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)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 30 JUNE 2020

FINANCIAL HIGHLIGHTS

	2020	2019	Change%
	RMB'000	*RMB'000*	(Approximately)
Consolidated statement of profit or loss and other comprehensive income			
Continuing operations			
Revenue	**50,993**	57,101	(11%)
Gross profit (loss)	**7,727**	(19,700)	N/A
Profit (loss) for the year	**315,417**	(499,577)	N/A
EBITDA *(note)*	**384,775**	(386,367)	N/A
Basis EPS *(RMB cents)*	**23.40**	(37.39)	N/A
Diluted EPS *(RMB cents)*	**21.48**	(37.39)	N/A
Discontinued operation			
Loss for the year	**(1)**	(1,884,093)	(100%)
Basic EPS *(RMB cents)*	**–**	(141.00)	N/A
Diluted EPS *(RMB cents)*	**–**	(141.00)	N/A
Continuing operations and discontinued operation			
Profit (loss) for the year	**315,416**	(2,383,670)	N/A
Basic EPS *(RMB cents)*	**23.40**	(178.39)	N/A
Diluted EPS *(RMB cents)*	**21.48**	(178.39)	N/A
Proposed final dividend *(HK cents per share)*	**–**	–	N/A
Consolidated statement of financial position			
Cash and cash equivalents	**6,842**	4,364	57%
Inventories	**15,823**	22,008	(28%)
Trade receivables	**2,629**	19,252	(86%)
Borrowings	**274,198**	767,937	(64%)
Net liabilities value	**(330,907)**	(660,864)	(50%)

Note: EBITDA: profit (loss) before tax + finance costs + depreciation + amortisation − interest income

The board (the "Board") of directors (the "Directors") of Summi (Group) Holdings Limited (the "Company") is pleased to announce the audited consolidated financial statements of the Company and its subsidiaries (collectively, the "Group") for the year ended 30 June 2020 (the "Reporting Period"). The consolidated financial statements of the Group have been reviewed by the audit committee of the Company (the "Audit Committee").

BUSINESS REVIEW AND PROSPECT

The Group is principally engaged in manufacturing and selling of Summi Products, frozen concentrate orange juice ("FCOJ") and its related products. The Group has a total of five highly efficient production plants which are strategically located in major citrus growing areas (Fujian and Hunan) in China. The Group adopts an integrated business model.

The Group's operations during the Reporting Period was encouraging, with the operations of each major segment having an improvement of performance. As set out in the announcement dated 26 June 2019, the Group ceased to operate the orange plantation in Chongqing, while the operations of manufacturing frozen concentrate orange juice ("FCOJ") and Summi Products remained active, and the revenue from the sales of FCOJ and Summi Products have been recovering.

During the Reporting Period, the Group has managed to achieve an encouraging development. On 9 December 2019, the Company and certain banks entered into a loan settlement agreement, pursuant to which, the banks agreed to waive their respective amounts of outstanding liabilities payable by the Company to the settlement balances (the "Loans Waiver"). Pursuant to the Loan Settlement Agreement, the amounts to be repaid by the Company to the Banks will be US$20.49 million and the related loan settlement expenses. Upon full settlement, the Banks agreed to discharge all of the Company's obligations and indebtedness in relation to their respective parts of outstanding liabilities and the total remaining outstanding amounts of the Group's related bank borrowing of approximately HK$209 million. Accordingly, a gain relating to the Loan Settlement Agreement of RMB372,125,000 was recognised during the year ended 30 June 2020. Currently, the Company has been finalising the negotiation with the remaining banks in relation to a debt structuring agreement. The management of the Company is optimistic with the outcome of the negotiation, upon which the Company will be able to further extend the repayment terms of the bank loans with the principals of approximately USD17,555,000 (equivalent to approximately RMB121,867,000) to 2024 and the Company's financial position will be greatly improved.

IMPACTS OF NOVEL CORONAVIRUS 2019 (THE "COVID-19")

As set out in the announcement dated 30 March 2020, due to the recent outbreak of the COVID-19 epidemic, a series of precautionary and control measures have been implemented across China, Hong Kong and Malaysia where the Group has business presence at. As such, super-markets and convenience stores located there were temporarily suspended and their daily business hours have been restricted until now in order to contain the spread of COVID-19. The COVID-19 has adverse impacts on the consumer spendings of the

Company's products and so the Group's financial results is expected to be negatively affected. The extent of COVID-19's impacts on the Group's operations and financial performance for the full financial year ending 30 June 2020 cannot be determined at this stage as the duration and rate of spread of COVID-19 are uncertain. In the light of these uncertainties, the Group expects that its financial results for the full financial year ending 30 June 2020 will be adversely impacted to which the extents still depend on the development of the outbreak.

Due to the measures as mentioned above, the business operations of the Group in China and Malaysia were suspended to assist the community in preventing the further spreading of the pandemic. As a result, the Group recorded substantially below expected revenue during the first half of 2020.

On 10 June 2020, the government of Malaysia partially lifted the movement control measurements imposed in Malaysia and the business activities. After due consideration by the management of the Company, the operations in Malaysia gradually resumed to be normal since late of June 2020, which was again interrupted by the retightening of the movement control measures imposed by the government of Malaysia.

