THIS COMPOSITE DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of the Offers, this Composite Document and/or the accompany Form(s) of Acceptance or the action to be taken, you should consult a licensed securities dealer or registered institution in securities, a bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your securities in **Summi (Group) Holdings Limited**, you should at once hand this Composite Document and the accompanying Form(s) of Acceptance to the purchaser(s) or transferee(s) or to the bank or licensed securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or transferee(s). This Composite Document should be read in conjunction with the accompanying Form(s) of Acceptance, the contents of which form part of the terms and conditions of the Offers contained herein.

森美（集團）控股有限公司

Rui Er Holdings Company Limited	**Summi (Group) Holdings Limited**
(Incorporated in the British Virgin Islands with limited liability)	*(Incorporated in the Cayman Islands with limited liability)*
	(Stock Code: 00756)

COMPOSITE OFFER AND RESPONSE DOCUMENT IN RELATION TO CONDITIONAL MANDATORY CASH OFFERS BY GUOTAI JUNAN SECURITIES (HONG KONG) LIMITED FOR AND ON BEHALF OF THE OFFEROR TO ACQUIRE ALL THE ISSUED SHARES OF SUMMI (GROUP) HOLDINGS LIMITED (OTHER THAN THOSE ALREADY OWNED BY OR AGREED TO BE ACQUIRED BY THE OFFEROR AND PARTIES ACTING IN CONCERT WITH IT) AND TO CANCEL ALL THE OUTSTANDING SHARE OPTIONS

Financial adviser to the Offeror

國泰君安國際
GUOTAI JUNAN INTERNATIONAL

Guotai Junan Capital Limited

Independent Financial Adviser to the Independent Board Committee and Independent Shareholders

PELICAN FINANCIAL
百利勤金融

Capitalised terms used in this cover page shall have the same meanings as those defined in the section headed "Definitions" in this Composite Document.

A letter from Guotai Junan Securities containing, among other things, details of the terms of the Offers is set out on pages 11 to 21 of this Composite Document. A letter from the Board is set out on pages 22 to 27 of this Composite Document. A letter from the Independent Board Committee containing its recommendation to the Independent Shareholders and Optionholders in relation to the Offers is set out on pages 28 to 29 of this Composite Document. A letter from the Independent Financial Adviser containing its advice on the Offers to the Independent Board Committee and the Independent Shareholders and Optionholders is set out on pages 30 to 49 of this Composite Document.

The procedures for acceptance and settlement of the Offers and other related information are set out in Appendix I to this Composite Document and in the accompanying Form(s) of Acceptance. Acceptance of the Offers should be received by the Registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, (in respect of the Share Offer) or the company secretary of the Company (in respect of the Option Offer) as soon as possible and in any event by no later than 4:00 p.m. on 21 December 2018 or such later time and/or date as the Offeror may determine and announce, in accordance with the requirements under the Takeovers Code.

Persons including, without limitation, custodians, nominees and trustees, who would, or otherwise intend to, forward this Composite Document and/or the accompanying Form(s) of Acceptance to any jurisdiction outside Hong Kong, should read the details in this regard which are contained in the section headed "Important Notices" on page 4 of this Composite Document and the paragraph headed "Important Note to the Overseas Shareholders and Overseas Optionholders" in the "Letter from Guotai Junan Securities" on pages 19 to 20 of this Composite Document before taking any action. It is the responsibility of each Overseas Shareholder or Overseas Optionholder wishing to accept the Offers to satisfy himself, herself or itself as to the full observance of the laws and regulations of the relevant jurisdiction in connection therewith, including the obtaining of any governmental, exchange control or other consents and any registration or filing which may be required and the compliance with all necessary formalities, regulatory and/or legal requirements. Overseas Shareholders and Overseas Optionholders are advised to seek professional advice on deciding whether or not to accept the Offers.

The Composite Document will remain on the websites of the Stock Exchange at www.hkexnews.hk and the Company at hksummi.com as long as the Offers remain open.

30 November 2018

CONTENTS

The timetable set out below is indicative only and may be subject to change. Further announcement(s) will be made in the event of any changes to the timetable as and when appropriate.

(Hong Kong time, unless otherwise indicated)

	2018
Despatch date of this Composite Document and accompanying Form(s) of Acceptance *(Note 1)*	Friday, 30 November
Offers open for acceptance	Friday, 30 November
Latest time and date for acceptance of the Offers on the First Closing Date *(Note 2)*	4:00 p.m. on Friday, 21 December
First Closing Date of the Offers *(Note 2)*	Friday, 21 December
Announcement of the results of the Offers as at the first Closing Date or as to whether the Offers have been revised or extended on the website of the Stock Exchange *(Note 2)*	no later than 7:00 p.m. on Friday, 21 December
	2019
Latest date of posting of remittance for the amounts due under the Offers in respect of valid acceptances received on or before the latest time for acceptance of the Offers on the first Closing Date assuming the Offers become or are declared unconditional on the First Closing Date *(Notes 3 and 4)*	Friday, 4 January
Latest time and date for the Offers remaining open for acceptance on the final Closing Date assuming the Offers become or are declared unconditional on the First Closing Date *(Note 5)*	4:00 p.m. on Friday, 4 January
Final Closing Date of the Offers *(Note 5)*	Friday, 4 January
Announcement of the results of the Offers as at the final Closing Date to be posted on the website of the Stock Exchange	7:00 p.m. on Friday, 4 January

Latest date of posting of remittance for the amount due under the Offers in respect of valid acceptances received on or before the latest time for acceptance of the Offers on the final Closing Date assuming the Offers become or are declared unconditional on the first Closing Date *(Notes 3 and 4)*	Tuesday, 15 January
Latest time and date by which the Offers can become or be declared unconditional as to acceptance *(Note 6)*	7:00 p.m. on Tuesday, 29 January

Notes:

1. The Offers, which are conditional, are made on the date of posting of this Composite Document, and are capable of acceptance on and from that date until 4:00 p.m. on the Closing Date.

2. The latest time for acceptance of the Offers is 4:00 p.m. on 21 December 2018, being 21 days from the date of posting of this Composite Document, unless the Offeror extends the Offers in accordance with the Takeovers Code. The Offeror will issue an announcement no later than 7:00 p.m. on 21 December 2018 as to whether the Offers have been revised, extended or expired and, in relation to any revision or extension of the Offers, to state either the next closing date or that the Offers will remain open until further notice. In the event that the Offeror decides to extend the Offers and the announcement does not specify the next closing date, at least 14 days' notice by way of an announcement will be given before the Offers are closed to those Independent Shareholders and Optionholders who have not accepted the Offers.

3. Subject to the Offers becoming unconditional, remittances in respect of the cash consideration (after deducting the seller's ad valorem stamp duty in respect of acceptances of the Share Offer) payable for the Offer Shares and the Share Options under the Offers will be posted to the accepting Shareholders (to the address specified on the relevant Shareholder's **WHITE** Form of Share Offer Acceptance and Transfer) and Optionholders by ordinary post at their own risk as soon as possible, but in any event within 7 Business Days following the later of (i) the date of receipt by the Registrar of all the relevant documents to render the acceptance under the Offers complete, valid and in compliance with Note 1 to Rule 30.2 of the Takeovers Code and (ii) the date on which the Offers become or are declared unconditional in all respects.

   An acceptor shall be entitled to withdraw after 21 days from the first Closing Date, if the Offers have not by then become unconditional as to acceptances, except in the circumstances as set out in the paragraph headed "7. Right of Withdrawal" in Appendix I to this Composite Document. This entitlement to withdraw shall be exercisable until such time as the Offers become or are declared unconditional as to acceptances.

4. If there is a tropical cyclone warning signal number 8 or above, or a black rainstorm warning:

   a) in force in Hong Kong at any local time before 12:00 noon but no longer in force after 12:00 noon on the latest date for acceptance of the Offers and the latest date for posting of remittances for the amounts due under the Offers in respect of valid acceptances, the latest time for acceptance of the Offers will remain at 4:00 p.m. on the same Business Day and the latest date for the posting of remittances will remain on the same Business Day; and

b) in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on the latest date for acceptance of the Offers and the latest date for posting of remittances for the amounts due under the Offers in respect of valid acceptances, the latest time for acceptance of the Offers will be rescheduled to 4:00 p.m. on the following Business Day which does not have either of those warnings in force at any time between 9:00 a.m. and 4:00 p.m. and the posting of remittances will be next following Business Day which does not have either of those warnings in force at any time between 9:00 a.m. and 4:00 p.m..

5. In accordance with the Takeovers Code, where the Offers become or are declared unconditional in all respects, the Offers should remain open for acceptance for not less than 14 days thereafter. In such case, at least 14 days' notice in writing must be given before the Offers are closed. The Offeror has the right, subject to the Takeovers Code, to extend the Offers until such date as the Offeror may determine or as permitted by the Executive, in accordance with the Takeovers Code. The Offeror will issue an announcement in relation to any extension of the Offers, which will state the next Closing Date or, if the Offers have become or are at that time unconditional, that the Offers will remain open until further notice.

6. In accordance with the Takeovers Code, except with the consent of the Executive, the Offers may not become or be declared unconditional as to acceptances after 7:00 p.m. on 29 January 2019, being the 60th day after the day this Composite Document is posted. Accordingly, unless the Offers have previously become unconditional as to acceptances, the Offers will lapse on 29 January 2019 unless extended with the consent of the Executive and in accordance with the Takeovers Code.

Save as mentioned above, if the latest time for the acceptance of the Offers do not take effect on the date and time as stated above, the other dates mentioned above may be affected. The Offeror and the Company will notify the Shareholders and Optionholders by way of announcement(s) on any change to the expected timetable as soon as practicable.

All times and dates in this Composite Document and the Forms of Acceptance shall refer to Hong Kong times and dates.

NOTICE TO HOLDERS OUTSIDE OF HONG KONG

The Offers made to the Independent Shareholders and Optionholders who are not resident in Hong Kong may be subject to the laws of the relevant jurisdictions where such persons are located. Such persons should inform themselves about and observe any applicable legal and regulatory requirements of their own jurisdictions. It is the responsibility of any Overseas Shareholders and Overseas Optionholders wishing to accept the Offers to satisfy themselves as to the full observance of the laws of the relevant jurisdictions in connection therewith, including the obtaining of any governmental or exchange control or other consents which may be required, or the compliance with other necessary formalities and the payment of any issue, transfer or other taxes due from the accepting Shareholders in such jurisdictions.

Please refer to the section headed "Important Note to Overseas Shareholders and Overseas Optionholders" in the "Letter from Guotai Junan Securities" in this Composite Document for further information.

In this Composite Document, unless otherwise defined or the context otherwise requires, the following expressions shall have the following meanings:

"acting in concert"	has the meaning ascribed to it under the Takeovers Code
"associate(s)"	has the meaning ascribed to it under the Takeovers Code or the Listing Rules (as appropriate)
"Board"	the board of Directors of the Company
"Business Day(s)"	a day on which the Stock Exchange is open for the transaction of business
"BVI"	the British Virgin Islands
"CCASS"	the Central Clearing and Settlement System established and operated by HKSCC
"Closing Date"	21 December 2018, being the first closing date of the Offers, which is 21 days after the date on which this Composite Document is posted, or if the Offers are extended, any subsequent closing date of the Offer as extended and announced by the Offeror in accordance with the Takeovers Code
"Company"	Summi (Group) Holdings Limited (stock code: 756), a company incorporated in the Cayman Islands with limited liability, whose Shares are listed on the Main Board of the Stock Exchange
"Composite Document"	this composite offer and response document jointly issued by or on behalf of the Offeror and the Company to all Independent Shareholders and Optionholders in accordance with the Takeovers Code containing, among others, details of the Offers and the acceptance and transfer forms in respect of the Offers, as may be revised or supplemented as appropriate
"Condition"	the condition of the Share Offer, as set out in the paragraph headed "Conditions to the Offers" in this Composite Document
"Director(s)"	the director(s) of the Company from time to time

"Encumbrance"	means: (a) any mortgage, charge, pledge, lien, hypothecation, encumbrance or other security arrangement of any kind; (b) any option, equity, claim, adverse interest or other third party right of any kind; (c) any arrangement by which any right is subordinated to any right of such third party; or (d) any contractual right of set-off, including any agreement or commitment to create or procure to create, or to permit or suffer to be created or subsisted any of the above
"Executive"	the Executive Director of the Corporate Finance Division of the SFC or any delegate of the Executive Director
"Facility"	a loan facility in the amount of HK$120,000,000 granted by Guotai Junan Securities in favour of the Offeror, which is guaranteed by Mr. Wu and secured by the charge of the Sale Shares and the Offer Shares to be acquired by the Offeror pursuant to the Share Offer
"First Closing Date"	21 December 2018, being the first date on which the Offers are permitted to be closed, being 21 days after the date on which this Composite Document is posted
"Form(s) of Acceptance"	the **WHITE** Form of Share Offer Acceptance and Transfer and/ or the Form of Option Offer Acceptance (as the context may require) in respect of the Offers which accompany(ies) this Composite Document
"Form of Option Offer Acceptance"	the **YELLOW** form of acceptance and cancellation of the Share Options and in respect of the Option Offer accompanying this Composite Document
"Group"	the Company and its subsidiaries from time to time
"Guotai Junan Capital"	Guotai Junan Capital Limited, a corporation licensed under the SFO to carry out Type 6 (advising on corporate finance) regulated activity as defined in the SFO, being the financial adviser to the Offeror

"Guotai Junan Securities"	Guotai Junan Securities (Hong Kong) Limited, a corporation licensed under the SFO to carry out Type 1 (dealing in securities) and Type 4 (advising on securities) regulated activities as defined in the SFO, being the agent making the Offers on behalf of the Offeror
"HK$" or "HKD"	Hong Kong dollar(s), the lawful currency of Hong Kong
"HKSCC"	Hong Kong Securities Clearing Company Limited
"Hong Kong"	Hong Kong Special Administrative Region of the People's Republic of China
"Independent Board Committee"	the independent board committee of the Board, comprising Mr. Zeng Jianzhong, Mr. Zhuang Weidong and Mr. Zhuang Xueyuan, formed for the purpose of advising the Independent Shareholders and Optionholders in respect of the Offers
"Independent Financial Adviser" or "Pelican"	Pelican Financial Limited, a corporation licensed under the SFO to carry out Type 6 (advising on corporate finance) regulated activities as defined in the SFO, being the independent financial adviser to the Independent Board Committee, the Independent Shareholders and the Optionholders in relation to the Offers
"Independent Shareholders"	Shareholders other than the Offeror and parties acting in concert with it
"Independent Third Party(ies)"	person(s) or company(s) who/which is/are not connected with the directors, chief executive or substantial shareholders (as defined under the Listing Rules) of the Company or any of its subsidiaries, or any of their respective associates
"Irrevocable Undertakings"	the irrevocable undertakings given by Mr. Sin and Mr. San Kwan, executive Directors holding 15,688,000 Shares and 4,000,000 Share Options and 8,000,000 Shares and 2,000,000 Share Options respectively as at the Latest Practicable Date, in favour of the Offeror dated 10 October 2018, among other things, they have undertaken not to accept the Offers
"Joint Announcement"	the announcement dated 10 October 2018 jointly issued by the Company and the Offeror in respect of, among other things, the Share Purchase Agreement and the Offers
"Last Trading Day"	28 September 2018, being the last trading day of the Shares immediately prior to the suspension of trading in the Shares on the Stock Exchange pending the release of the Joint Announcement

"Latest Practicable Date"	28 November 2018, being the latest practicable date prior to the printing of this Composite Document for ascertaining certain information contained herein
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Mr. Sin"	Mr. Sin Ke (辛克), the Chairman of the Board and an executive Director
"Mr. Wu"	Mr. Wu Shaohao (吳紹豪), the sole shareholder and the sole director of the Offeror
"Offers"	the Share Offer and the Option Offer
"Offer Period"	has the meaning given to it in the Takeovers Code, being the period commencing from 10 October 2018, being the date of publication of the Joint Announcement until the Closing Date or such other later date as revised or extended by the Offeror, with the consent of the Executive, in accordance with the Takeovers Code
"Offer Share(s)"	all the issued Shares, other than those already owned or agreed to be acquired by the Offeror and parties acting in concert with it
"Offeror"	Rui Er Holdings Company Limited, a company incorporated in the BVI with limited liability
"Option Offer"	the offer made by Guotai Junan Securities for and on behalf of the Offeror in accordance with the Takeovers Code to cancel all outstanding Share Options in exchange for cash in accordance with the terms described in this Composite Document
"Option Offer Price"	the price at which the Option Offer is made, being HK$0.01 per Share Option
"Optionholder(s)	the holder(s) of the Share Options from time to time
"Overseas Optionholder(s)"	the Optionholder(s) who is/are not residents of Hong Kong
"Overseas Shareholder(s)"	the Shareholder(s), whose registered address(es) as shown on the register of members of the Company, is/are outside Hong Kong
"PRC" or "China"	the People's Republic of China excluding, for the purpose of this Composite Document, Hong Kong, the Macau Special Administrative Region of the People's Republic of China and Taiwan

"Registrar"	Computershare Hong Kong Investor Services Limited, the Company's share registrar in Hong Kong located at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong
"Relevant Period"	the period from 10 April 2018 to 28 November 2018, being six months preceding the commencement of the Offer Period to the Latest Practicable Date
"RMB"	Renminbi, the lawful currency of the PRC
"Sale Shares"	an aggregate of 602,980,145 Shares acquired by the Offeror from the Vendor pursuant to the terms of the Share Purchase Agreement
"SFC"	the Securities and Futures Commission of Hong Kong
"SFO"	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"Share(s)"	ordinary share(s) of HK$0.01 each in the share capital of the Company
"Share Offer"	the conditional mandatory cash offer made by Guotai Junan Securities for and on behalf of the Offeror to the Independent Shareholders to acquire the entire issued share capital of the Company not already owned or agreed to be acquired by the Offeror and parties acting in concert with it at the Share Offer Price in accordance with the terms described in this Composite Document
"Share Offer Price"	the price at which the Share Offer is made, being HK$0.2 per Share
"Share Option(s)"	the share option(s) granted by the Company under the Share Option Scheme
"Share Option Scheme"	the share option scheme adopted by the Company on 7 June 2008 and refreshed at the annual general meeting of the Company held on 5 November 2012
"Share Purchase"	the purchase of the Sale Shares by the Offeror
"Share Purchase Agreement"	the conditional agreement dated 28 September 2018 entered into between the Vendor and the Offeror in respect of the Share Purchase

"Share Purchase Completion"	completion of the Share Purchase pursuant to the Share Purchase Agreement which took place on 15 October 2018
"Shareholder(s)"	holder(s) of the issued Share(s) from time to time
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"subsidiary(ies)"	has the meaning ascribed to it in the Listing Rule
"Takeovers Code"	the Hong Kong Code on Takeovers and Mergers
"Vendor"	Key Wise Group Limited, a company incorporated in the BVI with limited liability
"**WHITE** Form of Share Offer Acceptance and Transfer"	the **WHITE** form of Share Offer Acceptance and Transfer of the Offer Shares and in respect of the Share Offer accompanying this Composite Document
"%"	per cent.

1. Unless otherwise indicated, all time and date references contained in this Composite Document refer to Hong Kong times and dates;

2. Certain amounts and percentage figures in this Composite Document have been subject to rounding adjustments;

3. The singular includes the plural and vice versa, unless the context otherwise requires;

4. References to any appendix, paragraph and any sub-paragraphs of them are references to the appendices to, and paragraphs of, this Composite Document and any sub-paragraphs of them respectively;

5. References to any statute or statutory provision include a statute or statutory provision which amends, consolidates or replaces the same whether before or after the date of this Composite Document; and

6. Reference to one gender is a reference to all or any genders.

國泰君安國際
GUOTAI JUNAN INTERNATIONAL

30 November 2018

To the Independent Shareholders and Optionholders

Dear Sir or Madam,

CONDITIONAL MANDATORY CASH OFFERS BY GUOTAI JUNAN SECURITIES (HONG KONG) LIMITED FOR AND ON BEHALF OF THE OFFEROR TO ACQUIRE ALL THE ISSUED SHARES OF SUMMI (GROUP) HOLDINGS LIMITED (OTHER THAN THOSE ALREADY OWNED BY OR AGREED TO BE ACQUIRED BY THE OFFEROR AND PARTIES ACTING IN CONCERT WITH IT) AND TO CANCEL ALL THE OUTSTANDING SHARE OPTIONS

INTRODUCTION

Reference is made to the Joint Announcement. On 28 September 2018, the Offeror entered into the Share Purchase Agreement with the Vendor pursuant to which the Vendor had conditionally agreed to sell and the Offeror had conditionally agreed to purchase, in aggregate, 602,980,145 Sale Shares, representing approximately 44.74% of the existing issued share capital of the Company, with the total consideration of the Sale Shares at HK$120,596,029 equivalent to HK$0.2 per Sale Share.

Immediately prior to the Share Purchase, the Offeror and parties acting in concert with it did not hold any Shares in the share capital or voting rights of the Company. Immediately following the Share Purchase Completion, and as at the Latest Practicable Date, the Offeror and parties acting in concert with it were interested in a total of 602,980,145 Shares, representing approximately 44.74% of the issued share capital of the Company. Accordingly, the Offeror was required to make the Share Offer pursuant to Rule 26.1 of the Takeovers Code and the Option Offer pursuant to Rule 13 of the Takeovers Code.

This letter forms part of this Composite Document and sets out, amongst other things, the details of the Offers, certain information on the Offeror and the intention of the Offeror regarding the Group following the close of the Offers. The terms of the Offers and the procedures for acceptances are set out in this letter, Appendix I to this Composite Document and the Forms of Acceptance.

The Independent Shareholders and the Optionholders are strongly advised to carefully consider the information contained in the "Letter from the Board", "Letter from the Independent Board Committee" and "Letter from the Independent Financial Adviser" as set out in this Composite Document before reaching a decision as to whether or not to accept the Offers.

THE OFFERS

Guotai Junan Securities will make the Offers for and on behalf of the Offeror to all Independent Shareholders for all issued Shares in the share capital of the Company (other than those already owned or agreed to be acquired by the Offeror and parties acting in concert with it) and to all Optionholders for the cancellation of all outstanding Share Options on the terms set out in this Composite Document in accordance with Rules 26.1 and 13 of the Takeovers Code respectively, on the following basis:

Principal terms of the Offers

Share Offer

For each Offer Share . . . . HK$0.2 in cash

The Share Offer Price of HK$0.2 per Offer Share is the same as the purchase price per Sale Share under the Share Purchase Agreement. The Offer Shares to be acquired under the Share Offer shall be fully paid and free from all Encumbrances together with all rights attached thereto, including but not limited to all rights to any dividend or other distributions, if any, declared, made or paid on or after the date on which the Share Offer is made, being the date of the despatch of this Composite Document.

As at the Latest Practicable Date, there were 1,347,860,727 Shares in issue, and the Offeror and parties acting in concert with it were interested in a total of 602,980,145 Shares, representing approximately 44.74% of the issued share capital of the Company. Further details of the terms of the Share Offer and the procedures for acceptance are set out in Appendix I to this Composite Document and the accompanying **WHITE** Form of Share Offer Acceptance and Transfer.

Option Offer

The Offeror is making the Option Offer to the Optionholders in accordance with Rule 13 of the Takeovers Code to cancel all outstanding Share in exchange for cash.

For cancellation of each Share Option . . . . HK$0.01 in cash

As at the Latest Practicable Date, there were 54,000,000 Share Options entitling the grantees to subscribe for an aggregate of 54,000,000 Shares at an exercise price of HK$1.112 per Share granted under the Share Option Scheme. As at the Latest Practicable Date, the Offeror and parties acting in concert with it did not hold any Share Option.

Pursuant to Rule 13.5 of the Takeovers Code and Practice Note 6 of the Takeovers Code, the Option Offer Price would normally represent the difference between the exercise price of the Share Options and the Share Offer Price. Under the Option Offer, given that the exercise price of the outstanding Share Options is above the Share Offer Price, the outstanding Share Options are out-of-money and the Option Offer Price for the cancellation of each outstanding Share Option is set at a nominal value of HK$0.01.

Further terms of the Option Offer and the procedures for acceptances are set out in Appendix I to this Composite Document and the accompany Form of Option Offer Acceptance.

Irrevocable undertakings in respect of the Offers

Immediately after the Share Purchase Completion and as at the Latest Practicable Date, Mr. Sin, the Chairman and an executive Director, was interested in the 15,688,000 Shares, representing approximately 1.17% of the entire issued share capital of the Company, and 4,000,000 Share Options. Each of Mr. Sin and Mr. San Kwan, an executive Director and holder of 8,000,000 Shares and 2,000,000 Share Options, had irrevocably and unconditionally undertaken to the Offeror under the Irrevocable Undertakings that (i) he shall not tender any of the Shares held by him for acceptance in respect of the Share Offer; (ii) he shall not tender any of the Share Options for acceptance in respect of the Option Offer; (iii) he will not dispose of any of the Shares held by him from the date of this Composite Document until the close of the Offers; and (iv) he shall not exercise any Share Options granted to him from the date of this Composite Document until the close of the Offers. The irrevocable undertakings shall cease to be binding after the close of the Offers.

Conditions of the Offers

The Share Offer will be conditional upon the Offeror having received valid acceptances of the Offer Shares which, together with the Shares acquired or to be acquired by the Offeror and the parties acting in concert with it before or during the Offer Period, will result in the Offeror and parties acting in concert with it holding more than 50% of the voting rights of the Company. The Option Offer will be conditional upon the Share Offer becoming or being declared unconditional in all respects.

Comparisons of value

The Share Offer Price of HK$0.2 represents:

(i) a discount of approximately 39.39% to the closing price of HK$0.33 per Share as quoted on the Stock Exchange on the Last Trading Day;

(ii) a discount of approximately 40.48% to the average closing price of HK$0.336 per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including the Last Trading Day;

(iii) a discount of approximately 41.00% to the average closing price of approximately HK$0.339 per Share as quoted on the Stock Exchange for the last ten consecutive trading days up to and including the Last Trading Day;

(iv) a discount of approximately 46.52% to the average closing price of approximately HK$0.374 per Share as quoted on the Stock Exchange for the last 30 consecutive trading days up to and including the Last Trading Day;

(v) a discount of approximately 86.49% to the audited consolidated net asset value per Share of approximately RMB1.294 (equivalent to approximately HK$1.48 per Share) as at 30 June 2018; and

(vi) a discount of approximately 3.4% to the closing price of HK$0.207 per Share as quoted on the Stock Exchange on the Latest Practicable Date.

Value of the Offers

As at the Latest Practicable Date, the Company had a total of 1,347,860,727 Shares in issue and there were 54,000,000 Share Options entitling the grantees to subscribe for an aggregate of 54,000,000 Shares at an exercise price of HK$1.112 per Share granted under the Share Option scheme.

As at the Latest Practicable Date, excluding the Sale Shares acquired by the Offeror under the Share Purchase Agreement and on the basis that (i) there is no change in the issued share capital of the Company; and (ii) none of the outstanding Share Options (which carry rights to subscribe for 54,000,000 Shares) are exercised from the Latest Practicable Date up to the close of the Offers, a total of 744,880,582 Shares will be subject to the Share Offer and 54,000,000 Share Options will be subject to the Option Offer. In this scenario, the maximum cash consideration payable by the Offeror under the Share Offer and the Option Offer will be approximately HK$149 million and HK$540,000, respectively, amounting to a total of approximately HK$149.5 million.

Assuming the Share Offer is accepted in full and on the basis that (i) there is no other change in the issued share capital of the Company; (ii) Mr. Sin and Mr. San Kwan will not tender any of the 23,688,000 non-acceptance Shares and 6,000,000 Share Options held by them for acceptance in respect of the Share Offer and Option Offer respectively in accordance with the Irrevocable Undertakings; (iii) Mr. Sin and Mr. San Kwan will not exercise any Share Options held by them from the date of the Joint Announcement until the close of the Offers in accordance with the Irrevocable Undertakings; and (iv) no other Share Option is exercised from the Latest Practicable Date until the close of the Offers, a total of 721,192,582 Shares will be subject to the Share Offer and 48,000,000 Share Options will be subject to the Option Offer. The maximum cash consideration payable by the Offeror under the Offers will be approximately HK$144.7 million.

Highest and lowest Share prices

The highest and lowest closing prices of the Shares as quoted on the Stock Exchange during the Relevant Period were HK$0.86 per Share on 10 and 11 May 2018, and HK$0.191 per Share on 12 November 2018, respectively.

Financial resources available to the Offeror

The Offeror intends to finance and satisfy the consideration payable by the Offeror under the Offer by the Facility. The Offeror does not intend that the payment of interest on, repayment of or provision of security for any liability (contingent or otherwise) under the facility will depend to any significant extent on the business of the Company.

Guotai Junan Capital, being the financial adviser to the Offeror in respect of the Offers, is satisfied that sufficient financial resources are, and will remain, available to the Offeror to satisfy the amounts of funds required for full acceptances of the Offers.

Effect of accepting the Offers

By accepting the Share Offer, subject to the Share Offer becoming unconditional, provided that valid acceptance forms and the relevant certificate(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) are complete and in good order and have been received by the Registrar, the Shareholders will sell their tendered Shares to the Offeror free from all Encumbrances and together with all rights attaching to them, including, without limitation, the rights to receive in full all dividends and other distributions, if any, recommended, declared, made or paid by reference to a record date on or after the date on which the Share Offer is made, that is, the date of despatch of this Composite Document.

By accepting the Option Offer, subject to the Option Offer becoming unconditional, acceptance of the Option Offer by Optionholders will result in the cancellation of those outstanding Share Options, together with all rights attaching thereto with effect from the date on which the Option Offer is made, being the date of the despatch of this Composite Document. Share Options will lapse automatically (to the extent not exercised) on the date upon the close of the Offers.

Acceptance of the Offers will be irrevocable and not capable of being withdrawn, except as permitted under the Takeovers Code.

Hong Kong stamp duty

Seller’s ad valorem stamp duty arising in connection with acceptance of the Share Offer will be payable by the relevant Shareholders at a rate of 0.1% of (i) the market value of the Offer Shares; or (ii) the consideration payable by the Offeror in respect of the relevant acceptance of the Share Offer, whichever is higher, and will be deducted from the cash amount payable by the Offeror to the relevant Shareholders accepting the Share Offer (where the amount of stamp duty is a fraction of a dollar, the stamp duty will be rounded up to the nearest dollar).

