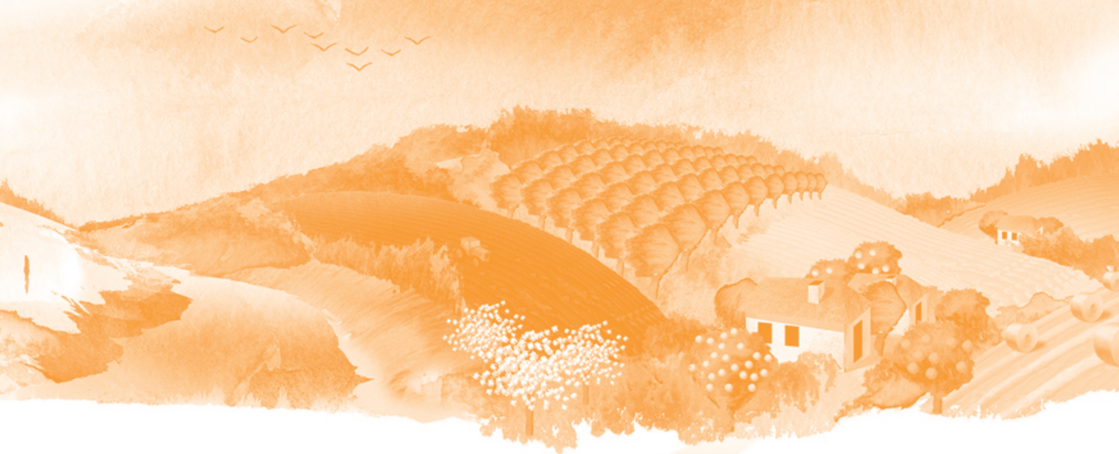
森美（集團）控股有限公司
Summi (Group) Holdings Limited

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

INTERIM REPORT 2018/2019



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CORPORATE INFORMATION

DIRECTORS
Executive Directors
Mr. Sin Ke *(Chairman and Chief Executive Officer)*
Mr. San Kwan
Mr. Wu Shaohao
Mr. Wu Liantao

Independent Non-Executive Directors
Mr. Zhuang Xueyuan
Mr. Zhuang Weidong
Mr. Kyaw Sai Hong *HKCPA (practising)*

COMPANY SECRETARY
Mr. Lee Kwok Lun *HKCPA (practising), FCCA, ACIS, ACS*

AUTHORISED REPRESENTATIVES
Mr. San Kwan
Mr. Lee Kwok Lun *HKCPA (practising), FCCA, ACIS, ACS*

AUDIT COMMITTEE
Mr. Zhuang Xueyuan *(Chairman)*
Mr. Zhuang Weidong
Mr. Kyaw Sai Hong *HKCPA (practising)*

REMUNERATION COMMITTEE
Mr. Zhuang Xueyuan *(Chairman)*
Mr. Sin Ke
Mr. Zhuang Weidong

NOMINATION COMMITTEE
Mr. Sin Ke *(Chairman)*
Mr. Zhuang Weidong
Mr. Kyaw Sai Hong *HKCPA (practising)*

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG
Room 1409, 14/F, Leighton Centre
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Hong Kong

REGISTERED OFFICE
Clifton House, 75 Fort Street
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Cayman Islands

AUDITOR
SHINEWING (HK) CPA Limited

LEGAL ADVISORS AS TO HONG KONG LAWS
Khoo & Co.

PRINCIPAL BANKERS
Agricultural Bank of China
Bank of China (H.K.)
Hang Seng Bank
The Hongkong and Shanghai Banking Corporation

SHARE REGISTRAR IN HONG KONG
Computershare Hong Kong Investor Services Limited
Shops 1712–1716, 17th Floor
Hopewell Centre
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Wanchai
Hong Kong

SHARE REGISTRAR AND TRANSFER OFFICE IN CAYMAN ISLANDS
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Clifton House, 75 Fort Street
P.O. Box 1350, Grand Cayman KY1-1108
Cayman Islands

COMPANY WEBSITE
www.hksummi.com

FINANCIAL SUMMARY

FOR THE SIX MONTHS ENDED 31 DECEMBER 2018 (UNAUDITED)

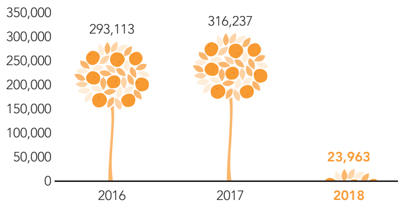
FINANCIAL HIGHLIGHTS

	Six months ended 31 December 2018 RMB'000	31 December 2017 RMB'000	Change % (Approximate)
Statement of profit or loss and other comprehensive income			
Revenue	**23,963**	316,237	(92%)
Gross profit	**1,366**	115,650	(99%)
Gross profit margin	**5.70%**	36.6%	(30.9pp)
(Loss)/profit for the period	**(97,500)**	47,197	(307%)
Basic (loss)/earnings per share (RMB cents)	**(7.23)**	3.50	(307%)

	As at 31 December 2018 RMB'000	As at 30 June 2018 RMB'000	Change % (Approximate)
Statement of financial position			
Bank balances and cash	**19,340**	521,487	(96%)
Inventories	**43,957**	57,131	(23%)
Trade receivables	**4,252**	168,505	(97%)
Bank loans	**615,772**	892,932	(31%)
Net assets value ("NAV")	**1,684,110**	1,744,191	(3%)

REVENUE

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

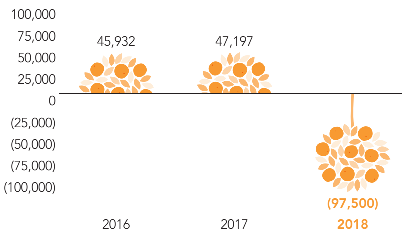


REVENUE BREAKDOWN

FOR THE SIX MONTHS ENDED 31 DECEMBER
(Approximate percentage)

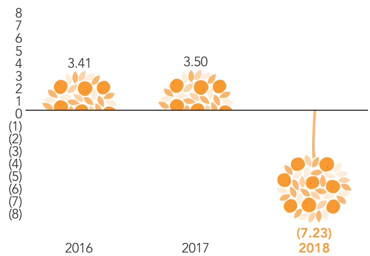
NET (LOSS)/PROFIT

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



BASIC (LOSS)/EARNINGS 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 2018 (the "Reporting Period").

REVIEW AND PROSPECTS

During the Reporting Period, due to a significant change in the management of the Group and the business restructuring being undertaken by it, the Group's performance experienced a relatively large decline over the same period last year, and the revenue of each business segment recorded a significant decline. The management of the Group is endeavoring to negotiate with various stakeholders in the hope of minimizing the impact of the business restructuring on the Group. However, as the process is very difficult, the Group expects its business to remain at a low level for some time. On the other hand, due to the health problems of some fruit trees in the Group's plantations and the malnutrition of soil in there, which occurred during the Reporting Period, the Group has devoted a large amount of capital to maintain the output of the plantations during the Reporting Period. As the Group is in the process of negotiating the fruit picking related matters with the local farmers, the fruit picking season of the Group has been postponed to start in January 2019, while it had begun in November last year.

