



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

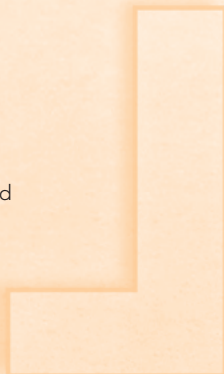
Healthy Life with **Summi**

INTERIM REPORT 2020/2021



CONTENTS

- 2 Corporate Information
- 3 Financial Summary
- 4 Chairman's Statement
- 6 Management Discussion and Analysis
- 11 Other Information
- 15 Corporate Governance Report
- 18 Condensed Consolidated Statements of Profit or Loss and Other Comprehensive Income
- 20 Condensed Consolidated Statements of Financial Position
- 22 Condensed Consolidated Statements of Changes in Equity
- 24 Condensed Consolidated Statements of Cash Flows
- 25 Notes to the Interim Condensed Consolidated Financial Statements





CORPORATE INFORMATION

DIRECTORS

Executive Directors

Mr. Wu Shaohao (Chairman)

Mr. Wu Liantao

Independent Non-Executive Directors

Mr. Kyaw Sai Hong HKICPA (practising)

Mr. Ma Chi Kin Kenneth CFA, CAIA, MRICS

Mr. Chen Ying

COMPANY SECRETARY

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

AUTHORISED REPRESENTATIVES

Mr. Wu Liantao

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

AUDIT COMMITTEE

Mr. Kyaw Sai Hong (Chairman)
HKICPA (practising)

Mr. Ma Chi Kin Kenneth CFA, CAIA, MRICS

Mr. Chen Ying

REMUNERATION COMMITTEE

Mr. Chen Ying (Chairman)

Mr. Wu Shaohao

Mr. Ma Chi Kin Kenneth CFA, CAIA, MRICS

NOMINATION COMMITTEE

Mr. Wu Shaohao (Chairman)

Mr. Ma Chi Kin Kenneth CFA, CAIA, MRICS

Mr. Kyaw Sai Hong HKICPA (practising)

INVESTMENT AND COMPLIANCE COMMITTEE

Mr. Wu Shaohao (Chairman)

Mr. Wu Liantao

Mr. Kyaw Sai Hong HKICPA (practising)

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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

REGISTERED OFFICE

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

AUDITOR

Yongtuo Fuson CPA Limited

LEGAL ADVISORS AS TO HONG KONG LAWS

Ling and Lawyers

PRINCIPAL BANKER

Standard Chartered Bank

SHARE REGISTRAR IN HONG KONG

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

SHARE REGISTRAR AND TRANSFER OFFICE IN CAYMAN ISLANDS

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

COMPANY WEBSITE

<https://hksummi.com>

LISTING INFORMATION

Stock code: 756

FINANCIAL SUMMARY

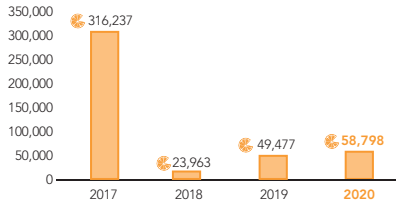
FOR THE SIX MONTHS ENDED 31 DECEMBER 2020 (UNAUDITED)

FINANCIAL HIGHLIGHTS

	Six months ended		Change % (Approximate)
	31 December 2020 RMB'000	31 December 2019 RMB'000	
Statement of profit or loss and other comprehensive income			
Revenue	58,798	49,477	19%
Gross profit	11,992	845	1,319%
Gross profit margin	20.40%	1.71%	18.69pp
(Loss)/profit for the period	(21,966)	329,037	N/A
EBITDA (excluding gains on a loan settlement agreement)	(4,713)	(10,630)	(56%)
Basic and diluted (loss)/earnings per share (RMB cents)	(1.6)	24.5	N/A
Statement of financial position			
Bank balances and pledged deposits	31,126	6,842	355%
Inventories	12,434	15,823	(21%)
Trade receivables	20,283	6,850	196%
Borrowings	264,157	274,198	(4%)
Net assets/(liabilities) before deducting non-current liabilities	48,382	(135,660)	N/A
Net liabilities	(253,812)	(330,917)	(23%)