The Offeror bears its own portion of buyer's ad valorem stamp duty at a rate of 0.1% of (i) the market value of the Offer Shares; or (ii) the consideration payable by the Offeror in respect of the relevant acceptance of the Share Offer, whichever is higher, and will arrange for payment of the seller's ad valorem stamp duty on behalf of the relevant Offer Shareholders accepting the Share Offer and will pay the buyer's ad valorem stamp duty in connection with the acceptances of the Share Offer and the transfer of the Shares in accordance with the Stamp Duty Ordinance (Chapter 117 of the Laws of Hong Kong).

No stamp duty is payable in connection with the acceptances of the Option Offer.

Payment

Payment in cash in respect of acceptances of the Offers, net of seller's Hong Kong ad valorem duty, will be made as soon as possible but in any event, within seven (7) Business Days from the date on which the duly completed acceptances of the Offers and the relevant documents of title in respect of such acceptances are received by the Offeror (or its agent) to render each such acceptance complete and valid or the date on which the Offers become or are declared unconditional in all aspects, whichever is later.

INFORMATION ON THE GROUP

Details of the information on the Group are set out in the paragraph headed "Information on the Group" in the "Letter from the Board" in this Composite Document.

INFORMATION ON THE OFFEROR

The Offeror was incorporated in the BVI with limited liability and is an investment holding company. The Offeror is wholly and beneficially owned by Mr. Wu, its sole director. Although the Offeror/Mr. Wu has no relevant experience in the principal business activities of the Group, the Offeror intends to leverage on the operational experience of the Mr. Sin, who will remain as an executive Director following the close of Offers, in managing the business of the Group.

For the biographical information of Mr. Wu, please refer to the section headed "Proposed Change of the Composition of the Board".

Save for entering into of the Share Purchase Agreement with the Vendor and other agreements in relation to the Share Purchase Agreement and the entering into of the Facility with Guotai Junan Securities, the Offeror did not engage in any business activities. As at the Latest Practicable Date, the Offeror does not have any assets other than the Sale Shares, representing approximately 44.74% of the existing issued share capital of the Company.

INTENTION OF THE OFFEROR IN RELATION TO THE GROUP

As at the Latest Practicable Date, the Offeror intends to continue the existing principal businesses of the Group. The Offeror has no intention to discontinue the employment of the employees (save for changes in the composition of the Board) or to dispose of or redeploy the assets of the Group other than those in its ordinary course of business. The Offeror and parties acting in concert with it do not have any intentions or plans for (i) disposal of existing business or assets of the Company; (ii) acquisition of business or assets by the Company; and (iii) converting the use of certain pieces of the Group's leasehold land for orange plantation (collectively, the "**Leasehold Land**") from orange plantation to other purposes including but not limited to property development.

The Offeror will, following the close of the Offers, conduct a review on the business activities/operations and financial position of the Group for the purpose of formulating business plans and strategies for the future business development of the Group. Subject to the results of the review and should suitable investment or business opportunities arise, the Offeror may explore other business opportunities for the Company which may involve acquisitions or investments in assets and/or businesses or cooperation with business partners of the Offeror with a view of enhancing the Group's business growth and asset base as well as broadening its income stream.

As disclosed in the Joint Announcement, the Company originally intended to raise funds for the purpose of repaying its outstanding bank loans by issuing convertible bonds (the "**CB**") in the principal amount of US$10 million to US$15 million and at a conversion price of HK$0.2 per conversion Share. Subsequently, as disclosed in the announcement of the Company dated 5 November 2018, among other things, the Company received a demand letter concerning a facility agreement and the Company was in the process of discussion with its bankers, bondholders and creditors with a view to agreeing on the arrangements which facilitate the Company to meet its obligation, including but not limited to the loans under the aforesaid facility agreement. As the negotiation and discussion with the bank creditors on debt restructuring proposal are still in progress, the Company has decided not to issue, and the Offeror has decided not to subscribe for, the CBs or any other convertible securities during the Offer Period as well as the six-month period after the Offer Period. For details, please refer to the announcement of the Company dated 26 November 2018.

PROPOSED CHANGE OF THE COMPOSITION OF THE BOARD

The Board is currently made up of five Directors, comprising two executive Directors, being Mr. Sin and Mr. San Kwan and three independent non-executive Directors, being Mr. Zeng Jianzhong, Mr. Zhuang Weidong and Mr. Zhuang Xueyuan. Mr. Tsang Sze Wai Claudius, the former non-executive Director, has retired from office with effect from 9 November 2018 pursuant to his director's service contract entered into with the Company.

No Directors will resign before the close of the Offer. The Offeror intends to nominate Mr. Wu and Mr. Wu Liantao, the son of Mr. Wu as new executive Directors to the Board for appointment with effect from a date which is no earlier than such date as permitted under Rule 26.4 of the Takeovers Code. Such appointments will be made in accordance with the Takeovers Code and the Listing Rules, and their identities and relevant experience will be announced as and when they are appointed.

Notwithstanding the possible changes to the board composition of the Company, there will be no changes to the independent non-executive Directors of the Company before the close of the Offer. In any event, the Offeror and the Company will take all steps necessary to ensure that the number of independent non-executive Directors of the Company does not fall below one-third of the total number of Company Directors for a period longer than three months from the date that the Composite Document is posted, such that the Company shall continue to be compliant with Rule 3.11 of the Listing Rules.

The biographical information of the new Directors nominated by the Offeror is set out below:

Proposed executive Directors

Mr. Wu Shaohao (吳紹豪先生)

Mr. Wu Shaohao, aged 51, has over 16 years of management experience in property development in the PRC. Mr. Wu obtained a master of educational leadership degree from the University of Canberra.

Mr. Wu has been the chairman of the board of directors of 江蘇瑞爾房地產集團公司 (Jiangsu Ruier Property Development Group Company Limited*) ("**Jiangsu Ruier**"), 上海電子商城有限公司 (Shanghai E-commerce Company Limited) ("**Shanghai E-commerce**"), 瀋陽金沙城置業有限公司 (Shenyang Sands City Property Company Limited*) ("**Shenyang Sands**") and 江蘇水之源置業有限公司 (Jiangsu Shuizhiyan Property Company Limited*) ("**Jiangsu Shuizhiyuan**") since March 2000. Jiangsu Ruier, Shenyang Sands and Jiangsu Shuizhiyan are principally engaged in property development business and Shanghai E-commerce is principally engaged in operating a wholesale market in Jiaqing, Shanghai.

Save as disclosed above, Mr. Wu (i) has not served in any public companies the securities of which are listed on any securities market in Hong Kong or overseas in the past three years; (ii) does not hold any other positions in the Company or any of its subsidiaries; and (iii) does not have any relationship with any director, senior management, substantial shareholder or controlling shareholder of the Company.

Mr. Wu Liantao (吳聯韜先生)

Mr. Wu Liantao, aged 25, graduated from Purdue University in 2016 with the degree of bachelor of science. Mr. Wu Liantao has served as an accounting manager at Signature Homes, a property developer in California from August 2016 to March 2017 and served as an investment manager in Shanghai Sailing Capital Pushi Management Co., Ltd (上海賽領翩玄資產管理有限公司) from September 2017 to November 2018. Mr. Wu Liantao is the son of Mr. Wu.

Save as disclosed above, Mr. Wu Liantao (i) has not served in any public companies the securities of which are listed on any securities market in Hong Kong or overseas in the past three years; (ii) does not hold any other positions in the Company or any of its subsidiaries; and (iii) does not have any relationship with any director, senior management, substantial shareholder or controlling shareholder of the Company.

As at the date of this Composite Offer, Mr. Wu Liantao does not hold any Share interests within the meaning of Part XV of the SFO.

It is proposed that other new Directors will be nominated to the Board. However, the proposed changes have not yet been finalised as at the date of this Composite Offer and a further announcement will be made in respect of changes to the composition to the Board in compliance with the Takeovers Code and the Listing Rules.

MAINTAINING THE LISTING STATUS OF THE COMPANY

The Stock Exchange has stated that if, at the close of the Offers, less than the minimum prescribed percentage applicable to the Company, being 25% of the issued Shares, are held by the public, or if the Stock Exchange believes that a false market exists or may exist in the trading of the Shares; or that there are insufficient Shares in public hands to maintain an orderly market, it will consider exercising its discretion to suspend dealings in the Shares.

The Offeror intends the Company to remain listed on the Stock Exchange. The sole Director of the Offeror and the new Directors to be appointed to the Board of the Company have jointly and severally undertaken to the Stock Exchange to take appropriate steps to ensure that sufficient public float exists in the Company's Shares.

In this connection, in the event that the public float falls below 25% upon close of the Offers, the Offeror will, as soon as practicable, dispose of such number of Shares either directly in the market or through a placing agent to be appointed by the Offeror to ensure that the public float requirement under the Listing Rules can be met. Appropriate announcement(s) will be made in this regard as and when appropriate in compliance with the Listing Rules.

COMPULSORY ACQUISITION

The Offeror does not intend to avail itself of any powers of compulsory acquisition of any Shares outstanding after the close of the Offers.

IMPORTANT NOTE TO OVERSEAS SHAREHOLDERS AND OVERSEAS OPTIONHOLDERS

The Offers are made available to all Independent Shareholders and Optionholders, including those with registered addresses, as shown in the register of members of the Company, outside Hong Kong. The availability of the Offers to persons who are not residents in Hong Kong may be affected by the laws of the relevant overseas jurisdictions. The availability of the Offers to persons with a registered address in jurisdictions outside

Hong Kong may be prohibited or limited by the laws or regulations of the relevant jurisdictions. The Shareholders and/or Optionholders who are citizens, residents or nationals of a jurisdiction outside Hong Kong should observe any applicable legal or regulatory requirements and, where necessary, seek legal advice.

This Composite Document will be sent to all the Independent Shareholders and Option Shareholders, including those with registered addresses, as shown in the register of members of the Company, outside Hong Kong. It is the responsibility of the individual Overseas Shareholders or Overseas Optionholders who wish to accept the Offers to satisfy themselves as to the full observance of the laws and regulations of the relevant jurisdictions in connection with the acceptance of the Offers (including the obtaining of any regulatory, governmental exchange control or other consent which may be required or the compliance with other necessary formalities and the payment of any transfer or other taxes due by such accepting Overseas Shareholders or Overseas Optionholders in respect of such jurisdictions). Any acceptance by any Overseas Shareholders and/or Overseas Optionholders and beneficial owners of the Shares and Share Options who are citizens, residents or nationals of a jurisdiction outside Hong Kong will be deemed to constitute a representation and warranty from such persons to the Offeror that the local laws and requirements have been complied with. Independent Shareholders and/or Optionholders who are in doubt as to the action they should take should consult a licensed securities dealer or registered institution in securities, bank manager, solicitor, professional accountant or other professional advisers.

As at the Latest Practicable Date, there was a Shareholder with registered address in the PRC according to the register of members of the Company. The Company had been advised by the legal adviser as to PRC law that this Composite Document and the accompanying Form(s) of Acceptance may be forwarded to such Overseas Shareholder and the Company will do so accordingly.

Notice to PRC holders of Shares

If the failure of the service of this Composite Document is attributed to you (including but not limited to such scenarios that you, being the holder of the Shares, have provided the wrong consignee information, or refuse to receive the Composite Document, or cannot be located etc.), then the Composite Document will be deemed to have been served, and you shall be responsible for the risks and consequences.

TAX IMPLICATIONS

Independent Shareholders and Optionholders are recommended to consult their own professional advisers if they are in any doubt as to the taxation implications of accepting or rejecting the Offers. It is emphasised that none of the Offeror, parties acting in concert with the Offeror, the Company, Guotai Junan Capital, Guotai Junan Securities, the Registrar or any of their respective ultimate beneficial owners, directors, officers, advisers, agents or associates or any other person involved in the Offers accepts responsibility for any taxation effects on, or liabilities of, any persons as a result of their acceptance or rejection of the Offers.

ACCEPTANCE AND SETTLEMENT

Your attention is drawn to the further details regarding the procedures for acceptance and settlement and acceptance period as set out in Appendix I to this Composite Document and the accompanying Form(s) of Acceptance.

GENERAL

To ensure equality of treatment of all Independent Shareholders, those registered Independent Shareholders who hold the Shares as nominee for more than one beneficial owner should, as far as practicable, treat the holding of each beneficial owner separately. It is essential for the beneficial owner of the Offer Shares whose investments are registered in the name of a nominee to provide instructions to their nominee of their intentions with regards to the Share Offer.

All documents and remittances will be sent to the Independent Shareholders and the Optionholders by ordinary post at their own risk. Such documents and remittances will be sent to the Independent Shareholders at their respective addresses as specified on the relevant **WHITE** Form of Share Offer Acceptance and Transfer or if no name and address is specified, to the Independent Shareholder or the first named Independent Shareholder (in the case of joint registered holders) at their respective registered addresses as shown in the register of members of the Company, and in the case of the Optionholders, to the address specified on the relevant Form of Option Offer Acceptance. None of the Offeror, its beneficial owners and parties acting in concert with any of them, the Company, Guotai Junan Capital, Guotai Junan Securities, the Registrar or any of their respective directors or professional advisers or the company secretary of the Company or any other parties involved in the Offers will be responsible for any loss or delay in transmission or any other liabilities that may arise as a result thereof or in connection therewith.

ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the appendices to this Composite Document and the accompanying Form(s) of Acceptance, which form part of this Composite Document. You are reminded to carefully read the "Letter from the Board", the recommendation of the "Letter from the Independent Board Committee", the advice of the "Letter from Pelican Financial Limited" and other information about the Group, which are set out in this Composite Document before deciding whether or not to accept the Offers.

Yours faithfully,
For and on behalf of
Guotai Junan Securities (Hong Kong) Limited
Donny Wong
Executive Director

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)

Executive Directors:
Mr. Sin Ke
(Chairman and Chief Executive Officer)
Mr. San Kwan

Independent Non-Executive Directors:
Mr. Zhuang Xueyuan
Mr. Zhuang Weidong
Mr. Zeng Jianzhong

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

Head Office and Principal Place of Business in Hong Kong:
Room 1409, 14/F, Leighton Centre
77 Leighton Road, Causeway Bay
Hong Kong

30 November 2018

To the Independent Shareholders and Optionholders

Dear Sir or Madam,

CONDITIONAL MANDATORY CASH OFFERS BY GUOTAI JUNAN SECURITIES (HONG KONG) LIMITED FOR AND ON BEHALF OF THE OFFEROR TO ACQUIRE ALL THE ISSUED SHARES OF SUMMI (GROUP) HOLDINGS LIMITED (OTHER THAN THOSE ALREADY OWNED BY OR AGREED TO BE ACQUIRED BY THE OFFEROR AND PARTIES ACTING IN CONCERT WITH IT) AND TO CANCEL ALL THE OUTSTANDING SHARE OPTIONS

1. INTRODUCTION

Reference is made to the Joint Announcement the Offeror and the Company jointly announced and the announcement dated 15 October 2018 jointly issued by the Offeror and the Company, whereby Guotai Junan Securities would, for and on behalf of the Offeror, make the conditional mandatory cash offers to acquire all of the Offer Shares, and to cancel all outstanding Share Options of the Company.

The purpose of this Composite Document is to provide you with, among other things: (i) further details of the Offers; (ii) the recommendation from the Independent Board Committee to the Independent Shareholders and Optionholders in respect of the Offers; (iii) the letter from the Independent Financial Adviser to the Independent Board Committee, the Independent Shareholders and Optionholders in respect of the Offers; and (iv) information relating to the Group and the Offeror.

Pursuant to Rule 2.1 and Rule 2.8 of the Takeovers Code, the Independent Board Committee, comprising all non-executive Directors, namely Mr. Zhuang Xueyuan, Mr. Zhuang Weidong and Mr. Zeng Jianzhong, has been formed to advise the Independent Shareholders and Optionholders as to whether the Offers are fair and reasonable and as to the acceptance of the Offers.

Pelican has been appointed as the independent financial adviser to advise the Independent Board Committee on the Offers. The appointment of the Independent Financial Adviser has been approved by the Independent Board Committee.

The Independent Shareholders and Optionholders are strongly advised to carefully consider the information contained in the "Letter from Guotai Junan Securities", the "Letter from the Independent Board Committee" and the "Letter from the Independent Financial Adviser" as set out in this Composite Document before reaching a decision as to whether or not to accept the Offers.

2. THE OFFERS

As at the Latest Practicable Date, there are 1,347,860,727 Shares in issue and outstanding Share Options entitling the grantees to subscribe for an aggregate of 54,000,000 Shares.

Save for the aforesaid, the Company has no other relevant securities (as defined in Note 4 to Rule 22 of the Code) as at the Latest Practicable Date.

Principal terms of the Offer

Guotai Junan Securities, on behalf of the Offeror and in compliance with the Takeovers Code, hereby makes the Offers for all the Offer Shares and Share Options on the terms set out in this Composite Document in accordance with the Takeovers Code on the following basis:

Share Offer

For each Offer Share. . . . . HK$0.2 in cash

The Offer Shares to be acquired under the Share Offer shall be fully paid and free from any Encumbrances and together with all rights and benefits attached and accrued thereto as at the date on which the Share Offer is made, including the rights to receive in full all dividends and distributions that may be declared, made or paid by the Company on or after the date on which the Share Offer is made, being the date of this Composite Document.

Option Offer

For cancellation of each Share Option . . . . .HK$0.01 in cash

Pursuant to Rule 13 of the Takeovers Code and Practice Note 6 of the Takeovers Code, the Option Offer Price would normally represent the difference between the exercise price of the Share Options and the Share Offer Price. Under the Option Offer, since the exercise price HK$1.112 per Share Option is above the Share Offer Price, the outstanding Share Options are out of the money and the Option Offer Price for the cancellation of each outstanding Share Option is set at a nominal value of HK$0.01.

Further details of the Offers, including others, terms and conditions and the procedures for acceptance of the Offers and settlement are contained in the "Letter from Guotai Junan Securities" of this Composite Document and Appendix I to this Composite Document and the accompanying Forms of Acceptance.

3. INFORMATION ON THE GROUP

The Group is principally engaged in cultivation and selling of fresh oranges, production and sale of frozen concentrated orange juice and its related products and production and sale of Summi fresh orange juice. The following table is a summary of certain audited consolidated financial information of the Group for the two financial years ended 30 June 2018 as extracted from the annual report of the Company for the year ended 30 June 2018.

	Year ended 30 June	
	2017	**2018**
	(audited)	(audited)
	RMB'000	*RMB'000*
Revenue	604,286	661,721
Gross Profit	212,379	223,797
Profit/(loss) before tax	67,045	10,710
Profit/(loss) after tax	67,483	11,562
Consolidated net asset value attributable to the owners of the Company	1,735,199	1,744,191

Your attention is drawn to the financial information on the Group set out in Appendix II to this Composite Document.

As disclosed in the announcement of the Company dated 5 November 2018, among other things, (i) 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 as personal guarantor and a number of commercial banks and financial institutions listed therein as the original lenders (the "**Facility Agreement**"); (ii) the total amount of loans, together with accrued interests, and all other amounts accrued or outstanding that are immediately due and payable was estimated in the sum of US$68,620,474.22 (equivalent to approximately HK$534,965,217.02) as at the date of such announcement; and (iii) the Company was 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.

As disclosed in the Joint Announcement, the Company originally intended to raise funds for the purpose of repaying its outstanding bank loans by issuing convertible bonds (the "**CB**") in the principal amount of US$10 million to US$15 million and at a conversion price of HK$0.2 per conversion Share. Further, as disclosed in the announcement of the Company dated 5 November 2018, among other things, the Company received a demand letter concerning a facility agreement and the Company was in the process of discussion with its bankers, bondholders and creditors with a view to agreeing on the arrangements which facilitate the Company to meet its obligation, including but not limited to the loans under the aforesaid facility agreement. As the negotiation and discussion with the bank creditors on debt restructuring proposal are still in progress, the Company has decided not to issue, and the Offeror has decided not to subscribe for, the CBs or any other convertible securities during the Offer Period as well as the six-month period after the Offer Period. For details, please refer to the announcement of the Company dated 26 November 2018.

As at the Latest Practicable Date, the Company, its bank creditors and the Offeror have yet to agree on any debt restructuring proposal. The Offeror is still in the course of negotiating debt restructuring proposal with the bank creditors of the Company. In the event that there is no agreement reached amongst the Company, its bank creditors and the Offeror on the restructuring proposal, the bank creditors may take legal actions against the Company.

The Company will keep its Shareholders informed of developments in relation to the arrangements regarding the Company's business operations, financial position and other matters by way of further announcement(s) as and when appropriate.

Shareholders of the Company and potential investors should exercise caution when dealing in the Shares of the Company.

4. INFORMATION ON THE OFFEROR

Your attention is drawn to the paragraph headed "Information on the Offeror" in the "Letter from Guotai Junan Securities" of this Composite Document.

5. INTENTION OF THE OFFEROR REGARDING THE GROUP

Your attention is drawn to the paragraph headed "Intention of the Offeror in relation to the Group" in the "Letter from Guotai Junan Securities" of this Composite Document.

The Board is aware of the intention of the Offeror in respect of the Company and is willing to render reasonable co-operation with the Offeror which is in the interests of the Company and the Shareholders as a whole. The Board is pleased to learn that the Offeror intends to continue the existing principal businesses of the Group and that the Offeror has no intention to discontinue the employment of any employees of the Group or redeploy the assets of the Group other than those in the ordinary and usual course of business. As at the Latest Practicable Date, the Group leasehold certain Leasehold Land. Under the lease, the Company is not allowed to use the Leasehold Land for purpose other than orange plantation. The Company and the Offeror and its concert parties have no intention of converting the use of Leasehold Land from orange plantation to other purposes including but not limited to property development.

Maintaining the listing status of the Group

As set out to the paragraph headed "Maintaining the listing status of the Company" in the "Letter from Guotai Junan Securities" of this Composite Document, the Offeror intends to maintain the listing of the Shares on the Stock Exchange after the close of the Offers.

The Stock Exchange has stated that if, upon completion of the Offers, less than the minimum prescribed percentage applicable to the Company, being 25% of the Shares, are held by the public or if the Stock Exchange believes that (i) a false market exists or may exist in the trading of the Shares; or (ii) there are insufficient Shares in public hands to maintain an orderly market, it will consider exercising its discretion to suspend trading in the Shares.

The Stock Exchange will also closely monitor all acquisitions or disposals of assets by the Company. Under the Listing Rules, the Stock Exchange has the power pursuant to the Listing Rules to aggregate a series of transactions entered into by the Company within 24 months after a change in control and any such transactions may result in the Company being treated as if it were a new listing applicant and subject to the requirement for new applicants as set out in the Listing Rules.

RECOMMENDATION

The Independent Board Committee has been established to make recommendation to the Independent Shareholders and Optionholders as to whether the Offers are fair and reasonable and as to acceptance of the Offers.

We recommend Independent Shareholders and Optionholders to read the "Letter from the Independent Board Committee" as set out on pages 28 to 29 of this Composite Document which contains its recommendation to the Independent Shareholders and Optionholders in respect of the Offers, and the "Letter from the Independent Financial

Adviser" as set out on pages 30 to 49 of this Composite Document containing the advice of the Independent Financial Adviser to the Independent Board Committee, Independent Shareholders and Optionholders in respect of the Offers.

In considering what action to take in connection with the Offers, you should also consider your own tax positions, if any, and, in case of any doubt, consult your professional advisers.

Yours faithfully,
For and on behalf of the Board
Summi (Group) Holdings Limited
SIN Ke
Chairman

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)

30 November 2018

To the Independent Shareholders and Optionholders

Dear Sir or Madam,

CONDITIONAL MANDATORY CASH OFFERS BY GUOTAI JUNAN SECURITIES (HONG KONG) LIMITED FOR AND ON BEHALF OF THE OFFEROR TO ACQUIRE ALL THE ISSUED SHARES OF SUMMI (GROUP) HOLDINGS LIMITED (OTHER THAN THOSE ALREADY OWNED BY OR AGREED TO BE ACQUIRED BY THE OFFEROR AND PARTIES ACTING IN CONCERT WITH IT) AND TO CANCEL ALL THE OUTSTANDING SHARE OPTIONS

We refer to the Composite Document dated 30 November 2018 jointly issued by the Offeror and the Company of which this letter forms part. Terms used in this letter shall have the meanings as defined in the Composite Document unless the context requires otherwise.

We have been appointed by the Board to form the Independent Board Committee to advise you as to (i) whether, in our opinion, the terms of the Offers are fair and reasonable so far as the Independent Shareholders and Optionholders are concerned, and (ii) acceptance of the Offers, after taking into account the advice from Pelican, the independent financial adviser to the Independent Board Committee in respect of the Offers.

Details of advice from the Independent Financial Adviser and the principal factors it has taken into consideration in arriving at its recommendations are set out in the "Letter from the Independent Financial Adviser" of the Composite Document. Details of the Offers are set out in the "Letter from Guotai Junan Securities", Appendix I contained in the Composite Document and the accompanying Forms of Acceptance.

RECOMMENDATION

Having taken into account the advice and recommendations of Pelican and the principal factors taken into consideration by it in arriving at its opinion, we are of the opinion that the terms of the Offers are fair and reasonable so far as the Independent Shareholders and Optionholders are concerned. Therefore we recommend Independent Shareholders and Optionholders to accept the Offers. The Independent Shareholders and Optionholders should also consider carefully the terms of the Offers and the "Letter from the Independent Financial Adviser" in the Composite Document.

Independent Shareholders are reminded to carefully monitor the market price and liquidity of the Shares during the Offer Period and consider selling their Shares in the open market during the Offer Period, where possible, rather than accepting the Share Offer, if the net proceeds from the sale of such Shares in the open market would exceed the net amount receivable under the Share Offer.

Independent Shareholders and Optionholders are also reminded that the decision to realise or to hold their investment in the Shares and Share Options is subject to individual circumstances and investment objectives and they should consider carefully the terms of the Offers. If in doubt, Independent Shareholders and Optionholders should consult their own professional advisers for professional advice. Furthermore, Independent Shareholders and Optionholders who wish to accept the Offers are recommended to read carefully the procedures for accepting the Offers as detailed in the Composite Document.

Yours faithfully,
For and on behalf of the
Independent Board Committee of
Summi (Group) Holdings Limited

Zhuang Weidong
Independent Non-executive Director

Zhuang Xueyuan
Independent Non-executive Director

Zeng Jianzhong
Independent Non-executive Director

PELICAN FINANCIAL
百 利 勤 金 融

PELICAN FINANCIAL LIMITED

14th Floor, Shanghai Industrial Investment Building, 48 Hennessy Road, Wanchai, Hong Kong

30 November 2018

To the Independent Board Committee of Summi (Group) Holdings Limited

Dear Sirs,

CONDITIONAL MANDATORY CASH OFFERS BY GUOTAI JUNAN SECURITIES (HONG KONG) LIMITED FOR AND ON BEHALF OF THE OFFEROR TO ACQUIRE ALL THE ISSUED SHARES OF SUMMI (GROUP) HOLDINGS LIMITED (OTHER THAN THOSE ALREADY OWNED BY OR AGREED TO BE ACQUIRED BY THE OFFEROR AND PARTIES ACTING IN CONCERT WITH IT) AND TO CANCEL ALL THE OUTSTANDING SHARE OPTIONS

INTRODUCTION

We refer to our appointment as the independent financial adviser to the Independent Board Committee in respect of the Offers. The details of the Offers are set out in the Composite Document, of which this letter forms a part. Terms used in this letter shall have the same meanings as those defined in the Composite Document unless the context requires otherwise.

On 28 September 2018, the Vendor and the Offeror entered into the Share Purchase Agreement pursuant to which the Vendor conditionally agreed to sell and the Offeror conditionally agreed to purchase, in aggregate, 602,980,145 Sale Shares, representing approximately 44.74% of the existing issued share capital of the Company as at the Latest Practicable Date. The total consideration for the Sale Shares is HK$120,596,029, equivalent to HK$0.2 per Sale Share.

The Share Purchase Completion took place on 15 October 2018. Immediately following the Share Purchase Completion, the Offeror and parties acting in concert with it will be interested in a total of 602,980,145 Shares, representing approximately 44.74% of the issued share capital of the Company.

Upon the Share Purchase Completion, Guotai Junan Securities, for and on behalf of the Offeror and in compliance with the Takeovers Code, will make (i) the Share Offer to acquire all issued Shares in the share capital of the Company (other than those already owned or agreed to be acquired by the Offeror and parties acting in concert with it) pursuant to Rule 26.1 of the Takeovers Code; and (ii) the Option Offer to cancel all the outstanding Share Options at appropriate price in compliance with Rule 13 of the Takeovers Code.

Guotai Junan Securities will make the Offers for and on behalf of the Offeror to all Independent Shareholders for all issued Shares in the share capital of the Company (other than those already owned or agreed to be acquired by the Offeror and parties acting in concert with it) and to all Optionholders for the cancellation of all outstanding Share Options on the terms set out in the Composite Document in accordance with Rules 26.1 and 13 of the Takeovers Code respectively, on the following basis:

Share Offer

For each Offer Share. . . . . HK$0.2 in cash

Option Offer

For cancellation of each Share Option . . . . HK$0.01 in cash

Further details of the terms of the Offers, including the procedures for acceptance and settlement of the Offers, are set out in the Composite Document.

The Board currently comprises two executive Directors and three independent non-executive Directors. The Independent Board Committee, comprising all of the non-executive Directors, namely Mr. Tsang Sze Wai Claudius, Mr. Zeng Jianzhong, Mr. Zhuang Weidong and Mr. Zhuang Xueyuan, has been established to advise the Independent Shareholders and Optionholders in respect of the Offers. We have been appointed by the Company as the independent financial adviser to advise the Independent Board Committee in respect of the Offers and such appointment has been approved by the Independent Board Committee.

We and our staff are not in the same group as the Offeror's or the Company's financial or other professional advisers. We also do not and did not have any significant connection, financial or otherwise, with the Offeror or the Company or their respective controlling shareholders of a kind reasonably likely to create, or to create the perception of, a conflict of interest or which is reasonably likely to affect the objectivity of our advice as referred to in Rule 2.6 of the Takeovers Code. Further, we are not connected with the directors, chief executive or substantial shareholders of the Company or any of their respective associates and there is also no relationships or interests with the Company or any other parties that could reasonably be regarded as relevant to our independence to act as independent financial adviser to the Independent Board Committee. In the last two years, other than our role as independent financial adviser, there was no other engagement between the Company and us. Also, apart from normal professional fees payable to us in connection with this appointment, no arrangement exists whereby we will receive any fees or benefits from the Company or the directors, chief executive or substantial shareholders of the Company or any of their respective associates. Accordingly, we are suitable to give independent advice in respect of the Offers.

