. Bhd on 8 April 2019 which is mainly engaged in the sale of food and beverage products in South East Asia and thus, the Company include the sale of food and beverage products in the Production and Sale of Summi Fresh Orange Juice and Other Products Business segment and the South East Asia as its new geographical market.

During the six months ended 31 December 2019, the Group's reportable and continuing operating segments are as follows:

- Production and sale of FCOJ and other related products; and
- Production and sale of Summi Products

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 DECEMBER 2019

4. REVENUE AND SEGMENT INFORMATION (Continued)

Segment revenues, results, assets and liabilities

The following is an analysis of the Group's revenue, results, assets and liabilities by reportable and operating segment from the Continuing Operations and Discontinued Operation are as follows:

For the six months ended 31 December 2019 (unaudited)

	Production and sale of FCOJ and other related products business RMB'000	Production and sale of Summi Fresh Orange Juice and other products business RMB'000	Total RMB'000
Segment revenue (continuing operations)			
– Sales to external customers	27,095	22,382	49,477
– Inter-segment sales	–	–	–
Segment revenue	27,095	22,382	49,477
Elimination			–
Consolidated revenue from Continuing Operations			49,477
Segment results	(15,640)	(7,170)	(22,810)
Unallocated gains			364,419
Corporate and other unallocated expenses			(5,639)
Finance costs			(6,929)
Profit before tax from Continuing Operations			329,041

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 DECEMBER 2019

4. REVENUE AND SEGMENT INFORMATION (Continued)

Segment revenues, results, assets and liabilities (Continued)

For the six months ended 31 December 2018 (unaudited)

	Production and sale of FCOJ and other related products business RMB'000	Production and sale of Summi Fresh Orange Juice and other products business RMB'000	Total RMB'000
Segment revenue (continuing operations)			
– Sales to external customers	18,351	5,612	23,963
– Inter-segment sales	–	–	–
Segment revenue	18,351	5,612	23,963
Elimination			–
Consolidated revenue from Continuing Operations			23,963
Segment results	(40,924)	(24,805)	(65,729)
Unallocated gains			8,248
Corporate and other unallocated expenses			(8,024)
Finance costs			(29,632)
Loss before tax from Continuing Operations			(95,137)

The accounting policies of the operating segments are identical to the Group's accounting policies. Segment results represent the profit earned by/(loss from) each segment without allocation of certain central administration costs, director's remuneration, certain other income and finance costs. This is the measure reported to the chief operating decision maker for the purpose of resource allocation and performance assessment.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 DECEMBER 2019

4. REVENUE AND SEGMENT INFORMATION (Continued)

Segment revenues, results, assets and liabilities (Continued)

Inter-segment sales are charged at prevailing market rates and conducted with terms mutually agreed by both contract parties.

As at 31 December 2019 (unaudited)

	Continuing Operations		Discontinued Operation	Total RMB'000
	Production and sale of FCOJ and other related products business RMB'000	Production and sale of Summi Fresh Orange Juice and other products business RMB'000	Plantation and sale of agricultural produce business RMB'000	
Segment assets	77,952	104,343	-	182,295
Corporate and other assets				7,865
Total assets				190,160
Segment liabilities	6,852	7,860	-	14,712
Corporate and other liabilities				488,173
Total liabilities				502,885

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 DECEMBER 2019

4. REVENUE AND SEGMENT INFORMATION (Continued)

Segment revenues, results, assets and liabilities (Continued)

As at 30 June 2019 (audited)

	Continuing Operations Production and sale of FCOJ and other related products business RMB'000	Production and sale of Summi Fresh Orange Juice and other products business RMB'000	Discontinued Operation Plantation and sale of agricultural produce business RMB'000	Total RMB'000
Segment assets	99,622	120,485	21	220,128
Corporate and other assets				14,425
Total assets				234,553
Segment liabilities	21,052	27,280	-	48,332
Corporate and other liabilities				847,085
Total liabilities				895,417

For the purposes of monitoring segment performances and allocating resources between segments:

- all assets are allocated to operating segments other than pledged bank deposits, cash and cash equivalents, certain property, plant and equipment and other receivables which were managed in a centralised manner.
- all liabilities are allocated to operating segments other than corporate bonds, bank and other borrowings, income tax payable, deferred tax liabilities and certain other payables which were managed in a centralised manner.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 DECEMBER 2019