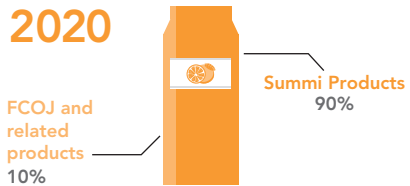
REVENUE

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



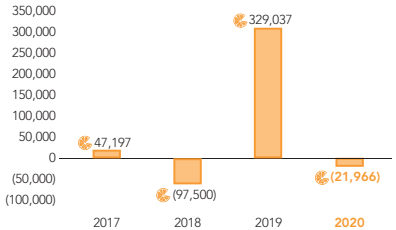
REVENUE BREAKDOWN

FOR THE SIX MONTHS ENDED 31 DECEMBER (Approximate percentage)



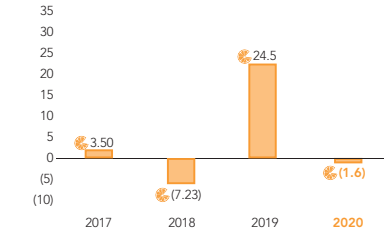
NET PROFIT/(LOSS)

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



BASIC EARNINGS/(LOSS) PER SHARE

FOR THE SIX MONTHS ENDED 31 DECEMBER (RMB cents)





CHAIRMAN'S STATEMENT

Dear Shareholders,

I am very pleased to present to the shareholders (the "Shareholder(s)") of Summi (Group) Holdings Limited (the "Company") the unaudited interim report of the Company and its subsidiaries (collectively, the "Group") for the six months ended 31 December 2020 (the "Reporting Period").

BUSINESS REVIEW AND PROSPECT

The Group's operations during the Reporting Period was recorded a continuing improvement as compared with the corresponding period. Total sales of the Group increased from approximately RMB49,477,000 over the same period in last year to approximately RMB58,798,000 during the Reporting Period, representing an increase of approximately 19%. The increase in sales attributable to the expansion of sales network in Hong Kong and Malaysia. On the other hand, the Group managed to reduce the loss on EBITDA to approximately RMB4,713,000, as compared to a loss on EBITDA, excluding the gains on a loan settlement agreement which was a non-recurring transaction, of approximately RMB10,630,000 over the same period in last year. The improvement of the operating performance of the Group has been achieved through a series of marketing events and rebuilding of the sales network. The new business model has been proved to be effective. The management of the Group anticipates that more resources will be put in promoting the Summi brand and leverage its brand recognition both in China and Hong Kong as well as South East Asia to enhance the Group's future profitability.

The management of the Company used its best endeavours to maintain the sustainability of the Company. On 23 October 2020, the Company and certain banks (the "Banks"), principal of which under the original loan agreement with the respective Banks amounted to approximately RMB99,444,000, entered into a loan restructuring agreement (the "Agreement"), pursuant to which, the Banks agreed to restructure their respective bank loan principal as an extended syndication loan with a tenor of 5 years. Further to the terms and conditions to the Agreement, the Banks agreed not to commence or continue with any legal proceedings against the Company in relation to the breaching of clauses of the Original Agreement. The Agreement has been duly executed and this resulted in the substantial improvement of the Company's financial position as at 31 December 2020. As at 31 December 2020, the Group recorded net current liabilities of approximately RMB101,929,000, which were significantly improved as compared with that of 30 June 2020 amounting to approximately RMB294,934,000. As at 31 December 2020, the Group also achieves a net assets position before deducting non-current liabilities of approximately RMB48,382,000, which was significantly improved as compared with that of 30 June 2020 of net liabilities position before deducting non-current liabilities of approximately RMB135,660,000.



CHAIRMAN'S STATEMENT

Other than exploring the existing business of the Group, the Group has been striving for diversifying its business and identifying new locations for setting up new plant locations of the Company's products. Currently, the Group has established a subsidiary in Chenzhou, Hunan and a joint venture in Liaozhong, Shengyang (the "Companies") and negotiation with the local governments are undergoing. The Companies have been at the preliminary stage of development, and the management of the Company expects that the Companies have the potential to become a robust profit engine of the Group in the foreseeable future.

INVESTOR RELATIONS

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

APPRECIATION

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

Wu Shaohao

Chairman

Shanghai, 24 February 2021



MANAGEMENT DISCUSSION AND ANALYSIS



COLLECTION OF ORANGES



WASHING AND BRUSHING



SORTING



SQUEEZING



PASTEURIZATION



FINISH



ASEPTIC PACKING AND STORAGE



SUMMI FRESH ORANGE JUICE



MANAGEMENT DISCUSSION AND ANALYSIS

OPERATING PERFORMANCE

Summi Products

During the Reporting Period, the Group has been continuously improving its sales network and developing new products in relation to Summi Products to leverage the advantages of "Summi" brand. In December 2020, the Group launched a new series of beverage products and marketing campaign has been planned for Hong Kong and China. Although the sales of the Group was impacted by COVID19 epidemic, sales revenue of Summi Products increased by 139% from approximately RMB22,382,000 over the same period last year to approximately RMB53,505,000.

