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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 2017**

FINANCIAL HIGHLIGHTS

	Six months ended		Change % (Approximate)
	31 December 2017 RMB'000	31 December 2016 RMB'000	
Statement of profit or loss and other comprehensive income			
Revenue	316,237	293,113	7.9%
Gross profit	115,650	114,496	1.0%
Gross profit margin	36.6%	39.1%	(2.5pp)
EBITDA	95,763	84,874	12.8%
Profit for the period	47,197	45,932	2.8%
Basic EPS (RMB cents)	3.50	3.41	2.6%
	As at 31 December 2017 RMB'000	As at 30 June 2017 RMB'000	Change % (Approximate)
Statement of financial position			
Bank balances and cash	447,105	655,699	(31.8%)
Inventories	74,503	56,330	32.3%
Trade receivables	298,618	123,341	142.1%
Bank loans	896,563	931,870	(3.8%)
Net assets value ("NAV")	1,795,124	1,735,199	3.5%

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 2017 (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

The Group’s operations during the Reporting Period was stable, with operations of each major segment having experienced steady development. During the Reporting Period, notwithstanding a decrease in sales of frozen concentrated orange juice (“FCOJ”), performance of the Group’s FCOJ and related products segment still outperformed the previous year due to vigorous demand in the carton orange juice market. We believe that the FCOJ and related products segment will continue to be the Group’s main source of revenue. Further, the Group continued to promote Summi fresh orange juice, focusing on raising sales at individual sales points, and moderately increasing new selected sales points for expanding our sales network. The Group has also started to introduce Summi fresh orange juice automatic vending machines (the “Automatic Vending Machines”) during the Reporting Period, placing over 1,000 Automatic Vending Machines in locations such as metro stations, high speed rail stations, airports and hospitals across major cities in the People’s Republic of China (the “PRC”). As the nutritional value of non-concentrated, freshly squeezed fruit juice has been gradually recognized by consumers in the PRC, we expect that sales of Summi fresh orange juice will become a new driving force for our business.

OPERATING PERFORMANCE

Revenue

Breakdown of revenue by segment for the six months ended 31 December 2017 and 2016 are set out as follows:

	Six months ended 31 December (Unaudited)			
	2017		2016	
	<i>RMB'000</i>	<i>Approximate percentage of total revenue</i>	<i>RMB'000</i>	<i>Approximate percentage of total revenue</i>
Summi fresh orange juice	76,381	24.2%	76,765	26.2%
FCOJ and related products	153,691	48.6%	137,983	47.1%
Fresh oranges	86,165	27.2%	78,365	26.7%
	<u>316,237</u>	<u>100.0%</u>	<u>293,113</u>	<u>100.0%</u>

During the Reporting Period, demand from individual major clients for FCOJ and related products remained robust, with the Group's revenue increasing by approximately 7.9% from approximately RMB293,113,000 over the same period last year to approximately RMB316,237,000.

Summi fresh orange juice

During the Reporting Period, the Group has continued to implement a strategy of optimising the sales network of Summi fresh orange juice. The Company has successfully penetrated the Automatic Vending Machines into the metro and high speed rail stations across the PRC, using Automatic Vending Machines to sell the Company's high-end "Summi" 100% fresh orange juice. Since June 2017, the Company has been consistently promoting Summi fresh orange juice at Automatic Vending Machines in certain hospitals and maternal and child health centres in the PRC. The Company has set up Automatic Vending Machines in locations such as metro stations, high speed rail stations, airports and hospitals in major cities across the PRC. The Group anticipates that "Summi" 100% fresh orange juice can through the aforementioned channels further raise our brand profile.

During the Reporting Period, sales of Summi fresh orange juice decreased by 0.5% from approximately RMB76,765,000 over the same period last year to RMB76,381,000.