Overall, the Group's revenue and gross profit was approximately RMB23,963,000 and RMB1,366,000 respectively, representing a decrease of 92% and 99% over the same period last year. The net loss for the Reporting Period was approximately RMB97,500,000, turning profit into loss 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.

Sin Ke
Chairman

Hong Kong, 8 February 2019

MANAGEMENT DISCUSSION AND ANALYSIS

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND PROSPECT

As set out in the announcement dated 28 September 2018, Mr. Sin Ke ("Mr. Sin"), who is the major shareholder, CEO and chairman of the Company, transferred all his shares to Mr. Wu Shaohao ("Mr. Wu") and the transfer of shares were completed on 15 October 2018.

Upon the transfer of the shares, Mr. Wu assumed his role to take over the management of the Company and visited the headquarter of the Company in Hong Kong and Xiamen in early November 2018, respectively, and announced the transition plan with the management team. During the visits, Mr. Wu has met the management team, major suppliers and major banks of the Company. Mr. Sin had expressed his intention to retire due to his health issue and most customers were in the long relationship with Mr. Sin. The proposed retirement of Mr. Sin had resulted in the concern of the major customers and they decided to not purchase from the Company for the current harvest period. During the transition, as the local workers and farmers did not have any information about Mr. Wu and they had no confidence on the Company, the Company had faced difficulties in hiring workers and farmers for the production season. As a result, both the production and sales of the Company had been seriously affected and caused a significant drop of revenue during six months ended 31 December 2018.

The new management team stationed in the Group's Xiamen office (the "Xiamen Office"), which was the Group's headquarter in China, in early November 2018. After detailed review of the Group's sales strategy, the new management team decided to streamline the sales department and dismiss the original sales team. The new management team initiated take-over procedures with the then existing sales team from November 2018 to December 2018. The Company terminated the employment contract with the Mr. Hsu Mi-Chien, who was the chief operating officer of the Group, on 3 December 2018. On 10 January 2019, the Group has completed the dismissal procedure of the sales team and the Xiamen Office was closed down on that day. After the close down of the Xiamen office, the Group no longer had any sales team in Xiamen. The business reorganisation has been completed in Early February 2019.

The Group's operations during the Reporting Period significantly declined. The operation of each major segment has experienced challenges as the Group was undergoing business reorganisation during the Reporting Period. During the Reporting Period, the management of the Group is committed to reorganising the structure of each segment and maintaining close communication with suppliers, customers and banks in order to rebuild the confidence of various stakeholders for the Group. Given that the Group is still in the time of difficulties, the management of the Group expects to cope with the challenge through cutting expenses and minimising costs.

MANAGEMENT DISCUSSION AND ANALYSIS

OPERATING PERFORMANCE

Summi fresh orange juice

The Company anticipated that the sales strategy of Summi Fresh Orange Juice in China will be changed to direct sales method instead of mass distribution in supermarkets due to the reasons that the mass distribution of Summi Fresh Orange Juice had caused unsustainable marketing expenses to the Group in the past years. The Company will also put more efforts on exploration of overseas markets such as Singapore and west Asia region.

The Group sold most of its Summi Fresh Orange Juice through supermarkets before the business organisation. To maintain the sales network, the Group had to put lots of financial resources to support the promotion activities such as hiring promoter in certain supermarkets for tasting, advertisements on movies and price cut etc. The new management team had reviewed that the sales model is unsustainable. Therefore, the Company has now changed the sales strategy to limiting itself as a producer and not to spend unnecessary resources to promote Summi Fresh Orange Juice. Instead, the Company is now soliciting local distributors in different regions in China and the local distributors will be responsible for the promotion of Summi Fresh Orange Juice. Since there is significant change of sales strategies, the Group dismissed its original sales team and withdrew from most supermarkets in China. As a result, the revenue of Summi Fresh Orange Juice had been reduced substantially.

For the Reporting Period, the Group's sales decreased significantly by approximately 92.7% to approximately RMB5,612,000 from approximately RMB76,381,000 for the same period last year, which is due to that during the Reporting Period, the Group was rebuilding its major sales team and the management of the Group was reviewing the overall operational strategy for Summi fresh orange juice. The management of the Group is of the view that the existing sales strategy cannot support the operational costs and selling expenses of this business segment in the long run. Therefore, the management of the Group will make adjustments in the near feature, including reviewing the production costs, package and categories of the product and considering factors such as sales contribution of and resource allocation between domestic and overseas markets.

MANAGEMENT DISCUSSION AND ANALYSIS

FCOJ and related products

The Group's FCOJ and related products were affected by the changes in the management, due to which certain major customers started to purchase products from our competitors during the Reporting Period. As a result, the sales of FCOJ and Orange Pulp decreased by approximately 82% and 97% to approximately RMB16,216,000 and RMB2,135,000 for the Reporting Period from approximately RMB88,612,000 and RMB65,079,000 for the same period last year, respectively.

The Group had more than 5 years of relationship with most of its major customers. During the years, most customers have established close relationship with the management of the Company. At the time the major customers realised that the major shareholder of the Company will be changed, they have had concern over the stability of the Company's production capacity and the stability of supply of the FCOJ and related products were vital for the customers. During the transition, they have informed the Company when meeting with the new management team that they would temporarily suspend the purchase order from the Company for the current year, and will observe the Company's business reorganisation progress before they decide whether or not to reconsider to purchase from the Company in the next harvest period.

The Group was managed to retain a major customer during the Reporting Period. However, other major customers were lost during the transition. The Group has promoted Ms. Xi Xiaoxia, who was the sales manager of the Company before the business organisation, as the sales director to solicited new customers. The Company anticipated that the best production season for the current year has passed therefore revenue will not be comparable with that of the corresponding period in 2017-2018, while there will be chances that the Company will be able to solicit new customers and recover those lost customers during the business reorganisation.

Sales and output of fresh oranges

During the Reporting Period, there was no output of fresh oranges as compared to approximately 64,345 tonnes for the same period last year, as the harvest season came later than that of last year. Moreover, in light of the dropping output and quality of fruits in the Group's plantations during the Reporting Period, the Group invested approximately RMB450,000,000 in land improvement works in this year, the effectiveness of which is yet to be proven.

MANAGEMENT DISCUSSION AND ANALYSIS

Gross Profit

During the Reporting Period, the Group's gross profit was approximately RMB1,366,000, representing a decrease of approximately 99% compared to approximately RMB115,650,000 over the same period last year. The Group's gross profit margin decreased to approximately 5.70% (31 December 2017: 36.6%). The decrease in gross profit margin during the Reporting Period is due to rising costs caused by dropping sales volume.