Our role is to provide the Independent Board Committee with an independent opinion and recommendation as to whether the terms of the Offers are fair and reasonable so far as the Independent Shareholders and the Optionholders are concerned and whether or not the Independent Board Committee should recommend the Independent Shareholders and the Optionholders to accept the Offers.

BASIS OF OUR OPINION

In formulating our opinion to the Independent Board Committee and the Independent Shareholders and the holders of the Options, we have performed relevant procedures and those steps which we deemed necessary in forming our opinions. Our procedures include, among others, review of the annual report of the Company for the financial year ended 30 June 2018 (the "**2018 Annual Report**"), the Composite Document, the share price performance and trading liquidity of the Company and comparable companies to the Company.

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in the Composite Document (other than information relating to the Offeror), and confirm, having made all reasonable enquires, that to the best of their knowledge, opinions expressed in the Composite Document (other than opinions expressed by the directors of the Offeror) have been arrived at after due and careful consideration and there are no other facts not contained in the Composite Document, the omission of which would make any statement in the Composite Document misleading.

The sole director of the Offeror accept full responsibility for the accuracy of the information contained in the Composite Document (other than information relating to the Group), and confirm, having made all reasonable enquires, that to the best of their knowledge, opinions expressed in the Composite Document (other than opinions expressed by the Directors) have been arrived at after due and careful consideration and there are no other facts not contained in the Composite Document, the omission of which would make any statement in the Composite Document misleading.

We have assumed that all information and representations that have been provided by the Directors and sole director of the Offeror, for which they are solely and jointly responsible, are true and accurate at the time when they were made and continue to be so up to the Latest Practicable Date. Shareholders will be notified of material changes as soon as possible, if any, to the information and representations provided and made to us after the Latest Practicable Date and up to the date throughout the offer period (as defined under the Takeovers Code). We have also assumed that all statements of belief, opinion, expectation and intention made by the Directors and sole director of the Offeror in the Composite Document were reasonably made after due enquiry and careful consideration. We have no reason to suspect that any material facts or information have been withheld or to doubt the truth, accuracy and completeness of the information and facts contained in the Composite Document, or the reasonableness of the opinions expressed by the Directors and sole director of the Offeror, which have been provided to us. Should there be any subsequent material changes in such information during the Offer Period, the Company will inform the Shareholders as soon as practicable in accordance with Rule 9.1 of the Takeovers Code. The

Shareholders shall also be informed as soon as practicable when there are any material changes to the information contained or referred to herein and our opinion after the Latest Practicable Date and throughout the offer period.

We consider that we have been provided with sufficient information to reach an informed view and to provide a reasonable basis for our opinion. We have not, however, conducted any independent verification on the information included in the Composite Document and provided to us by the Directors and sole director of the Offeror nor have we conducted any form of in-depth investigation into the business, affairs, financial performance and positions or future prospects of the Group, the Offeror and their respective associates.

We have not considered the tax consequences on the Independent Shareholders and the Optionholders of their acceptance or non-acceptance of the Offers since these are particular to their own individual circumstances and they should consult their own professional advisers if they are in any doubt on their own tax positions with regard to the Offers.

PRINCIPAL FACTORS TAKEN INTO CONSIDERATION

In formulating our opinion in respect of the Offers, we have considered the following principal factors and reasons.

1. Background and terms of the Offers

As set out in the "Introduction" of this letter, on 28 September 2018, the Vendor and the Offeror entered into the Share Purchase Agreement and Share Purchase Completion took place on 15 October 2018. Upon Share Purchase Completion and as at the Latest Practicable Date, the Offeror and parties acting in concert with it own 602,980,145 Shares, representing approximately 44.74% of the entire issued share capital of the Company. Accordingly, Guotai Junan Securities, for and on behalf of the Offeror and in compliance with the Takeovers Code, will make (i) the Share Offer to acquire all issued Shares in the share capital of the Company (other than those already owned or agreed to be acquired by the Offeror and parties acting in concert with it) pursuant to Rule 26.1 of the Takeovers Code; and (ii) the Option Offer to cancel all the outstanding Share Options at appropriate price in compliance with Rule 13 of the Takeovers Code.

Immediately after the Share Purchase Completion and as at the Latest Practicable Date, Mr. Sin, the Chairman and an executive Director, was interested in the 15,688,000 Shares, representing approximately 1.17% of the entire issued share capital of the Company, and 4,000,000 Share Options. Each of Mr. Sin and Mr. San Kwan, an executive Director and holder of 8,000,000 Shares and 2,000,000 Share Options, had irrevocably and unconditionally undertaken to the Offeror under the Irrevocable Undertakings that (i) he shall not tender any of the Shares held by him for acceptance in respect of the Share Offer; (ii) he shall not tender any of the Share Options for acceptance in respect of the Option Offer; (iii) he would not dispose of any of the Shares held by him from the date of the Joint Announcement until the close of the Offers; and (iv) he shall not exercise any Share Options granted to him from the date of the Joint Announcement until the close of the Offers. The irrevocable undertakings shall cease to be binding after the close of the Offers, or if the Offers are not proceeded with.

Guotai Junan Securities will make the Offers for and on behalf of the Offeror to all Independent Shareholders for all issued Shares in the share capital of the Company (other than those already owned or agreed to be acquired by the Offeror and parties acting in concert with it) and to all Optionholders for the cancellation of all outstanding Share Options on the terms set out in the Composite Document in accordance with Rules 26.1 and 13 of the Takeovers Code respectively, on the following basis:

Share Offer

For each Offer Share . . . . HK$0.2 in cash

The Share Offer Price of HK$0.2 per Offer Share is the same as the purchase price per Sale Share under the Share Purchase Agreement. The Offer Shares to be acquired under the Share Offer shall be fully paid and free from all Encumbrances together with all rights attached thereto, including but not limited to all rights to any dividend or other distributions, if any, declared, made or paid on or after the date on which the Share Offer is made, being the date of the despatch of this Composite Document.

As at the Latest Practicable Date, there were 1,347,860,727 Shares in issue, and the Offeror and parties acting in concert with it were interested in a total of 602,980,145 Shares, representing approximately 44.74% of the issued share capital of the Company. Further details of the terms of the Share Offer and the procedures for acceptance are set out in Appendix I to this Composite Document and the accompanying **WHITE** Form of Share Offer Acceptance and Transfer.

Option Offer

The Offeror is making the Option Offer to the Optionholders in accordance with Rule 13 of the Takeovers Code to cancel all outstanding Share in exchange for cash.

For cancellation of each Share Option . . . . HK$0.01 in cash

As at the Latest Practicable Date, there were 54,000,000 Share Options entitling the grantees to subscribe for an aggregate of 54,000,000 Shares at an exercise price of HK$1.112 per Share granted under the Share Option Scheme. As at the Latest Practicable Date, the Offeror and parties acting in concert with it did not hold any Share Option.

Pursuant to Rule 13 of the Takeovers Code and Practice Note 6 to the Takeovers Code, the Option Offer Price would normally represent the difference between the exercise price of the Share Options and the Share Offer Price. Under the Option Offer, given that the exercise price of the outstanding Share Options is above the Share Offer Price, the outstanding Share Options are out-of-money and the Option Offer Price for the cancellation of each outstanding Share Option is set at a nominal value of

HK$0.01. Further terms of the Option Offer and the procedures for acceptances are set out in Appendix I to this Composite Document and the accompany Form of Option Offer Acceptance.

The Share Offer will be conditional upon the Offeror having received valid acceptances of the Offer Shares which, together with the Shares acquired or to be acquired by the Offeror and the parties acting in concert with it before or during the Offer Period, will result in the Offeror and parties acting in concert with it holding more than 50% of the voting rights of the Company. The Option Offer will be conditional upon the Share Offer becoming or being declared unconditional in all respects.

2. Business and financial information on the Group

The Group's business is principally engaged in cultivation and selling of fresh oranges, production and sale of frozen concentrated orange juice and its related products and production and sale of Summi fresh orange juice.

Set out below is a summary of the audited financial information of the Group for the two years ended 30 June 2018 as extracted from the 2018 Annual Report.

	For the year ended 30 June	
	2017	**2018**
	(Audited)	(Audited)
	(RMB'000)	*(RMB'000)*
Turnover		
— Production and sale of frozen concentrate orange juice ("**FCOJ**") and other related products	345,460	361,461
— Production and sale of Summi fresh orange juice	135,064	186,252
— Fresh oranges and plantation	123,762	114,008
Total Turnover	**604,286**	**661,721**
Segment results		
— FCOJ and other related products	59,276	47,785
— Production and sale of Summi fresh orange juice	105,198	94,509
— Fresh oranges and plantation	(28,756)	(52,347)
Total	**135,718**	**89,947**
Profit for the year attributable to owners of the Company	**67,483**	**11,562**

	As at 30 June	
	2017	**2018**
	(Audited)	(Audited)
	(RMB'000)	*(RMB'000)*
Net assets	1,735,199	1,744,191

For the year ended 30 June 2018, the turnover of the Group was approximately RMB661.7 million, representing an increase of approximately 9.5% from approximately RMB604.3 million for the year ended 30 June 2017. The increase in the turnover of the Group was attributable to the sales of Summi fresh orange juice which the Group has leveraged upon as a new driver for its business growth. However, as the Group has put significant efforts in promoting Summi fresh orange juice, its marketing expenses has substantially increased for the year ended year ended 30 June 2018. As a result, for the year ended 30 June 2018, the Group's profit for the year attributable to owners of the Company was approximately RMB11.6 million, representing a decrease of approximately 82.8% from approximately RMB67.5 million for the year ended 30 June 2017.

As at 30 June 2018, the Group's net assets was approximately RMB1,744.2 million.

Outlook

Production and sale of FCOJ and other related products

As disclosed in the 2018 Annual Report, the sales of the Group's FCOJ and related products included FCOJ, orange pulp, orange fibre and other related products. For the year ended 30 June 2018, we understand that major places of origin for FCOJ worldwide such as Florida in the USA and Brazil were affected by the low harvest volume of local fresh oranges which led to the supply shortage of global FCOJ. Despite such supply shortage, the sales volume from FCOJ of the Group decreased by approximately 23.2% from approximately 14,267 tonnes for the year ended 30 June 2017 to approximately 10,954 tonnes for the year ended 30 June 2018, which also led to the Group's turnover from FCOJ to decrease by approximately 3.2% from approximately RMB195.6 million for the year ended 30 June 2017 to approximately RMB189.4 million for the year ended 30 June 2018. It should be noted that the Group's turnover from FCOJ has decreased less than the decrease in the sales volume of FCOJ as a result of an overall increase in average selling price of FCOJ. Whilst the Group's turnover from FCOJ has decreased, the overall turnover contribution from the production and sale of FCOJ and other related products recorded an increase of approximately 4.6% from approximately RMB345.5 million for the year ended 30 June 2017 to approximately RMB361.5 million for the year ended 30 June 2018. Such increase was mainly due to the increase in the demand for fruit juice drinks containing fruit grains (i.e., orange pulp) as the major raw materials for the Chinese domestic retailing market. The sales volume from orange pulp of the Group increased by approximately 22.1% from approximately 17,610 tonnes for year ended 30 June 2017 to approximately 21,510 tonnes for year ended 30 June 2018 leading to the sales amount from orange pulp to increase by approximately 16.5% from approximately RMB147.7 million for the year ended 30 June 2017 to approximately RMB172.1 million for the year ended 30 June 2018. However, in light that the sales volume from FCOJ of the Group has decreased significantly in a time when there is a supply shortage of global FCOJ, there may be uncertainty in whether the Group's business in the production and sale of FCOJ and other related products will be able to grow when the supply of global FCOJ resumes to a normal level in the future.

Production and sale of Summi fresh orange juice

As disclosed in the 2018 Annual Report, the Group has identified the sales of Summi fresh orange juice as a new driver for its business growth. Although turnover recorded from sales of Summi fresh orange juice has increased from approximately RMB135.1 million for the year ended 30 June 2017 to approximately RMB186.3 million for the year ended 30 June 2018, representing an increase of approximately 37.9%, the Group has also increased significantly its selling and distribution costs concurrently which mainly comprised of marketing expenses such as costs of free tasting, promotion events costs and transportation costs from approximately RMB84.1 million for the year ended 30 June 2017 to approximately RMB134.4 million for the year ended 30 June 2018, representing an increase of approximately 59.8%. Such increase was mainly attributable to the Group's greater efforts in promoting Summi Orange Juice during the year ended 30 June 2018. As such, segment results from production and sale of Summi fresh orange juice recognised a loss of approximately RMB52.3 million for the year ended 30 June 2018 as compared with a loss of approximately RMB28.8 million for the year ended 30 June 2017 and which mainly contributed to the 82.5% decrease in the profit for the year attributable to owners of the Company for the year ended 30 June 2018 as discussed above. Whilst it is encouraging that sales of Summi fresh orange juice has increased during the year ended 30 June 2018, there is still no certainty at this stage as to whether the Group will be able to generate profitability from its Summi fresh orange juice and how the continued loss from its Summi fresh orange juice business will impact the overall profitability of the Group going forward.

Fresh oranges and plantation

As disclosed in the 2018 Annual Report, the Group operates approximately 146,000 mu of orange plantations with orange trees in Kaizhou, Chongqing, and the oranges harvested from these plantations are used for selling as premium fresh oranges or as raw materials for producing Summi fresh orange juice and FCOJ and related products by the Group according to their grades. During the year ended 30 June 2018, the Group's plantations of approximately 70,000 mu entered the trial production phase and harvested a small amount of fresh oranges, but the unstable weather in Chongqing affected the overall output of the plantations and therefore the output of fresh oranges failed to grow. Overall, the turnover from the Group's business in fresh oranges and plantation recorded a decrease of approximately 7.9% from approximately RMB123.8 million for the year ended 30 June 2017 to approximately RMB114.0 million for the year ended 30 June 2018. In view of the decrease in the turnover from the Group's business in fresh oranges and plantation, there is uncertainty in the overall growth in this business segment of the Group.

3. Intention of the Offeror in relation to the Group

As disclosed in the Composite Document, the Offeror intends to continue the existing principal businesses of the Group. The Offeror has no intention to discontinue the employment of the employees (save for changes in the composition of the Board) or to dispose of or redeploy the assets of the Group other than those in its ordinary course of business. The Offeror and parties acting in concert with it do not have any intentions or plans for (i) disposal of existing business or assets of the Company; (ii) acquisition of business or assets by the Company; and (iii) converting the use of certain pieces of the Group's leasehold land for orange plantation from orange plantation to other purposes including but not limited to property development.

The Offeror will, following the close of the Offers, conduct a review on the business activities/operations and financial position of the Group for the purpose of formulating business plans and strategies for the future business development of the Group. Subject to the results of the review and should suitable investment or business opportunities arise, the Offeror may explore other business opportunities for the Company which may involve acquisitions or investments in assets and/or businesses or cooperation with business partners of the Offeror with a view of enhancing the Group's business growth and asset base as well as broadening its income stream.

As disclosed in the Joint Announcement, the Company originally intended to raise funds for the purpose of repaying its outstanding bank loans by issuing convertible bonds (the "**CB**") in the principal amount of US$10 million to US$15 million and at a conversion price of HK$0.2 per conversion Share. Subsequently, as disclosed in the announcement of the Company dated 5 November 2018, among other things, the Company received a demand letter concerning a facility agreement and the Company was in the process of discussion with its bankers, bondholders and creditors with a view to agreeing on the arrangements which facilitate the Company to meet its obligation, including but not limited to the loans under the aforesaid facility agreement. As the negotiation and discussion with the bank creditors on debt restructuring proposal are still in progress, the Company has decided not to issue, and the Offeror has decided not to subscribe for, the CBs or any other convertible securities during the Offer Period as well as the six-month period after the Offer Period. We understand that the bank creditors may take legal actions against the Company if the negotiation is not satisfactory. For details, please refer to the announcement of the Company dated 26 November 2018. In light of the demand letter mentioned above and that the Company is still in the process of negotiation regarding the debt restructuring proposal with the bank creditors of the Company, the outcome of which is still uncertain at this stage, we are of the view that there may be an adverse impact on the business operations and financial position of the Group if such negotiation is not satisfactory. As such, Shareholders should closely monitor the announcement(s) of the Company on the progress of the discussion with the Group's bankers, bondholders and creditors.

Please refer to the "Letter from Guotai Junan Securities" of the Composite Document for further information in relation to the intention of the Offeror and the background of the Offeror.

4. Proposed change of the composition of the Board

The Board is currently made up of five Directors, comprising two executive Directors, being Mr. Sin and Mr. San Kwan; and three independent non-executive Directors, being Mr. Zeng Jianzhong, Mr. Zhuang Weidong and Mr. Zhuang Xueyuan. Mr. Tsang Sze Wai Claudius, the former non-executive Director, has retired from office with effect from 9 November 2018 pursuant to his director's service contract entered into with the Company.

As set out in the "Letter from Guotai Junan Securities" of the Composite Document, no Directors will be resigned before the close of the Offer. Further, the Offeror intends to nominate Mr. Wu and Mr. Wu Liantao, the son of Mr. Wu as new executive Directors to the Board for appointment with effect from a date which is no earlier than such date as permitted under Rule 26.4 of the Takeovers Code. The background and biographies of Mr. Wu and Mr. Wu Liantao are set out in the section headed "Proposed change of composition of the Board" in the "Letter from Guotai Junan Securities" of the Composite Document.

Our view on the intention of the Offeror on the Company and proposed change to the Board composition

As noted above, the Offeror intends to continue the existing principal activities of the Group. Whilst the Offer has no intention to terminate discontinue the employment of the employees (save for changes in the composition of the Board) or to dispose of or redeploy the assets of the Group other than those in its ordinary course of business, the Offeror will be conducting a detailed review on the existing business operations following completion of the Offer with the view to lay down an appropriate business plan and to explore other business opportunities of the Group in the future. As such, there could be uncertainties with the direction and strategies the Offeror will take after its review considering that the Offeror/Mr. Wu does not have direct experience in the current principal businesses of the Company (i.e., orange and orange juice related business). Currently, the Offeror has also proposed to nominate Mr. Wu and Mr. Wu Liantao as executive Directors to the Board and after having reviewed their background and biographies, we noted that they also do not have the experience in the current principal businesses of the Company. However, whilst it was noted that no Directors will resign before the close of the Offer, there could still be uncertainties in how the current change to the Board composition may affect the current employees of the Group as well as the operations of the Group going forward.

In light of the above and in particular that the Offeror/Mr. Wu does not have direct experience in the current principal businesses of the Company and the Offeror has not laid down detailed business plan as at the Latest Practicable Date, we are of the view that there could be uncertainties in the future business development of the Group.

5. Public float and maintaining the listing status of the Company

The Stock Exchange has stated that if, at the close of the Offers, less than the minimum prescribed percentage applicable to the Company, being 25% of the issued Shares are held by the public, or if the Stock Exchange believes that a false market exists or may exist in the trading of the Shares; or that there are insufficient Shares in public hands to maintain an orderly market, it will consider exercising its discretion to suspend dealings in the Shares.

The Offeror intends the Company to remain listed on the Stock Exchange. The sole Director of the Offeror and the new Directors to be appointed to the Board of the Company have jointly and severally undertaken to the Stock Exchange to take appropriate steps to ensure that sufficient public float exists in the Company's Shares.

In this connection, in the event that the public float falls below 25% upon close of the Offers, the Offeror will, as soon as practicable, dispose of such number of Shares either directly in the market or through a placing agent to be appointed by the Offeror to ensure that the public float requirement under the Listing Rules can be met. Appropriate announcement(s) will be made in this regard as and when appropriate in compliance with the Listing Rules.

6. The Share Offer Price

The Share Offer Price of HK$0.2 per Offer Share represents:

(i) a discount of approximately 39.39% to the closing price of HK$0.33 per Share as quoted on the Stock Exchange on the Last Trading Day;

(ii) a discount of approximately 40.48% to the average closing price of HK$0.336 per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including the Last Trading Day;

(iii) a discount of approximately 41.00% to the average closing price of approximately HK$0.339 per Share as quoted on the Stock Exchange for the last ten consecutive trading days up to and including the Last Trading Day;

(iv) a discount of approximately 46.52% to the average closing price of approximately HK$0.374 per Share as quoted on the Stock Exchange for the last 30 consecutive trading days up to and including the Last Trading Day;

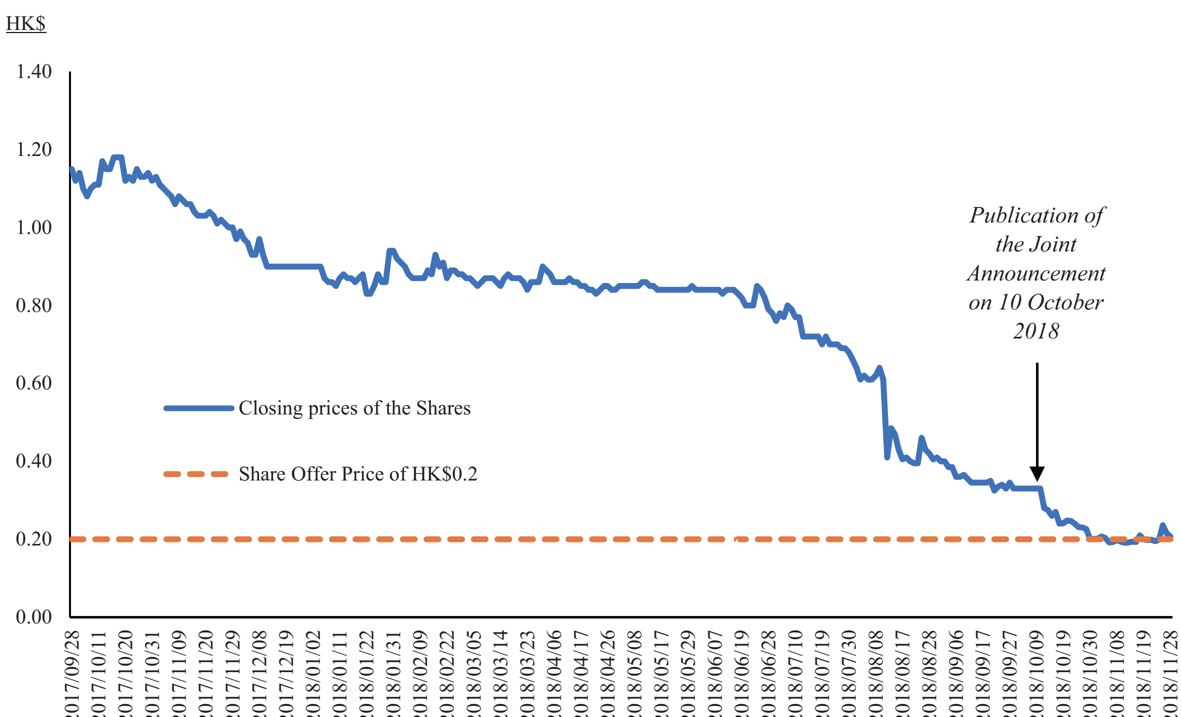
(v) a discount of approximately 3.38% to the closing price of HK$0.207 per Share as quoted on the Stock Exchange as at the Latest Practicable Date; and

(vi) a discount of approximately 86.49% to the audited consolidated net asset value per Share ("**NAV Per Share**") of approximately RMB1.294 (equivalent to approximately HK$1.48 per Share) as at 30 June 2018.

As set out above, the Share Offer Price of HK$0.2 per Offer Share represents a discount of approximately 86.49% to the audited consolidated NAV per Share. As illustrated in the table under the sub-section headed "Comparison with other comparable companies" in this letter below, the share price of the Comparable Companies (as defined below) is trading at a discount of approximately 86.77% to the net asset value per share to a premium of approximately 9.92% over the net asset value per share. Given that the discount of the Share Offer Price to the audited consolidated NAV Per Share is within the above said range, we consider that the Share Offer Price being at a discount to the Company's NAV Per Share is a normal market valuation.

Historical price performance of the Shares

We have reviewed and analysed the closing prices of the Shares from 28 September 2017 (being approximately the 12-month period prior to the Last Trading Day) up to the Latest Practicable Date (the "**Review Period**"). The following is a chart of the closing prices of the Shares during the Review Period:



Source: website of Stock Exchange

From 28 September 2017 to the Last Trading Day, the closing prices of the Shares ranged from HK$0.325 to HK$1.18 per Share, representing a premium of approximately 62.50% and 490.00% respectively over the Share Offer Price of HK$0.2. However, as noted in the chart above, the closing price of the Shares has been decreasing in the said period with the highest closing price of the Shares recorded on 17 to 19 October 2017 whilst the lowest closing price of the Shares recorded on 20 September 2018. As such, the closing price of the Shares has dropped approximately 85.50% in the said period. We have enquired with the Company for the reason of the decrease in the closing prices of the Shares during the abovementioned period and the Directors are not aware of any reasons for such price decrease. However, it should be noted that the Company has issued a profit warning announcement on 17 September 2018 informing shareholders and investors of an expected decrease in profit to be recorded by the Group for the year ended 30 June 2018 as compared with the prior year.

Since Last Trading Day and up to the Latest Practicable Date, we noted that the closing prices of the Shares had decreased and ranged from HK$0.191 to HK$0.28 per Share, representing a discount of approximately 4.50% to and a premium of approximately 40.00% over the Share Offer Price respectively. As at the Latest Practicable Date, the Share Offer Price represents a discount of approximately 3.38% to the closing price of HK$0.207 per Share.

Historical trading liquidity of the Shares

The table below sets out the average daily number of the Shares traded per month (the "**Average Volume**"), and the respective percentages of the Average Volume as compared to (i) the total number of Shares held by the public Shareholders as at the Latest Practicable Date (See Note 1 below); and (ii) the total number of Shares in issued as at the Latest Practicable Date, during the Review Period:

	Average Volume *Shares*	**% of the Average Volume to total number of Shares held by the public Shareholders as at the Latest Practicable Date** *(Note 1)* %	**% of the Average Volume to total number of Shares in issued as at the Latest Practicable Date** *(Note 2)* %
Month			
2017			
September *(from 28 September 2017)*	15,836,000	2.50	1.17
October	4,574,735	0.72	0.34
November	1,783,182	0.28	0.13
December	2,049,549	0.32	0.15
2018			
January	2,218,000	0.35	0.16
February	1,983,957	0.31	0.15
March	719,586	0.11	0.05
April	220,211	0.03	0.02
May	3,528,571	0.56	0.26
June	1,382,600	0.22	0.10
July	4,845,143	0.77	0.36
August	1,674,957	0.26	0.12
September	779,368	0.12	0.06
October	14,589,214	2.31	1.08
November *(up to the Latest Practicable Date)*	3,051,600	0.48	0.23
Average	**3,949,111**	**0.62**	**0.29**

Source: website of Stock Exchange

Notes:

1. Based on 632,865,382 Shares held by the public Shareholders as at the Latest Practicable Date. The number of shares held by the public Shareholders is calculated based on 1,347,860,727 Shares in issue as at the Latest Practicable Date and excluding the Shares held by Mr. Sin, Mr. San Kwan, the Offeror, the independent trustee holding the Shares for the share award scheme adopted by the Company on 11 September 2015 and the Shareholder holding more than 5% interest in the Company (i.e., CITIC Securities Company Limited) as disclosed in Appendix IV of the Composite Document of 15,688,000 Shares, 8,000,000 Shares, 602,980,145 Shares, 19,412,000 Shares and 68,915,200 Shares respectively as at the Latest Practicable Date.

2. Based on 1,347,860,727 Shares in issue as at the Latest Practicable Date.

As noted in the table above, trading in the Shares had been rather thin during the Review Period, with the Average Volume to total number of Shares held by the public Shareholders as at the Latest Practicable Date being less than 1% for 13 out of the 15 months during the Review Period and with an average of 0.62%.

Given the thin historical daily trading volume of the Shares, it is uncertain as to whether there would be sufficient liquidity in the Shares for the Independent Shareholders to dispose of a significant number of Shares in the open market without causing an adverse impact on the market price level of the Shares and accordingly, the market trading price of the Shares may not necessarily reflect the proceeds that the Independent Shareholders can receive by the disposal of their Shares in the open market. The Share Offer, therefore, represents an opportunity and a viable alternate exit for the Independent Shareholders, particularly for those who hold a large volume of Shares, to dispose of their entire holding at the Share Offer Price if they so wish.

Comparison with other comparable companies

To further assess the fairness and reasonableness of the Share Offer Price, we have performed a price-to-earnings ratio (the "**P/E**") and a price-to-book ("**P/B**") analysis, the most commonly used benchmark for valuation of companies, to compare the Share Offer Price against the market valuation of other comparable companies. We have searched for companies listed on the Stock Exchange engaging in similar lines of business as the Group for our comparison purpose, i.e., sale of fruit juices, and not under prolong trading suspension, i.e., suspension of trading for more than 6 months (the "**Comparable Companies**"). In this regard, two Comparable Companies are identified based on our research on the website of the Stock Exchange in accordance with the above criteria which is an exhaustive list. Although the scale of operations, financial position, market capitalisation and future prospects of the Comparable Companies are not exactly the same as the Company, having considered that the Comparable Companies are principally engaged in the same or similar business as the Group and whilst there are only two Comparable Companies, the list is exhaustive under our selection criteria and is relevant in assessing the fairness and reasonableness of the Share Offer Price. In this respect, we consider the Comparable Companies are fair and representative samples given that the Comparable Companies (i) are engaged in the business of the sale of fruit juices; and (ii) represent all the companies comparable to the Company based on our selection criteria.