FCOJ and related products

Breakdown of product revenue of the frozen concentrated orange juice and related products segment for the six months ended 31 December 2016 and 2017 is as follows:

	For the 6 months ended 31 December (unaudited)	
	2017 <i>RMB'000</i>	2016 <i>RMB'000</i>
FCOJ and related products	88,612	92,325
Orange pulp	65,079	45,658
	<u>153,691</u>	<u>137,983</u>

Sales of FCOJ and related products increased from approximately RMB137,983,000 over the same period last year to RMB153,691,000 in the Reporting Period. During the Reporting Period, international frozen orange juice futures prices have remained stable, same prices as compared with the previous year were recorded for the sale prices of FCOJ. Furthermore, sales revenue from orange pulp had increased by approximately 42.5% from approximately RMB45,658,000 to approximately RMB65,079,000.

Sales of fresh oranges

During the Reporting Period, the sales volume of fresh oranges increased from approximately 33,124 tonnes over the same period last year to 35,901 tonnes. As such, during the Reporting Period, sales of fresh oranges increased by approximately 10.0% from approximately RMB78,365,000 over the same period last year to approximately RMB86,165,000. The average selling price of premium fresh oranges remained the same over the previous year (2017: RMB2,400 per tonne; 2016: RMB2,400 per tonne).

Output of fresh oranges

The Group operates orange plantations, and of the fresh oranges, (i) lower grade oranges are used as raw materials for producing FCOJ and related products; (ii) higher grade oranges are used as raw materials for producing Summi fresh orange juice; and (iii) the premium grade oranges are sold directly to the local agricultural wholesalers. In addition to using fresh oranges grown on self-operated plantations, the Group also purchases fresh oranges from independent third parties, who are mainly individual local farmers, to produce FCOJ and related products. The volume of fresh oranges growing from self-operated plantations and the volume of purchased fresh oranges for the 6 months ended 31 December 2016 and 2017 are set out as follows:

	For the 6 months ended 31 December (unaudited)	
	2017	2016
	<i>approximate tonnes</i>	<i>approximate tonnes</i>
Output of oranges from self-operated orange plantations		
– Fresh oranges for sale	35,901	33,124
– Producing Summi fresh orange juice	4,193	4,722
– Producing FCOJ and related products	24,251	27,133
	64,345	64,979
Purchase of fresh oranges for producing FCOJ and related products	63,128	55,731
Total consumption of fresh oranges	127,473	120,710

Gross Profit

During the Reporting Period, the Group's gross profit was approximately RMB115,650,000, an approximate increase of 1.0% compared to approximately RMB114,496,000 over the same period last year. The Group's gross profit margin decreased to approximately 36.6% (31 December 2016: approximately 39.1%). The decrease in gross profit margin during the Reporting Period is due to rising market prices recorded for all categories of fresh oranges.

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

During the Reporting Period, the Group's gain from changes in fair value of biological assets less costs to sell was approximately RMB46,949,000 (31 December 2016: approximately RMB33,091,000.)

Distribution costs and administrative expenses

The Group's distribution costs mainly included marketing expenses and transportation costs. Distribution costs decreased by approximately 10.0% from approximately RMB48,527,000 over the same period last year to approximately RMB43,658,000 during the Reporting Period.

The Group's administrative expenses mainly included general office administrative expenses, salaries, amortisation, etc. Administrative expenses slightly increased from approximately RMB47,181,000 over the last year to approximately RMB47,228,000 during the Reporting Period.

Finance costs

During the Reporting Period, the Group's finance costs were approximately RMB28,662,000 (31 December 2016: approximately RMB18,117,000).

Net profit

During the Reporting Period, the Group's net profit was approximately RMB47,197,000, an increase of approximately 2.8% compared to approximately RMB45,932,000 over the same period last year.

Interim dividend

The Board has resolved not to announce any interim dividend for the six months ended 31 December 2017 (31 December 2016: nil).

LIQUIDITY, FINANCIAL RESOURCES, GEARING AND CAPITAL STRUCTURE

Held-to-Maturity Investments

As at 31 December 2017, held-to-maturity investment amounted to approximately RMB16,666,000 (30 June 2017: approximately RMB17,372,000).