Gain from changes in fair value of biological assets less costs to sell

During the Reporting Period, as the harvest season of the Group has not begun yet, the Group has recorded no gain from changes in fair value of biological assets less costs to sell as compared with that of approximately RMB46,949,000 for the same period last year.

Distribution costs and administrative expenses

The Group's distribution costs mainly included marketing expenses and transportation costs. Distribution costs decreased by approximately 60% from approximately RMB43,658,000 over the same period last year to approximately RMB17,330,000 during the year. The decrease was mainly due to the discontinuation of most marketing expenses during the Reporting Period as the Group was adjusting its sales strategy for Summi fresh orange juice, in order to ensure the effective use of financial resources.

The Group's administrative expenses mainly included general office administrative expenses, salaries, amortisation, etc. Administrative expenses increased from approximately RMB47,228,000 over the same period last year to approximately RMB62,822,000 during the Reporting Period.

Finance costs

During the Reporting Period, the Group's finance costs were approximately RMB29,632,000 (31 December 2017: approximately RMB28,662,000).

Net loss

During the Reporting Period, the Group's net loss was approximately RMB97,500,000, a decrease of approximately 307% compared to net profit of approximately RMB47,197,000 over the same period last year.

Interim dividend

The Board has resolved not to declare any interim dividend for the six months ended 31 December 2018 (31 December 2017: nil).

LIQUIDITY, FINANCIAL RESOURCES, GEARING AND CAPITAL STRUCTURE

Held-to-Maturity Investments

As at 31 December 2018, the Group had sold all the held-to-maturity investments (30 June 2018: approximately RMB16,918,000).

MANAGEMENT DISCUSSION AND ANALYSIS

Liquidity

As at 31 December 2018, current assets amounted to approximately RMB638,030,000 (30 June 2018: approximately RMB1,265,652,000); current liabilities amounted to approximately RMB790,851,000 (30 June 2018: approximately RMB667,118,000).

Financial Resources

As at 31 December 2018, the Group had cash and cash equivalents and pledged bank deposits of approximately RMB19,340,000 (30 June 2018: approximately RMB521,487,000) and approximately RMB74,375,000 (30 June 2018: approximately RMB191,730,000) respectively, as well as total bank loans of approximately RMB615,772,000 (30 June 2018: approximately RMB892,932,000).

As at 31 December 2018, the Group's trade receivables amounted to approximately RMB4,252,000 (30 June 2018: approximately RMB168,505,000), and inventory amounted to approximately RMB43,957,000 (30 June 2018: approximately RMB57,131,000).

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.

	2018	2017
Quick ratio (x)	**0.74**	2.0
Current ratio (x)	**0.8**	2.1
Gearing ratio *(note)*	**38.9%**	50.9%

Note: Gearing ratio is defined as the sum of bank loans and corporate bonds over total equity.

Capital Structure

As at 31 December 2018, the total number of issued shares of the Company (the "Shares") was 1,347,860,727 Shares. Based on the closing price of HK$0.198 per Share as at 31 December 2018, the Company's market capitalisation was HK$266,876,423.95.

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, utilising forward contracts and multiple derivative tools to mitigate the related risks.

MANAGEMENT DISCUSSION AND ANALYSIS

PLEDGE OF ASSETS

As at 31 December 2018, the Group had pledged the following assets to banks to secure banking facilities granted to the Group:

	As at 31 December 2018 RMB'000	As at 30 June 2018 RMB'000
Held-to-maturity investment	**–**	16,918
Property, plant and equipment	**47,662**	47,632
Land use rights	**7,396**	9,272
Pledged bank deposits	**74,375**	191,730
	129,433	265,552

CONTINGENT LIABILITIES

As at 31 December 2018, the Group had no material contingent liabilities (30 June 2018: nil).

CAPITAL EXPENDITURE

During the Reporting Period, the Group's capital expenditure amounted to nil (2017: approximately RMB31,120,000) which was used for acquisition of property, plant and equipment, and land use rights.

Orange Plantations

The Group currently operates a fruit-bearing orange plantation of approximately 146,000 mu (equivalent to approximately 97.34 km^2) in Chongqing. In December 2016, the Group's orange plantation was awarded a certificate of Sustainable Agriculture Guiding Principles ("SAGP") from a leading global beverage company to provide to the aforementioned company fresh oranges required for the production of FCOJ. The accreditation signifies that the Group's agricultural practice complies with the stringent requirements set out by this international beverage giant for sustainable provision of healthy agricultural products in an environmental-friendly manner. The Group is the only orange juice supplier in the world certified for compliance of SAGP stipulated by the aforementioned beverage giant. The Group believes that such accreditation will strengthen our long-term relationship with this major client.

The Group anticipated that the orange plantation will be stable as the Group has already invested lots of financial resources in the plantation before business reorganisation. Although the Company is facing difficulties at the moment in hiring farmers, the new management team has been trying to negotiate with the local communities in Chongqing to initiate the harvest season as soon as possible.

MANAGEMENT DISCUSSION AND ANALYSIS

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 2018, the Group had 98 employees (2017: 912 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 2018, 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 *(Note 2)*	765,444,145 (L)	56.79%
Mr. Sin Ke ("Mr. Sin")	(i)	Beneficial owner *(Note 3)*	15,688,000 (L)	1.16%
	(ii)	Beneficial owner *(Note 3)*	4,000,000 (L)	0.30%
Mr. San Kwan ("Mr. San")	(i)	Beneficial owner *(Note 4)*	8,000,000 (L)	0.59%
	(ii)	Beneficial owner *(Note 4)*	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:

   (i) The 765,444,145 Shares are beneficially held by Rui Er Holdings 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 19,688,000 Shares. These shares were held in the following capacity:

   (i) 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.

   (ii) The 15,688,000 Shares were held by Mr. Sin in a beneficial owner capacity.

4. Mr. San was deemed (by virtue of the SFO) to be interested in 10,000,000 Shares. These shares were held in the following capacity:

   (i) The option 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.

   (ii) The 8,000,000 Shares were hold by Mr. San in a beneficial owner capacity.

Save as disclosed above, as at 31 December 2018, 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, UNDERLYING SHARES

As at 31 December 2018, 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	Beneficial owner	765,444,145 (L)	56.79%
Ms. Yang Xijuan ("Ms. Yang")	Interest of spouse *(Note 2)*	765,444,145 (L)	56.79%
CITIC Securities Company Limited ("CITIC Securities")	(I) Beneficial owner	68,915,200 (L)	5.11%
	(II) Beneficial owner *(Note 4)*	111,987,200 (S)	8.31%

Notes:

1. The letters "L" denotes a long position and "S" denotes short position in the Shares/ underlying Shares.

2. 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 765,444,145 Shares held by Mr. Wu by virtue of the SFO.