Company (stock code)	Description	Approximate market capitalisation immediately preceding the Latest Practicable Date	Closing price immediately preceding the Latest Practicable Date	Profit attributable to equity shareholders	Net assets	Premium/ (Discount) of closing price as at the Latest Practicable Date over/to net assets per share	P/E	P/B
		(HK$ million)	*(HK$)*	*(HK$ million)* *(Note 1)*	*(HK$ million)* *(Note 2)*		*(approximate times)* *(Note 3)*	*(approximate times)* *(Note 4)*
China Haisheng Juice Holdings Co., Limited (stock code: 359)	Principally engaged in fruit juice and agriculture businesses	232.2	0.180	159.6	1,755.2	(86.77)%	1.5	0.13
Yantai North Andre Juice Co., Limited (stock code: 2218)	Principally engaged in the manufacture and sales of apple juice concentrate, pear juice concentrate, bio-feedstuff and related products	2,069.2 *(Note 5)*	5.78	105.6	1,882.4	9.92%	19.6	1.10
Average						**(38.42)%**	**10.5**	**0.62**
Maximum						**9.92%**	**19.6**	**1.10**
Minimum						**(86.77)%**	**1.5**	**0.13**
The Company		**269.6** *(Note 6)*	**0.2** *(being the Share Offer Price)*	**12.7**	**1,918.4**	**(86.49)%**	**21.2**	**0.14**

Source: website of Stock Exchange

Notes:

1. The profit attributable to equity shareholders of the Comparable Companies is extracted based on their latest published full financial report. If the profit attributable to equity shareholders is reported in RMB, it is translated to Hong Kong dollars based on RMB1.00 to HK$1.10.

2. The net assets of the Comparable Companies is based information extracted from their latest published financial information. If the net assets is reported in RMB, it is translated to Hong Kong dollars based on RMB1.00 to HK$1.10.

3. P/E of the Comparable Companies is calculated based on its market capitalisation divided by its profit attributable to the equity shareholders. The P/E of the Company is based on its market capitalisation (see Note 6 below) divided by its profit attributable to owners of the Company for the year ended 30 June 2018.

4. P/B of the Comparable Companies is calculated based on its market capitalisation divided by net assets. The P/B of the Company is based on its market capitalisation (see Note 6 below) divided by its net assets as at 30 June 2018.

5. Market capitalisation of Yantai North Andre Juice Co. Limited is based on the aggregate of its H-shares and domestic shares outstanding multiplied by the its closing share price as at the Latest Practicable Date.

6. Market capitalisation of the Company is calculated based on the Share Offer Price multiplied by the number of Shares in issue as at the Latest Practicable Date.

As shown in the above table, the P/E of the Comparable Companies range from approximately 1.5 times to approximately 19.6 times, with an average P/E of approximately 10.5 times. The implied P/E of the Company (based on the Share Offer Price) (the "**Implied P/E**") of approximately 21.2 times is hence above the said range of the P/E of the Comparable Companies.

As shown in the above table, the P/B of the Comparable Companies range from approximately 0.13 times to approximately 1.10 times, with an average P/B of approximately 0.62 times. As such the implied P/B of the Company (based on the Share Offer Price) (the "**Implied P/B**") of approximately 0.14 times is below the average P/B of the Comparable Companies. Whilst the Implied P/B is below the average P/B of the Comparable Companies, we have considered and balanced against the following factors in analysing the fairness and reasonableness of the Share Offer:

- the decrease in the profit attributable to owners of the Company recorded for the year ended 30 June 2018 as compared to the prior corresponding financial year;

- the uncertainty in the future profitability of the Group in its various business segments as discussed in the section headed "Business and financial information on the Group" of this letter above;

- that there may be a material adverse impact on the business operations and the financial position of the Group if the outcome of the discussion with its bankers, bondholders and creditors is not satisfactory regarding the demand to repay the loans under a facility agreement;

- the closing prices of the Shares have been in a decreasing trend during the Review Period;

- the liquidity of the Shares in general was low throughout the Review Period; and

- the Implied P/E is higher than the range of the P/E of the Comparable Companies.

In addition to the above, it should also be noted that the Implied P/B is still in range of the P/B of the Comparable Companies and therefore we are of the view that the valuation of the Company calculated based on the Share Offer Price is no less unfavourable than the market valuation of the Comparable Companies.

In light of the above, we are of the view that the Share Offer Price is fair and reasonable so far as the Independent Shareholders are concerned.

7. The Option Offer

A cash offer is being made to the Optionholders under the Option Offer to cancel the outstanding Share Options as follows:

For cancellation of each Share Option . . . . HK$0.01 in cash

We noted that under the Option Offer, the Option Offer price is calculated on a "see-through" basis. Given that the exercise price of the outstanding Share Options is above the Share Offer Price, the outstanding Share Options are out-of-money and the Option Offer Price for the cancellation of each outstanding Share Option is set at a nominal value of HK$0.01. In view that the "see-through" principle is normally adopted in Hong Kong for share option offer, we are of the view that the Option Offer Price is fair and reasonable so far as the Optionholders are concerned.

OPINIONS AND RECOMMENDATIONS

Notwithstanding that the Share Offer Price is at a discount to the Company's NAV Per Share and the Implied P/B is below the average P/B of the Comparable Companies, having considered and balanced against the various factors and reasons set out in this letter above and in particular that:

(i) the Group recorded a decrease of approximately 82.8% in profit attributable to owners of the Company for the year ended 30 June 2018 as compared with its prior year;

(ii) there is uncertainty in the future profitability of the Group at this stage given that (a) the Group's business in the production and sale of FCOJ and other related products might be adversely impacted when the supply of global FCOJ resumes to a normal level in the future; (b) the Group was not able to generate profitability from its Summi fresh orange juice business for the two years ended 30 June 2018 and how such continued loss will impact the overall profitability of the Group going forward; and (c) the turnover generated from the Group's fresh oranges and plantation business has recorded a year-on-year decrease for the year ended 30 June 2018;

(iii) that there may be a material adverse impact on the business operations and the financial position of the Group if the outcome of the discussion with its bankers, bondholders and creditors is not satisfactory regarding the demand to repay the loans under a facility agreement;

(iv) the closing prices of the Shares have been in a decreasing trend during the Review Period;

(v) the liquidity of the Shares in general was low throughout the Review Period and the uncertainty as to whether the Independent Shareholders will be able to realise their investments in the Shares (especially those with relatively sizeable shareholdings) at a price higher than the Share Offer Price;

(vi) the Implied P/E is higher than the range of the P/E of the Comparable Companies; and

(vii) the Option Offer was determined using a "see-through" approach which is normally adopted in Hong Kong for general offers of a similar nature,

we consider that the terms of the Offers are fair and reasonable so far as the Independent Shareholders and Optionholders are concerned. Accordingly, we recommend the Independent Board Committee to advise the Independent Shareholders and Optionholders to accept the Offers.

However, Shareholders should note that as at the Latest Practicable Date, the closing price of the Share was HK$0.207 per Share, representing a premium of approximately 3.5% over the Share Offer Price. As such, for those Independent Shareholders who wish to dispose all or part of their shareholding, we would advise them to do so on the market instead of accepting the Share Offer if the net proceeds from the sale of such Shares in the market would exceed the net proceeds receivable under the Share Offer. Similarly, for those Optionholders who wish to dispose their interests, instead of accepting the Option Offer, we would advise them to exercise their rights and then dispose their shareholding in the market if the net proceeds from such actions would exceed the net proceeds receivable under the Option Offer. Further, for Independent Shareholders who wish to retain their holdings and participate in the future prospect of the Group, they may elect to not accept the Share Offer in respect of part or all of their shareholding in the Company.

Independent Shareholders and the Optionholders are also reminded that their decisions to dispose or hold their investments or exercise their rights in the Shares or the Options are subject to their individual circumstances and investment objectives and they are reminded to carefully monitor the stock market and the trading price and liquidity of the Shares before the end of the Offers and consider to exercise their Options and/or selling their Shares in the open market, where possible, rather than accepting the Offers if the net proceeds from the market sale of their Shares after deducting all transaction costs are more than the net amount to be received under the Offers.

Yours faithfully,
For and on behalf of
Pelican Financial Limited
Charles Li^
Director

^ *Mr. Charles Li is a responsible person registered under the SFO to carry out Type 6 (advising on corporate finance) regulated activity for Pelican Financial Limited and he has over 25 years of corporate finance experience. He has been licensed to carry out Type 6 regulated activity since the SFO became effective in 2003.*

To accept the Offers, you should complete and sign the accompanying Form(s) of Acceptance in accordance with the instructions printed thereon, which instructions form part of the terms of the Offers. The instructions set out in this Composite Document should be read together with the instructions printed on the Form(s) of Acceptance which form part of the terms of the Offers.

1. PROCEDURES FOR ACCEPTANCE OF THE OFFERS

1.1 The Share Offer

(a) To accept the Share Offer, you should complete and sign the **WHITE** Form of Share Offer Acceptance and Transfer in accordance with the instructions printed thereon, which form part of the terms of the Share Offer.

(b) If the share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares is/are in your name, and you wish to accept the Share Offer in respect of your Shares (whether in full or in part), you must send the duly completed and signed **WHITE** Form of Share Offer Acceptance and Transfer together with the relevant share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) for the number of Shares in respect of which you intend to accept the Share Offer, by post or by hand, to the Registrar, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, in an envelope marked "**Summi (Group) Holdings Limited — Share Offer**", as soon as possible, and in any event no later than 4:00 p.m. on the Closing Date or such later time(s) and/or date(s) as the Offeror may determine and announce in accordance with the Takeovers Code.

(c) If the share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares is/are in the name of a nominee company or a name other than your own, and you wish to accept the Share Offer (whether in full or in part), you must either:

(i) lodge your share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) with the nominee company, or other nominee, with instructions authorising it to accept the Share Offer on your behalf and requesting it to deliver in an envelope marked "**Summi (Group) Holdings Limited — Share Offer**" the duly completed and signed **WHITE** Form of Share Offer Acceptance and Transfer together with the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) to the Registrar; or

(ii) arrange for the Shares to be registered in your name by the Company through the Registrar, and deliver in an envelope marked "**Summi (Group) Holdings Limited — Share Offer**" the duly completed and signed **WHITE** Form of Share Offer Acceptance and Transfer together with the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) to the Registrar; or

(iii) if your Shares have been lodged with your licensed securities dealer/registered institution in securities/custodian bank through CCASS, instruct your licensed securities dealer/registered institution in securities/custodian bank to authorise HKSCC Nominees Limited to accept the Share Offer on your behalf on or before the deadline set by HKSCC Nominees Limited. In order to meet the deadline set by HKSCC Nominees Limited, you should check with your licensed securities dealer/registered institution in securities/custodian bank for the timing on the processing of your instruction, and submit your instruction to your licensed securities dealer/registered institution in securities/custodian bank as required by them; or

(iv) if your Shares have been lodged with your investor participant's account maintained with CCASS, give your instruction via the CCASS Phone System or CCASS Internet System on or before the deadline set by HKSCC Nominees Limited.

(d) If the number of Share(s) shown in the share certificate is not wholly accepted by you, new share certificate representing the Number of Share(s) to be transferred shown in the **WHITE** Form of Share Offer Acceptance and Transfer must be applied for.

(e) If the share certificate(s) and/or transfer receipts and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares is/are not readily available and/or is/are lost and you wish to accept the Share Offer in respect of your Shares, the **WHITE** Form of Share Offer Acceptance and Transfer should nevertheless be duly completed and signed and delivered in an envelope marked "**Summi (Group) Holdings Limited — Share Offer**" to the Registrar together with a letter stating that you have lost one or more of your share certificate(s) and/or transfer receipts and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) or that it/they is/are not readily available. If you find such document(s) or if it/they become(s) available, it/they should be forwarded to the Registrar as soon as possible thereafter. If you have lost your share certificate(s), you should also write to the Registrar for a letter of indemnity which, when completed in accordance with the instructions given, should be returned to the Registrar.

(f) If you have lodged transfer(s) of any of your Shares for registration in your name and have not yet received your share certificate(s), and you wish to accept the Share Offer in respect of your Shares, you should nevertheless complete and sign the **WHITE** Form of Share Offer Acceptance and Transfer and deliver it in an envelope marked "**Summi (Group) Holdings Limited — Share Offer**" to the Registrar together with the transfer receipt(s) duly signed by yourself. Such action will be deemed to be an irrevocable instruction and authority to each of Guotai Junan Securities and/or the Offeror and/or any of their respective agent(s) to collect from the Company or the Registrar on your behalf the relevant share certificate(s) when issued and to deliver such certificate(s) to the Registrar and to authorise and instruct the Registrar to hold such share certificate(s), subject to the terms and conditions of the Share Offer, as if it/they were delivered to the Registrar with the **WHITE** Form of Share Offer Acceptance and Transfer.

(g) Acceptance of the Share Offer will be treated as valid only if the duly completed and signed **WHITE** Form of Share Offer Acceptance and Transfer is received by the Registrar by no later than 4:00 p.m. on the Closing Date (subject to the Offers becoming unconditional) or such later time(s) and/or date(s) as the Offeror may determine and announce in accordance with the Takeovers Code and the Registrar has recorded that the **WHITE** Form of Share Offer Acceptance and Transfer and any relevant documents required by Note 1 to Rule 30.2 of the Takeovers Code have been so received, and is:

(i) accompanied by the relevant Share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) and, if those Share certificate(s) is/are not in your name, such other documents (e.g. a duly stamped transfer of the relevant Share(s) in blank or in your favour executed by the registered holder) in order to establish your right to become the registered holder of the relevant Shares; or

(ii) from a registered Shareholder or his personal representative (but only up to the amount of the registered holding and only to the extent that the acceptance relates to the Shares which are not taken into account under the other subparagraph of this paragraph (g)); or

(iii) insert the total number of Shares for which the Share Offer is accepted. If no number is inserted in the box title "Number of Shares to be transferred" or the number of Shares inserted in the **WHITE** Form of Share Offer Acceptance and Transfer is greater than the number of Shares held by you or inserted is greater or smaller than the represented by the certificate for Shares tendered for acceptance of the Share Offer, the Form will be returned to you for correction and resubmission. Any corrected and valid form must be resubmitted and received by the Registrar on or before the latest time of acceptance of the Share Offer in order for it to be counted towards fulfilling the acceptance condition; or

(iv) certified by the Registrar or the Stock Exchange. If the **WHITE** Form of Share Offer Acceptance and Transfer is executed by a person other than the registered Shareholder, appropriate documentary evidence of authority (such as grant of probate or certified copy of power of attorney) to the satisfaction of the Registrar must be produced.

(h) In Hong Kong, seller's *ad valorem* stamp duty arising in connection with acceptances of the Share Offer will be payable by relevant Independent Shareholders at a rate of 0.1% of the market value of the Offer Shares or consideration payable by the Offeror in respect of the relevant acceptances of the Share Offer, whichever is higher, and will be deducted from the cash amount payable by the Offeror to the relevant Independent Shareholder accepting the Share Offer (where the amount of stamp duty is a fraction of a dollar, the stamp duty will be rounded up to the nearest dollar). The Offeror will arrange for payment of the seller's *ad valorem* stamp duty on behalf of relevant Independent Shareholders accepting the Share Offer and will pay the buyer's *ad valorem* stamp duty in connection with the acceptance of the Share Offer and the transfer of the Shares.

(i) No acknowledgement of receipt of any **WHITE** Form of Share Offer Acceptance and Transfer, share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) will be given.

(j) If the Share Offer does not become, or is not declared, unconditional as to acceptances on the Closing Date, the share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) received by the Registrar will be returned to the Independent Shareholders who have accepted the Share Offer by ordinary post at the Independent Shareholders' own risk as soon as possible but in any event within ten (10) days after the Share Offer has lapsed.

1.2 The Option Offer

(a) To accept the Option Offer, you should complete and sign the Form of Option Offer Acceptance in accordance with the instructions printed thereon, which form part of the terms of the Option Offer.

(b) If you are an Optionholder and you wish to accept the Option Offer in respect of your Share Options (whether in full or in part), you must send duly completed and signed Form of Option Offer Acceptance, together with the relevant certificate(s) of the Share Options (if applicable) and/or other document(s) of title or entitlement (and/or satisfactory indemnity or indemnities required in respect thereof) for the aggregate principal amount of Share Options which you hold that you wish to tender to the Option Offer, by post or by hand, in an envelope marked "**Summi (Group) Holdings Limited — Option Offer**", to the company secretary of the Company, at Room 1409, 14/F, Leighton Centre, 77 Leighton Road, Causeway Bay, Hong Kong as soon as possible and in any event no later than 4:00 p.m. on the Closing Date or such later time(s) and/or date(s) as the Offeror may determine and announce in compliance with the requirements of the Takeovers Code.

(c) No stamp duty is payable in connection with the acceptances of the Option Offer.

(d) No acknowledgement of receipt of any Form of Option Offer Acceptance, certificate(s) of the Share Options (if applicable) and/or any other documents of title (and/or any satisfactory indemnity/indemnities required in respect thereof) will be given.

1.3 Return of documents

If the Offers do not become, or is not declared, unconditional within the time permitted by the Takeovers Code, the share certificate(s) and/or certificate(s) of Share Options and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) received by the Registrar (in the case of the Share Offer) and the company secretary of the Company (in the case of the Option Offer) will be returned to the Independent Shareholders and Optionholders who have accepted the Offers by ordinary post at the Independent Shareholders' and Optionholders' own risk as soon as possible but in any event within ten (10) days after the Offers have lapsed.

2. SETTLEMENT UNDER THE OFFERS

2.1 The Share Offer

Provided that a valid **WHITE** Form of Share Offer Acceptance and Transfer and the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of the relevant Shares as required by Note 1 to Rule 30.2 of the Takeovers Code are complete and in good order and in all respects and have been received by the Registrar by 4:00 p.m. on the Closing Date, a cheque or a banker's cashier order for the amount due to each of the Independent Shareholders, who accept the Share Offer less seller's *ad valorem* stamp duty in respect of the Offer Shares tendered by him/her/it under the Share Offer, will be despatched to such Independent Shareholder by ordinary post at his/her/its own risk as soon as possible but in any event within seven (7) Business Days following the later of the date on which the duly completed acceptances of the Share Offer and the relevant documents of title in respect of such acceptances are received by the Registrar to render each such acceptance complete and valid and the date on which the Offers become, or are declared, unconditional.

2.2 The Option Offer

Provided that a valid Form of Option Offer Acceptance and the relevant certificate(s) of Share Option or other documents (if any) evidencing the grant of the Share Options and any documents of title or entitlement (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of the relevant Share Options are complete and in good order and in all respects and have been received by the company secretary of the Company by 4:00 p.m. on the Closing Date, a cheque or a banker's cashier order for the amount due to each of the Optionholders who accept the Option Offer in respect of the Share Options tendered by him/her under the Option Offer will be despatched to such Optionholder by ordinary post at his/her own risk as soon as possible but in any event within seven (7) Business Days following the later of the date on which the duly completed acceptances of the Option Offer and the relevant documents of title in respect of such acceptances are received by the company secretary of the Company to render each such acceptance complete and valid and the date on which the Offers become, or are declared, unconditional in all respects.

Settlement of the consideration to which any Independent Shareholder or Optionholder is entitled under the Share Offer or the Option Offer, as the case may be, will implemented in full in accordance with its terms (save in respect of the payment of the seller's *ad valorem* stamp duty in respect of the Share Offer) without regard to any lien, right of set-off, counterclaim or other analogous right to which the Offeror may otherwise be, or claim to be, entitled against such Independent Shareholder or Optionholder.

No fraction of a cent will be payable and the amount of cash consideration payable to an Independent Shareholder or Optionholder who accepts the Share Offer or the Option Offer will be rounded up to the nearest cent.

3. ACCEPTANCE PERIOD AND REVISIONS

(a) In order for the Offers to be valid, the **WHITE** Form of Share Offer Acceptance and Transfer and Form of Option Offer Acceptance must be received by the Registrar and the company secretary of the Company respectively (as the case may be), by 4:00 p.m. on the Closing Date in accordance with the instructions printed thereon or have been extended or revised with the consent of the Executive and in accordance with the Takeovers Code. The Offers are conditional upon the Offeror having received acceptances in respect of the Offer Shares which, together with the Shares acquired or to be acquired by the Offeror and the parties acting in concert with it before or during the Offer Period, will result in the Offeror and parties acting in concert with it holding more than 50% of the total issued shares capital of the Company by 4:00 p.m. on the Closing Date.

(b) The Offeror reserves the right to revise the terms of the Offers after the despatch of this Composite Document until such day as it may determine and in accordance with the Takeovers Code. If the Offeror revises the terms of the Offers, all the Independent Shareholders and the Optionholders, whether or not they have already accepted the Offers, will be entitled to accept the revised Offers under the revised terms.

(c) If the Offers are extended or revised, announcement of such extension or revision will state the next closing date or, if the Offers have become unconditional, the announcement may contain a statement that the Offers will remain open until further notice. In the latter case, at least fourteen (14) days' notice in writing will be given before the Offers are closed to the Independent Shareholders and the Optionholders who have not accepted the Offers, and an announcement will be released. The revised Offers will be kept open for at least fourteen (14) days thereafter.

(d) Any acceptance of the relevant revised Offers shall be irrevocable unless and until the Independent Shareholders and the Optionholders who accept the Offers become entitled to withdraw their acceptance under the paragraphs headed "7. Right of Withdrawal" of this Appendix below and duly do so.

4. EXERCISE OF OPTIONS

Optionholders who wish to accept the Share Offer may (i) exercise his/her/its Share Options (to the extent exercisable) by completing, signing and delivering a notice for exercising the Share Options together with a cheque for payment of the subscription monies and the related certificates (if applicable) for the Share Options to the company secretary of the Company before the Offers close; and (ii) at the same time, or in any event no later than 4:00 p.m. on the Closing Date, complete and sign the **WHITE** Form of Share Offer Acceptance and Transfer and deliver it to the Registrar together with a copy of the set of documents delivered to the Company for exercising the Share Options. Exercise of the Share Options is subject to the respective terms and conditions of the Share Option Scheme and the terms attaching to the grant of the relevant Share Options. Delivery of the completed and signed **WHITE** Form of Share Offer Acceptance and Transfer to the Registrar will not serve to complete the exercise of the Share Options but will only be deemed to be an irrevocable authority to the Offeror and/or Guotai Junan Securities and/or any of their respective agent(s) or such other person(s) as they may direct to collect from the Company or the Registrar on his/her/its behalf the relevant share certificate(s) when issued on exercise of the Share Options as if it/they were delivered to the Registrar with the **WHITE** Form of Share Offer Acceptance and Transfer. If the Optionholder fails to exercise his/her/its Share Options as aforesaid and in accordance with the respective terms and conditions of the Share Option Scheme, there is no guarantee that the Company may issue the relevant share certificate in respect of the Shares allotted pursuant to his/her/its exercise of the Share Option(s) to such Optionholder in time for it to accept the Share Offer as a Shareholder of such Shares under the terms of the Share Offer.

5. NOMINEE REGISTRATION

To ensure equality of treatment of all Independent Shareholders, those registered Independent Shareholders who hold the Shares as nominees for more than one beneficial owner should, as far as practicable, treat the holding of each beneficial owner separately. It is essential for the beneficial owner of the Shares whose investments are registered in the names of a nominee to provide instructions to their nominee of their intentions with regards to the Share Offer.

6. ANNOUNCEMENTS

(a) By 6:00 p.m. on the Closing Date (or such later time and/or date as the Executive may in exceptional circumstances permit), the Offeror must inform the Executive and the Stock Exchange of its decision in relation to the expiry, revision or extension of the Offers. The Offeror must post an announcement on the Stock Exchange's website by 7:00 p.m. on the Closing Date stating the results of the Offers and whether, amongst other information required under Rule 19.1 of the Takeovers Code, the Offers have been revised, extended, or have expired or have become or been declared unconditional.

The announcement must state the following:

(i) the total number of Offer Shares for which acceptances for the Share Offer have been received;

(ii) the total number of Share Options for which acceptances of the Option Offer have been received;

(iii) the number of Shares and Share Options held, controlled or directed by the Offeror and parties acting in concert with it before the Offer Period; and

(iv) the total number of Shares acquired or agreed to be acquired, or the number of Share Options cancelled as the case may be in connection during the Offer Period by the Offeror and persons acting in concert with it.

The announcement must also include details of any relevant securities (as defined under Note 4 to Rule 22 of the Takeovers Code) in the Company which the Offeror or any person acting in concert with it has borrowed or lent (save for any borrowed Shares which have been either on-lent or sold) and specify the percentages of the issued share capital of the Company and the percentages of voting rights of the Company represented by these numbers.

(b) In computing the total number or principal amount of Shares and Share Options represented by acceptances, only valid acceptances that are complete, in good order and fulfil the acceptance conditions set out in section 1 of this Appendix, and which have been received by the Registrar (in respect of the Share Offer) or the company secretary of the Company (in respect of the Option Offer) respectively no later than 4:00 p.m. on the Closing Date shall be included.

(c) As required under the Takeovers Code, all announcements in relation to the Offers which the Executive and the Stock Exchange have confirmed that they have no further comments thereon must be made in accordance with the requirements of the Takeovers Code and the Listing Rules.

7. RIGHT OF WITHDRAWAL

(a) The Offers are conditional upon fulfilment of the conditions set out in the letter from Guotai Junan Securities. Acceptance of the Offers tendered by any Independent Shareholders and the Optionholders shall be irrevocable and cannot be withdrawn, except in the circumstances set out below in sub-paragraph (b) below or in compliance with Rule 17 of the Takeovers Code, which provides that an acceptor of the Offers shall be entitled to withdraw its/his/her acceptance after twenty one (21) days from the first Closing Date if the Share Offer has not by then become unconditional as to acceptances. An acceptor of the Offers may withdraw its/his/her acceptance by lodging a notice in writing signed by the acceptor (or its/his/her agent duly appointed in writing and evidence of whose appointment is produced together with the notice) to the Registrar or the company secretary of the Company, as the case may be.

(b) If the Offeror is unable to comply with the requirements set out in the paragraphs headed "6. Announcements" of this Appendix above, as set out in Rule 19.2 of the Takeovers Code, the Executive may require the Independent Shareholders and Optionholders who have tendered acceptances to the Offers be granted a right of withdrawal on terms that are acceptable to the Executive until the requirements set out in that rule are met.

(c) In such case, when any Independent Shareholder(s) and Optionholder(s) withdraw their acceptance(s), the Offeror shall, as soon as possible but in any event within ten (10) days thereof, return by ordinary post the share certificate(s), and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of the Shares and the Share Options lodged with the Form(s) of Acceptance to the relevant Independent Shareholder(s) and to the company secretary of the Company for collection of such Optionholder(s).

8. STAMP DUTY

The seller's Hong Kong *ad valorem* stamp duty arising in connection with the acceptance of the Share Offer amounting to 0.1% of the amount payable in respect of the relevant acceptance or if higher, the market value of the Shares, will be deducted from the amount payable to the Independent Shareholders who accept the Share Offer. The Offeror will arrange for payment of the seller's *ad valorem* stamp duty on behalf of the relevant Independent Shareholders accepting the Share Offer and will pay its respective portion of the buyer's *ad valorem* stamp duty (being 0.1% of the amount payable in respect of the relevant acceptance or if higher, the market value of the Shares) in connection with the acceptance of the Share Offer and the transfer of the Shares in accordance with the Stamp Duty Ordinance (Chapter 117 of the Laws of Hong Kong).

No stamp duty is payable in connection with the acceptance of the Option Offer.

9. OVERSEAS SHAREHOLDERS AND OVERSEAS OPTIONHOLDERS

As the Offers to persons not residing in Hong Kong might be affected by the laws of the relevant jurisdictions in which they are resident, Overseas Shareholders and Overseas Optionholders should obtain information about and observe any applicable legal or regulatory requirements and, where necessary, seek legal advice in respect of the Offers. It is the responsibility of the Overseas Shareholders and Overseas Optionholders who wish to accept the Offers to satisfy themselves as to the full observance of the laws and regulations of the relevant jurisdictions in connection therewith (including the obtaining of any governmental or other consent which may be required or the compliance with other necessary formalities and the payment of any transfer or other taxes due from the accepting Shareholders in respect of such jurisdictions).

Any acceptance by any Overseas Shareholders and Overseas Optionholders will be deemed to constitute a representation and warranty from such Overseas Shareholders and Overseas Optionholders to the Offeror that the local laws and requirements have been complied with. The Overseas Shareholders and Overseas Optionholders should consult their professional advisers if in doubt.

10. TAXATION ADVICE

Independent Shareholders and Optionholders are recommended to consult their own professional advisers as to the taxation implications of accepting or rejecting the Offers. None of the Offeror and/or parties acting in concert with it, the Company, Guotai Junan Capital, Guotai Junan Securities, nor their respective ultimate beneficial owners, directors, officers, advisers, agents or associates or any other person involved in the Offers accepts any responsibility for any taxation effects on, or liabilities of, any persons as a result of their acceptance or rejection of the Offers.

11. GENERAL

(a) All communications, notices, Form(s) of Acceptance, share certificate(s), transfer receipts(s), other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) and remittances to settle the consideration payable under the Offers to be delivered by or sent to or from the Independent Shareholders and/or Optionholders will be delivered by or sent to or from them, or their designated agents by post at their own risk, and the Offeror, its beneficial owners, the Company, Guotai Junan Capital, Guotai Junan Securities, Pelican, the Registrar or any of their respective directors and professional advisers or the company secretary of the Company, and any other parties involved in the Offers and any of their respective agents do not accept any liability for any loss or delay in postage or any other liabilities that may arise as a result thereof.

(b) The provisions set out in the **WHITE** Form of Share Offer Acceptance and Transfer and Form of Option Offer Acceptance form part of the terms and conditions of the Share Offer and Option Offer, respectively.

(c) The accidental omission to despatch this Composite Document and/or Form(s) of Acceptance or any of them to any person to whom the Offers are made will not invalidate either the Share Offer or the Option Offer in any way.

(d) The Offers are, and all acceptances will be, governed by and construed in accordance with the laws of Hong Kong.

(e) Due execution of the Form(s) of Acceptance will constitute an irrevocable authority to the Offeror, Guotai Junan Capital, Guotai Junan Securities or such person or persons as the Offeror may direct to complete, amend and execute any document on behalf of the person or persons accepting the Offers and to do any other act that may be necessary or expedient for the purposes of vesting in the Offeror, or such person or persons as it may direct, the Shares or the Share Options in respect of which such person or persons has/have accepted the Offers.

(f) Acceptance of the Offers by any Independent Shareholders or Optionholders will be deemed to constitute a warranty by such person or persons to the Offeror and the Company that their Shares or Share Options under the Offers (as the case may be) are free from all third party rights and Encumbrances whatsoever and together with all rights accruing or attaching thereto including in the case of the Shares, the right to receive in full all dividends and distributions recommended, declared, made or paid on or after the date of this Composite Document.

(g) References to the Offers in this Composite Document and the Form(s) of Acceptance shall include any revision and/or extension thereof.