Liquidity

As at 31 December 2017, current assets amounted to approximately RMB1,231,953,000 (30 June 2017: approximately RMB1,268,271,000); current liabilities amounted to approximately RMB593,103,000 (30 June 2017: approximately RMB393,859,000).

Financial Resources

As at 31 December 2017, the Group had cash and cash equivalents and pledged bank deposits of approximately RMB447,105,000 (30 June 2017: approximately RMB655,699,000) and approximately RMB174,937,000 (30 June 2017: approximately RMB201,238,000) respectively, as well as total bank loans of approximately RMB896,563,000 (30 June 2017: approximately RMB931,870,000).

As at 31 December 2017, the Group's trade receivables amounted to approximately RMB298,618,000 (30 June 2017: approximately RMB123,341,000), and inventory amounted to approximately RMB74,503,000 (30 June 2017: approximately RMB56,330,000). The Group's higher trade receivables compared to 30 June 2017 is attributable to the Group's operation (including sales of fresh oranges and FCOJ and related products) being highly concentrated from December of each year to April of the following year while the large part of our sales occur during the peak season of operation.

Compared to 31 December 2016, trade receivables as at 31 December 2017 increased by approximately RMB65,128,000 (31 December 2017: RMB298,618,000; 31 December 2016: RMB233,490,000).

Gearing

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

	2017	2016
Quick ratio (x)	2.0	2.7
Current ratio (x)	2.1	2.8
Gearing ratio (<i>note</i>)	<u>50.9%</u>	<u>54.1%</u>

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

Capital Structure

As at 31 December 2017, the total number of issued shares of the Company (the "Shares") was 1,347,860,727 Shares. Based on the closing price of HK\$0.90 per Share as at 31 December 2017, the Company's market capitalisation was HK\$1,213,074,654.3.

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 2017, the Group had pledged the following assets to banks to secure banking facilities granted to the Group:

	31 December 2017 RMB'000	30 June 2017 RMB'000
Held-to-maturity investment	16,666	17,372
Property, plant and equipment	50,229	57,078
Land use rights	9,397	9,523
Pledged bank deposits	<u>174,937</u>	<u>201,238</u>
	<u>251,229</u>	<u>285,211</u>

CONTINGENT LIABILITIES

As at 31 December 2017, the Group had no material contingent liabilities (30 June 2017: nil).

CAPITAL EXPENDITURE

During the Reporting Period, the Group's capital expenditure amounted to approximately RMB31,120,000 (2016: approximately RMB36,000) which was used for acquisition of property, plant and equipment, and land use rights for the orange plantation in Chongqing.

Orange Plantations

The Group currently operates a fruit-bearing orange plantation of approximately 146,000 mu (equivalent to approximately 97.34 km²) 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.

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 2017, the Group had 912 employees (2016: 952 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.

The unaudited financial information for the six months ended 31 December 2017 together with the comparative figures for the corresponding periods in 2016 were as follows:

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME**

For the six months ended 31 December 2017

		Six months ended	
		31 December	
	<i>Notes</i>	2017	2016
		RMB'000	RMB'000
		(unaudited)	(unaudited)
Revenue	2	316,237	293,113
Cost of sales		<u>(200,587)</u>	<u>(178,617)</u>
Gross profit		115,650	114,496
Gain from changes in fair value of biological assets less costs to sell		46,949	33,091
Other revenue	3	3,679	12,004
Distribution costs		(43,658)	(48,527)
Administrative expenses		<u>(47,228)</u>	<u>(47,181)</u>
Profit from operations		75,392	63,883
Finance costs	4	<u>(28,662)</u>	<u>(18,117)</u>
Profit before tax	5	46,730	45,766
Income tax credit	6	<u>467</u>	<u>166</u>
Profit for the period attributable to owners of the Company		<u>47,197</u>	<u>45,932</u>
Other comprehensive income (expense) for the period			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		<u>26,030</u>	<u>(22,038)</u>
Total comprehensive income for the period attributable to owners of the Company		<u>73,227</u>	<u>23,894</u>
Earnings per share			
– Basic (RMB cents)	8	<u>3.50</u>	<u>3.41</u>
– Diluted (RMB cents)		<u>3.50</u>	<u>3.41</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2017