5. OTHER INCOME (FROM CONTINUING OPERATIONS)

	For the six months ended 31 December	
	2019	2018
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Bank interest income	154	1,969
Government grants (<i>note i</i>)	1,180	1,180
Realised gains on derivative instruments	–	6,514
Others	3,461	692
	4,795	10,355

Note:

- (i) During the six months ended 31 December 2019, government grants of approximately RMB1,180,000 (six months ended 31 December 2018: approximately RMB1,180,000) was immediately recognised as other income for the period as there was no unfulfilled condition or contingencies relating to this subsidies.

6. FINANCE COSTS (FROM CONTINUING OPERATIONS)

	For the six months ended 31 December	
	2019	2018
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Interest on:		
– corporate bonds	1,284	1,273
– bank loans	5,640	28,359
– lease liabilities	5	–
	6,929	29,632

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 DECEMBER 2019

7. PROFIT (LOSS) FOR THE PERIOD (FROM CONTINUING OPERATIONS)

	For the six months ended 31 December	
	2019 RMB'000 (Unaudited)	2018 RMB'000 (Unaudited)
Profit (loss) for the period has been arrived at after charging (crediting):		
Depreciation of property, plant and equipment	16,387	19,378
Depreciation of right-of-use assets	98	–
Amortisation of land use rights	–	917
Amortisation of intangible assets	–	3,722
Amount of inventories recognised as an expense	48,632	21,752
Exchange difference, net	612	–

8. INCOME TAX EXPENSE (CREDIT) (FROM CONTINUING OPERATIONS)

	For the six months ended 31 December	
	2019 RMB'000 (Unaudited)	2018 RMB'000 (Unaudited)
Current tax:		
PRC Enterprise Income Tax	–	(1)
Malaysia	4	–
Deferred tax	–	(562)
	4	(563)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 DECEMBER 2019

8. INCOME TAX EXPENSE (CREDIT) (FROM CONTINUING OPERATIONS)

(Continued)

Notes:

- (a) Pursuant to rules and regulations of the Cayman Islands and the BVI, the Group is not subject to any income tax in the Cayman Islands and the BVI.
- (b) Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% for both periods.
- (c) No Hong Kong Profits Tax has been provided as the Group did not have any assessable profits subject to Hong Kong Profits Tax for both periods.
- (d) Income tax for the Group's Malaysian operations is calculated at the rate of 24% on the estimated assessable profit derived from Malaysia for the period.

9. DISCONTINUED OPERATION

During the year ended 30 June 2019, the directors of the Company decided to cease and terminate the Plantation and Sale of Agricultural Produce Business segment through a wholly-owned subsidiary of the Company, 重慶邦興果業有限公司 (Chongqing Bangxing Fruit Co., Ltd.*, "Chongqing Bangxing").

The loss for the period attributable to the Discontinued Operation in respect of the Plantation and Sale of Agricultural Produce Business segment was set out as below. The comparative figures in the condensed consolidated statement of profit or loss and other comprehensive income have been reclassified to conform with the current period presentation in accordance with IFRS 5 "Non-current assets held for sale and discontinued operations":

	For the six months ended 31 December	
	2019 RMB'000 (Unaudited)	2018 RMB'000 (Unaudited)
Loss for the period from Discontinued Operation	-	2,926

* For identification purpose only

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9. DISCONTINUED OPERATION (Continued)

The results of the Discontinued Operation for the six months ended 31 December 2019 and 2018 is as follows:

	Six months ended 31 December	
	2019 RMB'000 (Unaudited)	2018 RMB'000 (Unaudited)
Revenue	-	-
Cost of sales	-	-
Gross profit	-	-
Other income	-	-
Selling and distribution costs	-	-
Administrative expenses	-	(2,926)
Loss from Discontinued Operation	-	(2,926)
Finance costs	-	(2,926)
Loss before tax	-	(2,926)
Income tax expenses	-	(2,926)
Loss for the period from Discontinued Operation	-	(2,926)

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9. DISCONTINUED OPERATION (Continued)

The cash flows of the Discontinued Operation for the six months ended 31 December 2019 and 2018, which have been included in the condensed consolidated statements of cash flows are as follows:

	Six months ended 31 December	
	2019 RMB'000 (Unaudited)	2018 RMB'000 (Unaudited)
Net cash used in operating activities	–	(2,926)
Net cash from investing activities	–	–
Net cash from financing activities	–	–
Net cash outflow	–	(2,926)

10. DIVIDEND

The Board does not recommend the payment of an interim dividend in respect of the six months ended 31 December 2019 (six months ended 31 December 2018: nil).