(h) The making of the Offers to the Overseas Shareholders and Overseas Optionholders may be prohibited or affected by the laws of the relevant jurisdictions. The Overseas Shareholders and Overseas Optionholders should inform themselves about and observe any applicable legal or regulatory requirements. It is the responsibility of each Overseas Shareholder and Overseas Optionholders who wishes to accept the Offers to satisfy himself/herself/itself as to the full observance of the laws and regulations of all relevant jurisdictions in connection therewith, including, but not limited to the obtaining of any governmental, exchange control or other consents and any registration or filing which may be required and the compliance with all necessary formalities, regulatory and/or legal requirements. Such Overseas Shareholders and Overseas Optionholders shall be fully responsible for the payment of any transfer or cancellation or other taxes and duties due by such Overseas Shareholders and Overseas Optionholders in respect of the relevant jurisdictions. The Overseas Shareholders and Overseas Optionholders are recommended to seek professional advice on deciding whether or not to accept the Offers.

(i) Acceptances of the Offers by any nominee will be deemed to constitute a warranty by such nominee to the Company that the number of the Shares or Share Options in respect of which as indicated in the Form(s) of Acceptance is the aggregate number of Shares or Share Options held by such nominee for such beneficial owner who is accepting the Offers.

(j) Subject to the Takeovers Code, the Offeror reserves the right to notify any matter (including the making of the Offers) to all or any Independent Shareholders and the Optionholders and with registered address(es) outside Hong Kong or whom the Offeror, Guotai Junan Capital or Guotai Junan Securities knows to be nominees, trustees or custodians for such persons by announcement in which case such notice shall be deemed to have been sufficiently given notwithstanding any failure by any such Independent Shareholders to receive or see such notice, and all references in this Composite Document to notice in writing shall be construed accordingly.

(k) In making their decision, the Independent Shareholders and Optionholders must rely on their own examination of the Offeror, the Group and the terms of the Share Offer and the Option Offer, including the merits and risks involved. The contents of this Composite Document, including any general advice or recommendation contained herein together with the Form(s) of Acceptance shall not be construed as any legal or business advice on the part of the Offeror, its beneficial owners, the Company, Guotai Junan Capital, Guotai Junan Securities or Pelican or their respective professional advisers. The Independent Shareholders and Optionholders should consult their own professional advisers for professional advice.

(l) All acceptances, instructions, authorities and undertakings given by the Independent Shareholders and Optionholders in the Form(s) of Acceptance shall be irrevocable except as permitted under the Takeovers Code.

1. SUMMARY OF FINANCIAL INFORMATION OF THE GROUP

The following is a summary of the audited financial results of the Group for each of three years ended 30 June 2018 as extracted from the published annual reports of the Company.

	For the year ended 30 June		
	2018	**2017**	**2016**
	RMB$'000	*RMB$'000*	*RMB$'000*
	(Audited)	(Audited)	(Audited)
Revenue	661,721	604,286	581,273
(Loss)/profit before tax	10,710	67,054	62,304
Income tax credit	852	438	566
(Loss)/profit for the period/year attributable to owners of the Company	11,562	67,483	62,870
(Loss)/earnings per share Basic and diluted	RMB0.87 cents	RMB5.08 cents	RMB4.69 cents
Dividend per share Basic and diluted	—	HK¢1.5 cents	HK¢1.5 cents

	As at 30 June		
	2018	**2017**	**2016**
	RMB'000	*RMB'000*	*RMB'000*
	(Audited)	(Audited)	(Audited)
Consolidated net asset value attributable to the owners of the Company	1,744,191	1,735,199	1,680,450

The auditors of the Company, SHINEWING (HK) CPA Limited did not issue any qualified or modified opinion (including emphasis of matter, adverse opinion and disclaimer of opinion) on the respective financial statements of the Group for the three years ended 30 June 2016, 2017 and 2018, and the Company had no items which are exceptional or extraordinary because of size, nature or incidence for the same financial years.

2. FINANCIAL INFORMATION OF THE GROUP

Audited consolidated financial information of the Group for the year ended 30 June 2018

Set out below is the full text of the audited consolidated financial statements of the Group for the year ended 30 June 2018 extracted from the annual report of the Company for the year ended 30 June 2018.

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2018

	NOTES	2018 RMB'000	2017 RMB'000 (Restated)
Revenue	8	661,721	604,286
Cost of sales		(437,924)	(391,907)
Gross profit		223,797	212,379
Gain from changes in fair value of biological assets less costs to sell	27	59,004	67,908
Other revenue	9	6,351	6,511
Net realised and unrealised (loss) gain on derivative financial instruments		(10,168)	12,652
Selling and distribution expenses		(134,443)	(84,053)
Administrative expenses		(76,320)	(97,129)
Other operating expenses	10	(6,752)	(8,955)
Profit from operations		61,469	109,313
Finance costs	11	(50,759)	(42,268)
Profit before tax	12	10,710	67,045
Income tax credit	15	852	438
Profit for the year attributable to owners of the Company		11,562	67,483
Other comprehensive income (expense) for the year			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		11,076	(3,186)
Total comprehensive income for the year attributable to owners of the Company		22,638	64,297
Earnings per share	17		
– Basic (RMB cents)		0.87	5.08
– Diluted (RMB cents)		0.87	5.08

Consolidated Statement of Financial Position

For the year ended 30 June 2018

	NOTES	2018 RMB'000	2017 RMB'000
Non-current assets			
Property, plant and equipment	18	**344,700**	318,578
Land use rights	19	**21,990**	22,545
Lease prepayments for orange plantations	20	**977,875**	977,012
Goodwill	21	**56,696**	56,696
Intangible assets	22	**38,978**	42,007
Held-to-maturity investment	23	**16,918**	17,372
Derivative financial instruments	24	**–**	12,652
Deposit paid for acquisition of property, plant and equipment		**–**	9,840
Pledged bank deposits	30	**–**	14,442
		1,457,157	1,471,144
Current assets			
Inventories	26	**57,131**	56,330
Biological assets	27	**169,119**	99,310
Lease prepayments for orange plantations	20	**109,541**	111,362
Derivative financial instruments	24	**2,986**	–
Trade receivables	28	**168,505**	123,341
Other receivables, deposits and prepayments	29	**45,153**	35,433
Pledged bank deposits	30	**191,730**	186,796
Cash and cash equivalents	31	**521,487**	655,699
		1,265,652	1,268,271
Current liabilities			
Trade payables	32	**5,727**	16,130
Other payables and accruals	33	**28,726**	22,939
Bank loans	34	**631,640**	354,708
Derivative financial instruments	24	**960**	–
Income tax payable		**65**	82
		667,118	393,859
Net current assets		**598,534**	874,412
Total assets less current liabilities		**2,055,691**	2,345,556

Consolidated Statement of Financial Position

For the year ended 30 June 2018

	NOTES	2018 RMB'000	2017 RMB'000
Non-current liabilities			
Bank loans	34	**261,292**	577,162
Corporate bonds	35	**36,043**	15,544
Deferred income	36	**3,540**	5,900
Deferred tax liabilities	40	**10,625**	11,751
		311,500	610,357
Net assets		**1,744,191**	1,735,199
Capital and reserves			
Share capital	41	**11,610**	11,610
Reserves	42	**1,732,581**	1,723,589
Total equity		**1,744,191**	1,735,199

The consolidated financial statements on pages 46 to 115 were approved and authorised for issue by the board of directors on 27 September 2018 and are signed on its behalf by:

Sin Ke
Director

San Kwan
Director

Consolidated Statement of Changes in Equity

For the year ended 30 June 2018

	Attributable to owners of the Company							
	Share capital RMB'000	Share premium RMB'000 (Note 42(a))	Capital reserve RMB'000 (Note 42(b))	Shares held under the share award scheme RMB'000 (Note 42(e))	Statutory reserves RMB'000 (Note 42(c))	Exchange reserve RMB'000 (Note 42(d))	Retained profits RMB'000	Total RMB'000
At 1 July 2016	11,610	488,413	48,079	(13,816)	38,810	(19,271)	1,126,625	1,680,450
Profit for the year	–	–	–	–	–	–	67,483	67,483
Other comprehensive expense for the year								
– Exchange differences arising on translation of foreign operations	–	–	–	–	–	(3,186)	–	(3,186)
Total comprehensive (expense) income for the year	–	–	–	–	–	(3,186)	67,483	64,297
Recognition of equity-settled share-based payments (note 37)	–	–	8,924	–	–	–	–	8,924
Dividends paid (note 16)	–	(17,616)	–	–	–	–	–	(17,616)
Purchase of shares under the share award scheme (note 38)	–	–	–	(856)	–	–	–	(856)
At 30 June 2017 and 1 July 2017	11,610	470,797	57,003	(14,672)	38,810	(22,457)	1,194,108	1,735,199
Profit for the year	–	–	–	–	–	–	11,562	11,562
Other comprehensive income for the year								
– Exchange differences arising on translation of foreign operations	–	–	–	–	–	11,076	–	11,076
Total comprehensive income for the year	–	–	–	–	–	11,076	11,562	22,638
Recognition of equity-settled share-based payments (note 37)	–	–	3,480	–	–	–	–	3,480
Dividends paid (note 16)	–	(17,126)	–	–	–	–	–	(17,126)
At 30 June 2018	11,610	453,671	60,483	(14,672)	38,810	(11,381)	1,205,670	1,744,191

Consolidated Statement of Cash Flows

For the year ended 30 June 2018

	2018 RMB'000	2017 RMB'000
OPERATING ACTIVITIES		
Profit before tax	10,710	67,045
Adjustments for:		
Gain from changes in fair value of biological assets less costs to sell	(59,004)	(67,908)
Net realised and unrealised loss (gain) on derivative financial instruments	10,168	(12,652)
Depreciation of property, plant and equipment	46,023	40,424
Amortisation of land use rights	555	555
Government grants	(2,360)	(3,530)
Amortisation of intangible assets	5,029	4,501
Write-off of inventories	4,111	2,712
Gain on disposal of property, plant and equipment	(32)	–
Write-off of property, plant and equipment	–	2
Finance costs	50,759	42,268
Equity-settled share-based payment expenses	3,480	8,924
Bank interest income	(1,325)	(1,705)
Interest income from pledged bank deposits	(1,571)	(206)
Interest income from held-to-maturity investment	(997)	(1,052)
Operating cash flows before movements in working capital	65,546	79,378
(Increase) decrease in inventories	(4,912)	2,313
(Increase) decrease in biological assets	(10,805)	66,310
Decrease (increase) in lease prepayments for orange plantations	958	(181,603)
(Increase) decrease in trade receivables	(45,182)	761
Increase in other receivables, deposits and prepayments	(9,564)	(26,834)
(Decrease) increase in trade payables	(10,399)	7,856
Increase in other payables and accruals	2,917	2,710
Cash used in operations	(11,441)	(49,109)
Income tax paid	(291)	(663)
NET CASH USED IN OPERATING ACTIVITIES	(11,732)	(49,772)
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(59,347)	(1,882)
Placement of pledged bank deposits	(2,434)	(201,238)
Purchase of intangible asset	(2,000)	–
Advance to a director	(346)	–
Deposits paid for acquisition of property, plant and equipment	–	(9,840)
Settlement for derivative financial instruments	127	–
Proceeds from disposal of property, plant and equipment	525	28,014
Interest income received from held-to-maturity investment	997	1,052
Bank interest income received	1,325	1,622
Interest income received from pledged bank deposits	1,549	1,669
Withdrawal of pledged bank deposits	6,641	127,758
NET CASH USED IN INVESTING ACTIVITIES	(52,963)	(52,845)

Consolidated Statement of Cash Flows

For the year ended 30 June 2018

	2018 RMB'000	2017 RMB'000
FINANCING ACTIVITIES		
New bank loans raised	**105,920**	691,144
New corporate bonds issued	**19,730**	15,544
Government grants received	**–**	1,170
Advance from a director	**–**	148
Purchase of shares under the share award scheme	**–**	(856)
Repayments to a director	**(219)**	(90)
Dividends paid	**(17,126)**	(17,616)
Interest paid	**(45,260)**	(43,129)
Repayments of bank loans	**(130,213)**	(338,619)
NET CASH (USED IN) FROM FINANCING ACTIVITIES	**(67,168)**	307,696
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	**(131,863)**	205,079
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	**655,699**	450,443
Effect of foreign exchange rate changes	**(2,349)**	177
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR, represented by bank balances and cash	**521,487**	655,699

Notes to the Consolidated Financial Statements

For the year ended 30 June 2018

1. GENERAL

Summi (Group) Holdings Limited (formerly known as "Tianyi (Summi) Holdings Limited") (the "Company") is incorporated in the Cayman Islands as an exempted company with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). Its parent and ultimate holding company is Key Wise Group Limited, a company incorporated in the British Virgin Islands (the "BVI"). The addresses of the registered office and principal place of business of the Company are disclosed in the "Corporate Information" section to the annual report.

Pursuant to a special resolution passed at the annual general meeting held on 24 October 2017, the English name of the Company was changed from "Tianyi (Summi) Holdings Limited" to "Summi (Group) Holdings Limited" and the Chinese name of the Company was changed from "天溢（森美）控股有限公司" to "森美（集團）控股有限公司". The "Certificate of Incorporation on Change of Name" was issued by the Registrar of Company in the Cayman Islands on 30 November 2017.

The Company and its subsidiaries (hereinafter collectively referred to as the "Group") are principally engaged in plantation and sale of agricultural produce, production and sale of frozen concentrated orange juice ("FCOJ") and other related products and production and sale of Summi 100% freshly squeezed orange juice ("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 of the Company (the "Directors") consider that it is appropriate to present the consolidated financial statements in RMB.

2. BASIS OF PREPARATION

As disclosed in note 34(c), 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$5,000,000 (equivalent to approximately RMB33,176,000) and obtained consents of the Participating Banks to extend the repayment of the remaining US$15,000,000 (equivalent to RMB99,530,000) to 31 October 2018 and would not call for immediate repayment of the remaining sum of the loan.

The Directors are of the opinion that, taking into account the consents of the Participating Banks and cash flow forecast of the Group for a period covering not less than twelve months from 30 June 2018 prepared by the Directors, the Group will have sufficient working capital to finance its operations and to meet its financial obligations as and when they fall due within twelve months from 30 June 2018. Accordingly, the Directors are satisfied that it is appropriate to prepare the consolidated financial statements on a going concern basis. The consolidated financial statements do not include any adjustments relating to the carrying amount and reclassification of assets and liabilities that might be necessary should the Group be unable to continue as a going concern.

3. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRS(s)")

In the current year, 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").

Amendments to IFRSs	Annual Improvements to IFRSs 2014 – 2016 Cycle: Amendments to IFRS 12
Amendments to IAS 7	Disclosure Initiative
Amendments to IAS 12	Recognition of Deferred Tax Assets for Unrealised Losses

3. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRS(s)") *(Continued)*

Except as described below, the application of the other new and revised IFRSs in the current year 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.

Amendments to IAS 7 Disclosure Initiative

The amendments require entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. The amendments do not prescribe a specific method to fulfil the new disclosure requirements. However, the amendments indicate that one way is to provide a reconciliation between the opening and closing balances for liabilities arising from financing activities.

The application of amendments to IAS 7 has resulted in additional disclosures on the Group's financing activities, especially a reconciliation between the opening and closing balances in the consolidated statement of financial position for liabilities arising from financing activities is provided in note 48. On initial application of the amendments, the Group is not required to provide comparative information for preceding periods. Apart from the additional disclosure in note 48, the Directors considered that these amendments have had no impact on the Group's consolidated financial statements.

New and revised IFRSs issued but not yet effective

The Group has not early applied 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 with Customers[1]
IFRS 16	Leases[2]
IFRS 17	Insurance Contracts[3]
Amendments to IFRSs	Annual Improvements to IFRSs 2014 – 2016 Cycle[1]
Amendments to IFRSs	Annual Improvements to IFRSs 2015 – 2017 Cycle[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[4]
Amendments to IAS 19	Employee Benefits[2]
Amendments to IAS 28	Long-term Interests in Associates and Joint Ventures[2]
Amendments to IAS 40	Transfers of Investment Property[1]
IFRIC Int 22	Foreign Currency Transactions and Advance Consideration[1]
IFRIC Int 23	Uncertainty over Income Tax Treatments[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 1 January 2021.
4 Effective date not yet been determined.

The Directors anticipate that, except as described below, the application of the other new and revised IFRSs will have no material impact on the results and the financial position of the Group.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2018

3. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRS(s)") *(Continued)*

New and revised IFRSs issued but not yet effective *(Continued)*

IFRS 9 (2014) Financial Instruments

IFRS 9 issued in 2009 introduces new requirements for the classification and measurement of financial assets. IFRS 9 was amended in 2010 and includes the requirements for the classification and measurement of financial liabilities and for derecognition. In 2013, IFRS 9 was further amended to bring into effect a substantial overhaul of hedge accounting that will allow entities to better reflect their risk management activities in the financial statements. A finalised version of IFRS 9 was issued in 2014 to incorporate all the requirements of IFRS 9 that were issued in previous years with limited amendments to the classification and measurement by introducing a "fair value through other comprehensive income" ("FVTOCI") measurement category for certain financial assets. The finalised version of IFRS 9 also introduces an "expected credit loss" model for impairment assessments.

Key requirements of IFRS 9 (2014) are described as follows:

- All recognised financial assets that are within the scope of IFRS 9 (2014) to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured at FVTOCI. All other debt investments and equity investments are measured at their fair values at the end of subsequent reporting periods. In addition, under IFRS 9 (2014), entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, IFRS 9 (2014) requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value of financial liabilities attributable to changes in the financial liabilities' credit risk are not subsequently reclassified to profit or loss. Under IAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss was presented in profit or loss.

- In the aspect of impairment assessments, the impairment requirements relating to the accounting for an entity's expected credit losses on its financial assets and commitments to extend credit were added. Those requirements eliminate the threshold that was in IAS 39 for the recognition of credit losses. Under the impairment approach in IFRS 9 (2014) it is no longer necessary for a credit event to have occurred before credit losses are recognised. Instead, expected credit losses and changes in those expected credit losses should always be accounted for. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition and, consequently, more timely information is provided about expected credit losses.

- IFRS 9 (2014) introduces a new model which is more closely aligns hedge accounting with risk management activities undertaken by companies when hedging their financial and non-financial risk exposures. As a principle-based approach, IFRS 9 (2014) looks at whether a risk component can be identified and measured and does not distinguish between financial items and non-financial items. The new model also enables an entity to use information produced internally for risk management purposes as a basis for hedge accounting. Under IAS 39, it is necessary to exhibit eligibility and compliance with the requirements in IAS 39 using metrics that are designed solely for accounting purposes. The new model also includes eligibility criteria but these are based on an economic assessment of the strength of the hedging relationship. This can be determined using risk management data. This should reduce the costs of implementation compared with those for IAS 39 hedge accounting because it reduces the amount of analysis that is required to be undertaken only for accounting purposes.

3. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRS(s)") *(Continued)*

New and revised IFRSs issued but not yet effective *(Continued)*

IFRS 9 (2014) Financial Instruments *(Continued)*

IFRS 9 (2014) will become effective for annual periods beginning on or after 1 January 2018 with early application permitted.

The Directors have performed a preliminary analysis of the Group's financial instruments as at 30 June 2018 based on the fact and circumstances existing at that date. The Directors have assessed the impact of adoption of IFRS 9 (2014) on the Group's results and financial position, including the classification categories and the measurement of financial assets, and disclosures, as follows:

(a) Classification and measurement

The Directors expect to continue recognising initially at fair value for all financial assets which are subsequently measured at amortised costs. The Directors anticipate that the adoption of IFRS 9 (2014) will not have a material impact on the classification and measurement of the financial assets.

(b) Impairment

The Directors expect to apply the simplified approach and record lifetime expected credit losses that are estimated based on the present value of all cash shortfalls over the remaining life of all of its trade receivables, other receivables and deposits. The application of the expected credit loss model may result in earlier recognition of credit losses for trade receivables, other receivables and deposits and increase the amount of impairment allowance recognised for these items.

The Directors will perform a more detailed analysis which considers all reasonable and supportable information for the estimation of the effect of adoption of IFRS 9 (2014). Based on the preliminary assessment, the Directors expect that the adoption of IFRS 9 (2014) will not have other material impact on amounts reported in the Group's consolidated financial statements.

IFRS 15 Revenue from Contracts with Customers

The core principle of IFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Thus, IFRS 15 introduces a model that applies to contracts with customers, featuring a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognised. The five steps are as follows:

(i) Identify the contract with the customer;

(ii) Identify the performance obligations in the contract;

(iii) Determine the transaction price;

(iv) Allocate the transaction price to the performance obligations; and

(v) Recognise revenue when (or as) the entity satisfies a performance obligation.

IFRS 15 also introduces extensive qualitative and quantitative disclosure requirements which aim to enable users of the financial statements to understand the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers.

IFRS 15 will supersede the current revenue recognition guidance including IAS 18 Revenue, IAS 11 Construction Contracts and the related interpretations when it becomes effective.

IFRS 15 will become effective for annual periods beginning on or after 1 January 2018 with early application permitted.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2018

3. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRS(s)") *(Continued)*

New and revised IFRSs issued but not yet effective *(Continued)*

IFRS 15 Revenue from Contracts with Customers *(Continued)*

The major sources of revenue of the Group are sales of goods. Under IFRS 15, revenue is recognised for each of the performance obligations when control over a good is transferred to a customer. The Directors have preliminarily assessed each type of the performance obligations and consider that the performance obligations are similar to the current identification of separate revenue components under IAS 18 Revenue. Furthermore, IFRS 15 requires the transaction price to be allocated to each performance obligation on a relative stand-alone selling price basis, which may affect the timing and amounts of revenue recognition, and results in more disclosures in the consolidated financial statements. However, the Directors expect that the adoption of IFRS 15 will not have a material impact on the timing and amounts of revenue recognised based on the existing business model of the Group as at 30 June 2018.

IFRS 16 Leases

IFRS 16 provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements of both lessors and lessees.

In respect of the lessee accounting, the standard introduces a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases with the lease term of more than 12 months, unless the underlying asset has a low value.

At the commencement date of the lease, the lessee is required to recognise a right-of-use asset at cost, which consists of the amount of the initial measurement of the lease liability, plus any lease payments made to the lessor at or before the commencement date less any lease incentives received, the initial estimate of restoration costs and any initial direct costs incurred by the lessee. A lease liability is initially recognised at the present value of the lease payments that are not paid at that date.

Subsequently, the right-of-use asset is measured at cost less any accumulated depreciation and any accumulated impairment losses, and adjusted for any remeasurement of the lease liability. Lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payment made, and remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments. Depreciation and impairment expenses, if any, on the right-of-use asset will be charged to profit or loss following the requirements of IAS 16 Property, Plant and Equipment, while interest accrual on lease liability will be charged to profit or loss.

In respect of the lessor accounting, IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17 Leases. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

IFRS 16 will supersede the current lease standards including IAS 17 Leases and the related interpretations when it becomes effective.

IFRS 16 will become effective for annual periods beginning on or after 1 January 2019 with early application permitted provided that the entity has applied IFRS 15 Revenue from Contracts with Customers at or before the date of initial application of IFRS 16.

As at 30 June 2018, the Group has non-cancellable operating lease commitments of approximately RMB1,265,000 in relation to its rented office properties. A preliminary assessment indicates that these arrangements will meet the definition of a lease under IFRS 16, and hence the Group will recognise a right-of-use asset and a corresponding liability in respect of all these lease unless they qualify for low value or short-term leases upon the application of IFRS 16. In addition, the application of new requirements may result changes in the measurement, presentation and disclosure as indicated above. The Directors are in the process to determine the amounts of right-of-use assets and lease liabilities to be recognised in the consolidated statement of financial position, after taking into account all practical expedients and recognition exemption under IFRS 16. The Directors expect that the adoption of IFRS 16 will not have material impact on the Group's result but certain portion of these lease commitments will be required to be recognised in the consolidated statement of financial position as right-of-use assets and lease liabilities.

4. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with IFRSs issued by the IASB. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis except for biological assets and derivative financial instruments that are measured at fair values, as explained in the accounting policies set out below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants in the principal (or most advantageous) market at the measurement date under current market conditions (i.e. an exit price) regardless of whether that price is directly observable or estimated using another valuation technique. Details of fair value measurement are explained in the accounting policies set out below.

The principal accounting policies are set out below.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (i.e. its subsidiaries).

Control is achieved where the Group has: (i) the power over the investee; (ii) exposure, or rights, to variable returns from its involvement with the investee; and (iii) the ability to use its power over the investee to affect the amount of the Group's returns.

The Company reassess whether it controls an investee if facts and circumstances indicate that there are changes to one or more of these elements of control stated above.

Consolidation of a subsidiary begins when the Group obtains control of the subsidiary and cease when the Group loses control of the subsidiary.

Income and expenses of subsidiaries are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income of subsidiaries are attributed to the owners of the Company. Total comprehensive income of subsidiaries is attributed to the owners of the Company.

All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the Group are eliminated in full on consolidation.

Goodwill

Goodwill arising from a business combination is carried at cost less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2018

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Goodwill *(Continued)*

A cash-generating unit to which goodwill has been allocated is tested for impairment annually or more frequently when there is indication that the unit may be impaired. For goodwill arising on an acquisition in a reporting period, the cash-generating unit to which goodwill has been allocated is tested for impairment before the end of that reporting period. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit on a pro rata basis based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable for goods sold in the normal course of business, net of sales rebates and sales related taxes.

Revenue from the sale of goods is recognised when the goods are delivered and titles have passed, at which time all the following conditions are satisfied:

- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Group; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Property, plant and equipment

Property, plant and equipment including buildings held for use in the production or supply of goods or for administrative purposes, other than construction in progress, are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Depreciation is recognised so as to allocate the cost of items of property, plant and equipment, other than construction in progress, less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Construction in progress includes property, plant and equipment in the course of construction for production or administrative purposes. Construction in progress is carried at cost less any recognised impairment loss. Costs include professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Construction in progress is classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Property, plant and equipment *(Continued)*

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Leasing

Leases are classified as finance leases whenever the terms of the leases transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Leasehold land and building

When a lease includes both land and building elements, the Group assesses the classification of each element as a finance or an operating lease separately based on the assessment as to whether substantially all the risks and rewards incidental to ownership of each element have been transferred to the Group, unless it is clear that both elements are operating leases in which case the entire lease is classified as an operating lease.

Specifically, the minimum lease payments (including any lump-sum upfront payments) are allocated between the land and the building elements in proportion to the relative fair values of the leasehold interests in the land element and building element of the lease at the inception of the lease.

To the extent the allocation of the lease payments can be made reliably, interest in leasehold land that is accounted for as an operating lease is presented as land use rights in the consolidated statement of financial position and is amortised over the lease term on a straight-line basis. When the lease payments cannot be allocated reliably between the land and building elements, the entire lease is generally classified as a finance lease and accounted for as property, plant and equipment.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in the respective functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchanges prevailing at the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. RMB) using exchange rates prevailing at the end of each reporting period. Income and expenses items are translated at the average exchange rates for the year. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of exchange reserve.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2018

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the year in which they are incurred.

Biological assets

Biological assets comprise oranges before harvested in leased orange farms and are classified as current assets due to short harvesting period.

Biological assets are stated at fair value less costs to sell from initial measurement up to the point of harvest, except where fair value cannot be measured reliably due to unavailability of market-determined prices and no reliable alternative estimates exist to determine fair value in which case the assets are held at cost less impairment losses (if any). Once the fair value becomes reliably measurable, the biological assets are measured at fair value less costs to sell. Where assets are held at fair value, changes in fair value are taken to the consolidated statement of profit or loss and other comprehensive income. Costs to sell include all costs that would be necessary to sell the assets, excluding costs necessary to get the assets to market.

After harvesting, oranges are transferred to inventories as agricultural produce at their deemed cost which is fair value at the point of harvest less costs to sell. Fair value at the point of harvest is based on the selling prices for similar oranges prevailing in the market as at or close to the harvest dates.

Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised as deferred income in the consolidated statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

Retirement benefit costs

Payments to defined contribution schemes including state-managed retirement benefit schemes and the Mandatory Provident Fund Scheme (the "MPF Scheme") are recognised as an expense when employees have rendered service entitling them to the contributions.

Short-term employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on the taxable profit for the year. Taxable profit differs from "profit before tax" as reported in the consolidated statement of profit or loss and other comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary difference to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax are recognised in profit or loss.

Intangible assets

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at costs less accumulated amortisation and any accumulated impairment losses (see the accounting policy in respect of impairment losses on tangible and intangible assets below). Amortisation for intangible assets with finite useful lives is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination are recognised separately from goodwill and are initially recognised at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination with finite useful lives are carried at costs less accumulated amortisation and any accumulated impairment losses (see the accounting policy in respect of impairment losses on tangible and intangible assets below). Amortisation for intangible assets with finite useful lives is recognised on a straight-line basis over their estimated useful lives. The estimated useful lives and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2018

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined using the weighted average method. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

Financial instruments

Financial assets and financial liabilities are recognised in the consolidated statement of financial position when a group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

Financial assets

The Group's financial assets comprise held-to-maturity investment and loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest income is recognised on an effective interest basis for debt instruments.

Held-to-maturity investment

Held-to-maturity investment is non-derivative financial asset with fixed or determinable payment and fixed maturity date that the Group's management has the positive intention and ability to hold to maturity.

The Group designated the investment in debt security as held-to-maturity investment because the debt security has fixed payment and maturity date and the Group has the positive intention and ability to hold to maturity. Subsequent to initial recognition, held-to-maturity investment is measured at amortised cost using the effective interest method, less any identified impairment loss (see accounting policy on impairment of financial assets below).

Interest income is recognised by applying the effective interest rate, except for short-term receivables when the effect of discounting is immaterial.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including trade receivables, other receivables and deposits, pledged bank deposits and cash and cash equivalents) are measured at amortised cost using the effective interest method, less any identified impairment losses (see accounting policy on impairment of financial assets below).

Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been affected.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial assets *(Continued)*

Impairment of financial assets (Continued)

Objective evidence of impairment could include:

– significant financial difficulty of the issuer or counterparty; or

– breach of contract, such as default or delinquency in interest or principal payments; or

– it becoming probable that the borrower will enter into bankruptcy or financial re-organisation; or

– disappearance of an active market for that financial asset because of financial difficulties.