		As at 31 December 2017 <i>RMB'000</i> (Unaudited)	As at 30 June 2017 <i>RMB'000</i> (Audited)
Non-current assets			
Property, plant and equipment		329,608	318,578
Land use rights		22,056	22,545
Lease prepayments for orange plantations		1,066,575	977,012
Goodwill		56,696	56,696
Intangible assets		39,757	42,007
Held-to-maturity investment	9	16,666	17,372
Derivative financial instrument		12,138	12,652
Deposit paid for acquisition of property, plant and equipment		29,520	9,840
Pledged bank deposits		<u>13,855</u>	<u>14,442</u>
		<u>1,586,871</u>	<u>1,471,144</u>
Current assets			
Inventories		74,503	56,330
Biological assets		135,155	99,310
Lease prepayments for orange plantations		112,221	111,362
Trade receivables	10	298,618	123,341
Other receivables, deposits and prepayments		3,269	35,433
Pledged bank deposits	11	161,082	186,796
Cash and cash equivalents		<u>447,105</u>	<u>655,699</u>
		<u>1,231,953</u>	<u>1,268,271</u>
Current liabilities			
Trade payables	12	63,542	16,130
Other payables and accruals		30,664	22,939
Bank loans	13	498,453	354,708
Income tax payable		<u>444</u>	<u>82</u>
		<u>593,103</u>	<u>393,859</u>
Net current assets		<u>638,850</u>	<u>874,412</u>
Total assets less current liabilities		<u>2,225,721</u>	<u>2,345,556</u>

		As at 31 December 2017 <i>RMB'000</i> (Unaudited)	As at 30 June 2017 <i>RMB'000</i> (Audited)
Non-current liabilities			
Bank loans	<i>13</i>	398,110	577,162
Corporate bonds		16,578	15,544
Deferred income		4,720	5,900
Deferred tax liabilities		<u>11,189</u>	<u>11,751</u>
		<u>430,597</u>	<u>610,357</u>
Net assets		<u><u>1,795,124</u></u>	<u><u>1,735,199</u></u>
Capital and reserves			
Share capital		11,610	11,610
Reserves		<u>1,783,514</u>	<u>1,723,589</u>
Total equity		<u><u>1,795,124</u></u>	<u><u>1,735,199</u></u>

1. 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 2017 are the same as those followed in the preparation of the Group’s annual financial statements for the year ended 30 June 2017.

In the current interim period, the Group has adopted the following new and revised IFRS issued by the IASB.

Amendments to IAS 7	Disclosure Initiative
Amendments to IAS 12	Recognition of Deferred Tax Assets for unrealised losses
Amendments to IFRS 12	As part of the Annual Improvements to IFRSs 2014–2016 Cycle

The adoption of these new and revised IFRSs in the current year has had no material impact on the Group’s financial performance and positions for the current interim period and/or on the disclosures set out in these unaudited condensed consolidated financial statements.

The Group has not early adopted the following new and revised IFRSs that have been issued but are not yet effective.

IFRS 9 (2014)	Financial Instruments ¹
IFRS 15	Revenue from Contracts and the related Amendments ¹
IFRS 16	Leases ²
IFRIC – int. 22	Foreign Currency Transactions and Advance Consideration ¹
IFRIC – int. 23	Uncertainty over Income Tax Treatments ²
Amendments to IFRS 2	Classification and Measurement of Share-based Payment Transactions ¹
Amendments to IFRS 4	Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts ¹
Amendments to IFRS 9	Prepayment Features with Negative Compensation ²
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 40	Transfers of Investment Property ¹
Amendments to IAS 28	As part of the Annual Improvements to IASs 2014–2016 Cycle ²

¹ Effective for annual periods beginning on or after 1 January 2018.

² Effective for annual periods beginning on or after 1 January 2019.

³ Effective for annual periods beginning on or after a date to be determined.

The directors of the Company anticipate that the application of the new or revised standards will have no material impact on the results and the financial position of the Group.