11. EARNINGS (LOSS) PER SHARE

The weighted average number of ordinary shares for the purpose of diluted earnings per share reconciled to the weighted average number of ordinary shares used in the calculation of basic earnings per share as follows:

Number of shares

	For the six months ended 31 December	
	2019 (Unaudited)	2018 (Unaudited)
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share	1,347,860,727	1,347,860,727

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12. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 31 December 2019, the Group spent approximately RMB3,596,000 (six months ended 31 December 2018: nil) on purchase of property, plant and equipment.

During the six months ended 31 December 2019, the Group did not dispose of certain property, plant and equipment (six months ended 31 December 2018: nil).

13. RIGHT-OF-USE ASSETS AND LEASES LIABILITIES

(i) Right-of-use assets

Upon adoption of IFRS 16, on 1 July 2019, the Group recognised right-of-use assets of approximately RMB21,752,000 in respect of the leased properties (Note 3). As at 31 December 2019, the carrying amounts of right-of-use assets were approximately RMB21,380,000 in respect of the leased properties.

During the six months ended 31 December 2019, the Group did not enter into lease agreements.

(ii) Contract liabilities

Upon adoption of IFRS 16, on 1 July 2019, the Group recognised lease liabilities of approximately RMB317,000 (Note 3). As at 31 December 2019, the carrying amount of lease liabilities was approximately RMB255,000.

During the six months ended 31 December 2019, the Group did not enter into lease agreements.

(iii) Amount recognised in profit or loss

	For the six months ended 31 December 2019 RMB'000 (Unaudited)
Depreciation of right-of-use assets	98
Interest expense on lease liabilities	-
Expense relating to short-term leases	123

(iv) Others

As at 31 December 2019, the Group is committed to approximately RMB246,000 for short-term leases.

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14. TRADE RECEIVABLES

The Group allowed a credit period ranging from 30 to 90 days (30 June 2019: 30 to 90 days) to its trade customers from the date of billing.

The following is an aged analysis of trade receivables based on the due dates at the end of the reporting period:

	31 December 2019 RMB'000 (Unaudited)	30 June 2019 RMB'000 (Audited)
Neither past due nor impaired	3,313	19,252

Trade receivables that were neither past due nor impaired related to customers that had no recent history of default payment.

The Group did not hold any collateral over the trade receivables.

15. TRADE PAYABLES

The Group had financial risk management policies in place to ensure all payables are settled within the credit timeframe. The average credit period on purchase of goods was 90 days or on demand (30 June 2019: 90 days or on demand).

The following is an aged analysis of trade payables presented based on the due date at the end of the reporting period.

	31 December 2019 RMB'000 (Unaudited)	30 June 2019 RMB'000 (Audited)
Due within 3 months or on demand	680	21,214

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16. BORROWINGS

	As at 31 December 2019 RMB'000 (Unaudited)	As at 30 June 2019 RMB'000 (Audited)
Bank borrowings (<i>note</i>)	218,885	668,237
Other borrowings	59,161	99,700
	278,046	767,937
The carrying amount of borrowings that contain a repayment on demand clause (shown under current liabilities) but repayable:		
Within one year or on demand	278,046	767,937
	278,046	767,937
Less: the carrying amount of borrowings that are repayable on demand due to breach of loan covenants (shown under current liabilities)	–	(630,237)
	278,046	137,700
Less: amounts due within one year shown under current liabilities	(278,046)	(137,700)
Amounts shown under non-current liabilities	–	–
Analysed as:		
– Secured	154,722	150,256
– Unsecured	123,324	617,681
	278,046	767,937

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16. BORROWINGS (Continued)

Note:

As at 30 June 2019, included in the Group's unsecured bank loans was a three-year term loan facility in an aggregate sum of US\$80,000,000 (equivalent to approximately RMB548,371,000) (the "Facility") for the purpose of general working capital. The Facility was jointly guaranteed by the Company's former director, Mr. Sin Ke, and six non-PRC incorporated subsidiaries.