FCOJ and related products

Sales of FCOJ and related products decreased from approximately RMB27,095,000 over the same period last year to approximately RMB5,293,000 in the Reporting Period. During the Reporting Period, international frozen orange juice futures prices have remained stable, same prices as compared with the previous year were recorded for the sale prices of FCOJ. The decrease in sales of FCOJ and related products was attributable to the sluggish global economic conditions during the COVID19 pandemic, which had a significant impact on the markets and the price competition from overseas suppliers had been intensified.

Gross Profit

During the Reporting Period, the Group's gross profit was approximately RMB11,992,000, an approximate increase of 1,319% compared to approximately RMB845,000 over the same period last year. The Group's gross profit margin increased to approximately 20.40% (2019: approximately 1.17%).

Distribution costs and administrative expenses

The Group's distribution costs mainly included marketing expenses and transportation costs. Distribution costs increased by approximately 3% from approximately RMB8,838,000 over the same period last year to approximately RMB9,142,000 during the Reporting Period.

The Group's administrative expenses mainly included general office administrative expenses, salaries, amortisation, etc. Administrative expenses increased from approximately RMB23,917,000 over the last year to approximately RMB25,056,000 during the Reporting Period.

Finance costs

During the Reporting Period, the Group's finance costs were approximately RMB4,270,000 (2019: RMB6,929,000).



MANAGEMENT DISCUSSION AND ANALYSIS

Net loss (profit)

During the Reporting Period, the Group's net loss was approximately RMB21,966,000, compared to a profit of approximately RMB329,037,000 over the same period last year. The substantial decline of profit was primarily due to the one-off gains on a loan settlement agreement over the last year of approximately RMB363,085,000.

Interim dividend

The Board has resolved not to announce any interim dividend for the six months ended 31 December 2020 (2019: nil).

LIQUIDITY, FINANCIAL RESOURCES, GEARING AND CAPITAL STRUCTURE

Liquidity

As at 31 December 2020, current assets amounted to approximately RMB68,398,000 (30 June 2020: approximately RMB31,072,000); current liabilities amounted to approximately RMB170,327,000 (30 June 2020: approximately RMB326,006,000).

Financial Resources

As at 31 December 2020, the Group had cash and cash equivalents and pledged bank deposits of approximately RMB31,126,000 (30 June 2020: approximately RMB6,842,000) respectively, as well as total borrowings of approximately RMB264,157,000 (30 June 2020: approximately RMB274,198,000).

As at 31 December 2020, the Group's trade receivables amounted to approximately RMB20,283,000 (30 June 2020: approximately RMB6,850,000), and inventory amounted to approximately RMB12,434,000 (30 June 2020: approximately RMB15,823,000).

Gearing

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

Capital Structure

As at 31 December 2020, the total number of issued shares of the Company (the "Shares") was 1,743,582,652 Shares. Based on the closing price of HK\$0.110 per Share as at 31 December 2020, the Company's market capitalisation was HK\$191,794,091.72.



MANAGEMENT DISCUSSION AND ANALYSIS

FOREIGN EXCHANGE EXPOSURE

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

PLEGDED OF ASSETS

As at 31 December 2020 and 30 June 2020, the Group had pledged the following assets to the lenders to secure the credit facilities granted to the Group:

	31 December 2020 RMB'000 (Unaudited)	30 June 2020 RMB'000 (Audited)
Property, plant and equipment	49,828	54,333
Land use rights	–	–
Right-of-use assets	6,953	7,124
Pledged bank deposits	8,418	–
	65,199	61,457

CONTINGENT LIABILITIES

As at 31 December 2020, the Group had no material contingent liabilities (30 June 2020: nil).

CAPITAL EXPENDITURE

During the Reporting Period, the Group’s capital expenditure amounted to approximately RMB4,270,000 (six months ended 31 December 2019: RMB3,596,000) which was used for acquisition of property, plant and equipment.