In May 2020, following the lift of the control measures imposed in the PRC, the operations of the Group in the PRC has been resumed to normal. While the production of the Summi products were not severely impacted due to the seasonal factor, the sales of the Group in the PRC were significantly impacted because business negotiation and movements of goods were vastly suspended. Fortunately, the sales of the Group have been recovering since July 2020 and monthly retailed sales of approximately RMB3 million and RMB6 million have been achieved in July and August 2020 respectively.

DISCLAIMER OPINION

Yongtuo Fuson CPA Limited ("Yongtuo Fuson"), the auditors of the Company were engaged to audit the consolidated financial statements of the Company and its subsidiaries (the "Group") for the year ended 30 June 2020. However, Yongtuo Fuson was unable to express an opinion on the consolidated financial statements of the Group, reasons and details of which were set out in the "EXTRACT FROM INDEPENDENT AUDITOR'S REPORT" Section of the announcement.

1. On the opening balances and corresponding figures since they are unable to carry out audit procedures to satisfy themselves whether the consolidated financial statements for the year ended 30 June 2019 gave a true and fair view ("Audit Qualification I");

2. The auditors are unable to obtain sufficient audit evidence in respect of balances as at 1 July 2018, 30 June 2019 and 1 July 2019 and transactions during the period from 1 July 2018 to Date of Deregistration of Chongqing Bangxing, impairment losses recognised in respect of the lease prepayments for orange plantations and loss from changes in fair value less cost to sell in respect of the biological assets of Chongqing Bangxing for the year ended 30 June 2019, and non-compliance with International Financial Report Standards ("IFRS(s)") and omission of disclosures thereof ("Audit Qualification II"); and

3. Multiple uncertainties relating to going concern ("Audit Qualification III").

The Company's auditors are of the view that, following the deregistration of the Chongqing Bangxing on 4 November 2019, they were unable to obtain sufficient appropriate audit evidence to determine whether the transactions before deregistration was free from material misstatement and therefore issued a disclaimer of opinion on the results of the Group's consolidated financial statements for the year ended 30 June 2020. The scope limitation giving rise to the disclaimer of opinion as mentioned in 1 and 2 above would no longer be required for the year ended 30 June 2021. Nevertheless, they issued a modification to the auditor's report for the financial year ended 30 June 2020 relating to the opening financial position and will propose a modification to the auditor's report for the financial year ending 30 June 2020 relating to the opening balances of the comparative figures of the retained earnings and the change in equity. The Board of Directors and the Audit Committee of the Company are aware that this modification would not have any continuing effect on the results and the closing financial position of the Company for the financial year ending 30 June 2021.

THE CONSIDERATION OF THE MANAGEMENT AND AUDIT COMMITTEE IN RELATION TO THE AUDIT QUALIFICATION

In relation to audit qualification I and II

The management of the Company and the audit committee of the Company discussed the Audit Qualification I and II and concurs with the view of Yongtuo Fuson. However, subsequent to the deregistration of Chongqing Bangxing on 4 November 2019, the financial information of Chongqing Bangxing has been derecognised from the Group's consolidated financial statements and except for the opening balances of the Group for the year ending 30 June 2020 (i.e. the financial information as at 1 July 2019) and the comparative figures for the year ended 30 June 2019, the Audit Qualification II would be removed.

In relation to audit qualification III

As set out in the announcements dated 10 December 2019, the Group successfully reached a loan settlement agreement with certain banks, pursuant to which, the banks agreed to reduce their respective amounts of outstanding liabilities payable by the Company to the settlement balances. The agreement was duly completed on 31 December 2019. In addition, as set out in the announcement dated 28 February 2020, the Group successfully raised approximately HK$185 million to support the Group's continuing businesses. As a result, the Group's financial position has been significantly improved. The Company expects that finalisation of a loan restructuring agreement with other banks will take place before the end of October 2020. As such, the current year modification report in respect of the going concern of the Group would be removed.

OPERATING PERFORMANCE

Summi Products

During the Reporting Period, the Group has been rebuilding the sales network and developing new products in relation to Summi Products to leverage the advantages of "Summi" brand. During the Reporting Period, sales of Summi Products increased by 18.8% from approximately RMB29,725,000 in last year to RMB35,308,000, which was mainly attributable to the sales of Summi Products in the supermarkets in the PRC, Hong Kong and Malaysia under the new business model.

In addition, the Group has been developing new series of products and mock samples have been sent to distributors and launch dates are expected to be in 2020. The Group estimates that the launch of new products will further enhance the Group's products range and leverage the Group's advantages in food and beverage industry.

FCOJ and related products

Sales of FCOJ and related products decreased from approximately RMB27,376,000 over the same period last year to approximately RMB15,685,000 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.