According to the repayment terms as stated in the Facility Agreement, 50% of the principal amounted to US\$40,000,000 (equivalent to approximately RMB274,185,000) is repayable in two installments in August 2018 and February 2019 respectively and the remaining 50% of the principal amounted to US\$40,000,000 (equivalent to approximately RMB274,185,000) is repayable on maturity date on 8 August 2019.

On 9 December 2019, the Company and the Banks entered into a loan settlement agreement (the "Settlement Agreement"), pursuant to which, the Banks agreed to reduce their respective amounts of outstanding liabilities payable by the Company to the settlement balances. Pursuant to the Settlement Agreement, the amounts to be repaid by the Company to the banks will be US\$20,490,000 and the loan settlement expenses of HK\$2,380,000. Upon full settlement, the Banks shall fully discharge all of the Company's obligation and indebtedness in relation to their respective parts of outstanding liabilities. On 27 December 2019, the Company settled an amount of USD20,490,000 to the Banks and the Banks agreed that the Company discharged in full its obligations in relation to the Facility.

17. CORPORATE BONDS

As at 31 December 2019, the Company issued six corporate bonds to independent third parties for the purpose of general working capital with an aggregate nominal value of HK\$51,000,000 (equivalent to approximately RMB44,819,000) (30 June 2019: HK\$51,000,000 (equivalent to approximately RMB40,695,000)) in aggregate and periods of ranging from five to eight years.

These corporate bonds were issued at a fixed interest rate of 6% or 6.50% (30 June 2019: 6% or 6.5%) per annum and are payable annually from the date of issuance and maturity date. The principal amount will be repaid on maturity. The effective interest rate is 7.15% (30 June 2019: 7.15%) per annum.

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FOR THE SIX MONTHS ENDED 31 DECEMBER 2019

18. SHARE CAPITAL

	Number of shares	Share capital	
		HK\$'000	RMB'000
Ordinary shares of HK\$0.01 each			
Authorised:			
At 1 July 2018, 30 June 2019, 1 July 2019 and 31 December 2019	3,000,000,000	30,000	26,376
Issued and fully paid:			
At 1 July 2018, 30 June 2019, 1 July 2019 and 31 December 2019	1,347,860,727	13,479	11,610

There were no movements of the Company's share capital during the six months ended 31 December 2019.

19. PLEDGE OF ASSETS

At the end of the reporting period, the Group had pledged the following assets to banks and other independent borrowers to secure the banking and credit facilities granted to the Group:

	As at 31 December 2019 RMB'000 (Unaudited)	As at 30 June 2019 RMB'000 (Audited)
Property, plant and equipment	75,382	67,164
Right-of-use assets/land use rights	8,789	9,021
Pledged bank deposits	–	8,244
	84,171	84,429

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20. SHARE-BASED PAYMENT TRANSACTIONS

A share option scheme was adopted pursuant to a written resolution of the shareholders of the Company passed on 7 June 2008 and refreshed at the annual general meeting held on 5 November 2012 (the "Share Option Scheme"). Each option gives the holder the right to subscribe for one ordinary share of HK\$0.01 each of the Company.

The purpose of the Share Option Scheme is to recognise, motivate and provide incentives to those who make contribution to the Group and to attract and retain the best available personnel, to provide additional incentive to employees (full-time and part-time), Directors, consultants, advisers, distributors, contractors, suppliers, agents, customers, business partners or service providers of the Group and to promote the success of the business of the Group.

The qualified participants include (i) any full-time or part-time employee of any member of the Group; (ii) any consultant or adviser of any member of the Group; (iii) any director (including executive, non-executive or independent non-executive directors) of any member of the Group; (iv) any substantial shareholder of any member of the Group; and (v) any distributor, contractor, supplier, agent, customer, business partner or service provider of any member of the Group.

On 18 November 2008, the Company granted 39,000,000 share options with a subscription price of HK\$0.75 per share to certain qualified participants, all of whom were full-time employees of the Group.