For certain categories of financial asset, such as trade and other receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period, observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, other receivables and deposits, where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss. When trade receivables, other receivables and deposits are considered uncollectible, they are written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Financial liabilities and equity instruments

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

The Group's financial liabilities are classified into other financial liabilities.

Other financial liabilities

Other financial liabilities including trade payables, other payables and accruals, bank loans and corporate bonds are subsequently measured at amortised cost, using the effective interest method.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2018

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial liabilities and equity instruments *(Continued)*

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest expense is recognised on an effective interest basis.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

Derivative financial instruments

Derivatives are initially recognised at fair value at the date when a derivative contract is entered into and are subsequently remeasured to their fair value at the end of the reporting period. The resulting gain or loss is recognised in profit or loss immediately.

Derecognition

A financial asset is derecognised only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

A financial liability is derecognised when, and only when, the Group's obligations are discharged, cancelled or expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Equity-settled share-based payments

The fair value of services received determined by reference to the fair value of share options granted at the date of grant is (i) expensed on a straight-line basis over the vesting period or (ii) recognised as an expense in full at the grant date when the share options granted vest immediately, with a corresponding increase in equity (capital reserve).

At the end of the reporting period, the Group revises its estimates of the number of options that are expected to ultimately vest. The impact of the revision of the original estimates during the vesting period, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to capital reserve.

When share options are exercised, the amount previously recognised in capital reserve will be transferred to share premium. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in capital reserve will be transferred to retained profits.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Shares held under the share award scheme

Own equity instruments which are reacquired (shares held under the share award scheme) are recognised at cost and deducted from equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments. Any difference between the carrying amount and the consideration is recognised in equity. The number of shares held by the trustee under the share award scheme would be eliminated against the corresponding amount of share capital issued in the calculation of the earnings per share for profit attributable to owners of the Company.

Cash and cash equivalents

Cash and cash equivalents in the consolidated statement of financial position comprise cash on hand and at banks with a maturity of three months or less.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash on hand and at banks as defined above.

Impairment losses on tangible and intangible assets (other than impairment of goodwill set out in accounting policy in respect of goodwill above)

At the end of the reporting period, the Group reviews the carrying amounts of its tangible and intangible assets with finite useful lives to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or a cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Fair value measurement

When measuring fair value except for the Group's share-based payment transactions, leasing transactions, net realisable value of inventories and value in use of goodwill for the purpose of impairment assessment, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Fair value measurement *(Continued)*

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. Specifically, the Group categorised the fair value measurements into three levels, based on the characteristics of inputs, as follow:

Level 1	Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
Level 2	Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
Level 3	Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

At the end of the reporting period, the Group determines whether transfer occur between levels of the fair value hierarchy for assets and liabilities which are measured at fair value on recurring basis by reviewing their respective fair value measurement.

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 4, the Directors are required to make judgements, estimates and assumptions about the amounts of assets, liabilities, revenue and expenses reported and disclosures made in the consolidated financial statements. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying accounting policies

The following are the critical judgements, apart from those involving estimations (see below), that the Directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised and disclosures made in the consolidated financial statements.

Going concern and liquidity

As explained in note 2, the consolidated financial statements have been prepared on a going concern basis and have not included any adjustments that would be required should the Group fail to continue as a going concern since the Directors are satisfied that the liquidity of the Group can be maintained in the coming year after taking into the considerations as detailed in note 2. The Directors also believe that the Group will have sufficient cash resources to satisfy its future working capital and other financing requirements for the next twelve months from 30 June 2018.

Legal title of buildings

Despite the Group had paid the full purchase consideration for the buildings, formal titles of certain of the Group's rights to the use of the buildings were not yet granted from the relevant government authorities as stated in note 18. In the opinion of the Directors, the absence of formal title to these buildings does not impair the value of the relevant properties to the Group.

Held-to-maturity investment

The Directors have reviewed the Group's held-to-maturity investment in the light of its capital maintenance and liquidity requirements and have confirmed the Group's positive intention and ability to hold the asset to maturity. The carrying amount of the held-to-maturity investment is approximately RMB16,918,000 (2017: RMB17,372,000). Details of these assets are set out in note 23.

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY *(Continued)*

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value-in-use of the cash-generating units to which goodwill has been allocated. The value-in-use calculation requires the Group to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate the present value. Where the actual future cash flows are less than expected, a material impairment loss may arise. As at 30 June 2018, the carrying amount of goodwill was approximately RMB56,696,000 (2017: RMB56,696,000). During the years ended 30 June 2018 and 2017, no impairment loss was recognised. Details of the recoverable amount calculation are disclosed in note 21.

Amortisation and estimated impairment of intangible assets

The Directors determine the estimated useful lives and related amortisation charges for intangible assets (customer list and customer relationship). This estimate is based on the estimated churn periods of the customer base and experience in similar business. The Directors will increase the amortisation charge where useful lives are less than previously estimated lives.

Customer list and customer relationships are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

For customer relationship, as the business relationship had been ended during the year ended 30 June 2015 and the Directors considered that no revenue would be generated from the customer relationship, the customer relationship had been fully impaired during the year ended 30 June 2015.

As at 30 June 2018, the carrying amount of intangible assets was approximately RMB38,978,000 net of accumulated impairment loss of approximately RMB46,507,000 (2017: RMB42,007,000, net of accumulated impairment loss of approximately RMB46,507,000). During the years ended 30 June 2018 and 2017, no impairment loss was recognised.

Depreciation of property, plant and equipment

Property, plant and equipment are depreciated on a straight-line basis over the estimated useful lives of the assets, after taking into account the estimated residual values. The management reviews the estimated useful lives and the residual values of the assets regularly in order to determine the amount of depreciation expense to be recorded during any reporting period. The determination of the useful lives and the residual values are based on the historical experience with similar assets and taking into account anticipated technological changes. The depreciation expense for future periods is adjusted if there are significant changes from previous estimates.

Depreciation of property, plant and equipment for the year ended 30 June 2018 was approximately RMB46,023,000 (2017: RMB40,424,000) was recognised in the consolidated statement of profit or loss and other comprehensive income.

Net realisable value of inventories

The management of the Group reviews the inventories listing on a product-by-product basis at the end of the reporting period. The management estimates the net realisable value for such items based primarily on the latest invoice prices and current market conditions and the historical experience of manufacturing and selling products of similar nature. As at 30 June 2018, the carrying amount of inventories was approximately RMB57,131,000 (2017: RMB56,330,000). During the year ended 30 June 2018, write-off of inventories of approximately RMB4,111,000 (2017: RMB2,712,000) was recognised.

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5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY *(Continued)*

Key sources of estimation uncertainty *(Continued)*

Impairment of trade receivables

When there is objective evidence of impairment loss, the Group takes into consideration the estimation of future cash flows. The amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). Where the actual future cash flows are less than expected, a material impairment loss may arise. As at 30 June 2018, the carrying amount of trade receivables was approximately RMB168,505,000 (2017: RMB123,341,000). During the years ended 30 June 2018 and 2017, no impairment loss was recognised.

Classification of lease prepayment for orange plantations

Prepayment for orange plantations are amortised on a straight-line basis over the estimated useful life of respective orange plantations when they become productive. The management estimates the year of amortisation, which will be capitalised in biological assets, by taking into account of the current status of each orange plantation. As at 30 June 2018, the carrying amount of lease prepayment for orange plantations was approximately RMB1,087,416,000 (2017: RMB1,088,374,000).

Fair value of biological assets and agricultural produce

The Group's biological assets, representing oranges before harvest, are measured at cost from initial recognition unless fair value can be reliably measured.

All oranges are harvested shortly before the calendar year end. At the end of each reporting period, only little biological transformation for the following year's harvest has taken place and therefore biological assets are stated at cost as the Directors consider that their fair value cannot be measured reliably and no reliable alternative estimates exist to determine the fair value.

In addition, for the reasons set out in note 27, the Directors consider that there is no active market for the biological assets at the end of June each year and their fair value cannot be measured reliably and no reliable alternative estimates exist to determine fair value. Therefore, the biological assets at the end of June continue to be stated at cost less impairment losses (if any).

Once the fair value of the Group's biological assets becomes reliably measurable, they are then measured at their fair value less costs to sell.

The Group's agricultural produce, representing mature oranges ready for harvest, are measured at fair value less costs to sell at the point of harvest and transferred to inventories. The Directors are of the view that there is no quoted price in the market and the fair value is therefore determined based on the most recent market price as at or close to the harvest dates in the local area.

As at 30 June 2018, the carrying amount of biological assets was approximately RMB169,119,000 (2017: RMB99,310,000).

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY *(Continued)*

Key sources of estimation uncertainty *(Continued)*

Income tax

The Group operates in the agricultural industry in the PRC, in which income tax exemptions are granted to certain subsidiaries of the Group. There are certain agricultural transactions and calculations for which the ultimate tax determination may be uncertain. The Group recognises income tax expense and related liabilities for anticipated tax issues based on estimates that tax exemption will be granted to the Group on an ongoing basis. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

Fair value of derivatives financial instruments

As described in note 7(c), the Directors use their judgment in selecting an appropriate valuation technique for financial instruments not quoted in an active market. Valuation techniques commonly used by market practitioners are applied. For derivative financial instruments, assumptions are made based on quoted market rates adjusted for specific features of the instrument. As at 30 June 2018, the carrying amount of the derivative financial assets and derivative financial liabilities is approximately RMB2,986,000 (2017: RMB12,652,000) and RMB960,000 (2017: nil) respectively. Details of the assumptions used are disclosed in note 7(c). The Directors believe that the chosen valuation techniques and assumptions are appropriate in determining the fair value of derivative financial instruments.

6. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The overall strategy of the Group remains unchanged from prior year.

The capital structure of the Group consists of net debts, which includes bank loans and corporate bonds, net of cash and cash equivalents and equity attributable to owners of the Company, comprising issued share capital and reserves.

The Directors review the capital structure on a semi-annual basis. As part of this review, the Directors consider the cost of capital and the risks associated with each class of capital. Based on recommendations of the Directors, the Group will balance its overall capital structure through the payment of dividends, the issue of new shares as well as the issue of new debts or the redemption of existing debts.

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements, except for the debt covenant requirement of the loan agreements entered into.

7. FINANCIAL RISK MANAGEMENT

a. Categories of financial instruments

	2018 RMB'000	2017 RMB'000
Financial assets		
Derivative financial instruments	**2,986**	12,652
Held-to-maturity investment	**16,918**	17,372
Loans and receivables (including cash and cash equivalents)	**925,234**	987,383
Financial liabilities		
Derivative financial instruments	**960**	–
Other financial liabilities at amortised cost	**953,069**	976,613

7. FINANCIAL RISK MANAGEMENT *(Continued)*

b. Financial risk management objectives and policies

The Group's major financial instruments include derivative financial instruments, held-to-maturity investment, trade receivables, other receivables and deposits, pledged bank deposits, cash and cash equivalents, trade payables, other payables and accruals, bank loans and corporate bonds. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

(i) Currency risk

The functional currencies of certain subsidiaries are HK$ or RMB.

The companies of the Group mainly operated in their local jurisdiction with most of the transactions settled in their functional currencies of the operations and did not have significant exposure to risk resulting from changes in foreign currency exchange rates. However, certain bank loans, derivative financial instrument, bank balances and pledged bank deposits of the Group are denominated in currencies other than the functional currency of the respective subsidiaries which expose the Group to currency risk. The Group currently does not have a foreign currency hedging policy. However, the management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

	Assets		Liabilities	
	2018	2017	**2018**	2017
	RMB'000	RMB'000	**RMB'000**	RMB'000
US$	**199,625**	229,987	**451,103**	674,931
RMB	**411**	245	**–**	–
	200,036	230,232	**451,103**	674,931

As HK$ is pegged to US$ and the currency risk in response to changes in transactions denominated in US$ and RMB are insignificant, sensitivity analysis on currency risk is not presented.

(ii) Interest rate risk

The Group is exposed to fair value interest rate risk in relation to fixed-rate held-to-maturity investment (note 23), derivative financial instruments (note 24), pledged bank deposits (note 30), bank loans (note 34) and corporate bonds (note 35).

The Group is also exposed to cash flow interest rate risk in relation to variable-rate bank balances (note 31) and bank loans (note 34). It is the Group's policy to keep certain of its bank loans at floating rate of interests so as to minimise the fair value interest rate risk.

The Group's exposures to interest rates on financial liabilities are detailed in the liquidity risk management section of this note. The Group currently does not have an interest rate hedging policy. However, the management monitors interest rate exposure and will consider other necessary actions when significant interest rate exposure is anticipated.

The Group's cash flow interest rate risk is mainly concentrated on the fluctuation of London Inter-bank Offered Rate ("LIBOR") arising from the Group's US$ denominated bank loans.

7. FINANCIAL RISK MANAGEMENT *(Continued)*

b. Financial risk management objectives and policies *(Continued)*

Market risk *(Continued)*

(ii) Interest rate risk (Continued)

Sensitivity analysis

It is estimated that a general increase/decrease of 100 basis points (2017: 100 basis points) in interest rates, with all other variables held constant, would decrease/increase (2017: increase/decrease) the Group's profit after tax and retained profits by approximately RMB1,452,000 (2017: RMB355,000) for the year. This is mainly attributable to the Group's exposure to interest rates on its variable-rate bank loans and bank balances.

The sensitivity analysis above has been determined based on the exposure to interest rates for non-derivative instruments at the end of the reporting period. The analysis is prepared assuming the financial instruments outstanding at the end of the reporting period were outstanding for the whole year. The 100 basis points (2017: 100 basis points) increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates. The analysis is performed on the same basis for the year ended 30 June 2017.

Credit risk

As at 30 June 2018 and 2017, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties is arising from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position.

The Group's credit risk is primarily attributable to trade and other receivables. Management has a credit policy in place and the exposures to the credit risk are monitored on an ongoing basis.

In respect of trade and other receivables, individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customers as well as pertaining to the economic environment in which the customers operate. Trade receivables are due within the credit period from the date of billing. Normally, the Group does not obtain collateral from customers.

The Group's concentration of credit risk by geographical locations is mainly in the PRC, which accounted for 100% (2017: 99%) of the total trade receivable as at 30 June 2018.

The Group has concentration of credit risk as 25% (2017: nil) and 73% (2017: 66%) of the total trade receivables was due from the Group's largest customer and the five largest customers respectively within the production and sale of FCOJ and other related products segment.

The credit risk on the Group's liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies.

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For the year ended 30 June 2018

7. FINANCIAL RISK MANAGEMENT *(Continued)*

b. Financial risk management objectives and policies *(Continued)*

Liquidity risk

The Group is exposed to liquidity risk as the Group is failed to repay the first installment of certain bank loans as disclosed in note 34(c). In the management of the liquidity risk, the Group regularly monitors its liquidity requirements and its compliance with lending covenants and ensure that it maintains sufficient reserves of cash to meet is liquidity requirements in the short and long term as disclosed in note 2.

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. Specifically, bank loan with a repayment on demand clause is included in the earliest time band regardless of the probability of the bank choosing to exercise its right. The maturity dates for other non-derivative financial liabilities are based on the agreed repayment dates.

The table includes both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curves at the end of the reporting period.

In addition, the following table details the Group's liquidity analysis for its derivative financial instruments. The tables have been drawn up based on the undiscounted contractual net cash outflows on those derivative instruments that settle on a net basis. The liquidity analysis for the Group's derivative financial instruments are prepared based on the contractual maturities as the management consider that the contractual maturities are essential for an understanding of the timing of the cash flows of derivatives.

	Less than 1 year or on demand RMB'000	Between 1 and 2 years RMB'000	Between 2 and 5 years RMB'000	Over 5 years RMB'000	Total undiscounted cash flows RMB'000	Carrying Amount RMB'000
At 30 June 2018						
Non-derivative financial liabilities						
Trade payables	5,727	–	–	–	5,727	5,727
Other payables and accruals	18,367	–	–	–	18,367	18,367
Bank loans	643,356	282,124	–	–	925,480	892,932
Corporate bonds	2,449	2,449	12,914	38,830	56,642	36,043
	669,899	284,573	12,914	38,830	1,006,216	953,069
Derivative – net settlement						
Foreign exchange forward contracts	962	–	–	–	962	960

7. FINANCIAL RISK MANAGEMENT *(Continued)*

b. Financial risk management objectives and policies *(Continued)*

Liquidity risk *(Continued)*

	Less than 1 year or on demand RMB'000	Between 1 and 2 years RMB'000	Between 2 and 5 years RMB'000	Over 5 years RMB'000	Total undiscounted cash flows RMB'000	Carrying Amount RMB'000
At 30 June 2017						
Trade payables	16,130	–	–	–	16,130	16,130
Other payables and accruals	13,069	–	–	–	13,069	13,069
Bank loans	389,995	324,053	272,307	–	986,355	931,870
Corporate bonds	1,186	1,186	6,052	17,417	25,841	15,544
	420,380	325,239	278,359	17,417	1,041,395	976,613

Bank loan with a repayment on demand clause are included in the "less than 1 year or on demand" time band in the above maturity analysis. As at 30 June 2017, the aggregate undiscounted principal amounts of these bank loans amounted to RMB49,000,000 (2018: nil). Taking into account the Group's financial position, the Directors did not believe that it was probable that the banks would exercise their discretionary rights to demand immediate repayment. The Directors believed that such bank loan would be repaid in accordance with the scheduled repayment dates set out in the loan agreements. At that time, the aggregate principal and interest cash outflows would amount to RMB53,386,000 (2018: nil).

The amounts included above for variable interest rate instruments for non-derivative financial liabilities are subject to change if changes in variable interest rates differ to those estimates of interest rates determined at the end of the reporting period.

Business risk

The Group's revenue depends significantly on the ability to harvest oranges at adequate levels. The ability to harvest oranges in the Group's leased orange farms and the growth of the oranges may be affected by unfavourable local weather conditions and natural disasters. Weather conditions such as floods, droughts, cyclones and windstorms and natural disasters such as earthquakes, fire, disease, insect infestation and pests are examples of such events. The occurrence of severe weather conditions or natural disasters may diminish the supply of oranges available for harvesting in the Group's leased orange farms, which in turn may have a material adverse effect on the Group's ability to produce the products in sufficient quantities and quality. The Group has procedures in place aimed at monitoring and mitigating exposures to diseases, including regular farms inspections and pesticide prevention.

The Group has certain concentration risk of sales to its current major customers. The Group's revenue from the largest and the five largest customers amounted to approximately RMB119,144,000 (2017: RMB123,762,000) and RMB454,566,000 (2017: RMB436,229,000), which accounted for approximately 18% (2017: 20%) and 69% (2017: 72%) of the Group's total revenue for the year ended 30 June 2018 and 2017 respectively. The Group has no long-term contractual arrangement with these customers and there is no assurance that these major customers will continue their business dealings with the Group or that the revenue generated from dealing with these customers will increase or be maintained in the future. In the event that these customers ceased to purchase products from the Group and the Group could not secure orders from other customers, the Group's turnover and profitability would be adversely affected.

The Group is exposed to financial risks arising from changes in prices of oranges, concentrated orange juice, Summi fresh orange juice and the change in cost and supply of fertiliser and pesticides, all of which are determined by constantly changing market forces of supply and demand, and other factors. The other factors include environmental regulations, weather conditions and diseases. The Group has little or no control over these conditions and factors. The Directors manage the risk by operating in several major plantation areas so as to reduce the concentration of sources of oranges.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2018

7. FINANCIAL RISK MANAGEMENT *(Continued)*

c. Fair value measurements recognised in the consolidated statement of financial position

The following table provides an analysis of financial instrument that is measured at fair value at the end of each reporting period for recurring measurement, grouped into Level 2 based on the degree to which the fair value is observable in accordance with the Group's accounting policy.

	Level 2	
	2018	2017
	RMB'000	RMB'000
Derivative financial assets		
Cross-currency interest rate swap	**2,986**	12,652
Derivative financial liabilities		
Foreign currency forward contracts	**960**	–

Fair value of financial assets and financial liabilities that are measured at fair value on a recurring basis

The valuation techniques and inputs used in the fair value measurements of each financial instruments on a recurring basis are set out below:

Financial instrument	Fair value hierarchy	Fair value as at 30 June 2018 RMB'000	Fair value as at 30 June 2017 RMB'000	Valuation technique and key inputs
Assets				
Cross-currency interest rate swap	Level 2	**2,986**	12,652	Discounted cash flows – Based on market interest rates and foreign exchange rates for RMB and US$ (from observable interest rate (i.e. LIBOR) and exchange rates at the end of the reporting period and contract interest rates, discounted at a rate that reflects the credit risk of the counterparties)
Liabilities				
Foreign currency forward contracts	Level 2	**960**	–	Discounted cash flows – Based on forward exchange rates for RMB against US$ (from observable forward exchange rates at the end of the reporting period and contract forward rates, discounted at a rate that reflects the credit risk of the counterparties)

Fair value of financial assets and financial liabilities that are not measured at fair value on a recurring basis

The Directors consider that the carrying amounts of current financial assets and liabilities recorded at amortised cost in the consolidated statement of financial position approximate to their fair values due to their immediate or short-term maturities.

The Directors consider that the carrying amounts of non-current portion of pledged bank deposits, bank loans and corporate bonds as set out in notes 30, 34 and 35 respectively approximate to their fair values as they are carried at amortised cost by using the effective interest method.

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8. REVENUE AND SEGMENT INFORMATION

Revenue represents the revenue arising on the sales of fresh oranges, FCOJ and other related products and Summi fresh orange juice.

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.

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, results, assets and liabilities by reportable and operating segment.

	Plantation and sale of agricultural produce RMB'000	Production and sale of FCOJ and other related products RMB'000	Production and sale of Summi fresh orange juice RMB'000	Total RMB'000
Year ended 30 June 2018				
Segment revenue				
Sales to external customers	114,008	361,461	186,252	661,721
Intersegment sales	142,593	6,858	–	149,451
Segment revenue	256,601	368,319	186,252	811,172
Elimination				(149,451)
Consolidated revenue				661,721
Segment results	47,785	94,509	(52,347)	89,947
Unallocated gains				3,959
Net realised and unrealised loss on derivative financial instruments				(10,168)
Corporate and other unallocated expenses				(22,269)
Finance costs				(50,759)
Profit before tax				10,710
As at 30 June 2018				
Assets and liabilities				
Segment assets	1,256,600	376,152	351,781	1,984,533
Corporate and other unallocated assets				738,276
Total assets				2,722,809
Segment liabilities	481	23,133	10,226	33,840
Corporate and other unallocated liabilities				944,778
Total liabilities				978,618

Notes to the Consolidated Financial Statements

For the year ended 30 June 2018

8. REVENUE AND SEGMENT INFORMATION *(Continued)*

	Plantation and sale of agricultural produce RMB'000	Production and sale of FCOJ and other related products RMB'000	Production and sale of Summi fresh orange juice RMB'000	Total RMB'000
Year ended 30 June 2017				
Segment revenue				
Sales to external customers	123,762	345,460	135,064	604,286
Intersegment sales	106,779	4,926	–	111,705
Segment revenue	230,541	350,386	135,064	715,991
Elimination				(111,705)
Consolidated revenue				604,286
Segment results	59,276	105,198	(28,756)	135,718
Unallocated gains				2,981
Net realised and unrealised gain on derivative financial instruments				12,652
Corporate and other unallocated expenses				(42,038)
Finance costs				(42,268)
Profit before tax				67,045
As at 30 June 2017				
Assets and liabilities				
Segment assets	1,187,750	343,261	314,485	1,845,496
Corporate and other unallocated assets				893,919
Total assets				2,739,415
Segment liabilities	14,617	19,253	6,863	40,733
Corporate and other unallocated liabilities				963,483
Total liabilities				1,004,216

8. REVENUE AND SEGMENT INFORMATION *(Continued)*

The accounting policies of the operating segments are identical to the Group's accounting policies as described in note 4. Segment results represent the profit earned by/(loss from) each segment without allocation of central administration costs, director's remuneration, certain other revenue, net realised and unrealised (loss) gain on derivative financial instruments 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 investment, derivative financial instruments, 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 corporate bonds, bank loans, derivative financial instruments, 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.

Other segment information

Year ended 30 June 2018	Plantation and sale of agricultural produce	Production and sale of FCOJ and other related products	Production and sale of Summi fresh orange juice	Unallocated	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Amounts included in the measure of segment profit or loss or segment assets:					
Depreciation and amortisation (note 1)	–	26,768	24,697	142	51,607
Additions to non-current assets (note 2)	–	28,434	45,837	395	74,666
Write-off of inventories	4,111	–	–	–	4,111
Gain on disposal of property, plant and equipment	–	(32)	–	–	(32)
Gain from changes in fair value of biological assets less costs to sell	(59,004)	–	–	–	(59,004)
Amounts regularly provided to the chief operating decision maker but not included in the measure of segment profit or loss or segment assets:					
Bank interest income	–	–	–	(1,325)	(1,325)
Interest income from pledged bank deposits	–	–	–	(1,571)	(1,571)
Interest income from held-to-maturity investment	–	–	–	(997)	(997)
Net realised and unrealised loss on derivative financial instruments	–	–	–	10,168	10,168
Finance costs	–	–	–	50,759	50,759
Income tax credit	–	–	–	(852)	(852)

Notes to the Consolidated Financial Statements

For the year ended 30 June 2018

8. REVENUE AND SEGMENT INFORMATION *(Continued)*

Other segment information *(Continued)*

Year ended 30 June 2017	Plantation and sale of agricultural produce 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	Total RMB'000
Amounts included in the measure of segment profit or loss or segment assets:					
Depreciation and amortisation (note 1)	–	27,923	17,357	200	45,480
Additions to non-current assets (note 2)	–	9,934	853	32	10,819
Write-off of property, plant and equipment	–	2	–	–	2
Write-off of inventories	2,712	–	–	–	2,712
Gain from changes in fair value of biological assets less costs to sell	(67,908)	–	–	–	(67,908)
Amounts regularly provided to the chief operating decision maker but not included in the measure of segment profit or loss or segment assets:					
Bank interest income	–	–	–	(1,705)	(1,705)
Interest income from pledged bank deposits	–	–	–	(206)	(206)
Interest income from held-to-maturity investment	–	–	–	(1,052)	(1,052)
Net realised and unrealised gain on derivative financial instruments	–	–	–	(12,652)	(12,652)
Finance costs	–	–	–	42,268	42,268
Income tax credit	–	–	–	(438)	(438)

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

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

8. 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	**361,461**	345,460
Sales of Summi fresh orange juice	**186,252**	135,064
Sales of fresh oranges	**114,008**	123,762
	661,721	**604,286**

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]	**119,144**	106,865
Customer B[2]	**114,008**	123,762
Customer C[1]	**109,205**	92,241
Customer D[1, 3]	**N/A[4]**	61,213

1 Revenue from production and sale of FCOJ and other related products segment.

2 Revenue from plantation and sale of agricultural produce segment.

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

4 The corresponding revenue did not contribute over 10% of the total revenue of the Group.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2018

9. OTHER REVENUE

	2018 RMB'000	2017 RMB'000 (Restated)
Bank interest income	1,325	1,705
Gain on disposal of property, plant and equipment	32	–
Government grants (notes a and b)	2,360	3,530
Interest income from pledged bank deposits	1,571	206
Interest income from held-to-maturity investment	997	1,052
Others	66	18
	6,351	6,511

Notes:

a) Government grant of RMB2,360,000 (2017: RMB2,360,000) was deferred income amortised during the year, which was granted in respect of supporting the Group's investment in a FCOJ production plant (note 36).

b) During the year ended 30 June 2017, government grant of approximately RMB1,170,000 (2018: nil) was granted in respect of FCOJ production, which was immediately recognised as other revenue for the year as there was no unfulfilled condition or contingencies relating to this subsidy.

10. OTHER OPERATING EXPENSES

	2018 RMB'000	2017 RMB'000
Equity-settled share-based payment expenses	3,480	8,924
Write-off of property, plant and equipment	–	2
Loss on disposal of scrap materials	3,048	–
Others	224	29
	6,752	8,955

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11. FINANCE COSTS

	2018 RMB'000	2017 RMB'000
Interest expenses on corporate bonds	1,656	789
Interest expenses on bank loans	43,331	36,804
Imputed interest expenses	5,772	4,675
	50,759	42,268

12. 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	99,221	89,875
Contributions to defined contribution plans	10,012	9,247
Equity-settled share-based payment expenses	3,480	8,924
	112,713	108,046
Amortisation of land use rights	555	555
Amortisation of intangible assets	5,029	4,501
Depreciation of property, plant and equipment	46,023	40,424
Operating lease charges in respect of rented premises	130,537	81,243
Less: operating lease capitalised in biological assets	(47,223)	(41,702)
	83,314	39,541
Auditor's remuneration	1,194	1,236
Net foreign exchange loss	3,202	14,279
Amount of inventories recognised as an expense	433,813	389,195
Write-off of inventories recognised in cost of sales	4,111	2,712

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For the year ended 30 June 2018

13. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION

The remuneration paid or payable to each of the six (2017: six) directors and the chief executive were as follows:

For the year ended 30 June 2018

	Executive Directors		Independent Non-executive Directors			Non-executive Director	
	Sin Ke (note (i))	San Kwan	Zhuang Xueyuan	Zhuang Weidong	Zeng Jianzhong	Tsang Sze Wai, Claudius	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Emoluments paid or receivable in respect of a person's services as a director, whether of the Company and its subsidiary undertakings							
Fees	96	96	48	–	48	48	336
Emoluments paid or receivable in respect of director's other services in connection with the management of the affairs of the Company and its subsidiary undertakings							
Other emoluments							
Wages, salaries, and other benefits	600	1,918	–	–	–	–	2,518
Contributions to defined contribution plans	–	15	–	–	–	–	15
Equity-settled share-based payment expenses	258	129	–	–	–	–	387
	858	2,062	–	–	–	–	2,920
Total emoluments	954	2,158	48	–	48	48	3,256

13. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION *(Continued)*

For the year ended 30 June 2017

	Executive Directors		Independent Non-executive Directors			Non-executive Director	
	Sin Ke (note (i)) RMB'000	San Kwan RMB'000	Zhuang Xueyuan RMB'000	Zhuang Weidong RMB'000	Zeng Jianzhong RMB'000	Tsang Sze Wai, Claudius RMB'000	Total RMB'000
Emoluments paid or receivable in respect of a person's services as a director, whether of the Company and its subsidiary undertakings							
Fees	96	96	48	–	48	48	336
Emoluments paid or receivable in respect of director's other services in connection with the management of the affairs of the Company and its subsidiary undertakings							
Other emoluments							
Wages, salaries, and other benefits	1,205	1,855	–	–	–	–	3,060
Discretionary bonus	1,734	–	–	–	–	–	1,734
Contributions to defined contribution plans	11	16	–	–	–	–	27
Equity-settled share-based payment expenses	701	350	–	–	–	–	1,051
	3,651	2,221	–	–	–	–	5,872
Total emoluments	3,747	2,317	48	–	48	48	6,208

Notes:

(i) Emoluments disclosed above include those for services rendered by Mr. Sin Ke as the chief executive.