OTHER INFORMATION

INTERESTS AND SHORT POSITIONS OF THE SUBSTANTIAL SHAREHOLDERS IN SHARES, UNDERLYING SHARES (Continued)

Interests and short position in the Shares and underlying Shares (Continued)

Notes: (Continued)

3. The 15,688,000 Shares were personally held by Mr. Sin. As Ms. Hong is the spouse of Mr. Sin, Ms. Hong was deemed, or taken to be, interested in the 15,688,000 Shares held by Mr. Sin by virtue of the SFO.

   The options to subscribe for 4,000,000 Shares were granted to Mr. Sin personally on 19 November 2015 under the share option scheme of the Company and were held by Mr. Sin in a beneficial owner capacity. Ms. Hong was deemed, or taken to be, interested in the options to subscribe for 4,000,000 Shares held by Mr. Sin by virtue of the SFO.

4. CSI Capital Management Limited ("CSI Capital") is wholly-owned by CITIC CLSA Global Markets Holdings Limited ("CITIC CLSA"); CITIC CLSA is wholly-owned by CLSA B.V.; CLSA B.V. is wholly-owned by CITIC Securities International Company Limited ("CITIC International"), which is wholly-owned by CITIC Securities. Therefore, each of CSI Capital, CITIC CLSA, CLSA B.V., CITIC International is deemed to be interested in the 68,915,200 Shares held by CITIC Securities.

Save as disclosed above, and as at 31 December 2018, 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 fell 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.

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 had purchased, sold or redeemed any of the Company's listed securities.

OTHER INFORMATION

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 following are the details of the loan agreement with covenants relating to specific performance on the controlling shareholders of the Company as at 31 December 2018 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 will be an event of default under the Facility Agreement if (i) 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.

The following are the details of the breach of loan agreement by the Company as at 31 December 2018 pursuant to rule 13.19 of the Listing Rules.

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").

OTHER INFORMATION

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

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.

The Company is currently in the process of discussion with its bankers, bondholders and creditors as necessary with a view to agreeing on arrangements which facilitate the Company to meet its obligations, including but not limited to the loans under the Facility Agreement.

OTHER INFORMATION

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 2018	Granted during the Reporting Period	Exercised during the Reporting Period	Cancelled/ Lapsed during the Reporting Period	As at 31 December 2018	Date of grant of share options	Exercise period of share options	Exercise price of share options HK$	Share price of the Company as at the date of grant of share options* HK$
Director/ Chief Executive Mr. Sin	4,000,000	–	–	–	4,000,000	19 November 2015	5 years from the date of grant	1.112	1.100
Director 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**	48,000,000	–	–	–	48,000,000	19 November 2015	5 years from the date of grant	1.112	1.100
Total	54,000,000	–	–	–	54,000,000				

* 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 18 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 four 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 references 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 had 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 interim report and the interim results of the Group for the six months ended 31 December 2018.

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 2018, except for the deviation mentioned below:

Code Provision A.2.1

Under the Code Provision A.2.1, the roles of chairman and chief executive should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and the chief executive should be clearly established and set out in writing.

Mr. Sin Ke is currently the Chairman and the chief executive officer of the Company. The Board considers that this structure will not impair the balance of power and authority between the Board and the management of the Company. The balance of power and authority is ensured by the operations of the Board, which comprises experienced and high caliber individuals and meets regularly to discuss issues relating to the operations of the Company. The Board will review the management structure regularly and consider separating the roles of the chairman and chief executive officer if and when appropriate.

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

Sin Ke
Chairman

8 February 2019

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 31 DECEMBER 2018

	Notes	Six months ended 31 December 2018 RMB'000 (unaudited)	2017 RMB'000 (unaudited)
Revenue	3	**23,963**	316,237
Cost of sales		**(22,597)**	(200,587)
Gross profit		**1,366**	115,650
Gain from changes in fair value of biological assets less costs to sell		**–**	46,949
Other revenue	4	**10,355**	3,679
Distribution costs		**(17,330)**	(43,658)
Administrative expenses		**(62,822)**	(47,228)
(Loss)/profit from operations		**(68,431)**	75,392
Finance costs	5	**(29,632)**	(28,662)
(Loss)/profit before tax	6	**(98,063)**	46,730
Income tax credit	7	**563**	467
(Loss)/profit for the period attributable to owners of the Company		**(97,500)**	47,197
Other comprehensive income for the period			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		**37,419**	26,030
Total comprehensive (expense) income for the period attributable to owners of the Company		**(60,081)**	73,227
(Loss)/earnings per share			
– Basic (RMB cents)	9	**(7.23)**	3.50
– Diluted (RMB cents)		**(7.23)**	3.50

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2018

	Notes	As at 31 December 2018 RMB'000 (Unaudited)	As at 30 June 2018 RMB'000 (Audited)
Non-current assets			
Property, plant and equipment	10	**294,255**	344,700
Land use rights		**21,073**	21,990
Lease prepayments for orange plantations		**1,481,252**	977,875
Goodwill		**56,696**	56,696
Intangible assets		**35,256**	38,978
Held-to-maturity investment	11	**–**	16,918
		1,888,532	1,457,157
Current assets			
Inventories		**43,957**	57,131
Biological assets	12	**307,001**	169,119
Lease prepayments for orange plantations		**181,250**	109,541
Derivative financial instruments		**–**	2,986
Trade receivables	13	**4,252**	168,505
Other receivables, deposits and prepayments		**7,855**	45,153
Pledged bank deposits	14	**74,375**	191,730
Cash and cash equivalents	15	**19,340**	521,487
		638,030	1,265,652

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2018

	Notes	**As at 31 December 2018 RMB'000 (Unaudited)**	As at 30 June 2018 RMB'000 (Audited)
Current liabilities			
Trade payables	*16*	**8,275**	5,727
Other payables and accruals		**166,804**	28,726
Bank loans	*17*	**615,772**	631,640
Derivative financial instruments		**–**	960
Income tax payable		**–**	65
		790,851	667,118
Net current (liabilities) assets		**(152,821)**	598,534
Total assets less current liabilities		**1,735,711**	2,055,691
Non-current liabilities			
Bank loans	*17*	**–**	261,292
Corporate Bonds		**39,178**	36,043
Deferred income		**2,360**	3,540
Deferred tax liabilities		**10,063**	10,625
		51,601	311,500
Net assets		**1,684,110**	1,744,191
Capital and reserves			
Share capital	*20*	**11,610**	11,610
Reserves	*21*	**1,672,500**	1,732,581
Total equity		**1,684,110**	1,744,191

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 31 DECEMBER 2018

	Attributable to owners of the Company							
	Share capital RMB'000	Share premium RMB'000	Capital reserve RMB'000	Share award reserves RMB'000	Statutory reserves RMB'000	Exchange reserve RMB'000	Retained profits RMB'000	Total RMB'000
At 1 July 2017 (audited)	11,610	470,797	57,003	(14,672)	38,810	(22,457)	1,194,108	1,735,199
Profit for the period	–	–	–	–	–	–	47,197	47,197
Other comprehensive expense for the period – Exchange differences arising on translation of foreign operations	–	–	–	–	–	26,030	–	26,030
Total comprehensive expense for the period	–	–	–	–	–	26,030	47,197	73,227
Recognition of equity-settled share-based payments	–	–	3,824	–	–	–	–	3,824
Dividends paid	–	(17,126)	–	–	–	–	–	(17,126)
At 31 December 2017	11,610	453,671	60,827	(14,672)	38,810	3,573	1,241,305	1,795,124

