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

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 00756)

**INTERIM RESULTS ANNOUNCEMENT
FOR THE SIX MONTHS ENDED 31 DECEMBER 2023**

FINANCIAL HIGHLIGHTS			
	Six months ended		
	31 December 2023 RMB'000	31 December 2022 RMB'000	Change % (Approximate)
Statement of profit or loss and other comprehensive income			
Revenue	38,752	14,608	165%
Gross profit	3,862	1,126	243%
Gross profit margin	10.0%	7.7%	2.3%
Loss for the period	(21,278)	(16,079)	32%
Basic and diluted loss per share (RMB cents)	(0.77)	(0.83)	(7%)
	As at 31 December 2023 RMB'000	As at 30 June 2023 RMB'000	Change % (Approximate)
Statement of financial position			
Cash and cash equivalents	12,186	5,030	142%
Inventories	18,076	6,619	173%
Trade receivables	24,067	1,018	2,264%
Borrowings	(205,359)	(206,588)	(1%)
Net liabilities	(196,346)	(297,546)	(34%)

The board (the “Board”) of directors (the “Directors”) of Summi (Group) Holdings Limited (the “Company”) is pleased to present the unaudited condensed consolidated financial statements of the Company and its subsidiaries (collectively, the “Group”) for the six months ended 31 December 2023 (the “Reporting Period”). The unaudited condensed consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board (the “IASB”), and have been reviewed by the audit committee of the Company.

BUSINESS REVIEW AND PROSPECT

For the Reporting Period, the Group recorded revenue of approximately RMB38,752,000 (2022: approximately RMB14,608,000), representing an increase of approximately 165.3%. The increase in revenue was mainly due to the increase in sales of frozen concentrated orange juice during the Reporting Period. During the Reporting Period, the gross profit of the Group was approximately RMB3,862,000 (2022: approximately RMB1,126,000), representing an increase of approximately RMB2,736,000 and the gross profit margin was approximately 10.0% (2022: approximately 7.7%).

The Company faced a difficult time for the Reporting Period. Amid the uncertain global economic outlook, the general business environment remains challenging in coming year. The Group has been maintaining “Summi” Fresh Orange Juice, “Be Juice” Fresh Juice series, “Kokonut” coconut water series and Summi low sugar juice series, and also developing a series of new products by leveraging the Group’s advantages in food and beverage industry to support the growth of revenue of the Group.

OPERATING PERFORMANCE

Summi Products

During the Reporting Period, the Group has been continuously improving its sales network and developing new products in relation to Summi Products to leverage the advantages of “Summi” brand. The sales of the Group were impacted by COVID 19 epidemic among which sales revenue of Summi Products decreased by 34.7% from approximately RMB12,756,000 over the same period last year to approximately RMB8,327,000.

FCOJ and related products

Sales of frozen concentrated orange juice (the “FCOJ”) and related products increased from approximately RMB1,852,000 over the same period last year to approximately RMB30,425,000 in the Reporting Period. The increase in sales of FCOJ and related products was attributable to the strategy focusing on the core FCOJ businesses by growing and promoting the sales to juice trading companies during the Reporting Period.

Gross Profit

During the Reporting Period, the Group’s gross profit was approximately RMB3,862,000, an approximate increase of approximately 243.0% compared to approximately RMB1,126,000 over the same period last year. The Group’s gross profit margin increased to approximately 10.0% (2022: approximately 7.7%).

Distribution costs and administrative expenses

The Group’s distribution costs mainly included marketing expenses and transportation costs. Distribution costs decreased by approximately 62.9% from approximately RMB2,009,000 over the same period last year to approximately RMB746,000 during the Reporting Period.

The Group’s administrative expenses mainly included general office administrative expenses, salaries, amortisation, etc. Administrative expenses increased from approximately RMB12,059,000 over the last year to approximately RMB16,704,000 during the Reporting Period.

Finance costs

During the Reporting Period, the Group’s finance costs were approximately RMB8,528,000 (2022: approximately RMB5,225,000).

Net loss

During the Reporting Period, the Group’s net loss was approximately RMB21,278,000 (2022: approximately RMB16,079,000).

Interim dividend

The Board has resolved not to announce any interim dividend for the six months ended 31 December 2023 (2022: nil).

LIQUIDITY, FINANCIAL RESOURCES, GEARING AND CAPITAL STRUCTURE

Liquidity

As at 31 December 2023, current assets amounted to approximately RMB58,614,000 (30 June 2023: approximately RMB24,121,000); current liabilities amounted to approximately RMB309,207,000 (30 June 2023: approximately RMB373,317,000).