MANAGEMENT DISCUSSION AND ANALYSIS

PLANTS

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

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

INTEGRATED OPERATION MODEL

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

HUMAN RESOURCES AND REMUNERATION POLICY

As at 31 December 2020, the Group had 118 employees (2019: 103 employees). The Group offers excellent remuneration, discretionary bonuses and social insurance benefits to its employees. In addition, a share option scheme (the "Scheme") has been adopted on 7 June 2008 for the employees of the Group. The limit in respect of Shares that may be issued pursuant to the exercise of all share options granted under the Scheme has been refreshed on 5 November 2012.

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



OTHER INFORMATION

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

As at 31 December 2020, interests and short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (chapter 571 of the Laws of Hong Kong) (“SFO”)) held by the Directors and chief executives of the Company which have been notified to the Company and The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which were taken or deemed to have under such provisions of the SFO) or have been entered in the register maintained by the Company pursuant to section 352 of the SFO, or otherwise have been notified to the Company and the Stock Exchange pursuant to the Appendix 10 — Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) to Rule 3.13 of the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”) are as follows:

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

Name of Director	Capacity/Nature	Number of Shares held/ interested in	Approximate percentage of issued share
Mr. Wu Shaohao (“Mr. Wu”)	Interest of controlled corporation (<i>Note 2</i>) Beneficial owner (<i>Note 2</i>)	1,309,881,110 (L)	75.13%

Notes:

- The letter “L” denotes a long position in the Shares/underlying Shares.
- 1,309,881,110 shares were held by Rui Er Holdings Company Limited, a company incorporated in the British Virgin Islands and is owned as to 100% by Mr. Wu beneficially. Therefore, Mr. Wu is deemed to be interested in these shares under the SFO.

Save as disclosed above, as at 31 December 2020, none of the Directors or chief executive of the Company had any interests or short positions in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.



OTHER INFORMATION

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

As at 31 December 2020, as far as is known to the Directors, the following persons (not being a Director or chief executive of the Company) had interests or short positions in the Shares or underlying Shares which fell to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO:

Interests and short position in the Shares and underlying Shares

Name of Shareholder	Capacity/Nature	Number of Shares held/interested in	Approximate percentage of issued share
Rui Er Holdings Company Limited ("Rui Er")	Beneficial owner (Note 2)	1,309,881,110 (L)	75.13%
Ms. Yang Xijuan ("Ms. Yang")	Interest of spouse (Note 2)	1,309,881,110 (L)	75.13%
Ms. Hu Mingyue ("Ms. Hu")	Beneficial owner	120,784,960 (L)	6.93%

Notes:

1. The letters "L" denote a long position in the Shares/underlying Shares.
2. Rui Er is owned as to 100% by Mr. Wu. As Ms. Yang is the spouse of Mr. Wu, Ms. Yang was deemed, or taken to be, interested in the 1,309,881,110 Shares held by Mr. Wu by virtue of the SFO.

Save as disclosed above, and as at 31 December 2020, the Directors were not aware of any persons (who were not Directors or chief executive of the Company) or other corporation who had an interest or short position in the Shares or underlying Shares which would fall to be disclosed under Divisions 2 and 3 of Part XV of the SFO, or which would be required, pursuant to Section 336 of the SFO, to be entered in the register referred to therein.



OTHER INFORMATION

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

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

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

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

SHARE OPTION SCHEME

In order to attract and retain the eligible persons, to provide additional incentive to them and to promote the success of the business of the Group, the Company conditionally adopted a share option scheme (the "Scheme") on 7 June 2008 whereby the Board are authorised, at their absolute discretion and subject to the terms of the Scheme, to grant options to subscribe the Shares to, inter alia, any employees (full-time or part-time), directors, consultants, advisers, distributors, contractors, suppliers, agents, customers, business partners or service providers of the Group or any substantial Shareholder. The Scheme became unconditional on 10 July 2008 and shall be valid and effective for a period of ten years commencing on 7 June 2008, subject to the early termination provisions contained in the Scheme. The Scheme limit in respect of the grant of options to subscribe for Shares in the share capital of the Company under the Scheme has been refreshed by a resolution passed at the annual general meeting of the Company held on 5 November 2012.



OTHER INFORMATION

SHARE OPTION SCHEME (Continued)

An offer for the grant of options must be accepted within 7 days inclusive of the day on which such offer was made. The amount payable by each grantee of options to the Company on acceptance of the offer for the grant of options is HK\$1.00. The subscription price of a Share in respect of any particular option granted under the Scheme shall be a price at the discretion of the Board, provided that it shall be at the highest of: (i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date of grant of the options; (ii) the average of the closing prices of the Shares as stated in the Stock Exchange's daily quotations sheets for the 5 business days immediately preceding the date of grant of the options; and (iii) the nominal value of the Shares on the date of grant of the options.