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 31 DECEMBER 2018

	Attributable to owners of the Company							
	Share capital RMB'000	Share premium RMB'000	Capital reserve RMB'000	Share award reserves RMB'000	Statutory reserves RMB'000	Exchange reserve RMB'000	Retained profits RMB'000	Total RMB'000
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 expense for the period – 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	11,610	453,671	60,483	(14,672)	38,810	26,038	1,108,170	1,684,110

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 31 DECEMBER 2018

	Six months ended 31 December	
	2018	2017
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Cash used in operations	**(371,296)**	(133,035)
Income tax (paid) refund	**(64)**	267
NET CASH USED IN OPERATING ACTIVITIES	**(371,360)**	(132,768)
NET CASH FROM (USED) IN INVESTING ACTIVITIES	**117,322**	(23,256)
NET CASH USED IN FINANCING ACTIVITIES	**(261,432)**	(55,724)
NET DECREASE IN CASH AND CASH EQUIVALENTS	**(515,470)**	(211,748)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	**521,487**	655,699
Effect of foreign exchange rate changes	**13,323**	3,154
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD, represented by bank balances and cash	**19,340**	447,105

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 DECEMBER 2018

1. GENERAL

Summi (Group) Holdings Limited (the "Company") was 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"). The addresses of the registered office and principal place of business of the Company are disclosed in the "Corporate Information" section to the Interim Report. In the opinion of the directors of the Company (the "Directors"), its parent and ultimate holding company is Rui Er Holdings Company Limited, a company incorporated in the People's Republic of China (the "PRC").

The Company and its subsidiaries (collectively referred to as the "Group") are principally engaged in cultivation and selling of fresh oranges, production and sale of frozen concentrated orange juice ("FCOJ") and its related products and production and sale of Summi fresh orange juice.

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 consider that it is appropriate to present the unaudited condensed consolidated financial statements in RMB.

2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

The unaudited condensed consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board (the "IASB"). In addition, the unaudited condensed consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange.

The unaudited 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 and methods of computation used in the unaudited condensed consolidated financial statements for the six months ended 31 December 2018 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 30 June 2018.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 DECEMBER 2018

2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES (Continued)

In the current interim period, the Group has applied the following new and revised IFRSs, which include IFRSs, International Accounting Standards ("IAS(s)"), amendments and Interpretations ("Int(s)"), issued by the International Accounting Standards Board (the "IASB").

IFRS 9	Financial Instruments
IFRS 15	Revenue from Contracts with Customers and the related Amendments
IFRIC-Int 22	Foreign Currency Transactions and Advance Consideration
Amendments to IFRS 2	Classification and Measurement of Share-based Payment Transactions
Amendments to IFRS 4	Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts
Amendments to IAS 28	As part of the Annual Improvements to IFRSs 2014–2016 Cycle
Amendments to IAS 40	Transfers of Investment Property

The application of the new and amendments to IFRSs in the current period has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

The Group has not early applied the following new and amendments to IFRSs that have been issued but are not yet effective:

IFRS 16	Leases[1]
IFRS 17	Insurance Contracts[2]
IFRIC-Int 23	Uncertainty over Income Tax Treatments[1]
Amendments to IFRS 9	Prepayment Features with Negative Compensation[1]
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to IAS 19	Plan Amendment, Curtailment or Settlement[1]
Amendments to IAS 28	Long-term Interests in Associates and Joint Ventures[1]
Amendments to IFRSs	Annual Improvements to IFRSs 2015–2017 Cycle[1]

1 Effective for annual periods beginning on or after 1 January 2019.
2 Effective for annual periods beginning on or after 1 January 2021.
3 Effective for annual periods beginning on or after a date to be determined.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 DECEMBER 2018

2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES (Continued)

The directors of the Company anticipate that the application of all other new and amendments to IFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

As disclosed in note 17, the Group did not meet the repayment schedule of certain bank loans in the amount of United States dollars ("US$") 20,000,000 (equivalent to approximately RMB132,706,000) subsequent to 30 June 2018 in accordance with the terms and conditions of a facility agreement (the "Facility Agreement") entered into among the Company and a group of banks (the "Participating Banks") in respect of the bank loans with a principal amount of US$80,000,000 (equivalent to approximately RMB530,826,000) (the "Facility"). The above condition indicates the existence of material uncertainties which may cast significant doubt about the Group's ability to continue as a going concern. Up to the date of approval for issuance of the consolidated financial statements, the Group has already repaid US$11,700,000 (equivalent to approximately RMB80,145,000).

As set out in the announcements dated 5 November 2018 and 6 December 2018, up to the date of the issue of the Interim Financial Statements, all bank borrowings have been default and become immediately repayable. The Company is still in the course of negotiation with the banks in relation to the extension of the repayment schedule of the bank borrowings and there has not been any agreement yet.

During the Reporting Period, the Company incurred a loss of approximately RMB97,500,000 and as of that date, the Company had net current liabilities of approximately RMB152,821,000.

In preparing the Interim Financial Statements, the Directors have given careful consideration to the future liquidity and financial positions of the Group in light of the conditions described in the preceding paragraphs. These conditions indicate the existence of a material uncertainty that may cast significant doubt on the Group's ability as to continue as a going concern and therefore, the Group may not be able to realise its assets and discharge its liabilities in the normal course of business. The Directors are currently implementing the measures as set out below to improve the operating and financial position of the Group:

(i) Continue to exercise cost control to monitor administrative and other expenses by further streamlining the Group's operations.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 DECEMBER 2018

2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES (Continued)

In addition, the Group has obtained funding and financial support from the following parties:

(ii) With regard to amounts due to the Directors, they have agreed not to demand for repayment of the amounts due before 31 December 2019.

(iii) As set out in the announcement dated 18 January 2019, the Company has proposed to issue a warrant instrument to certain independent third parties. The instrument will provide up to HK$50,409,991 (equivalent to approximately RMB44,270,000) to the Group.

(iv) Continue to negotiate with the corresponding banks in respect of extension of the repayment schedule of the bank borrowings.

With the successful implementation of the measures and funding and financial support obtained as set out above, in the opinion of the Directors, the Group will have sufficient funds to satisfy its future working capital and other financial commitments as and when they fall due. Accordingly, the Directors are of the view that it is appropriate to prepare the Interim Financial Statements on a going concern basis.

Should the Group be unable to continue as a going concern, the Group may not be able to realise its assets and discharge its liabilities in the normal course of business, the effect of which has not yet been reflected in the Interim Financial Statements. Adjustments may have to be made to write down assets to their recoverable amounts. In addition, the Group may have to provide further liabilities that might arise, and to reclassify non-current assets and liabilities as current assets and liabilities.