Financial Resources

As at 31 December 2023, the Group had cash and cash equivalents and pledged bank deposits of approximately RMB12,186,000 (30 June 2023: approximately RMB5,030,000) respectively, as well as total borrowings of approximately RMB205,359,000 (30 June 2023: approximately RMB206,588,000).

As at 31 December 2023, the Group's trade receivables amounted to approximately RMB24,067,000 (30 June 2023: approximately RMB1,018,000), and inventory amounted to approximately RMB18,076,000 (30 June 2023: approximately RMB6,619,000).

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.

	31 December 2023	30 June 2023
Quick ratio (x)	0.12	0.02
Current ratio (x)	0.19	0.06
Gearing ratio (<i>note</i>)	N/A	N/A

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

Capital Structure

Details of the Company's share capital are set out in note 9 to the consolidated financial statements in this announcement.

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.

PLEDGE OF ASSETS

As at 31 December 2023 and 30 June 2023, the Group had pledged the following assets to the lenders to secure the credit facilities granted to the Group:

	31 December 2023 RMB'000 (Unaudited)	30 June 2023 RMB'000 (Audited)
Property, plant and equipment	50,374	51,853
Right-of-use assets	10,926	11,975
	61,300	63,828

CONTINGENT LIABILITIES

As at 31 December 2023, the Group had no material contingent liabilities (30 June 2023: nil).

CAPITAL EXPENDITURE

During the Reporting Period, the Group has no capital expenditure (six months ended 31 December 2022: nil) which was used for acquisition of property, plant and equipment.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

Save as disclosed in this announcement, there was no further specific plan for material investments or capital assets as at 31 December 2023. In the event that the Group is engaged in any plan for material investments or capital assets, the Company will make announcement(s) and comply with relevant rules under the Rules (the “Listing Rules”) Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) as and when appropriate.

HUMAN RESOURCES AND REMUNERATION POLICY

As at 31 December 2023, the Group had 121 employees (2022: 120 employees). The Group offers remuneration, discretionary bonuses and social insurance benefits to its employees. In addition, a share award scheme (the “Scheme”) has been adopted on 11 September 2015 for the employees of the Group. Remuneration is determined with reference to market terms and the performance, qualification and experience of individual employee. The Group also provides appropriate staff training and development, so as to enhance the Group’s sustainable development.

EVENT AFTER THE REPORTING PERIOD

The Company’s every ten Shares in the issued and unissued share capital of the Company has been consolidated into one consolidated Share with effect on 26 February 2024. In addition, the board lot size for trading on the Stock Exchange has been changed from 4,000 Shares to 8,000 consolidated Shares.

Save as disclosed above, there was no significant event relevant to the business or financial performance of the Group that came to the attention of the Directors after the Reporting Period.

The unaudited financial information for the six months ended 31 December 2023 together with the comparative figures for the corresponding periods in 2022 were as follows:

CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 31 December 2023

	Notes	Six months ended	
		2023	2022
		RMB'000	RMB'000
		(unaudited)	(unaudited)
Revenue	3	38,752	14,608
Cost of sales		<u>(34,890)</u>	<u>(13,482)</u>
Gross profit		3,862	1,126
Other income		838	2,088
Selling and distribution costs		(746)	(2,009)
Administrative expenses		<u>(16,704)</u>	<u>(12,059)</u>
Loss from operations		(12,750)	(10,854)
Finance costs	4	<u>(8,528)</u>	<u>(5,225)</u>
Loss before tax		(21,278)	(16,079)
Income tax expense		<u>–</u>	<u>–</u>
Loss for the period	6	<u>(21,278)</u>	<u>(16,079)</u>
Loss per share	6		
– Basic and diluted (<i>RMB cents</i>)		<u>(0.77)</u>	<u>(0.83)</u>

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

As at 31 December 2023

		As at 31 December 2023 <i>RMB'000</i> (Unaudited)	As at 30 June 2023 <i>RMB'000</i> (Audited)
	<i>Notes</i>		
NON-CURRENT ASSETS			
Property, plant and equipment		76,546	78,334
Right-of-use assets		18,762	19,152
		<u>95,308</u>	<u>97,486</u>
CURRENT ASSETS			
Inventories		18,076	6,619
Trade and other receivables	7	28,352	12,472
Cash and cash equivalents		12,186	5,030
		<u>58,614</u>	<u>24,121</u>
CURRENT LIABILITIES			
Trade and other payables	8	70,705	73,475
Borrowings		186,423	183,621
Lease liabilities		327	436
Corporate bonds		51,752	114,785
		<u>309,207</u>	<u>372,317</u>
NET CURRENT LIABILITIES		<u>(250,593)</u>	<u>(384,196)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>(155,285)</u>	<u>(250,710)</u>