The Company shall be entitled to issue options, provided that the total number of Shares which may be issued upon exercise of all outstanding options to be granted under the Scheme and any other share option scheme of the Company does not exceed 10% of the Shares in issue on the date when the Scheme was refreshed by a resolution passed at the annual general meeting of the Company held on 5 November 2012. For details of the said refreshment of scheme limit, please refer to the circular and the announcement of the Company dated 25 September 2012 and 5 November 2012 respectively. The Company may at any time refresh such limit, subject to in compliance with the Listing Rules, provided that the total number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Scheme and any other share option scheme of the Company does not exceed 30% of the Shares in issue from time to time. The total number of Shares issued and to be issued upon exercise of options granted to any grantee (including both exercised and outstanding options) under the Scheme, in any 12-month period up to the date of grant shall not exceed 1% of the Shares in issue.

An option may be exercised at any time during a period which shall not exceed ten years from the date of grant subject to the provisions of early termination under the Scheme. There is no minimum period for which an option must be held before it can be exercised under the Scheme.



CORPORATE GOVERNANCE REPORT

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

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

THE BOARD

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

REMUNERATION COMMITTEE

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

NOMINATION COMMITTEE

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



CORPORATE GOVERNANCE REPORT

AUDIT COMMITTEE

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

The Audit Committee had reviewed with management the accounting principles and practices adopted by the Group and discussed auditing, risk management, internal controls and financial reporting matters including a review of the interim report and the interim results of the Group for the six months ended 31 December 2020.

INVESTMENT AND COMPLIANCE COMMITTEE

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

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Board has reviewed the Company’s corporate governance practices and is satisfied that the Company’s corporate governance practices have complied with the code provisions set out in the Code throughout the six months ended 31 December 2020.



CORPORATE GOVERNANCE REPORT

CODE OF CONDUCT REGARDING DIRECTORS' SECURITIES TRANSACTIONS

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

On behalf of the Board

Wu Shaohao

Chairman

24 February 2021



CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 31 DECEMBER 2020

		Six months ended 31 December	
		2020	2019
	Notes	RMB'000 (unaudited)	RMB'000 (unaudited)
Revenue	3	58,798	49,477
Cost of sales		(46,806)	(48,632)
Gross profit		11,992	845
Gains on a loan settlement agreement		–	363,085
Other income	4	4,511	4,795
Selling and distribution costs		(9,142)	(8,838)
Administrative expenses		(25,056)	(23,917)
(Loss) profit from operations		(17,695)	335,970
Finance costs	5	(4,270)	(6,929)
(Loss) profit before tax		(21,965)	329,041
Income tax expense	7	(1)	(4)
(Loss) profit for the period	6	(21,966)	329,037



CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 31 DECEMBER 2020

	Note	Six months ended 31 December	
		2020 RMB'000 (unaudited)	2019 RMB'000 (unaudited)
(Loss) profit for the period		(21,966)	329,037
Other comprehensive income for the period			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange difference arising on translation of financial statements of foreign operations		45,573	19,102
Other comprehensive income for the period		45,573	19,102
Total comprehensive income for the period attributable to owners of the Company		23,607	348,139
(Loss) earnings per share:	9		
– Basic and diluted (RMB cents)		(1.6)	24.5



CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2020

		As at 31 December 2020 RMB'000 (Unaudited)	As at 30 June 2020 RMB'000 (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment		129,045	137,468
Right-of-use assets		21,266	21,806
		150,311	159,274
CURRENT ASSETS			
Inventories		12,434	15,823
Trade and other receivables	10	24,838	8,407
Pledged bank deposits		8,418	–
Cash and cash equivalents		22,708	6,842
		68,398	31,072
CURRENT LIABILITIES			
Trade and other payables	11	96,871	84,108
Income tax payables		2	2
Borrowings	12	61,522	171,007
Corporate bonds		2,525	42,748
Derivative financial instruments		8,788	28,010
Lease liabilities		619	131
		170,327	326,006
NET CURRENT LIABILITIES		(101,929)	(294,934)
TOTAL ASSETS LESS CURRENT LIABILITIES		48,382	(135,660)



CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2020

	As at 31 December 2020 RMB'000 (Unaudited)	As at 30 June 2020 RMB'000 (Audited)
NON-CURRENT LIABILITIES		
Borrowings	202,635	103,191
Corporate bonds	98,956	53,181
Lease liabilities	603	498
Convertible bonds	–	37,127
Deferred tax liabilities	–	1,250
	302,194	195,247
NET LIABILITIES	(253,812)	(330,907)
CAPITAL AND RESERVES		
Share capital	15,079	11,610
Reserves	(268,891)	(342,517)
Deficiency of shareholders' equity	(253,812)	(330,907)



CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 31 DECEMBER 2020

	Attributable to owners of the Company							Total RMB'000
	Share capital RMB'000	Share premium RMB'000	Capital reserve RMB'000	Share award reserve RMB'000	Statutory reserve RMB'000	Exchange reserve RMB'000	(Accumulated losses) retained profits RMB'000	
	Note (a)	Note (b)	Note (c)	Note (d)	Note (e)			
At 1 July 2020 (audited)	11,610	453,671	90,300	(11,159)	38,810	(65,648)	(848,491)	(330,907)
Loss for the period	-	-	-	-	-	-	(21,966)	(21,966)
Other comprehensive income								
Exchange differences arising on translation of foreign operations	-	-	-	-	-	45,573	-	45,573
Total comprehensive expense for the period	-	-	-	-	-	45,573	(21,966)	23,607
Issue of shares upon exercise of convertible bonds	3,469	50,021	-	-	-	-	-	53,490
At 31 December 2020 (unaudited)	11,610	453,671	60,483	(14,672)	38,810	26,038	1,108,170	(253,812)
At 1 July 2019 (audited)	11,610	453,671	46,390	(11,159)	38,810	(36,279)	(1,163,907)	(660,864)
Profit for the period	-	-	-	-	-	-	329,037	329,037
Other comprehensive income								
Exchange differences arising on translation of foreign operations	-	-	-	-	-	19,102	-	19,102
Total comprehensive income for the period	-	-	-	-	-	19,102	329,037	348,139
At 31 December 2019 (unaudited)	11,610	453,671	46,390	(11,159)	38,810	(17,177)	(834,870)	(312,725)



CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 31 DECEMBER 2020

Notes:

(a) Share premium

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

(b) Capital reserve

The capital reserve of the Group comprise the following:

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

(c) Share award reserve

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

(d) Statutory reserve

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

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

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

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



CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE SIX MONTHS ENDED 31 DECEMBER 2020

	Six months ended	
	31 December	
	2020	2019
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Cash used in operations	(13,207)	(15,792)
Income tax paid	(2)	(3)
Net cash used in operating activities	(13,209)	(15,795)
Net cash from investing activities	(9,028)	4,648
Net cash from (used in) financing activities	38,100	10,270
Net decrease in cash and cash equivalents	15,863	(877)
Cash and cash equivalents at the beginning of the period	6,842	4,364
Effect of foreign exchange rates changes	3	–
Cash and cash equivalents at the end of the period, represented by bank balances and cash	22,708	3,487



NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 DECEMBER 2020

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The unaudited condensed consolidated financial statements (the “Interim Financial Statements”) have been prepared in accordance with International Accounting Standard (“IAS”) 34 “Interim Financial Reporting” issued by the International Accounting Standards Board (the “IASB”) and the applicable disclosure requirements set out in Appendix 16 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) (the “Listing Rules”). The Interim Financial Statements do not include all the information and disclosure required in the annual consolidated financial statements of the Company and its subsidiaries (the “Group”), and should be read in conjunction with the annual consolidated financial statements for the year ended 30 June 2020, which have been prepared in accordance with International Financial Reporting Standards (the “IFRSs”) issued by the IASB.

2. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies that have been used in the preparation of the Interim Financial Statements are consistent with those followed in the preparation of the Group’s annual financial statements for the year ended 30 June 2020, except for the adoption of the new and revised IFRS. In the current period, the Group has adopted a number of new and revised IFRSs, amendments to IAS and Interpretations (“Ints”) (hereinafter collectively referred to as “new and revised IFRSs”) issued by the IASB that are relevant to the Group and effective for accounting periods beginning on or after 1 July 2020. The adoption of these new and revised IFRSs did not result in substantial changes to the Group’s accounting policies and amounts reported for the current and prior periods. The Group has not early adopted the new and revised IFRSs that have been issued but are not yet effective. The Group is in the process of assessing their impact on the Group’s results and financial position.

The preparation of the Interim Financial Statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies. The Interim Financial Statements should be read in conjunction with the Group’s audited consolidated financial statements and notes thereto for the year ended 30 June 2020.



NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 DECEMBER 2020

3. REVENUE AND SEGMENT INFORMATION

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

During the six months ended 31 December 2020, the Group's reportable and continuing operating segments are as follows:

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



NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 DECEMBER 2020

3. REVENUE AND SEGMENT INFORMATION (Continued)

Segment revenues, results, assets and liabilities

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

For the six months ended 31 December 2020 (unaudited)

	Production and sale of FCOJ and other related products business RMB'000	Production and sale of Summi Fresh Orange Juice and other products business RMB'000	Total RMB'000
Segment revenue (continuing operations)			
– Sales to external customers	5,293	53,505	58,798
– Inter-segment sales	–	–	–
Segment revenue	5,293	53,505	58,798
Elimination			–
Group revenue			58,798
Segment results	(4,802)	(9,236)	(14,038)
Unallocated gains			3,197
Corporate and other unallocated expenses			(6,854)
Finance costs			(4,270)
Loss before tax			(21,965)



NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 DECEMBER 2020

3. REVENUE AND SEGMENT INFORMATION (Continued) Segment revenues, results, assets and liabilities (Continued)

For the six months ended 31 December 2019 (unaudited)

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

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

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



NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 DECEMBER 2020

3. REVENUE AND SEGMENT INFORMATION (Continued) Segment revenues, results, assets and liabilities (Continued) As at 31 December 2020 (unaudited)

	Continuing Operations Production and sale of FCOJ and other related products business RMB'000	Production and sale of Summi Fresh Orange Juice and other products business RMB'000	Total RMB'000
Segment assets	74,994	91,789	166,783
Corporate and other assets			51,926
Total assets			218,709
Segment liabilities	8,873	3,618	12,491
Corporate and other liabilities			460,030
Total liabilities			472,521



NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 DECEMBER 2020

3. REVENUE AND SEGMENT INFORMATION (Continued) Segment revenues, results, assets and liabilities (Continued) As at 30 June 2020 (audited)

	Continuing Operations Production and sale of FCOJ and other related products business RMB'000	Production and sale of Summi Fresh Orange Juice and other products business RMB'000	Total RMB'000
Segment assets	84,820	97,583	182,403
Corporate and other assets			7,943
Total assets			190,346
Segment liabilities	6,096	7,507	13,603
Corporate and other liabilities			507,650
Total liabilities			521,253

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 DECEMBER 2020

3. REVENUE AND SEGMENT INFORMATION (Continued)

Segment revenues, results, assets and liabilities (Continued)

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

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

4. OTHER INCOME

	For the six months ended 31 December	
	2020 RMB'000 (Unaudited)	2019 RMB'000 (Unaudited)
Bank interest income	105	154
Government grants (<i>note i</i>)	3,178	1,180
Others	1,228	3,461
	4,511	4,795

Note:

- (i) During the six months ended 31 December 2019, government grants of approximately RMB1,180,000 was immediately recognised as other income for the period as there was no unfulfilled condition or contingencies relating to this subsidies. During the six months ended 31 December 2020, all government grants received were on cash basis. The government grants were unconditional and recognised as other income immediately.



NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 DECEMBER 2020

5. FINANCE COSTS

	For the six months ended 31 December	
	2020 RMB'000 (Unaudited)	2019 RMB'000 (Unaudited)
Interest on:		
– corporate bonds	1,564	1,284
– bank loans	2,699	5,640
– lease liabilities	7	5
	4,270	6,929

6. (LOSS) PROFIT FOR THE PERIOD

	For the six months ended 31 December	
	2020 RMB'000 (Unaudited)	2019 RMB'000 (Unaudited)
(Loss) profit for the period has been arrived at after charging (crediting):		
Depreciation of property, plant and equipment	12,810	16,387
Depreciation of right-of-use assets	172	98
Amount of inventories recognised as an expense	46,806	48,632
Exchange difference, net	402	612



NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 DECEMBER 2020

7. INCOME TAX EXPENSE

	For the six months ended 31 December	
	2020	2019
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Current tax:		
PRC Enterprise Income Tax	-	-
Malaysia	1	4
Deferred tax	-	-
	1	4

Notes:

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



NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 DECEMBER 2020

8. DIVIDEND

The Board does not recommend the payment of an interim dividend in respect of the six months ended 31 December 2020 (six months ended 31 December 2019: nil).

9. (LOSS) EARNINGS PER SHARE

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

Number of shares

	For the six months ended 31 December	
	2020 (Unaudited)	2019 (Unaudited)
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share	1,386,572,654	1,347,860,727

10. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 31 December 2020, the Group spent approximately RMB4,270,000 (six months ended 31 December 2019: RMB3,596,000) on purchase of property, plant and equipment.