3. REVENUE AND SEGMENT INFORMATION

The Group determines its operating segments based on the information reported to the chief operating decision maker, being the most 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.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 DECEMBER 2018

3. REVENUE AND SEGMENT INFORMATION (Continued)

The Group's reportable and operating segments are as follows:

1. Plantation and sale of agricultural produce

2. Production and sale of FCOJ and other related products

3. Production and sale of Summi fresh orange juice

The following is an analysis of the Group's revenue by reportable and operating segment.

	Plantation and sale of agricultural product RMB'000	Production and sale of FCOJ and other related products RMB'000	Production and sale of Summi fresh orange juice RMB'000	Consolidated RMB'000
Period ended 31 December 2018				
Segment revenue				
Sales to external customers	–	18,351	5,612	23,963
Intersegment sales	–	–	–	–
Segment revenue	–	18,351	5,612	23,963
Elimination				–
Consolidated revenue				23,963
Segment results	(2,926)	(40,924)	(24,805)	(68,655)
Unallocated gains				8,248
Corporate and other unallocated expenses				(8,024)
Finance costs				(29,632)
Loss before tax				(98,063)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 DECEMBER 2018

3. REVENUE AND SEGMENT INFORMATION (Continued)

	Plantation and sale of agricultural product RMB'000	Production and sale of FCOJ and related products RMB'000	Production and sale of Summi fresh orange juice RMB'000	Consolidated RMB'000
Period ended 31 December 2017				
Segment revenue				
Sales to external customers	86,165	153,691	76,381	316,237
Intersegment sales	34,315	–	–	34,315
Segment revenue	120,480	153,691	76,381	350,552
Elimination				(34,315)
Consolidated revenue				316,237
Segment results	41,867	63,881	(19,179)	86,569
Unallocated gains				–
Corporate and other unallocated expenses				(11,177)
Finance costs				(28,662)
Profit before tax				46,730

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 DECEMBER 2018

3. REVENUE AND SEGMENT INFORMATION (Continued)

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

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

(a) all assets are allocated to operating segments other than held-to-maturity investments, pledged bank deposits, cash and cash equivalents, certain property, plant and equipment and other receivables which were managed in a centralised manner.

(b) all liabilities are allocated to operating segments other than bank loans, convertible bonds, income tax payable, deferred tax liabilities and certain other payables which were managed in a centralised manner.

Inter-segment sales are charged at prevailing market rates.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 DECEMBER 2018

3. REVENUE AND SEGMENT INFORMATION (Continued)

Other segment information

Period ended 31 December 2018	Plantation and sale of agricultural product RMB'000	Production and sale of FCOJ and other related products RMB'000	Production and sale of Summi fresh orange juice RMB'000	Unallocated RMB'000	Consolidated RMB'000
Amounts included in the measure of segment profits or segment assets:					
Depreciation and amortisation *(note 1)*	–	8,898	15,079	40	24,017
Additions to non-current assets *(note 2)*	–	–	–	–	–
Write-off of inventories	–	25,116	–	–	25,116
Government grants	–	(1,180)	–	–	(1,180)
Amounts regularly provided to the chief operating decision maker but not included in the measure of segment profits or segment assets:					
Interest income	–	–	–	(1,969)	(1,969)
Finance costs	–	–	–	29,632	29,632
Income tax credit	–	–	–	(563)	(563)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 DECEMBER 2018

3. REVENUE AND SEGMENT INFORMATION (Continued)

Other segment information (Continued)

Period ended 31 December 2017	Plantation and sale of agricultural product RMB'000	Production and sale of FCOJ and other related products RMB'000	Production and sale of Summi fresh orange juice RMB'000	Unallocated RMB'000	Consolidated RMB'000
Amounts included in the measure of segment profits or segment assets:					
Depreciation and amortisation *(note 1)*	–	12,610	8,886	57	21,553
Additions to non-current assets *(note 2)*	–	–	31,120	–	31,120
Write-off of inventories	3,586	–	–	–	3,586
Gain from changes in fair value of biological assets less costs to sell	(46,949)	–	–	–	(46,949)
Government grants	–	(1,180)	–	–	(1,180)
Amounts regularly provided to the chief operating decision maker but not included in the measure of segment profits or segment assets:					
Interest income	–	–	–	(2,499)	(2,499)
Equity-settled share-based payment expenses	–	–	–	3,824	3,824
Finance costs	–	–	–	28,662	28,662
Income tax credit	–	–	–	(467)	(467)

Note 1: Amount excluded amortisation of lease prepayments for orange plantations.

Note 2: Amount included property, plant and equipment, intangible assets and land use rights and excluded additions to lease prepayments for orange plantations, pledged bank deposits and held-to-maturity investment.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 DECEMBER 2018

3. REVENUE AND SEGMENT INFORMATION (Continued)

Other segment information (Continued)

Geographical information

In view of the fact that the Group's operations and non-current assets are mainly located in the PRC (country of domicile), no geographical information about the Group's revenue from external customers and non-current assets are presented.

Revenue from major products

The following is an analysis of the Group's revenue from sales of its major products to external customers:

	2018 **RMB'000**	2017 RMB'000
Sales of FCOJ and related products	**18,351**	153,691
Sales of Summi fresh orange juice	**5,612**	76,381
Sales of fresh oranges	**–**	86,165
	23,963	316,237

Information about major customers

Revenue from customers of the corresponding years contributing over 10% of the total revenue of the Group are as follows:

	2018 **RMB'000**	2017 RMB'000
Customer A[1]	**–**	86,165
Customer B[2]	**16,216**	68,822
Customer C[2,3]	**–**	39,892

1 Revenue from plantation and sale of agricultural produce segment.
2 Revenue from production and sale of FCOJ and other related products segment.
3 Revenue from production and sale of Summi fresh orange juice segment.
4 The corresponding revenue did not contribute over 10% of total revenue of the Company of respective year.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 DECEMBER 2018

4. OTHER REVENUE

	2018 RMB'000	2017 RMB'000
Bank interest income	1,969	2,499
Government grants	1,180	1,180
Realised gains on derivative instruments	6,514	–
Others	692	–
	10,355	3,679

5. FINANCE COSTS

	2018 RMB'000	2017 RMB'000
Interest expenses on Corporate Bonds	1,273	646
Interest expenses on bank loans	28,359	28,016
	29,632	28,662

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 DECEMBER 2018

6. (LOSS)/PROFIT BEFORE TAX

The Group's profit before tax has been arrived at after charging:

	2018 RMB'000	2017 RMB'000
Staff costs, including Directors' and chief executive's remuneration		
Wages, salaries and other benefits	**3,443**	42,410
Contributions to defined contribution plans	**393**	4,877
Equity-settled share-based payment expenses	**–**	3,824
	3,836	51,111
Amortisation of land use rights	**917**	489
Amortisation of intangible assets	**3,722**	2,250
Depreciation of property, plant and equipment	**19,378**	18,814

7. INCOME TAX CREDIT

	2018 RMB'000	2017 RMB'000
Current tax – PRC Enterprise Income Tax ("EIT")		
Provision for the year	**1**	(95)
Deferred tax		
Reversal of temporary differences	**562**	562
Income tax credit	**563**	467

Pursuant to the 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.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 DECEMBER 2018

7. INCOME TAX CREDIT (Continued)

No provision has been made for Hong Kong Profits Tax as the Group did not have assessable profits subject to Hong Kong Profits Tax for both years.

