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森美(集團)控股有限公司
Summi (Group) Holdings Limited
(incorporated in the Cayman Islands with limited liability)
(Stock code: 00756)

INTERIM RESULTS ANNOUNCEMENT
FOR THE SIX MONTHS ENDED 31 DECEMBER 2020

FINANCIAL HIGHLIGHTS

	Six months ended		Change % (Approximate)
	31 December 2020 <i>RMB'000</i>	31 December 2019 <i>RMB'000</i>	
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	(21,965)	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)	<u>(1.6)</u>	<u>24.5</u>	<u>N/A</u>
	As at	As at	
	31 December 2020 <i>RMB'000</i>	30 June 2020 <i>RMB'000</i>	Change % (Approximate)
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	<u>(253,812)</u>	<u>(330,917)</u>	<u>(23%)</u>

The board (the “Board”) of directors (the “Directors”) of Summi (Group) Holdings Limited (the “Company”) is pleased to present the unaudited condensed consolidated financial statements of the Company and its subsidiaries (collectively, the “Group”) for the six months ended 31 December 2020 (the “Reporting Period”). The unaudited condensed consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board (the “IASB”), and have been reviewed by the audit committee of the Company.

BUSINESS REVIEW AND PROSPECT

The Group’s operations during the Reporting Period was 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.

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.

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).

Net loss (profit)

During the Reporting Period, the Group's net loss was approximately RMB21,965,000, 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.

FOREIGN EXCHANGE EXPOSURE

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

PLEDGE OF ASSETS

As at 31 December 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	–
	<u>65,199</u>	<u>61,457</u>

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.

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.

The unaudited financial information for the six months ended 31 December 2020 together with the comparative figures for the corresponding periods in 2019 were as follows:

**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
	<i>Notes</i>	<i>RMB'000</i>	<i>RMB'000</i>
		(unaudited)	(unaudited)
CONTINUING OPERATIONS			
Revenue	3	58,798	49,477
Cost of sales		<u>(46,806)</u>	<u>(48,632)</u>
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		<u>(25,056)</u>	<u>(23,917)</u>
(Loss) profit from operations		(17,695)	335,970
Finance costs	5	<u>(4,270)</u>	<u>(6,929)</u>
(Loss) profit before tax		(21,965)	329,041
Income tax expense	7	<u>(1)</u>	<u>(4)</u>
(Loss) profit for the period	6	<u>(21,966)</u>	<u>329,037</u>

	Six months ended	
	31 December	
	2020	2019
<i>Note</i>	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(unaudited)
(Loss) profit for the period	<u>(21,966)</u>	<u>329,037</u>
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	<u>45,573</u>	<u>19,102</u>
Other comprehensive income for the period	<u>45,573</u>	<u>19,102</u>
Total comprehensive income for the period attributable to owners of the Company	<u><u>23,607</u></u>	<u><u>348,139</u></u>
(Loss) earnings per share:	<i>9</i>	
– Basic and diluted (<i>RMB cents</i>)	<u><u>(1.6)</u></u>	<u><u>24.5</u></u>

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

As at 31 December 2020

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

	As at 31 December 2020 <i>RMB'000</i> (Unaudited)	As at 30 June 2020 <i>RMB'000</i> (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
	<u>302,194</u>	<u>195,247</u>
NET LIABILITIES	<u>(253,812)</u>	<u>(330,907)</u>
CAPITAL AND RESERVES		
Share capital	15,079	11,610
Reserves	<u>(268,891)</u>	<u>(342,517)</u>
Deficiency of shareholders' equity	<u>(253,812)</u>	<u>(330,907)</u>

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.

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

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

For the six months ended 31 December 2019 (unaudited)

	Production and sale of FCOJ and other related products <i>RMB'000</i>	Production and sale of Summi Fresh Orange Juice and other products business <i>RMB'000</i>	Total <i>RMB'000</i>
Segment revenue (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			–
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.

As at 31 December 2020 (unaudited)

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

As at 30 June 2020 (audited)

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

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	2019
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Bank interest income	105	154
Government grants (<i>note i</i>)	3,178	1,180
Others	1,228	3,461
	<u>4,511</u>	<u>4,795</u>

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.

5. FINANCE COSTS

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

6. (LOSS) PROFIT FOR THE PERIOD

	For the six months ended	
	31 December	
	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(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
	<u>12,810</u>	<u>16,387</u>

7. INCOME TAX EXPENSE

	For the six months ended	
	31 December	
	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Current tax:		
PRC Enterprise Income Tax	–	–
Malaysia	1	4
Deferred tax	–	–
	<u>1</u>	<u>4</u>

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.

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	<u>1,386,572,654</u>	<u>1,347,860,727</u>

10. 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 <i>RMB'000</i> (Unaudited)	30 June 2020 <i>RMB'000</i> (Audited)
Neither past due nor impaired	<u>13,028</u>	<u>2,629</u>

Trade receivables that were neither past due nor impaired related to customers that had no recent history of default payment.

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

11. 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	<u>20,283</u>	<u>6,850</u>

12. BORROWINGS

	As at 31 December 2020 RMB'000 (Unaudited)	As at 30 June 2020 RMB'000 (Audited)
Bank borrowings (<i>note</i>)	160,966	171,007
Other borrowings	<u>103,191</u>	<u>103,191</u>
	<u>264,157</u>	<u>274,198</u>
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	<u>202,635</u>	<u>103,191</u>
	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)	<u>(15,572)</u>	<u>(132,821)</u>
	248,585	141,377
Less: amounts due within one year shown under current liabilities	<u>(45,950)</u>	<u>(38,186)</u>
Amounts shown under non-current liabilities	<u>202,635</u>	<u>103,191</u>
Analysed as:		
– Secured	26,572	81,942
– Unsecured	<u>237,585</u>	<u>192,256</u>
	<u>264,157</u>	<u>274,198</u>

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

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

CORPORATE GOVERNANCE PRACTICES

The Board recognises the importance of good corporate governance practices in safeguarding the interest of the Shareholders. The Company commits to achieving and maintaining high standard of corporate governance, the principle of which serves to uphold transparency, accountability and independence in all aspects of business and endeavors to ensure that affairs are conducted in accordance with applicable laws and regulations. The corporate governance practices adopted by the Company are in compliance with the principles of the Corporate Governance Code (the "Code") contained in Appendix 14 to the Listing Rules.

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

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 to the Listing Rules – Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code"). Specific enquiry has been made of all the Directors and the Directors have confirmed that they had complied with such the required standard set out in the Model Code and code of conduct during the Reporting Period.

AUDIT COMMITTEE

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

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

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

This report will be published on the website of the Stock Exchange (www.hkexnews.hk) and the Company's website (<https://hksummi.com>). The interim report for the six months ended 31 December 2020 containing all the information required by Appendix 16 to the Listing Rules will be dispatched to shareholders and published on the websites of the Stock Exchange and the Company in due course.

By Order of the Board
Summi (Group) Holdings Limited
Wu Shaohao
Chairman

Hong Kong, 24 February 2021

As at the date of this announcement, the Board comprises: Mr. WU Shaohao and Mr. WU Liantao as executive Directors; Mr. MA Chi Kin, Mr. CHEN Ying and Mr. KYAW Sai Hong as independent non-executive Directors.