2. 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.

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 produce <i>RMB'000</i>	Production and sale of FCOJ and related products <i>RMB'000</i>	Production and sale of Summi fresh orange juice <i>RMB'000</i>	Consolidated <i>RMB'000</i>
Period ended 31 December 2017				
Segment revenue				
Sales to external customers	86,165	153,691	76,381	316,237
Intersegment sales	<u>34,315</u>	—	—	<u>34,315</u>
Segment revenue	<u>120,480</u>	<u>153,691</u>	<u>76,381</u>	350,552
Elimination				<u>(34,315)</u>
Consolidated revenue				<u>316,237</u>
Segment results	<u>41,867</u>	<u>63,881</u>	<u>(19,179)</u>	86,569
Unallocated gains				—
Corporate and other unallocated expenses				(11,177)
Finance costs				<u>(28,662)</u>
Profit before tax				<u>46,730</u>
As at 31 December 2017				
Assets and liabilities				
Segment assets	<u>1,289,280</u>	<u>597,569</u>	<u>264,331</u>	2,151,180
Corporate and other unallocated assets				<u>667,644</u>
Total assets				<u>2,818,824</u>
Segment liabilities	<u>13,739</u>	<u>42,858</u>	<u>2,058</u>	58,655
Corporate and other unallocated liabilities				<u>965,045</u>
Total liabilities				<u>1,023,700</u>

	Plantation and sale of agricultural produce <i>RMB'000</i>	Production and sale of FCOJ and related products <i>RMB'000</i>	Production and sale of Summi fresh orange juice <i>RMB'000</i>	Consolidated <i>RMB'000</i>
Period ended 31 December 2016				
Segment revenue				
Sales to external customers	78,365	137,983	76,765	293,113
Intersegment sales	<u>37,756</u>	<u>—</u>	<u>—</u>	<u>37,756</u>
Segment revenue	<u>116,121</u>	<u>137,983</u>	<u>76,765</u>	330,869
Elimination				<u>(37,756)</u>
Consolidated revenue				<u>293,113</u>
Segment results	<u>29,889</u>	<u>44,743</u>	<u>(9,075)</u>	65,557
Unallocated gains				6,770
Corporate and other unallocated expenses				(8,444)
Finance costs				<u>(18,117)</u>
Profit before tax				<u>45,766</u>
As at 31 December 2016				
Assets and liabilities				
Segment assets	<u>1,289,641</u>	<u>662,843</u>	<u>399,292</u>	2,351,776
Corporate and other unallocated assets				<u>342,729</u>
Total assets				<u>2,694,505</u>
Segment liabilities	<u>16,593</u>	<u>29,940</u>	<u>26,365</u>	72,898
Corporate and other unallocated liabilities				<u>931,673</u>
Total liabilities				<u>1,004,571</u>

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.

Intersegment sales are charged at prevailing market rates.

Other segment information

Period ended 31 December 2017	Plantation and sale of agricultural produce <i>RMB'000</i>	Production and sale of FCOJ and other related products <i>RMB'000</i>	Production and sale of Summi fresh orange juice <i>RMB'000</i>	Unallocated <i>RMB'000</i>	Consolidated <i>RMB'000</i>
Amounts included in the measure of segment profits or segment assets:					
Depreciation and amortisation (<i>note 1</i>)	–	12,610	8,886	57	21,553
Additions to non-current assets (<i>note 2</i>)	–	–	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)
	<u>–</u>	<u>–</u>	<u>–</u>	<u>(467)</u>	<u>(467)</u>