The provision for PRC EIT is based on the respective applicable rates on the estimated assessable income of the Company's subsidiaries in the PRC as determined in accordance with the relevant income tax rules and regulations of the PRC for both years.

With effect from 1 January 2011, the Company's subsidiaries which are responsible for orange juice production are exempt from EIT on profits from orange juice production, pursuant to Cai Shui [2008] No. 149 issued by the Ministry of Finance of the PRC. Accordingly, from 1 January 2011, certain subsidiaries of the Group in the PRC (i.e. cultivation and selling of self-cultivated fresh oranges and orange juice production) are exempt from EIT, subject to annual review by the local PRC tax authority of the Company's subsidiaries and any future changes in the relevant tax exemption policies or regulations.

The applicable income tax rate for the rest of the Group's operating subsidiaries in the PRC is 25% for the period ended 31 December 2018.

8. DIVIDEND

The Board does not recommend the payment of an interim dividend in respect of the six months ended 31 December 2018 (Six months ended 31 December 2017: nil).

9. (LOSS)/EARNINGS 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

	2018	2017
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share	**1,347,860,727**	1,347,860,727

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 DECEMBER 2018

10. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 31 December 2018, the Group did not acquired any items of plant and machinery. There are no significant acquisitions and disposals during the six months ended 31 December 2018.

11. HELD-TO-MATURITY INVESTMENT

Held-to-maturity investment comprised:

	31 December 2018 RMB'000 (Unaudited)	30 June 2018 RMB'000 (Audited)
Debt securities, unlisted	–	16,918

The Group's held-to-maturity investment represented debt security that was issued by financial institution in Macau, and carried fixed interest at 6% per annum (30 June 2018: 6%), payable semi-annually, and would mature on 30 October 2023. As at 31 December 2018, the Group disposed of all held-to-maturity investments, there were no carrying value of the Group's debt securities (30 June 2018: RMB16,918,000) were pledged as security for the banking facilities granted to the Group.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 DECEMBER 2018

12. BIOLOGICAL ASSETS

Movements in biological assets, representing oranges before harvest, are summarised as follows:

	31 December 2018 RMB'000 (Unaudited)	30 June 2018 RMB'000 (Audited)
At the beginning of the period/year	**169,119**	99,310
Increase due to cultivation	**137,882**	273,387
Gain from changes in fair value less cost to sell *(note a)*	**–**	59,004
Harvested oranges transferred to inventories	**–**	(262,582)
At the end of the period/year *(note b)*	**307,001**	169,119

Notes:

(a) The Directors measured the fair value of oranges at harvest based on market prices as at or close to the harvest dates.

(b) All oranges were harvested annually and harvest season was commenced shortly before the calendar year end with the duration of five months. The Directors considered that there was no active market for the oranges before harvest at the end of the reporting period. The present value of expected cash flows was not considered a reliable measure of their fair value due to the need for, and use of, subjective assumptions including weather condition, natural disaster and effectiveness of agricultural chemicals. As such, the Directors considered that the fair value of biological assets at the end of the reporting period could not be measured reliably and no reliable alternative estimates existed to determine fair value. Therefore, biological assets continued to be stated at cost as at 31 December 2018 and 30 June 2018.

The carrying value of biological assets as at 30 June 2018 and 2017 represented cultivation costs incurred including fertilisers, pesticides, labour costs and orange farm rental costs.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 DECEMBER 2018

13. TRADE RECEIVABLES

The Group allowed a credit period ranging from 30 to 90 days (30 June 2018: 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 2018 RMB'000 (Unaudited)	30 June 2018 RMB'000 (Audited)
Neither past due nor impaired	**4,252**	168,505

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.

14. PLEDGED BANK DEPOSITS

	31 December 2018 RMB'000 (Unaudited)	30 June 2018 RMB'000 (Audited)
Pledged bank deposits to secure an interest-bearing bank loan	**74,375**	191,730
	74,375	191,730
Less: Current portion of pledged bank deposits	**(74,375)**	(191,730)
Non-current portion of pledged bank deposits	**–**	–

Note:

The pledged bank deposits carried fixed interest rates ranging from 0.22% to 1.27% (30 June 2018: 0.22% to 1.27%) per annum.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 DECEMBER 2018

15. CASH AND CASH EQUIVALENTS

	31 December 2018 RMB'000 (Unaudited)	30 June 2018 RMB'000 (Audited)
Bank balances and cash	**19,340**	521,487

16. 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 2018: 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 2018 RMB'000 (Unaudited)	30 June 2018 RMB'000 (Audited)
Due within 3 months or on demand	**8,275**	5,727

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 DECEMBER 2018

17. BANK LOANS

	31 December 2018 RMB'000 (Unaudited)	30 June 2018 RMB'000 (Audited)
Carrying amount repayable (based on scheduled repayment dates set out in the loan agreements):		
Within one year	**615,772**	631,640
After one year but within two years	**–**	261,292
	615,772	892,932
Carrying amount repayable within one year	**615,772**	631,640
Amounts shown under current liabilities	**615,772**	631,640
Amounts shown under non-current liabilities	**–**	261,292
	615,772	892,932

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 DECEMBER 2018

17. BANK LOANS (Continued)

	31 December 2018 RMB'000 (Unaudited)	30 June 2018 RMB'000 (Audited)
Secured	**88,370**	337,022
Unsecured	**527,402**	555,910
	615,772	892,932

	31 December 2018 RMB'000 (Unaudited)	30 June 2018 RMB'000 (Audited)
Fixed-rate borrowings	**111,000**	226,299
Variable-rate borrowings	**504,772**	666,633
	615,772	892,932

	31 December 2018 RMB'000 (Unaudited)	30 June 2018 RMB'000 (Audited)
Bank loans held by:		
PRC companies	**61,995**	211,000
Non-PRC companies	**553,777**	681,932
	615,772	892,932

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 DECEMBER 2018

17. BANK LOANS (Continued)

As at 31 December 2018, included in the Group's unsecured bank loans was a three-year term loan facility in an aggregate sum of US$68,300,000 (equivalent to approximately RMB453,193,000) ("Credit Facility I") for the purpose of production scale expansion. The Credit Facility I was jointly guaranteed by Mr. Sin Ke and the companies incorporated or invested by the Company. As set out in the announcement dated 5 November 2018, the Company has not fully met the repayment schedule and partially repaid the principal of US$11,700,000 (equivalent to approximately RMB80,145,000). Accordingly, all the bank borrowings have been falling due and the amounts were immediately repayable pursuant to the terms and conditions of the bank borrowings. The Company is in the course of negotiation with the banks and there have not been statutory demands received by the Company up to the issue of the Interim Financial Statements.