		As at 31 December 2023 <i>RMB'000</i> (Unaudited)	As at 30 June 2023 <i>RMB'000</i> (Audited)
NON-CURRENT LIABILITIES			
Borrowings		18,936	22,967
Corporate bonds		538	898
Lease liabilities		21,587	22,971
		<u>41,061</u>	<u>46,836</u>
NET LIABILITIES		<u>(196,346)</u>	<u>(297,546)</u>
CAPITAL AND RESERVES			
Share capital	9	29,790	19,341
Reserves		(225,953)	(316,711)
Deficiency of shareholders' equity		(196,163)	(297,370)
Non-controlling interests		(183)	(176)
		<u>(196,346)</u>	<u>(297,546)</u>

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 December 2023

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The unaudited condensed consolidated financial statements (the “Interim 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 set out in Appendix 16 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) (the “Listing Rules”). The Interim Financial Statements do not include all the information and disclosure required in the annual consolidated financial statements of the Company and its subsidiaries (the “Group”), and should be read in conjunction with the annual consolidated financial statements for the year ended 30 June 2023, which have been prepared in accordance with International Financial Reporting Standards (the “IFRSs”) issued by the IASB.

2. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies that have been used in the preparation of the Interim Financial Statements are consistent with those followed in the preparation of the Group’s annual financial statements for the year ended 30 June 2023, except for the adoption of the new and revised IFRS. In the current period, the Group has adopted a number of new and revised IFRSs, amendments to IAS and Interpretations (“Ints”) (hereinafter collectively referred to as “new and revised IFRSs”) issued by the IASB that are relevant to the Group and effective for accounting periods beginning on or after 1 July 2023. The adoption of these new and revised IFRSs did not result in substantial changes to the Group’s accounting policies and amounts reported for the current and prior periods. The Group has not early adopted the new and revised IFRSs that have been issued but are not yet effective. The Group is in the process of assessing their impact on the Group’s results and financial position.

The preparation of the Interim Financial Statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies. The Interim Financial Statements should be read in conjunction with the Group’s audited consolidated financial statements and notes thereto for the year ended 30 June 2023.

3. 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 six months ended 31 December 2023, 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

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 are as follows:

For the six months ended 31 December 2023 (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			
– Sales to external customers	<u>30,425</u>	<u>8,327</u>	<u>38,752</u>
Segment revenue	<u>30,425</u>	<u>8,327</u>	38,752
Elimination			<u>–</u>
Group revenue			<u>38,752</u>
Segment results	<u>1,606</u>	<u>(12,386)</u>	(10,780)
Unallocated gains			838
Corporate and other unallocated expenses			(2,808)
Finance costs			<u>(8,528)</u>
Loss before tax			<u>(21,278)</u>

For the six months ended 31 December 2022 (unaudited)

	Production and sale of FCOJ and other related products business <i>RMB'000</i>	Production and sale of Summi Fresh Orange Juice and other products business <i>RMB'000</i>	Total <i>RMB'000</i>
Segment revenue			
– Sales to external customers	1,852	12,756	14,608
– Inter-segment sales	10,003	–	10,003
	<u> </u>	<u> </u>	<u> </u>
Segment revenue	<u>11,855</u>	<u>12,756</u>	24,611
Elimination			<u>(10,003)</u>
Group revenue			<u>14,608</u>
Segment results	<u>(7,795)</u>	<u>180</u>	(7,615)
Unallocated gains			2,088
Corporate and other unallocated expenses			(5,327)
Finance costs			<u>(5,225)</u>
Loss before tax			<u><u>(16,079)</u></u>

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.

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

4. FINANCE COSTS

	For the six months ended	
	31 December	
	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Interest on:		
– corporate bonds	1,255	1,410
– bank loans	7,261	3,803
– lease liabilities	12	12
	<u>8,528</u>	<u>5,225</u>

5. DIVIDEND

The Board does not recommend the payment of an interim dividend in respect of the six months ended 31 December 2023 (six months ended 31 December 2022: nil).

6. 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	
	2023	2022
	(Unaudited)	(Unaudited)
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share	<u>2,752,242,978</u>	<u>2,282,082,652</u>

7. TRADE RECEIVABLES

The Group allowed a credit period ranging from 30 to 120 days (30 June 2023: 30 to 120 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 2023 RMB'000 (Unaudited)	30 June 2023 RMB'000 (Audited)
Neither past due nor impaired	<u>24,067</u>	<u>1,018</u>

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.