Period ended 31 December 2016	Plantation and sale of agricultural produce <i>RMB'000</i>	Production and sale of FCOJ and related products <i>RMB'000</i>	Production and sale of Summi fresh orange juice <i>RMB'000</i>	Unallocated <i>RMB'000</i>	Consolidated <i>RMB'000</i>
Amounts included in the measure of segment profits or segment assets:					
Depreciation and amortisation (<i>note 1</i>)	–	12,890	7,956	145	20,991
Additions to non-current assets (<i>note 2</i>)	–	36	–	–	36
Gain from changes in fair value of biological assets less costs to sell	(33,091)	–	–	–	(33,091)
Government grants	–	(3,380)	–	–	(3,380)
Unrealised gains on derivative instruments	–	–	–	(6,227)	(6,227)
Amounts regularly provided to the chief operating decision maker but not included in the measure of segment profits or segment assets:					
Interest income	–	–	–	–	(1,854)
Equity-settled share-based payment expenses	–	–	–	4,077	4,077
Finance costs	–	–	–	18,117	18,117
Income tax credit	–	–	–	(166)	(166)
	<u>–</u>	<u>–</u>	<u>–</u>	<u>(166)</u>	<u>(166)</u>

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.

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:

	2017	2016
	<i>RMB'000</i>	<i>RMB'000</i>
Sales of FCOJ and related products	153,691	137,983
Sales of Summi fresh orange juice	76,381	76,765
Sales of fresh oranges	86,165	78,365
	<u>316,237</u>	<u>293,113</u>

Information about major customers

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

	2017	2016
	<i>RMB'000</i>	<i>RMB'000</i>
Customer A ¹	86,165	78,365
Customer B ²	68,822	52,364
Customer C ^{2,3}	39,892	35,248

¹ Revenue from plantation and sale of agricultural produce segment.

² Revenue from production and sale of FCOJ and related products segment.

³ Revenue from production and sale of Summi fresh orange juice segment.

3. OTHER REVENUE

	2017	2016
	<i>RMB'000</i>	<i>RMB'000</i>
Interest income	2,499	1,854
Government grants	1,180	3,380
Unrealised gains on derivative instruments	–	6,227
Others	–	543
	<u>3,679</u>	<u>12,004</u>

4. FINANCE COSTS

	2017 <i>RMB'000</i>	2016 <i>RMB'000</i>
Interest expenses on Corporate bonds	646	278
Interest expenses on bank loans	<u>28,016</u>	<u>17,839</u>
	<u><u>28,662</u></u>	<u><u>18,117</u></u>

5. PROFIT BEFORE TAX

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

	2017 <i>RMB'000</i>	2016 <i>RMB'000</i>
Staff costs, including Directors' and chief executive's remuneration		
Wages, salaries and other benefits	42,410	42,191
Contributions to defined contribution plans	4,877	4,177
Equity-settled share-based payment expenses	<u>3,824</u>	<u>4,077</u>
	<u>51,111</u>	<u>50,445</u>
Amortisation of land use rights	489	278
Amortisation of intangible assets	2,250	2,250
Depreciation of property, plant and equipment	<u>18,814</u>	<u>18,463</u>

6. INCOME TAX CREDIT

	2017 <i>RMB'000</i>	2016 <i>RMB'000</i>
Current tax – PRC Enterprise Income Tax (“EIT”)		
Provision for the year	(95)	(959)
Deferred tax		
Reversal of temporary differences	<u>562</u>	<u>1,125</u>
Income tax credit	<u><u>467</u></u>	<u><u>166</u></u>

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.

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 years ended 30 June 2017 and 2016.

7. DIVIDEND

The Board does not recommend the payment of an interim dividend in respect of the six months ended 31 December 2017 (31 December 2016: nil).

8. 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

	2017	2016
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share	<u>1,347,860,727</u>	<u>1,347,860,727</u>

9. HELD-TO-MATURITY INVESTMENT

Held-to-maturity investment comprised:

	31 December 2017 <i>RMB'000</i> (Unaudited)	30 June 2017 <i>RMB'000</i> (Audited)
Debt securities, unlisted	<u>16,666</u>	<u>17,372</u>

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 2017: 6%), payable semi-annually, and would mature on 30 October 2023. At 31 December 2017, the carrying value of the Group's debt securities of approximately RMB16,666,000 (30 June 2017: RMB17,372,000) were pledged as security for the banking facilities granted to the Group.