At the end of the reporting period, the effective interest rates (which are also equal to contracted interest rates) on the Group's interest-bearing bank loans are as follows:

	31 December 2018 (Unaudited)	30 June 2018 (Audited)
Fixed-rate bank loans	**4.12% – 6.53%**	3.62% – 6.53%
Variable-rate bank loans	**3.18% – 6.53%**	2.63% – 6.01%

At 31 December 2018, certain bank loans were secured by (i) pledged bank deposits; (ii) certain property, plant and land use rights; and (iii) held-to-maturity investment of the Group respectively. In addition, at 31 December 2018 and 30 June 2018, certain bank loans were guaranteed by a director, Mr. Sin Ke.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 DECEMBER 2018

18. EQUITY-SETTLED SHARE-BASED PAYMENTS

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.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 DECEMBER 2018

18. EQUITY-SETTLED SHARE-BASED PAYMENTS (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$1.15	On the grant date	100	3 January 2014
21 March 2013 ("2013 Option 2")	57,200,000	HK$1.03	On the grant date	100	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	222,600,000				

The following table discloses movements of the Company's share options held by Directors and employees for the year ended 31 December 2018:

Option type	Outstanding at 1/7/2018	Granted during the period	Exercised during the period	Outstanding at 31/12/2018
2015 Option	54,000,000	–	–	54,000,000
Exercisable at the end of the year	–			–
Weighted average exercise price	HK$1.11	N/A	N/A	HK$1.11

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 DECEMBER 2018

19. RETIREMENT BENEFITS PLANS

The Group operated the MPF Scheme for all qualifying employees in Hong Kong. The assets of the Scheme were held separately from those of the Group, in funds under the control of trustees. The Group contributes 5% of relevant payroll costs to the Scheme, of which the contribution was matched by employees and subject to a cap of HK$1,250 from June 2012 to May 2014 and HK$1,500 thereafter per employee.

The employees of the Group's subsidiaries in the PRC are members of a state-managed retirement benefit scheme operated by the government of the PRC. The subsidiaries are required to contribute 5% to 13% of payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefit scheme is to make the specified contributions.

The total expense recognised in profit or loss of RMB393,000 (2017: RMB4,877,000) represents contributions payable to these schemes by the Group in respect of the current reporting period.

20. SHARE CAPITAL

	Number of shares	Amount HK$'000	Amount RMB'000
Ordinary shares of HK$0.01 each			
Authorised:			
As at 1 July 2018 and 31 December 2018	3,000,000,000	30,000	26,376
Issued and fully paid:			
As 1 July 2018 and 31 December 2018	1,347,860,727	13,479	11,610

All of the shares issued by the Company rank pari passu in all respects with other shares in issue.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 DECEMBER 2018

21. RESERVES

(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) Statutory reserves

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 no less than 10% of their net profits, as determined in accordance with the PRC accounting rules and regulations, to the statutory surplus reserve until the reserve balance reaches 50% of their registered capital. The transfer to this reserve must be made before the distribution of a dividend to shareholders. 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.

(c) Exchange reserve

The exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of the Company. The reserve is dealt with in accordance with the accounting policies.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 DECEMBER 2018

22. PLEDGE OF ASSETS

As at 31 December 2018, the Group had pledged the following assets to banks to secure banking facilities granted to the Group:

	31 December 2018 RMB'000 (Unaudited)	30 June 2018 RMB'000 (Audited)
Held-to-maturity investment	**–**	16,918
Property, plant and equipment	**47,662**	47,632
Land use rights	**7,396**	9,272
Pledged bank deposits	**74,375**	191,730
	129,433	265,552

23. OPERATING LEASE ARRANGEMENTS

The Group leases certain of its offices and orange plantations under operating lease arrangements. Leases are held for one to fifteen years.

At the end of the reporting period, the Group had commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:

	31 December 2018 RMB'000 (Unaudited)	30 June 2018 RMB'000 (Audited)
Within one year	**–**	123,487
In the second to fifth years, inclusive	**197,188**	197,188
After fifth years	**122,955**	122,955
	320,143	443,630

INDEPENDENT PRACTITIONER'S REVIEW REPORT

陳錦福會計師事務所
Dominic K.F. Chan & Co.
Certified Public Accountants (Practising)

To the board of directors of Summi (Group) Holdings Ltd
(incorporated in the Cayman Islands with limited liability)

INTRODUCTION

We have reviewed the interim financial information of Summi (Group) Holdings Ltd (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 24 to 54, which comprise the condensed consolidated statement of financial position as of 31 December 2018 and the related condensed consolidated statement of profit or loss and other comprehensive income, condensed statement of changes in equity and condensed statement of cash flows for the six-months period then ended, and a summary of significant accounting policies and other explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard ("IAS") 34 "Interim Financial Reporting" issued by International Accounting Standard Board. The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with IAS 34. Our responsibility is to express a conclusion on this interim financial information based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2400 (Revised) "Engagements to Review Historical Financial Statements" ("HKSRE2400 (Revised)") issued by the Hong Kong Institute of Certified Public Accountants. HKSRE2400 (Revised) requires us to conclude whether anything has come to our attention that causes us to believe that the interim financial information, taken as a whole, are not prepared in all material respects in accordance with the applicable financial reporting framework. This standard also requires us to comply with relevant ethical requirements. A review of financial statements in accordance with HKSRE2400 (Revised) is a limited assurance engagement.

INDEPENDENT PRACTITIONER'S REVIEW REPORT

A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, as appropriate, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with IAS 34.

MATERIAL UNCERTAINTY RELATED TO GOING CONCERN

We draw attention to notes 2 and 17 to the interim financial information which mention that the Group did not meet the repayment schedule of certain bank loans in the amount of United States dollars US$20,000,000 (equivalent to approximately RMB132,706,000) subsequent to 30 June 2018 in accordance with the terms and conditions of a facility agreement entered into among the Company and a group of banks in respect of the bank loans with a principal amount of US$80,000,000 (equivalent to approximately RMB530,826,000). These conditions, as set forth in note 2 to the interim financial information, indicate the existence of a material uncertainty which may cast significant doubt over the Group's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

OTHER MATTER

The comparatives in the condensed consolidated statement of profit or loss and other comprehensive income, the condensed consolidated statement of changes in equity and the condensed consolidated statement of cash flows for the six months ended 31 December 2018, and the related explanatory notes have not been reviewed in accordance with HKSRE2400 (Revised) or audited.

Dominic K.F. Chan & Co.,
Certified Public Accountants (Practising)
Chan Kam Fuk
Practising Certificate Number: P04257
Hong Kong
8 February 2019