8. 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 to 150 days (30 June 2023: 90 to 150 days).

The following is an aged analysis of trade payables presented based on the invoice dates.

	31 December 2023 RMB'000 (Unaudited)	30 June 2023 RMB'000 (Audited)
0-90 days	10,352	137
Over 365 days	<u>1,359</u>	<u>241</u>
	<u>11,711</u>	<u>378</u>

9. SHARE CAPITAL

	Number of shares	Share capital	
		HK\$'000	RMB'000
Ordinary shares of HK\$0.01 each			
Authorised:			
At 1 July 2022, 30 June 2022, 1 July 2023	3,000,000,000	30,000	26,376
Increase of authorised share capital (<i>note a</i>)	2,000,000,000	20,000	18,600
	<u>5,000,000,000</u>	<u>50,000</u>	<u>44,976</u>
At 31 December 2023			
Issued and fully paid:			
At 1 July 2022, 30 June 2022 and 1 July 2023	2,282,082,652	22,821	19,341
Issue of new shares (<i>note b</i>)	1,123,500,000	11,235	10,449
	<u>3,405,582,652</u>	<u>34,056</u>	<u>29,790</u>
At 31 December 2023			

Notes:

- (a) The Company has increased the authorised share capital of the Company to HK\$50 million divided into 5,000,000,000 shares of HK\$0.01 each.
- (b) The Company completed the issue of 1,123,500,000 new ordinary shares under specific mandate pursuant to the subscription agreement dated 10 July 2023 at HK\$0.067 per share on 16 October 2023.

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.

USE OF PROCEEDS FROM SHARE SUBSCRIPTION

On 16 October 2023, 1,123,500,000 Shares have been issued to the controlling shareholder of the Company at HK\$0.067 per Share under specific mandate (the "Share Subscription"). The net placing price, after deduction of the relevant expenses, was approximately HK\$0.0665 per Share. The subscription shares have an aggregate nominal value of HK\$11,235,000 and market value of HK\$83,139,000 based on the closing price of HK\$0.074 per Share on the last trading day prior to the signing of the subscription agreement. Details of the Share Subscription were disclosed in the Company's announcements dated 10 July, 24 July, 6 October and 16 October 2023 and circular of the Company dated 31 August 2023.

The aggregate net proceeds of the Share Subscription, after the deduction of related fees and expenses, amounted to approximately HK\$74,710,000. Up to 31 December 2023, the net proceeds from the Share Subscription has been applied as follows:

	Planned use of net proceeds HK\$'000	Actual use of net proceeds HK\$'000	Unutilised net proceeds as at 31 December 2023 HK\$'000
Repayment of debts of the Group	67,239	65,000	2,239
General working capital	7,471	–	7,471
	<u>74,710</u>	<u>65,000</u>	<u>9,710</u>

The Group expects that the unutilised net proceeds will be used by 31 December 2024.

SHARE AWARD SCHEME

On 11 September 2015, the Company adopted the Scheme under which the Board may, from time to time, award the Shares (the "Awarded Shares") to selected participants (including, without limitation, any Directors) of the Company or of any subsidiary pursuant to the terms of the trust deed of the Share Award Scheme.

During the Reporting Period, no Awarded Share was granted by the Company. Details of the Share Award Scheme are set out in the announcement issued by the Company on 11 September 2015.

CORPORATE GOVERNANCE PRACTICES

The Board recognises the importance of good corporate governance in management and internal procedures so as to achieve effective accountability. The Company has adopted the principles and all relevant code provisions as set out under the Corporate Governance Code (the “CG Code”) contained in Appendix 14 to the Listing Rules.

To the best of the knowledge of the Board, the Company has complied with the CG code during the Reporting Period. The Board will periodically review the Company’s corporate governance functions and will continuously improve the Company’s corporate governance practices by assessing their effectiveness with evolving standards to meet changing circumstances and needs.

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 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.

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 Reporting Period.

PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY

This announcement will be published on the website of the Stock Exchange (www.hkexnews.hk) and the Company's website (<https://hksummi.com/>). The interim report for the Reporting Period containing all the information required by Appendix 16 to the Listing Rules will be dispatched to shareholders and published on the websites of the Stock Exchange and the Company in due course.

By Order of the Board
Summi (Group) Holdings Limited
WU Liantao
Chairman and Executive Director

Hong Kong, 28 February 2024

As at the date of this announcement, the Board comprises: Mr. WU Shaohao and Mr. WU Liantao as executive Directors; Ms. CHUNG Wing Yee, Mr. MA Yu-heng, Ms. YANG Xuping and Mr. ZHONG Shuirong as independent non-executive Directors.