During the six months ended 31 December 2020, the Group did not dispose of certain property, plant and equipment (six months ended 31 December 2019: nil).



NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 DECEMBER 2020

11. RIGHT-OF-USE ASSETS AND LEASES LIABILITIES

(i) Right-of-use assets

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

(ii) Contract liabilities

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

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

(iii) Amount recognised in profit or loss

	For the six months ended 31 December 2020 RMB'000 (Unaudited)	For the six months ended 31 December 2019 RMB'000 (Unaudited)
Depreciation of right-of-use assets	93	98
Interest expense on lease liabilities	-	-
Expense relating to short-term leases	118	123

(iv) Others

As at 31 December 2020, the Group is committed to approximately RMB238,000 for short-term leases (six months ended 31 December 2019: RMB246,000).



NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 DECEMBER 2020

12. TRADE RECEIVABLES

The Group allowed a credit period ranging from 30 to 90 days (30 June 2020: 30 to 90 days) to its trade customers from the date of billing.

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

	31 December 2020 RMB'000 (Unaudited)	30 June 2020 RMB'000 (Audited)
Neither past due nor impaired	13,028	2,629

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.

13. TRADE PAYABLES

The Group had financial risk management policies in place to ensure all payables are settled within the credit timeframe. The average credit period on purchase of goods was 90 days or on demand (30 June 2020: 90 days or on demand).

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

	31 December 2020 RMB'000 (Unaudited)	30 June 2020 RMB'000 (Audited)
Due within 3 months or on demand	20,283	6,850



NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 DECEMBER 2020

14. BORROWINGS

	As at 31 December 2020 RMB'000 (Unaudited)	As at 30 June 2020 RMB'000 (Audited)
Bank borrowings	160,966	171,007
Other borrowings	103,191	103,191
	264,157	274,198
The carrying amount of borrowings that repayable:		
Within one year or on demand	61,522	171,007
With a period of more than two years but not exceeding five years	202,635	103,191
	264,157	274,198
Less: the carrying amount of borrowings that are repayable on demand due to breach of loan covenants (shown under current liabilities)	(15,572)	(132,821)
	248,585	141,377
Less: amounts due within one year shown under current liabilities	(45,950)	(38,186)
Amounts shown under non-current liabilities	202,635	103,191
Analysed as:		
– Secured	26,572	81,942
– Unsecured	237,585	192,256
	264,157	274,198



NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 DECEMBER 2020

15. CORPORATE BONDS

As at 31 December 2020, the Company issued six corporate bonds to independent third parties for the purpose of general working capital with an aggregate nominal value of HK\$51,000,000 (30 June 2020: HK\$51,000,000) in aggregate and periods of ranging from five to eight years.

These corporate bonds were issued at a fixed interest rate of 6% or 6.50% (30 June 2020: 6% or 6.5%) per annum and are payable annually from the date of issuance and maturity date. The principal amount will be repaid on maturity. The effective interest rate is 7.15% (30 June 2020: 7.15%) per annum.

16. SHARE CAPITAL

	Number of shares	Share capital	
		HK\$'000	RMB'000
Ordinary shares of HK\$0.01 each			
Authorised:			
At 1 July 2019, 30 June 2020, 1 July 2020 and 31 December 2020	3,000,000,000	30,000	26,376
Issued and fully paid:			
At 1 July 2019, 30 June 2020 and 1 July 2020	1,347,860,727	13,479	11,610
Issue of shares upon conversion of convertible bonds	395,721,925	3,957	3,469
At 31 December 2020	1,743,582,652	17,436	15,079



NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 DECEMBER 2020

17. SHARE-BASED PAYMENT TRANSACTIONS

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

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

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

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

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

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

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

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



NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 DECEMBER 2020

17. SHARE-BASED PAYMENT TRANSACTIONS (Continued)

The terms and conditions of the grants are as follows:

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

The following table discloses movements of the Company's share options during the six months ended 31 December 2020:

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



NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 DECEMBER 2020

18. SHARES HELD UNDER SHARE AWARD SCHEME

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

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

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

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

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

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



NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 DECEMBER 2020

19. RELATED PARTY TRANSACTIONS

Compensation of key management personnel

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

	For the six months ended 31 December	
	2020	2019
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Short-term benefits	412	443
Post-employment benefits	78	80
	490	523