There was no arrangement under which a director or the chief executive waived or agreed to waive any remuneration during the years ended 30 June 2018 and 2017.

During the years ended 30 June 2018 and 2017, no remuneration was paid by the Group to the Directors and the chief executive as an inducement to join or upon joining the Group or as compensation for loss of office.

The remunerations of Directors and the chief executive were determined by the remuneration committee having regard to the performance of individuals and market trends.

During the year ended 30 June 2017, the discretionary bonus was determined by the remuneration committee with reference to the Group's operating results, individual performance and comparable market statistics.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2018

14. FIVE HIGHEST PAID EMPLOYEES' REMUNERATION

The five highest paid employees during the year ended 30 June 2018 included two (2017: two) directors of the Company and the chief executive. Details of whose remuneration are set out in note 13 above. The remuneration of the remaining three (2017: three) highest paid employees is set out below:

	2018 RMB'000	2017 RMB'000
Wages, salaries and other benefits	3,187	2,291
Contributions to defined contribution plans	30	30
Equity-settled share-based payment expenses	1,095	2,979
	4,312	5,300

The remuneration is within the following bands:

	Number of employees	
	2018	2017
Nil to HK$1,000,000 (equivalent to nil to RMB831,000) (2017: equivalent to nil to RMB877,000)	1	–
HK$1,000,001 to HK$1,500,000 (equivalent to RMB831,001 to RMB1,246,000) (2017: equivalent to RMB877,001 to RMB1,315,000)	1	2
HK$3,000,001 to HK$3,500,000 (equivalent to RMB2,492,001 to RMB2,907,000) (2017: equivalent to RMB2,631,001 to RMB3,079,000)	1	1

During the years ended 30 June 2018 and 2017, no remuneration was paid by the Group to the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office.

15. INCOME TAX CREDIT

	2018 RMB'000	2017 RMB'000
Current tax – PRC Enterprise Income Tax ("EIT")		
Provision for the year	**274**	688
Deferred tax		
Reversal of temporary differences (note 40)	**(1,126)**	(1,126)
Income tax credit	**(852)**	(438)

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 for both years.

Hong Kong Profits Tax is calculated at 16.5% on the estimated assessable profits for both years. No provision has been made for Hong Kong Profits Tax as there are no assessable profits generated for both years.

The provision for PRC EIT is based on the respective applicable rates on the estimated assessable profit 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. These subsidiaries obtained the tax exemption from the local PRC tax authority for the years ended 30 June 2018 and 2017.

The applicable income tax rate for the rest of the Group's operating subsidiaries in the PRC is 25% for both years.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2018

15. INCOME TAX CREDIT *(Continued)*

The income tax credit for the year can be reconciled to the profit before tax per the consolidated statement of profit or loss and other comprehensive income as follows:

	2018 RMB'000	2017 RMB'000
Profit before tax	**10,710**	67,045
Tax at the statutory tax rate (25%)	**2,677**	16,761
Tax effect of non-deductible expenses	**15,636**	13,064
Tax effect of non-taxable income	**(6,986)**	(2,300)
Tax effect of different tax rates of subsidiaries operating in other jurisdictions	**6,246**	5,568
Tax effect of tax exemptions granted to subsidiaries in the PRC	**(21,772)**	(35,946)
Tax effect of tax losses not recognised	**3,347**	2,415
Income tax credit	**(852)**	(438)

Details of deferred tax are set out in note 40.

16. DIVIDENDS

	2018 RMB'000	2017 RMB'000
Dividends recognised as distribution and paid during the year:		
2017 Final – HK1.5 cents (2017: 2016 final dividend – HK1.5 cents) per share	**17,126**	17,616

The Directors do not recommend the payment of any dividend for the year ended 30 June 2018. A final dividend of HK1.5 cents per share in respect of the year ended 30 June 2017 was proposed by the Directors after the year ended 30 June 2017 and was paid in December 2017.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2018

17. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share attributable to the owners of the Company is based on the following data:

Earnings

	2018 RMB'000	2017 RMB'000
Earnings for the purpose of basic and diluted earnings per share (profit for the year attributable to owners of the Company)	**11,562**	67,483

Number of shares

	2018	2017
Weighted average number of ordinary shares in issue less shares held under the share award scheme for the purpose of basic earnings per share	**1,328,448,727**	1,328,523,434
Effect of deemed issue of shares under the Company's share option scheme for nil consideration	**–**	–
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**1,328,448,727**	1,328,523,434

The diluted earnings per share for the years ended 30 June 2018 and 2017 is the same as basic earnings per share. The computation of diluted earnings per share for the years ended 30 June 2018 and 2017 does not assume the exercise of the Company's options because the exercise price of those options was higher than the average market price for shares.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2018

18. PROPERTY, PLANT AND EQUIPMENT

	Buildings RMB'000	Plant and machinery RMB'000	Furniture, fittings and equipment RMB'000	Motor vehicles RMB'000	Construction in progress RMB'000	Total RMB'000
COST						
At 1 July 2016	245,268	270,882	4,410	7,104	28,014	555,678
Additions	–	–	675	304	–	979
Disposals	–	–	–	–	(28,014)	(28,014)
Write-offs	–	(16)	(5)	–	–	(21)
Exchange realignment	–	–	8	6	–	14
At 30 June 2017 and 1 July 2017	245,268	270,866	5,088	7,414	–	528,636
Additions	71	72,110	398	87	–	72,666
Disposals	–	–	–	(1,550)	–	(1,550)
Exchange realignment	–	–	(48)	(11)	–	(59)
At 30 June 2018	245,339	342,976	5,438	5,940	–	599,693
ACCUMULATED DEPRECIATION						
At 1 July 2016	45,596	117,131	2,606	4,312	–	169,645
Provided for the year	12,789	25,954	724	957	–	40,424
Eliminated on write-offs	–	(14)	(5)	–	–	(19)
Exchange realignment	–	–	5	3	–	8
At 30 June 2017 and 1 July 2017	58,385	143,071	3,330	5,272	–	210,058
Provided for the year	12,589	31,891	784	759	–	46,023
Eliminated on disposals	–	–	–	(1,057)	–	(1,057)
Exchange realignment	–	–	(11)	(20)	–	(31)
At 30 June 2018	70,974	174,962	4,103	4,954	–	254,993
CARRYING VALUES						
At 30 June 2018	174,365	168,014	1,335	986	–	344,700
At 30 June 2017	186,883	127,795	1,758	2,142	–	318,578

18. PROPERTY, PLANT AND EQUIPMENT *(Continued)*

The above items of property, plant and equipment, except for construction in progress, are depreciated at the following rates per annum on a straight-line basis:

Buildings	2.5% to 6.67%
Plant and machinery	5% to 20%
Furniture, fittings and equipment	20% to 33%
Motor vehicles	10% to 20%

At 30 June 2018, the carrying values of the Group's buildings located in the PRC amounted to approximately RMB174,365,000 (2017: RMB186,883,000). All the buildings situated on lands which are held under medium-term lease.

At 30 June 2018, the Group has not obtained the building ownership certificate for buildings with carrying values of approximately RMB3,744,000 (2017: RMB4,056,000) from the relevant PRC government authorities. In the opinion of the Directors, the absence of formal title to these properties does not impair their values to the Group as the Group has paid in full purchase consideration of these buildings and the probability of being evicted on the ground of an absence of formal title is remote.

At 30 June 2018, the carrying value of the Group's property, plant and equipment of approximately RMB47,632,000 (2017: RMB57,078,000) was pledged as security for the banking facilities granted to the Group.

19. LAND USE RIGHTS

	RMB'000
COST	
At 1 July 2016, 30 June 2017 and 30 June 2018	27,041
ACCUMULATED AMORTISATION	
At 1 July 2016	3,941
Provided for the year	555
At 30 June 2017 and 1 July 2017	4,496
Provided for the year	555
At 30 June 2018	5,051
CARRYING VALUES	
At 30 June 2018	21,990
At 30 June 2017	22,545

All the Group's land use rights relate to lands located in the PRC which are held under medium-term lease.

At 30 June 2018, the carrying value of the Group's land use rights of approximately RMB9,272,000 (2017: RMB9,523,000) were pledged as security for the banking facilities granted to the Group.

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20. LEASE PREPAYMENTS FOR ORANGE PLANTATIONS

	2018 RMB'000	2017 RMB'000
At the beginning of the financial year	**1,088,374**	906,771
Additions	**112,168**	261,221
Amortisation	**(113,126)**	(79,618)
At the end of the financial year	**1,087,416**	1,088,374
Analysed for reporting purposes as:		
Current portion	**109,541**	111,362
Non-current portion	**977,875**	977,012
	1,087,416	1,088,374

Lease prepayments for orange plantations represent long-term rentals under operating leases for orange farms in the PRC.

21. GOODWILL

	RMB'000
COST AND CARRYING VALUE	
At 1 July 2016, 30 June 2017 and 30 June 2018	56,696

On 9 November 2011, the Group acquired entire equity interests in Global One Management Limited ("Global One") and its subsidiaries (collectively referred as the "Global One Group"), and goodwill of approximately RMB56,696,000 was recognised and had been allocated to production and sale of FCOJ and other related products segment upon acquisition.

Impairment test on goodwill

The Directors conducted impairment review on goodwill attributable to Global One Group at 30 June 2018 by reference to a valuation report issued by Fuson Appraisal Limited (2017: Royson Valuation Advisory Limited), an independent qualified professional valuer not connected with the Group, who has among its staff members of the Hong Kong Institute of Surveyors. The recoverable amount of Global One Group has been determined by reference to value in use calculations. The calculation uses cash flow projections based on financial budgets approved by management covering a five-year period, and at a discount rate of approximately 16% per annum (2017: 16.5% per annum). The cash flows beyond the five-year period are extrapolated using 3% (2017: 3%) average growth rate. These average growth rates are based on the relevant industry growth rates forecasts and do not exceed the long-term average growth rate for the relevant industry. Other key assumptions for the value in use calculations relate to the estimation of cash inflows/outflows including budgeted sales and gross margin, such estimation is based on the past experience and management's expectations for the market development. The Directors believe that any reasonably possible change in any of these assumptions would not cause the carrying amount of the CGU to exceed its recoverable amount.

22. INTANGIBLE ASSETS

	Customer list RMB'000	Customer relationship RMB'000	Software RMB'000	Total RMB'000
COST				
At 1 July 2016 and 30 June 2017	82,390	43,660	–	126,050
Additions	–	–	2,000	2,000
At 30 June 2018	82,390	43,660	2,000	128,050
ACCUMULATED AMORTISATION AND IMPAIRMENT				
At 1 July 2016	35,882	43,660	–	79,542
Provided for the year	4,501	–	–	4,501
At 30 June 2017 and 1 July 2017	40,383	43,660	–	84,043
Provided for the year	4,501	–	528	5,029
At 30 June 2018	44,884	43,660	528	89,072
CARRYING VALUES				
At 30 June 2018	37,506	–	1,472	38,978
At 30 June 2017	42,007	–	–	42,007

The above intangible assets have finite useful lives. Such intangible assets are amortised at the following rates per annum on a straight-line basis:

Customer list	6.67%
Customer relationship	6.67%
Software	33.33%

23. HELD-TO-MATURITY INVESTMENT

Held-to-maturity investment comprised:

	2018 RMB'000	2017 RMB'000
Debt securities, unlisted	**16,918**	17,372

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 (2017: 6%), payable semi-annually, and would mature on 30 October 2023. At 30 June 2018, the carrying value of the Group's held-to-maturity investment of approximately RMB16,918,000 (2017: RMB17,372,000) was pledged as security for the banking facilities granted to the Group.

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24. DERIVATIVE FINANCIAL INSTRUMENTS

	2018 RMB'000	2017 RMB'000
Non-current assets		
Cross-currency interest rate swap	–	12,652
Current assets		
Cross-currency interest rate swap	2,986	–
Current liabilities		
Foreign currency forward contracts	960	–

a) Cross-currency interest rate swap

The Group uses cross-currency interest rate swap to manage its currency and interest risks. On 16 August 2016, the Group entered into a cross-currency interest rate swap contract with bank, covering the period from 16 August 2016 to 8 August 2018. The cross-currency interest rate swap contract entitles the Group to receive interest at floating rates on an aggregate notional principal of US$40,000,000 and to pay interest at fixed rates on an aggregate notional principal of RMB265,600,000 simultaneously. The Group agreed with the bank to swap the interest difference between fixed rate and floating rate, as well as the currency difference between US$ and RMB, respectively, on the respective deemed notional principal amounts on a monthly basis.

b) Foreign currency forward contracts

The total notional principal amount of the outstanding foreign currency forward contracts to sell RMB for US$ as at the end of the reporting period is US$9,000,000. As at 30 June 2018, all the foreign currency forward contracts are with maturity dates within 12 months from the end of the reporting period.

25. PARTICULARS OF SUBSIDIARIES OF THE COMPANY

Name of subsidiary	Class of shares held	Place/country of establishment/ incorporation and operation	Paid up issued share capital/ registered capital	Percentage of ownership interest attributable to the Group and voting power held by the Group				Principal activities
				2018		2017		
				Direct %	Indirect %	Direct %	Indirect %	
Sunshine Vocal Limited	Ordinary shares	The BVI	US$100,000	**100**	**–**	100	–	Investment holding in Hong Kong
Rich Anges Limited	Ordinary shares	The BVI	US$1	**100**	**–**	100	–	Investment holding in Hong Kong
Potel Limited	Ordinary shares	Hong Kong	HK$1	**–**	**100**	–	100	Investment holding in Hong Kong
Manwell (China) Limited	Ordinary shares	Hong Kong	HK$1	**–**	**100**	–	100	Investment holding in Hong Kong
Global One	Ordinary shares	The BVI	US$1	**–**	**100**	–	100	Investment holding in Hong Kong
Summi (HK) Asia Limited	Ordinary shares	Hong Kong	HK$1	**–**	**100**	–	100	Sales of Summi fresh orange juice in Hong Kong
Summi Yummy Limited (note (a))	Ordinary shares	Hong Kong	HK$10,000	**–**	**60**	–	60	Not yet commence business
森美（福建）食品有限公司 Summi (Fujian) Food Co. Limited* ("Summi Fujian") (note (b))	Contributed capital	The PRC	RMB80,000,000	**–**	**100**	–	100	Manufacturing and selling of FCOJ in the PRC
三明森美食品有限公司 Sanming Summi Food Co. Limited* (note (c))	Contributed capital	The PRC	RMB10,000,000	**–**	**100**	–	100	Manufacturing and selling of FCOJ in the PRC
重慶天邦食品有限公司 Chongqing Tianbang Food Co. Limited* (note (b))	Contributed capital	The PRC	HK$80,000,000	**–**	**100**	–	100	Manufacturing and selling of FCOJ in the PRC

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25. PARTICULARS OF SUBSIDIARIES OF THE COMPANY *(Continued)*

Name of subsidiary	Class of shares held	Place/country of establishment/ incorporation and operation	Paid up issued share capital/ registered capital	Percentage of ownership interest attributable to the Group and voting power held by the Group				Principal activities
				2018		2017		
				Direct %	Indirect %	Direct %	Indirect %	
懷化歐勁果業有限公司 (note (c))	Contributed capital	The PRC	RMB30,000,000	–	**100**	–	100	Manufacturing and selling of FCOJ in the PRC
重慶尚果農業科技有限公司 Chongqing Shangguo Fruit Technology Co, Ltd.* (note (c))	Contributed capital	The PRC	RMB35,000,000	–	**100**	–	100	Manufacturing and selling of Summi fresh orange juice in the PRC
重慶邦興果業有限公司 Chongqing Bangxing Fruit Co., Ltd.* (note (c))	Contributed capital	The PRC	RMB2,000,000	–	**100**	–	100	Sale of fresh oranges in the PRC
廈門晨毅商貿有限公司 (notes (c))	Contributed capital	The PRC	RMB5,000,000	–	**100**	–	100	Sale of Summi fresh orange juice in the PRC

* The English translation is for identification purposes only.

Notes:

(a) The entity was incorporated on 13 March 2017

(b) Wholly-owned foreign enterprise

(c) Companies incorporated as private companies in the PRC

None of the subsidiaries had any debt securities outstanding at the end of both years or during both years.

26. INVENTORIES

	2018 RMB'000	2017 RMB'000
Consumables and packing materials	**1,137**	6,666
Summi fresh orange juice	**39,282**	38,020
FCOJ	**16,712**	11,644
	57,131	56,330

26. INVENTORIES *(Continued)*

The amount of inventories recognised as an expense and included in profit or loss is as follows:

	2018 RMB'000	2017 RMB'000
Carrying amount of inventories sold	**433,813**	389,195
Write-off of inventories	**4,111**	2,712
Cost of inventories recognised as cost of sales	**437,924**	391,907

Production quantities of agricultural produce are as follows:

	2018 Tonnes	2017 Tonnes
Oranges	**145,780**	131,413

27. BIOLOGICAL ASSETS

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

	2018 RMB'000	2017 RMB'000
At the beginning of the financial year	**99,310**	97,712
Increase due to cultivation	**273,387**	172,672
Gain from changes in fair value less cost to sell (note a)	**59,004**	67,908
Harvested oranges transferred to inventories	**(262,582)**	(238,982)
At the end of the financial year (note b)	**169,119**	99,310

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 30 June 2018 and 2017.

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.

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28. TRADE RECEIVABLES

The Group allowed a credit period ranging from 30 to 90 days (2017: 30 to 90 days) to its trade customers from the date of billing.

The following is an aged analysis of trade receivables presented based on the invoice date, which approximates the respective revenue recognition dates, at the end of the reporting period.

	2018	2017
	RMB'000	RMB'000
0 to 30 days	**60,401**	38,611
31 to 60 days	**56,086**	38,452
61 to 90 days	**51,739**	44,494
Over 90 days	**279**	1,784
	168,505	123,341

The aged analysis of trade receivables based on the due dates at the end of the reporting period is set out below:

	2018	2017
	RMB'000	RMB'000
Neither past due nor impaired	**168,505**	123,341

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.

29. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2018	2017
	RMB'000	RMB'000
Other receivables	**25,577**	7,586
Deposits and prepayments	**19,576**	27,847
	45,153	35,433

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

As at 30 June 2018, included in other receivables of approximately RMB346,000 (2017: nil) is amount due from a director of the Company, Mr. Sin Ke. The amount is unsecured, interest-free and repayable on demand and the maximum amount outstanding during the year is approximately RMB346,000.

At 30 June 2017, included in other receivables was advance of approximately HK$6,515,000 (equivalent to approximately RMB5,659,000) made to an independent third party (2018: nil). The amount was fully settled on 13 September 2017.

As at 30 June 2018, included in deposits and prepayments are rental deposits of approximately RMB17,575,000 (2017: nil) in relation to the lease of the placement of intelligent vending machines while there was prepaid advertising fee of approximately RMB27,165,000 in relation to marketing and promotion activities of Summi fresh orange juice as at 30 June 2017 and reclassified as other receivables due to the refund of early termination of the marketing and promotion activities.

30. PLEDGED BANK DEPOSITS

	2018	2017
	RMB'000	RMB'000
Pledged bank deposits to secure interest-bearing bank loans	**191,730**	201,238
	191,730	201,238
Less: Current portion of pledged bank deposits	**(191,730)**	(186,796)
Non-current portion of pledged bank deposits	**–**	14,442

The pledged bank deposits carried fixed interest rates ranging from 0.22% to 1.27% (2017: 0.23% to 1.25%) per annum.

As at 30 June 2018 and 2017, pledged bank deposits were pledged as security for the bank loans granted to the Group. These pledged bank deposits will be released upon the settlement of the relevant short-term or long-term bank loans.

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30. PLEDGED BANK DEPOSITS *(Continued)*

Included in pledged bank deposits are the following amounts denominated in a currency other than the functional currency of certain subsidiaries.

	2018 RMB'000	2017 RMB'000
US$	**183,610**	192,899

31. CASH AND CASH EQUIVALENTS

	2018 RMB'000	2017 RMB'000
Bank balances and cash	**521,487**	655,699

The bank balances carried interest at market rates ranging from 0.001% to 0.38% (2017: 0.001% to 0.35%) per annum.

Included in bank balances are the following amounts denominated in a currency other than the functional currency of certain subsidiaries.

	2018 RMB'000	2017 RMB'000
US$	**16,015**	37,088
RMB	**411**	245
	16,426	37,333

The RMB is not freely convertible into other currencies. However, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB to other currencies in respect of approved transactions through banks authorised to conduct foreign exchange business.

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32. 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 is 90 days (2017: 90 days).

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

	2018 RMB'000	2017 RMB'000
0–90 days	**5,727**	16,130

33. OTHER PAYABLES AND ACCRUALS

	2018 RMB'000	2017 RMB'000
Payables for acquisition of property, plant and equipment	**3,479**	8
Accrued sales commission	**5,116**	4,236
Other tax payables	**10,359**	9,870
Accrued staff costs	**3,636**	3,504
Interest payables	**1,627**	1,955
Other payables and accruals	**4,509**	3,366
	28,726	22,939

As at 30 June 2017, included in other payables and accruals of approximately RMB219,000 (2018: nil) was amount due to a director of the Company, Mr. Sin Ke. The amount was unsecured, interest-free and repayable on demand.

34. BANK LOANS

	2018 RMB'000	2017 RMB'000
Carrying amount repayable (based on scheduled repayment dates set out in the loan agreements):		
Within one year	**631,640**	305,708
After one year but within two years	**261,292**	360,078
After two years but within five years	**–**	266,084
	892,932	931,870

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34. BANK LOANS *(Continued)*

	2018 RMB'000	2017 RMB'000
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	631,640	305,708
Amounts shown under current liabilities	631,640	354,708
Amounts shown under non-current liabilities	261,292	577,162
	892,932	931,870

	2018 RMB'000	2017 RMB'000
Secured	337,022	363,886
Unsecured	555,910	567,984
	892,932	931,870

	2018 RMB'000	2017 RMB'000
Fixed-rate borrowings	226,299	240,712
Variable-rate borrowings	666,633	691,158
	892,932	931,870

	2018 RMB'000	2017 RMB'000
Bank loans held by:		
PRC companies	211,000	223,340
Non-PRC companies	681,932	708,530
	892,932	931,870

Notes to the Consolidated Financial Statements

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34. BANK LOANS *(Continued)*

Notes:

(a) As at 30 June 2018 and 2017, the Group's held-to-maturity investment, certain property, plant and equipment and land use rights, and pledged bank deposits were pledged as security for the banking facilities granted to the Group. Details of pledge of assets are set out in note 43.

(b) As at 30 June 2018, the Group's current portion of long-term borrowings amounted to approximately RMB271,142,000 (2017: RMB29,918,000).

(c) As at 30 June 2018, 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 RMB530,826,000) (2017:US$80,000,000 (equivalent to approximately RMB542,416,000)) for the purpose of general working capital. The Facility was jointly guaranteed by the Company's director, Mr. Sin Ke, and six non-PRC incorporated subsidiaries. According to the repayment terms as stated in the Facility Agreement, 50% of the principal amounted to US$40,000,000 (equivalent to approximately RMB265,413,000) (2017: US$40,000,000 (equivalent to approximately RMB271,208,000)) is repayable in two installments in August 2018 and February 2019 respectively and the remaining 50% of the principal amounted to US$40,000,000 (equivalent to approximately RMB265,413,000) (2017: US$40,000,000 (equivalent to approximately RMB217,208,000)) is repayable on maturity date on 8 August 2019 so that approximately RMB265,413,000 (2017: (equivalent to approximately RMB542,416,000)) is classified as non-current liabilities as at 30 June 2018. On 8 August 2018, the Group failed to repay the first installment of US$20,000,000 (equivalent to RMB132,706,000) and the Directors informed the bank and commenced negotiations in relation to the extension of repayment of first installment. Up to the date of approval for issuance of the consolidated financial statements, the Group has partially settled US$5,000,000 (equivalent to approximately RMB33,176,000) and obtained consents of the Participating Banks, in principle, to extend the repayment of the remaining US$15,000,000 (equivalent to RMB99,530,000) to 31 October 2018 and would not call for immediate repayment of the remaining sum of the loan.

Details of the Credit Facility were set out in the announcement of the Company dated 8 August 2016.

(d) As at 30 June 2018, a two-year unsecured bank loan of HK$24,704,000 (equivalent to approximately RMB20,897,000) (2017: HK$42,099,000 (equivalent to approximately RMB36,567,000)) is guaranteed by a PRC subsidiary.

(e) As at 30 June 2018, a one-year unsecured bank loan of RMB10,000,000 (2017: nil) is jointly guaranteed by a key management personnel and a PRC subsidiary.

(f) As at 30 June 2017, secured bank loan in an aggregate amount of approximately RMB20,341,000 (2018: nil) was either individually or jointly guaranteed by the Company, Mr. Sin Ke, and three non-PRC incorporated subsidiaries.

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34. BANK LOANS *(Continued)*

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:

	2018	2017
Fixed-rate bank loans	**3.62% – 6.53%**	3.62% – 5.71%
Variable-rate bank loans	**2.63% – 6.01%**	2.63% – 4.71%

Included in bank loans are the following amounts denominated in a currency other than the functional currency of certain subsidiaries.

	2018 RMB'000	2017 RMB'000
US$	**451,103**	674,931

35. CORPORATE BONDS

	2018 RMB'000	2017 RMB'000
Carrying amounts repayable based on scheduled repayment dates set out in the agreements:		
After two years but within five years	**5,390**	2,332
Over five years	**30,653**	13,212
	36,043	15,544

35. CORPORATE BONDS *(Continued)*

Long term corporate bonds are analysed as follows:

	Par value HK$	Issue date	Maturity date	Duration	Issue amount HK$
Issued during the year ended 30 June 2017					
Bond I	4,000,000	11 August 2016	11 February 2024	7.5 years	4,000,000
	2,000,000	18 August 2016	18 February 2024	7.5 years	2,000,000
	1,000,000	26 August 2016	26 February 2024	7.5 years	1,000,000
	2,000,000	12 August 2016	12 February 2024	7.5 years	2,000,000
	3,000,000	6 October 2016	6 April 2024	7.5 years	3,000,000
	2,000,000	29 November 2016	29 May 2024	7.5 years	2,000,000
	2,000,000	29 November 2016	29 May 2024	7.5 years	2,000,000
	2,000,000	29 November 2016	29 May 2024	7.5 years	2,000,000
	18,000,000				18,000,000
Bond II	1,000,000	5 September 2016	5 September 2021	5 years	1,000,000
	2,000,000	6 October 2016	6 October 2021	5 years	2,000,000
	3,000,000				3,000,000
Issued during the year ended 30 June 2018					
Bond III	2,000,000	12 December 2017	11 June 2025	7.5 years	2,000,000
	1,000,000	29 December 2017	28 June 2025	7.5 years	1,000,000
	2,000,000	22 March 2018	21 September 2025	7.5 years	2,000,000
	3,000,000	9 April 2018	8 October 2025	7.5 years	3,000,000
	2,000,000	18 April 2018	17 October 2025	7.5 years	2,000,000
	3,000,000	1 June 2018	30 November 2025	7.5 years	3,000,000
	1,000,000	7 June 2018	6 December 2025	7.5 years	1,000,000
	14,000,000				14,000,000
Bond IV	2,000,000	9 January 2018	8 January 2023	5 years	2,000,000
	1,000,000	19 January 2018	18 January 2023	5 years	1,000,000
	1,000,000	6 April 2018	5 April 2023	5 years	1,000,000
	4,000,000				4,000,000
Bond V	10,000,000	11 January 2018	10 January 2026	8 years	10,000,000
	49,000,000				49,000,000

The Company issued corporate bonds to independent third parties for the purpose of general working capital with a nominal value of HK$49,000,000 (equivalent to approximately RMB40,695,000) (2017: HK$21,000,000 (equivalent to approximately RMB18,241,000)) in aggregate. They were issued at a fixed interest rate of 6% or 6.50% (2017: 6%) per annum and are payable annually from the date of issuance and maturity date. The principal will be repaid on maturity. The effective interest rate is 7.15% (2017: 7.63%) per annum.

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36. DEFERRED INCOME

Deferred income represented local government grant received for supporting the Group's investment in a FCOJ production plant. The grant was recognised as other revenue over the estimated useful lives of the production plant assets.

	RMB'000
At 1 July 2016	8,260
Amortised during the year	(2,360)
At 30 June 2017 and 1 July 2017	5,900
Amortised during the year	(2,360)
At 30 June 2018	3,540

The Group received discretionary grants from various PRC government authorities in recognition of the Group's contribution to the development of the local agricultural industry and investment in a FCOJ production plant in Chongqing. These government grants were not recurring in nature and were not only available to the Group. There was no assurance that the Group would receive these government grants in the future.

37. 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.

37. EQUITY-SETTLED SHARE-BASED PAYMENTS *(Continued)*

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.