10. TRADE RECEIVABLES

The Group allowed a credit period ranging from 30 to 90 days (30 June 2017: 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 2017 RMB'000 (Unaudited)	30 June 2017 RMB'000 (Audited)
Neither past due nor impaired	<u>298,618</u>	<u>123,341</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.

11. PLEDGED BANK DEPOSITS

	31 December 2017 RMB'000 (Unaudited)	30 June 2017 RMB'000 (Audited)
Pledged bank deposits to secure an interest-bearing bank loan	<u>174,937</u>	<u>201,238</u>
	174,937	201,238
Less: Current portion of pledged bank deposits	<u>(161,082)</u>	<u>(186,796)</u>
Non-current portion of pledged bank deposits	<u>13,855</u>	<u>14,442</u>

Notes:

The pledged bank deposits carried fixed interest rates ranging from 0.23% to 1.25% (30 June 2017: 0.23% to 1.25%) per annum.

12. 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 2017: 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 2017 RMB'000 (Unaudited)	30 June 2017 RMB'000 (Audited)
Due within 3 months or on demand	<u>63,542</u>	<u>16,130</u>

13. BANK LOANS

	31 December 2017 RMB'000 (Unaudited)	30 June 2017 RMB'000 (Audited)
Carrying amount repayable (based on scheduled repayment dates set out in the loan agreement):		
Within one year	498,453	305,708
After one year but within two years	398,110	360,078
After two years but within five years	<u>–</u>	<u>266,084</u>
	896,563	931,870
Carrying amount of bank loan that is not repayable within one year from the end of the reporting period but contains a repayable on demand clause	–	49,000
Carrying amount repayable within one year	<u>498,453</u>	<u>305,708</u>
Amounts shown under current liabilities	498,453	354,708
Amounts shown under non-current liabilities	<u>398,110</u>	<u>577,162</u>
	<u>896,563</u>	<u>931,870</u>
	31 December 2017 RMB'000 (Unaudited)	30 June 2017 RMB'000 (Audited)
Secured	382,408	363,886
Unsecured	<u>514,155</u>	<u>567,984</u>
	<u>896,563</u>	<u>931,870</u>

	31 December 2017 RMB'000 (Unaudited)	30 June 2017 RMB'000 (Audited)
Fixed-rate borrowings	102,000	240,712
Variable-rate borrowings	<u>794,563</u>	<u>691,158</u>
	<u>896,563</u>	<u>931,870</u>
	31 December 2017 RMB'000 (Unaudited)	30 June 2017 RMB'000 (Audited)
Bank loans held by:		
PRC companies	202,000	223,340
Non-PRC companies	<u>694,563</u>	<u>708,530</u>
	<u>896,563</u>	<u>931,870</u>

As at 31 December 2017, included in the Group's unsecured bank loans was a three-year term loan facility in an aggregate sum of US\$80,000,000 (equivalent to approximately RMB520,912,000) ("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 outside the PRC. According to the repayment terms, 25% of the principal will be repaid in August 2018 and February 2019 respectively; the remaining 50% of the principal will be repaid at maturity date on 8 August 2019 and was classified as non-current liabilities as at 30 June 2017.

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 2017 (Unaudited)	30 June 2017 (Audited)
Fixed-rate bank loans	3.62% – 5.71%	3.62% – 5.71%
Variable-rate bank loans	<u>2.88% – 4.96%</u>	<u>2.63% – 4.71%</u>

At 31 December 2017, 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 2017 and 30 June 2017, certain bank loans were guaranteed by a director, Mr. Sin Ke.

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.

CORPORATE GOVERNANCE PRACTICES

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 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 2017, except for 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.

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.

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 2017.

By Order of the Board
Summi (Group) Holdings Limited
Sin Ke
Chairman

Hong Kong, 26 February 2018

As at the date of this announcement, the Board comprises: Mr. SIN Ke and Mr. SAN Kwan as executive Directors; Mr. TSANG Sze Wai Claudius as non-executive Director; and Mr. ZENG Jianzhong, Mr. ZHUANG Weidong and Mr. ZHUANG Xueyuan as independent non-executive Directors.