On 11 October 2009, the Company granted 10,000,000 share options with a subscription price of HK\$0.90 per share to an employee of the Group.

On 4 January 2013, the Company granted 62,400,000 share options with a subscription price of HK\$1.15 per share to certain qualified participants.

On 21 March 2013, the Company granted 57,200,000 share options with a subscription price of HK\$1.03 per share to certain qualified participants.

On 19 November 2015, the Company granted 54,000,000 share options with a subscription price of HK\$1.11 per share to certain qualified participants.

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FOR THE SIX MONTHS ENDED 31 DECEMBER 2019

20. SHARE-BASED PAYMENT TRANSACTIONS (Continued)

The terms and conditions of the grants are as follows:

Date of options granted to the employees of the Group	Number of options	Exercise price	Vesting condition and exercisable percentage condition	Up to %	Expiry date of the share options
18 November 2008 ("2008 Option")	39,000,000	HK\$0.75	1 year from grant date	31.3	17 November 2018
			2 years from grant date	31.3	
			3 years from grant date	37.4	
11 October 2009 ("2009 Option")	10,000,000	HK\$0.90	On the grant date	30.0	10 October 2019
			1 year from grant date	30.0	
			2 years from grant date	40.0	
4 January 2013 ("2013 Option 1")	62,400,000	HK\$1.13	On the grant date	100.0	3 January 2014
21 March 2013 ("2013 Option 2")	57,200,000	HK\$1.03	On the grant date	100.0	20 March 2015
19 November 2015 ("2015 Option")	54,000,000	HK\$1.11	1 year from grant date	50.0	18 November 2020
			2 years from grant date	50.0	
Total options granted	<u>222,600,000</u>				

The following table discloses movements of the Company's share options during the six months ended 31 December 2019:

Option type	Outstanding as at 1 July 2019	Grant during the period	Cancelled during the period	Outstanding as at 31 December 2019
2015 Option Employee	9,850,000	–	–	9,850,000
Exercisable at the end of the period	9,850,000	–	–	9,850,000
Weighted average exercise price	HK\$1.11	N/A	N/A	HK\$1.11

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21. SHARES HELD UNDER SHARE AWARD SCHEME

On 11 September 2015, the Company adopted the share award scheme (the "Scheme") under which shares of the Company (the "Awarded Shares") may be awarded to the certain employees including directors and senior management of the Group ("Eligible Participants"), to provide incentives or rewards for their commitment and/or contribution to the Group and to provide them with a direct economic interest in attaining the long-term business objectives of the Group. The Share Award Scheme shall be valid and effective for a period of ten years commencing on the adoption date, i.e., 11 September 2015.

The aggregate number of Awarded Shares permitted to be awarded under the Share Award Scheme throughout the duration of the Scheme is limited to 10% of the issued share capital of the Company as at the adoption date. The maximum aggregate number of Awarded Shares which may be awarded to a Selected Participant shall not exceed 1% of the issued share capital of the Company as at the adoption date.

The Company has set up a trust (the "Trust") for the purpose of facilitating the purchase, holding and sale of shares in the Group for the benefit of the employees of the Group. All the shares repurchased by the Group through the Trust in the Stock Exchange are recorded as treasury stock in the reserve and are for the Scheme only.

When an Eligible Participant has satisfied all vesting conditions, which might include service and/or performance conditions, specified by the board of directors of the Company at the time of making the award and become entitled to the shares of the Company forming the subject of the award, the trustee shall transfer the relevant Awarded Shares to that employee.

The voting rights and powers of any shares held under the Scheme shall be exercised by the independent trustee who shall abstain from voting.

During the six months ended 31 December 2019, no shares (for the six months ended 31 December 2018: nil) were granted to Eligible Participants and thus, an aggregate amount of RMB nil (for the six months ended 31 December 2018: nil) was charged to profit or loss for the period.

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22. RELATED PARTY TRANSACTIONS

Compensation of key management personnel

The remuneration of directors of the Company and other members of key management personnel during the period was as follows:

	For the six months ended	
	31 December	2018
	2019	2018
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Short-term benefits	443	403
Post-employment benefits	80	106
	523	509