Details of specific categories of options 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	39,000,000	HK$0.75	1 year from grant date	31.3	17 November 2018
("2008 Option")			2 years from grant date	31.3	
			3 years from grant date	37.4	
11 October 2009	10,000,000	HK$0.90	On the grant date	30.0	10 October 2019
("2009 Option")			1 year from grant date	30.0	
			2 years from grant date	40.0	
4 January 2013	62,400,000	HK$1.13	On the grant date	100.0	3 January 2014
("2013 Option 1")					
21 March 2013	57,200,000	HK$1.03	On the grant date	100.0	20 March 2015
("2013 Option 2")					
19 November 2015	54,000,000	HK$1.11	1 year from grant date	50.0	18 November 2020
("2015 Option")			2 years from grant date	50.0	
Total options granted	222,600,000				

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37. EQUITY-SETTLED SHARE-BASED PAYMENTS *(Continued)*

The following table discloses movements of the Company's share options during the year ended 30 June 2018:

Option type	Outstanding at 1/7/2017	Granted during the year	Outstanding at 30/6/2018
2015 Option			
Executive directors	**6,000,000**	**–**	**6,000,000**
Employees	**48,000,000**	**–**	**48,000,000**
	54,000,000	**–**	**54,000,000**
Exercisable at the end of the year	**27,000,000**		**54,000,000**
Weighted average exercise price	**HK$1.11**	**–**	**HK$1.11**

The following table discloses movements of the Company's share options during the year ended 30 June 2017:

Option type	Outstanding at 1/7/2016	Granted during the year	Outstanding at 30/6/2017
2015 Option			
Executive directors	6,000,000	–	6,000,000
Employees	48,000,000	–	48,000,000
	54,000,000	–	54,000,000
Exercisable at the end of the year	–		27,000,000
Weighted average exercise price	HK$1.11	–	HK$1.11

37. EQUITY-SETTLED SHARE-BASED PAYMENTS *(Continued)*

The fair value of the share options granted was calculated using the Binomial model. The inputs into the model were as follows:

	19 November 2015
Weighted average share price	HK$1.10
Exercise price	HK$1.11
Expected volatility	45.80%
Expected life	5 years
Risk-free rate	1.578%
Expected dividend yield	0%

Expected volatility was determined by reference to the historical volatility of the Company's share price over the previous 5 years. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

Risk-free interest rate represents the yields to maturity of Hong Kong Exchange Fund Note with respective terms to maturity at the valuation date.

The Group recognised the total expenses of approximately RMB3,480,000 for the year ended 30 June 2018 (2017: RMB8,924,000) in relation to share options granted by the Company.

The Binomial model has been used to estimate the fair value of the options. The variables and assumptions used in computing the fair value of the share options are based on the Directors' best estimate. The value of an option varies with different variables of certain subjective assumptions.

38. SHARES HELD UNDER SHARE AWARD SCHEME

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

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

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38. SHARES HELD UNDER SHARE AWARD SCHEME *(Continued)*

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

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

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

During the year ended 30 June 2017, the trustee acquired 1,936,000 (2018: nil) ordinary shares of the Company for the Scheme through purchases in the open market, at a total cost, including related transaction costs, of HK$1,000,000 (equivalent to approximately RMB856,000) (2018: nil).

As at 30 June 2018 and 2017, no share was granted to Eligible Participant and all the Awarded Shares are remain at the Trust.

39. 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 HK$1,500 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 approximately RMB10,012,000 (2017: RMB9,247,000) represents contributions payable to these schemes by the Group in respect of the current reporting period.

40. DEFERRED TAX LIABILITIES

The movements in deferred tax liabilities of the Group during the year were as follows:

	Intangible assets	Undistributed retained profits of PRC subsidiaries	Total
	RMB'000	RMB'000	RMB'000
At 1 July 2016	11,627	1,250	12,877
Credited to profit or loss	(1,126)	–	(1,126)
At 30 June 2017 and 1 July 2017	10,501	1,250	11,751
Credited to profit or loss	(1,126)	–	(1,126)
At 30 June 2018	9,375	1,250	10,625

At 30 June 2018, the Group has unused tax losses of approximately RMB41,304,000 (2017: RMB25,930,000) available for offset against future profits. No deferred tax asset has been recognised in respect of such losses due to the unpredictability of future profit streams. Included in unrecognised tax losses are losses of approximately RMB27,544,000 (2017: RMB18,013,000) that will be expired after five years from the year of assessment to which they related to. Other losses may be carried forward indefinitely.

Pursuant to the EIT Law, 10% withholding tax is levied on foreign investors (5% for foreign investors registered in Hong Kong provided they meet certain criteria) in respect of dividend distributions arising from a foreign investment enterprise's profit earned after 1 January 2008. At 30 June 2018 and 2017, the Directors believed that should the Group determine to distribute profits of the Group's PRC subsidiaries in the foreseeable future, the Group will be able to obtain the approval for the preferential withholding tax of 5% in relation to the dividend income.

At 30 June 2018, deferred tax liabilities of RMB1,250,000 (2017: RMB1,250,000) have been recognised in respect of the tax that would be payable on the portion of the retained profits of the Group's PRC subsidiaries which the Directors expect to be distributed by them in the foreseeable future, based on the assumption that the approval for the 5% preferential withholding tax rate will be obtained.

However, deferred tax liabilities associated with undistributed retained profits of PRC subsidiaries amounting to approximately RMB1,714,595,000 (2017: RMB1,602,039,000) have not been recognised at 30 June 2018, as the Company is able to control the dividend policy of the Group's PRC subsidiaries and the Directors consider it probable that a portion of the undistributed retained profits earned by the Group's PRC subsidiaries as at 30 June 2018 and 2017 will not be distributed in the foreseeable future.

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41. SHARE CAPITAL

	Number of shares	Amount HK$'000	Amount RMB'000
Ordinary shares of HK$0.01 each			
Authorised:			
As at 1 July 2016, 30 June 2017, and 30 June 2018	3,000,000,000	30,000	26,376
Issued and fully paid:			
As at 1 July 2016, 30 June 2017, and 30 June 2018	1,347,860,727	13,479	11,610

42. 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) Capital reserve

The capital reserve of the Group at 30 June 2018 and 2017 comprises the following:

– The excess of paid-in capital of Summi Fujian of RMB3,585,000.

– The capital reserve of Sunshine Vocal in connection with the waiver of an equity shareholder's loan and related interest of RMB36,396,000.

– The fair value of the actual or estimated number of share options granted to employees of the Group recognised in accordance with the accounting policy adopted for share-based payments in note 4.

42. RESERVES *(Continued)*

(c) 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.

(d) 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 set out in note 4.

(e) Shares held under the share award scheme

During the year ended 30 June 2017, the Company repurchased 1,936,000 (2018: nil) ordinary shares of the Company through the Trust at a total consideration of HK$1,000,000 (equivalent to approximately RMB856,000) (2018: nil) under the share award scheme as detailed in note 38. The carrying amount of the shares held as at the year end was presented as a deduction against equity.

43. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	2018 RMB'000	2017 RMB'000
Non-current assets		
Property, plant and equipment	362	139
Investments in subsidiaries	288,099	288,099
Amounts due from subsidiaries	561,694	544,282
Pledged bank deposits	–	14,442
Derivative financial instruments	–	12,652
Held-to-maturity investment	16,918	17,372
	867,073	876,986
Current assets		
Derivative financial instruments	2,986	–
Other receivables	3,652	875
Pledged bank deposits	142,130	128,317
Cash and cash equivalents	22,755	51,070
	171,523	180,262
Current liabilities		
Other payables	4,046	3,907
Bank loans	420,640	148,368
Derivative financial instruments	960	–
	425,646	152,275
Net current (liabilities) assets	(254,123)	27,987
Total assets less current liabilities	612,950	904,973
Non-current liabilities		
Corporate bonds	36,043	15,544
Bank loans	261,292	560,162
Amounts due to subsidiaries	90,565	25,891
	387,900	601,597
Net assets	225,050	303,376
Capital and reserves		
Share capital	11,610	11,610
Reserves (note a)	213,440	291,766
Total equity	225,050	303,376

43. STATEMENT OF FINANCIAL POSITION OF THE COMPANY *(Continued)*

(a) Movements in the reserves during the years are as follow:

	Share premium RMB'000	Capital reserve RMB'000 (note (i))	Shares held under the share award scheme RMB'000	Exchange reserve RMB'000	Accumulated losses RMB'000	Total RMB'000
At 1 July 2016	488,413	6,763	(13,816)	9,414	(145,631)	345,143
Loss for the year	–	–	–	–	(45,270)	(45,270)
Other comprehensive income for the year						
– Exchange differences arising on translation of foreign operations	–	–	–	1,441	–	1,441
Total comprehensive income (expense) for the year	–	–	–	1,441	(45,270)	(43,829)
Recognition of equity-settled share-based payments (note 37)	–	8,924	–	–	–	8,924
Dividends paid (note 16)	(17,616)	–	–	–	–	(17,616)
Purchase of shares under the share award scheme (note 38)	–	–	(856)	–	–	(856)
At 30 June 2017 and 1 July 2017	470,797	15,687	(14,672)	10,855	(190,901)	291,766
Loss for the year	–	–	–	–	(63,382)	(63,382)
Other comprehensive expense for the year						
– Exchange differences arising on translation of foreign operations	–	–	–	(1,298)	–	(1,298)
Total comprehensive expense for the year	–	–	–	(1,298)	(63,382)	(64,680)
Recognition of equity-settled share-based payments (note 37)	–	3,480	–	–	–	3,480
Dividends paid (note 16)	(17,126)	–	–	–	–	(17,126)
At 30 June 2018	453,671	19,167	(14,672)	9,557	(254,283)	213,440

Note：

(i) The capital reserve of the Company mainly represents the fair value of the actual or estimated number of share options granted to employees of the Group recognised in accordance with the accounting policy adopted for share-based payments in note 4.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2018

44. PLEDGE OF ASSETS

At the end of the reporting period, the Group had pledged the following assets to banks to secure banking facilities granted to the Group:

	2018 RMB'000	2017 RMB'000
Held-to-maturity investment	**16,918**	17,372
Property, plant and equipment	**47,632**	57,078
Land use rights	**9,272**	9,523
Pledged bank deposits	**191,730**	201,238
	265,552	285,211

45. OPERATING LEASE COMMITMENTS

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:

	2018 RMB'000	2017 RMB'000
Within one year	**123,487**	123,653
In the second to fifth years, inclusive	**197,188**	196,455
Over five years	**122,955**	245,910
	443,630	566,018

Operating lease payments represent rentals payable by the Group for certain of its office properties and orange plantations. Leases are negotiated for an average term of 20 years (2017: 20 years) and rentals are fixed for an average of 3 years (2017: 3 years).

46. CAPITAL COMMITMENTS

At the end of the reporting period, the Group had the following capital commitments:

	2018 RMB'000	2017 RMB'000
Capital expenditure in respect of the acquisition of plant and equipment contracted for but not provided in the consolidated financial statements	**–**	984

47. RELATED PARTY TRANSACTIONS

Except as disclosed elsewhere in the consolidated financial statements, the related party transactions including remuneration for key management personnel of the Group are is as follows:

	2018 RMB'000	2017 RMB'000
Short-term employee benefits	**5,958**	8,179
Post-employment benefits	**69**	97
Share-based payments	**1,611**	4,730
	7,638	13,006

48. RECONCILIATION OF LIABILTIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the consolidated statement of cash flows as cash flows from financing activities.

			Non-cash changes		
	1 July 2017 RMB'000	Financing cash flows RMB'000	Finance costs incurred RMB'000	Foreign exchange movements RMB'000	**30 June 2018** **RMB'000**
Interest payables (note 33)	1,955	(45,260)	44,987	(55)	**1,627**
Amount due to a director (note 33)	219	(219)	–	–	**–**
Bank loans (note 34)	931,870	(24,293)	4,975	(19,620)	**892,932**
Corporate bonds (note 35)	15,544	19,730	797	(28)	**36,043**
	949,588	(50,042)	50,759	(19,703)	**930,602**

49. COMPARATIVE FIGURE

Comparative figure of unrealised gain on derivative financial instruments has been reclassified from other revenue to a separate line item in the consolidated statement of profit or loss and other comprehensive income to conform to current year's presentation.

As the reclassification has no financial effect on the amounts stated in the consolidated statement of financial position, it is not necessary to present the third consolidated statement of financial position as at 1 July 2016.

3. INDEBTEDNESS

As at the close of business on 30 September 2018, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this Composite Document, the Group had the following outstanding indebtedness:

(a) bank loans with total principal amounts and accrued interests of approximately HK$873.6 million, in which (i) approximately HK$228.6 million was secured by the Group's bank deposits; (ii) HK$61.1 million was secured by the Group's Leasehold Land; and (iii) HK$20 million was secured by the Group's held-to-maturity investments. Among the loans of HK$873.6 million, approximately HK$616.0 million has become immediately due and payable (approximately HK81.0 million was triggered by cross default of a demand letter received by the Company and, among which, approximately HK$21.0 million was temporarily relieved from immediate payment). For details of the demand letter, please refer to the announcement of the Company dated 5 November 2018;

(b) a loan in the principal amount of RMB50,000,000 provided by Mr. Wu to Chongqing Tianbang Food Co., Limited (Chongqing Tian Bang Food Co., Ltd.) ("**Chongqing Tianbang**"), a wholly-owned subsidiary of the Company, for a term of one year from the date of drawdown, at an interest rate of 12% per annum, payable in arrears, and secured by a personal guarantee executed by Mr. Sin;

(c) a loan in the principal amount of RMB11,000,000 provide by Mr. Wu to Chongqing Tianbang for a term of one year from the date of drawdown, at an interest of 12% per annum, payable in arrears in one lump sum together with the principal amount on the repayment date, secured by a personal guarantee executed by Mr. Sin; and

(d) unconvertible unsecured bonds issued by the Company to 22 independent third parties in the principal amount of HK$51 million.

Save as aforesaid or otherwise disclosed herein, and apart from intra-group liabilities, normal trade and other payables, the Group did not have any debentures, loan capital, debt securities issued and outstanding, and authorised or otherwise created but unissued, bank overdrafts, loans, liabilities under acceptance (other than under normal trade bills) or other similar indebtedness, hire purchase or finance lease obligations, mortgages, charges, or any guarantees or other material contingent liabilities.

4. MATERIAL CHANGE

As disclosed in the announcement of the Company dated 5 November 2018, among other things, the Company received a demand letter concerning a facility agreement and the Company was in the process of discussion, with its bankers, bondholders and creditors with a view to agreeing on the arrangements which facilitate the Company to meet its obligation, including but not limited to the loans under the aforesaid facility agreement. As at the Latest Practicable Date, the Company is still in the course of negotiating a debt restructuring proposal and the Company's creditors may take legal actions against the Company if no agreement is reached. Save for the above, the Directors confirm that there was no material change in the financial or trading position or outlook of the Group since 30 June 2018, being the date to which the latest published audited consolidated financial statements of the Group were made up, up to and including the Latest Practicable Date.

1. RESPONSIBILITY STATEMENT

The sole director of the Offeror accepts full responsibility for the accuracy of the information contained in this Composite Document (other than those in relation to the Group and the Directors), and confirms, having made all reasonable enquires, that to the best of his knowledge, opinions expressed in this Composite Document (other than those expressed by the Group and the Directors) have been arrived at after due and careful consideration and there are no other facts not contained in this Composite Document, the omission of which would make any statement in this Composite Document misleading.

2. MARKET PRICES

The table below shows the closing price of the Shares quoted on the Stock Exchange on (i) the last trading day in each of the calendar months during the Relevant Period; (ii) the immediate business day before the date of commencement of the Offer Period; (iii) the Last Trading Day; and (iv) the Latest Practicable Date.

Date	**Closing price per Share** *HK$*
30 April 2018	0.84
31 May 2018	0.84
29 June 2018	0.78
31 July 2018	0.66
31 August 2018	0.40
28 September 2018 (being the Last Trading Day)	0.33
31 October 2018	0.201
28 November 2018 (being the Latest Practicable Date)	0.207

During the Relevant Period, the highest closing price of the Shares was HK$0.86 per Share as quoted on the Stock Exchange on 10 and 11 May 2018 and the lowest closing price of the Shares was HK$0.191 per Share as quoted on the Stock Exchange on 12 November 2018.

3. DISCLOSURE OF INTERESTS BY THE OFFEROR

As at the Latest Practicable Date, details of interests in the Shares, underlying Shares, debentures or other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company held or controlled by the Offeror and parties acting in concert with it are as follows:

Shareholder	Capacity	Number of Shares held	Approximate % of total issued Shares
Wu Shaohao	Interest of controlled corporation	602,980,145	44.74
The Offeror	Beneficial owner	602,980,145	44.74

Save as disclosed above, as at the Latest Practicable Date, none of the Offeror and parties acting in concert with it owned or controlled any relevant securities (as defined under Note 4 to Rule 22 of the Takeovers Code) of the Company.

None of the sole director of the Offeror, the Offeror nor parties acting in concert with it had dealt for value in any Shares, derivatives, warrants, options, convertible or exchangeable securities carrying rights to subscribe for, convert or exchange into the Shares during the Relevant Period.

Save for the purchase of the Sale Shares under the Share Purchase Agreement, the Facility, and the Irrevocable Undertakings as disclosed in the "Letter from Guotai Junan Securities" in this Composite Document, as at the Latest Practicable Date:

(a) none of the Offeror, its ultimate beneficial owner and/or parties acting in concert with any of them owns or has control or direction over any voting rights or rights over the Shares or convertible securities, warrants, options or derivatives of the Company;

(b) none of the Offeror, its ultimate beneficial owner, and/or parties acting in concert with any of them have received any irrevocable commitment to accept the Offers;

(c) there is no outstanding derivative in respect of the securities in the Company which has been entered into by the Offeror, its ultimate beneficial owner and/or any person acting in concert with any of them;

(d) there is no arrangement (whether by way of option, indemnity or otherwise) of any kind referred to in Note 8 to Rule 22 of the Takeovers Code in relation to the shares of the Offeror or the Shares and which might be material to the Offers;

(e) there is no agreement or arrangement to which the Offeror, its ultimate beneficial owner and/or parties acting in concert with any of them is a party which relates to circumstances in which it may or may not invoke or seek to invoke a pre-condition or a condition to the Offers;

(f) there is no relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company which the Offeror, its ultimate beneficial owners and/or parties acting in concert with any of them has borrowed or lent;

(g) there is no agreement or arrangement between (a) the Vendor and parties acting in concert with it and (b) the Offeror and parties acting in concert with it which constitutes a special deal under Rule 25 of the Takeovers Code;

(h) save for the consideration payable by the Offeror to the Vendor pursuant to the Share Purchase Agreement, the Vendor and/or the parties acting in concert with it (including Mr. Sin and his spouse Ms. Hong Man Na) has not and will not receive any other consideration or benefits in whatever form from the Offeror, its ultimate beneficial owner and/or the parties acting in concert with it; and

(i) save for the Irrevocable Undertakings, the Share Purchase Agreement, the Share Charge and the personal guarantee given by Mr. Sin in favour of the Offeror in relation to the Share Purchase Agreement, there is no other arrangement, agreement or undertaking between (a) the Vendor and parties acting in concert with it and (b) the Offeror and parties acting in concert with it.

5. CONSENTS AND QUALIFICATIONS OF PROFESSIONAL ADVISERS

The followings are the qualifications of the experts whose letter or opinion are contained in this Composite Document:

Name	Qualifications
Guotai Junan Capital	a licensed corporation permitted to carry out Type 6 (advising corporate finance) regulated activity as defined in the SFO
Guotai Junan Securities	a licensed corporation permitted to carry out Type 1 (dealing in securities) and Type 4 (advising on securities) regulated activity under the SFO

Each of Guotai Junan Capital and Guotai Junan Securities has given and has not withdrawn its written consent to the issue of this Composite Document with the inclusion of the text of its letter or report and/or references to its name in the form and context in which they are respectively included.

6. GENERAL

As at the Latest Practicable Date:

(a) the Offeror is wholly and beneficially owned by Mr. Wu.

(b) the principal member of the Offeror's concert parties are the Offeror and Mr. Wu.

(c) The registered address of the Offeror is situated at Unit 8, 3/F., Qwomar Trading Complex, Blackburne Road, Port Purcell, Road Town, Tortola, British Virgin Islands VG1110. The address of Mr. Wu is 中國上海虹橋路1918號西郊賓館花園別墅R07號 (transliterated as R07, Xijao Guesthouse Garden Villa, 1918 Hongqiao Road, Shanghai).

(d) The principal business address of each of Guotai Junan Capital and Guotai Junan Securities is 26–28/F, Low Block, Grand Millennium Plaza, 181 Queen's Road Central, Hong Kong.

7. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection (i) at the principal office of the Company at Room 1409, 14/F, Leighton Centre, 77 Leighton Road, Causeway Bay, Hong Kong; (ii) on the website of the Company (hksummi.com); and (iii) on the website of the SFC (www.sfc.hk), during normal business hours from 9:00 a.m. to 5:00 p.m. (other than Saturdays, Sundays and public holidays) from the date of this Composite Document up to and including the Closing Date:

(a) the memorandum and articles of association of the Offeror;

(b) the letter from Guotai Junan Securities, the text of which is set out on pages 11 to 21 of this Composite Document;

(c) the written consents referred to under the paragraph headed "5. Consents and Qualifications of Professional Advisers" in this Appendix;

(d) the Irrevocable Undertakings; and

(e) the Facility.

1. RESPONSIBILITY STATEMENT

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this Composite Document (other than the information relating to the Offeror and parties acting in concert with it), and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this Composite Document (other than opinions expressed by the Offeror and parties acting in concert with it) have been arrived at after due and careful consideration and there are no other facts not contained in this Composite Document the omission of which would make any statement in this Composite Document misleading.

2. SHARE CAPITAL

The authorised and issued share capital of the Company of HK$0.01 each as at the Latest Practicable Date were as follows:

		HK$
Authorised		
3,000,000,000	Shares	30,000,000.00
Issued		
1,347,860,727	Shares	13,478,607.27

As at the Latest Practicable Date, there were 54,000,000 outstanding Share Options entitling the Optionholders to subscribe for 54,000,000 new Shares.

Save for the issued Shares and the Share Options, the Company has no outstanding securities, options, derivatives, warrants and other convertible securities or rights affecting the Shares as at the Latest Practicable Date.

All Shares in issue rank *pari passu* in all respects with each other including rights to dividends, voting and return of capital. The Company has not issued any Shares since 30 June 2018, the date to which the latest audited financial statements of the Company were made up.

3. DISCLOSURE OF INTEREST

(a) Directors and the chief executives' interests and short positions in shares, underlying shares and debentures of the Company and its associated corporations

As at the Latest Practicable Date, the interests and short positions of the Directors and chief executive of the Company in the Shares, underlying Shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules relating to securities transactions by the Directors to be notified to the Company and the Stock Exchange, were as follows:

Name	Capacity and nature of interest	Number of Shares	Approximate % of interest
Mr. Sin Ke *(Note (1))*	Beneficial owner	19,688,000	1.46
Mr. San Kwan *(Note (2))*	Beneficial owner	10,000,000	0.74

Note (1): Mr. Sin, an executive Director, who beneficially owned 15,688,000 Shares and 4,000,000 Share Options.

Note (2): Mr. San Kwan, an executive Director, who beneficially owned 8,000,000 Shares 2,000,000 Share Options.

Other than as disclosed above, none of the Directors, chief executive, nor their associates had any interests or short positions in any Shares or underlying shares of the Company or any of its associated corporations as at the Latest Practicable Date.

(b) Substantial shareholders, the Offeror and parties acting in concert with it and other persons' interests and short positions in shares, underlying shares and securities of the Company

As at the Latest Practicable Date, so far as was known to the Directors, the following persons (other than the Directors or chief executive of the Company) had, or were deemed to have, interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register required to be kept by the Company under Section 336 of the SFO, or who were directly or indirectly interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group:

Name	Capacity and nature of interest	Number of Shares	Approximate % of interest
Offeror *(Note (1))*	Beneficial owner	602,980,145	44.74
Mr. Wu *(Note (1))*	Interest of controlled corporation	602,980,145	44.74
CITIC Securities Company Limited ("**CITIC Securities**") *(Note (2))*	Interest of a controlled corporation	68,915,200	5.11

Note (1): The Offeror is wholly and beneficially owned by Mr. Wu. Mr. Wu is deemed to be interested in all the Shares held by the Offeror. There is no other person acting in concert with Mr. Wu is a Shareholder.

Note (2): 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 CITIC CLSA, CLSA B.V., CITIC International and CITIC Securities is deemed to be interested in the 68,915,200 Shares held by CSI Capital.

Other than as disclosed above and the 19,412,000 Shares are held by Core Pacific-Yamaichi International (H.K.) Nominees Limited, the independent trustee, for the share award scheme adopted by the Company on 11 September 2015, the Directors were not aware of any other person (other than the Directors and chief executive of the Company) who had any interests or short positions in any shares or underlying shares of the Company or any of its associated corporations as at the Latest Practicable Date.

4. DEALINGS IN SECURITIES AND ARRANGEMENTS IN RELATION TO DEALINGS

During the Relevant Period and as at the Latest Practicable Date:

(a) The Company did not have any beneficial interest in the shares, convertible securities, warrants, options and derivatives of the Offeror, and the Company had not dealt for value in any shares, convertible securities, warrants, options or derivatives of the Offeror during the Relevant Period.

(b) Save as disclosed in section 3 of this Appendix, none of the Directors had any interests in any Shares, convertible securities, warrants, options or other derivatives of the Company, and save for the entering into of the Share Purchase Agreement (which was completed on 15 October 2018) and the Sale

Shares interested by the Vendors, none of the Directors had dealt for value in any Shares, convertible securities, warrants, options or other derivatives of the Company during the Relevant Period.

(c) None of the Directors had any interests in any shares, convertible securities, warrants, options or other derivatives of the Offeror, and none of the Directors had dealt for value in any shares, convertible securities, warrants, options or other derivatives of the Offeror during the Relevant Period.

(d) Save as disclosed in section 3 of this Appendix, none of (i) the subsidiaries of the Company; (ii) the pension fund of the Company or of a subsidiary of the Company; or (iii) any advisers to the Company (as specified in class (2) of the definition of "associate" under the Takeovers Code) had any interest in the Shares, convertible securities, warrants, options or derivatives of the Company as at the Latest Practicable Date, and none of them had dealt in any Shares, convertible securities, warrants, options or derivatives of the Company.

(e) Save for the Vendor, no person had any arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code with the Company or with any person who is an associate of the Company by virtue of classes (1), (2), (3) and (4) of the definition of "associate" under the Takeovers Code, and no such person had dealt in any Shares, convertible securities, warrants, options or derivatives of the Company during the Relevant Period.

(f) No Shares, convertible securities, warrants, options or derivatives of the Company were managed on a discretionary basis by any fund managers connected with the Company as at the Latest Practicable Date, and none of them had dealt in any Shares, convertible securities, warrants, options or derivatives of the Company.

(g) No Shares or other securities of the Company carrying voting rights or convertible securities, warrants, options or derivatives of the Company had been borrowed or lent by any of the Directors or by the Company.

(h) No benefit (other than statutory compensation) was or will be given to any Director as compensation for loss of office in any members of the Group or otherwise in connection with the Offer.

(i) There was no agreement or arrangement between any Director and any other person which is conditional on or dependent upon the outcome of the Offer or otherwise connected with the Offer.

(j) There was no material contract entered into by the Offeror in which any Director has a material personal interest.

As at the Latest Practicable Date:

(a) Mr. Sin Ke, who is interested in 15,688,000 Shares and 4,000,000 Share Options, is one of the executive Directors who has undertaken to the Offeror to not accept the Offers under the Irrevocable Undertakings.

(b) Mr. San Kwan, a Director, who is interested in 8,000,000 Shares and 2,000,000 Share Options, is one of the executive Directors who has undertaken to the Offeror to not accept the Offers under the Irrevocable Undertakings.

(c) Save as the Shares and the Share Options as disclosed in (a)-(b) above, no other Directors held/directed/owned any relevant securities of the Company (as defined in Note 4 to Rule 22 of the Takeovers Code) as at the Latest Practicable Date.

5. MATERIAL CONTRACTS

As at the Latest Practicable Date, no contract (not being contracts entered into in the ordinary course of business carried on by the Group) had been entered into by any member of the Group within the two years prior to the commencement of the Offer Period and ending on the Latest Practicable Date and are or may be material.

6. LITIGATION

As at the Latest Practicable Date, none of the Company and its subsidiaries was engaged in any litigation or arbitration or claim of material importance and no litigation or claim of material importance was pending or threatened by or against the Company or any other member of the Group.

7. CONSENT AND QUALIFICATIONS OF PROFESSIONAL ADVISER

The following is the name and the qualifications of the professional adviser whose letter, opinions or advice are contained or referred to in this Composite Document:

Name	Qualifications
Pelican	a licensed corporation permitted to carry out Type 6 (advising on corporate finance) regulated activity as defined in the SFO

Pelican has given and has not withdrawn its written consent to the issue of this Composite Document with the inclusion herein of its letter, opinions or advice and references to its names in the form and context in which it appear.

As at the Latest Practicable Date, Pelican does not have any direct or indirect interest in any assets which have been, since 30 June 2018 (the date to which the latest published audited consolidated financial statements of the Group were made up), acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group.

8. DIRECTORS' SERVICE CONTRACT

As at the Latest Practicable Date, none of the Directors had entered into any service contracts with the Company or any of its subsidiaries or associated companies which (i) (including both continuous and fixed term contracts) have been entered into or amended within 6 months prior to the commencement of the Offer Period; (ii) are continuous contracts with a notice period of 12 months or more; or (iii) are fixed term contracts with more than 12 months to run irrespective of the notice period.

9. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection on (i) the website of the SFC at www.sfc.hk; (ii) the website of the Company at hksummi.com; and (iii) at the principal place of business of the Company in Hong Kong at Room 1409, 14/F, Leighton Centre, 77 Leighton Road, Causeway Bay, Hong Kong, from the date of this Composite Document up to and including the Closing Date:

(a) the memorandum and articles of association of the Company;

(b) the annual reports of the Company for the years ended 30 June 2017 and 2018;

(c) the letter from the Board, the text of which is set out on pages 22 to 27 of this Composite Document;

(d) the letter from the Independent Board Committee to the Independent Shareholders and Optionholders, the text of which is set out on pages 28 to 29 of this Composite Document;

(e) the letter from the Independent Financial Adviser to the Independent Board Committee, Independent Shareholders and Optionholders, the text of which is set out on pages 30 to 50 of this Composite Document;

(f) the written consent referred to under the paragraphs headed "Consent and qualifications of professional adviser" in this Appendix; and

(g) the Share Purchase Agreement.

10. MISCELLANEOUS

(a) The registered office of the Company is situated at Clifton House, 75 Fort Street, P.O. Box 1350, Grand Cayman KY1-1108, Cayman Islands and its head office and principal place of business in Hong Kong is Room 1409, 14/F, Leighton Centre, 77 Leighton Road, Causeway Bay, Hong Kong.

(b) The Company's share registrar in Hong Kong is Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.

(c) The registered office of Pelican is situated at 14/F Shanghai Industrial Investment Building, 48 Hennessy Road, Wanchai, Hong Kong.

(d) In the event of inconsistency, the English texts of this Composite Document and the Form(s) of Acceptance shall prevail over their respective Chinese texts.