Breakdown of revenue by product for the year ended 30 June 2020 and the corresponding year are set out as follows:

	2020		2019	
	RMB'000	***Percentage of total revenue***	*RMB'000*	*Percentage of total revenue*
Summi brand products and other products	**35,308**	**69.2%**	29,725	52.1%
FCOJ and related products	**15,685**	**30.8%**	27,376	47.9%
	50,993	**100%**	57,101	100%

Gross profit (loss) from continuing operations

During the Reporting Period, the Group's gross profit was approximately RMB7,727,000 as compared to gross loss of approximately RMB19,700,000 for the last year.

Selling, distribution costs and administrative expenses

The Group's distribution costs mainly included marketing expenses and transportation costs. Distribution costs decreased by approximately 96% from approximately RMB64,851,000 over the corresponding year to approximately RMB2,836,000 during the year. The decrease was mainly due to the discontinuation of most marketing expenses during the Reporting Period as the Group was adjusting its sales strategy for Summi Products, in order to ensure the effective use of financial resources.

The Group's administrative expenses mainly included general office administrative expenses, salaries, amortisation, etc. Administrative expenses decreased from approximately RMB67,889,000 over the corresponding year to approximately RMB42,699,000 during the Reporting Period.

(Reversal of) impairment losses recognised

During the Reporting Period, as the management of the Company identified the events of impairment, the management of the Company had reviewed the recoverable value of the Company's property, plant and equipment, intangible assets, land use rights, goodwill and trade and other receivables. As a result of the impairment review, the following impairment losses were recognised or reversed:

	2020	2019
	RMB'000	*RMB'000*
Property, plant and equipment	**(1,793)**	118,498
Intangible assets	–	33,005
Goodwill	–	56,696
Trade and other receivables	**(817)**	33,307
Total (reversal of) impairment losses recognised	**(2,610)**	241,506

The management of the Company performed an impairment review on the above items based on the change of operation environments of the Company and recognised impairments based on the results of the impairment review, with reference to the valuation conducted by an independent professional valuer, if appropriate.

Finance costs

During the Reporting Period, the Group's finance costs were approximately RMB46,020,000 (2019: RMB67,540,000).

Net profit (loss)

During the Reporting Period, the Group's net profit was approximately RMB315,416,000, as compared to net loss of approximately RMB2,383,670,000 as compared with the corresponding year.

LIQUIDITY, FINANCIAL RESOURCES, GEARING AND CAPITAL STRUCTURE

Liquidity

As at 30 June 2020, net current liabilities amounted to approximately RMB294,934,000 (2019: net current liabilities of approximately RMB831,853,000).

Financial resources

As at 30 June 2020, the Group had cash and cash equivalents and pledged bank deposits of approximately RMB6,842,000 (2019: approximately RMB12,608,000) and total bank and other borrowings of approximately RMB274,198,000 (2019: approximately RMB767,937,000). The Group has corporate bonds of RMB95,929,000 (2019: RMB38,930,000).

As at 30 June 2020, trade and other receivables were approximately RMB8,407,000 (2019: approximately RMB26,518,000) and inventories were approximately RMB15,823,000 (2019: approximately RMB22,008,000).

Gearing

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

	2020	2019
Quick ratio (x)	**0.05**	0.04
Current ratio (x)	**0.09**	0.07
Gearing ratio *(note (a))*	**N/A**	N/A

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

Capital structure

As at 30 June 2020, the total number of issued shares was 1,347,860,727 shares. Based on the closing price of HK$0.126 per share as at 30 June 2020, the Company's market capitalisation as at 30 June 2020 was HK$169,830,451.60.

FOREIGN EXCHANGE EXPOSURE

The Group is subject to foreign exchange risks arising primarily from currencies pegged to United States Dollar. Majority of our income source is denominated in Renminbi while the repayment of interest and principals of our bank borrowings, are denominated in United States Dollar. Any substantial fluctuation between the currencies may have significant effects on the Group.

Furthermore, the conversion of Renminbi into foreign currencies is subject to rules and regulations of exchange control enforced by the government. The Group has a standing foreign exchange risk management policy and uses forward contracts and various derivative instruments to mitigate the associated risks.

PLEDGE OF ASSETS

At the end of the reporting period, the Group had pledged certain assets to borrowers to secure credit facilities granted to the Group, of which the details are set out in note 21 to this announcement.

CONTINGENT LIABILITIES

In May 2020, the Company received a statement of claim from a former employee relating to the outstanding wages and end of year payment with an aggregate amount of HK$2,520,000 (equivalent of RMB2,192,000) and the Group has already made a full provision for such claim during the years ended 30 June 2019 and 2020.

As at the end of the reporting period and up to the date of approval of these financial statements, apart from expressly stated above, the Group is a party to a number of civil litigations cases, as either a plaintiff or defendant. In the opinion of the Directors, these cases are either premature and/or the Group has a very high likelihood of success in its action and, therefore will not have any adverse impact on the Group's results and financial position. In the opinion of the Directors, adequate provision has been made in these consolidated financial statements.

Other than the above, the Group did not have any material contingent liabilities as at 30 June 2020.

CAPITAL EXPENDITURE

During the Reporting Period, the Group's capital expenditure amounted to approximately RMB6,486,000 (2019: approximately RMB606,131,000) which was used for acquisition of property, plant and equipment, intangible assets and land use rights and lease prepayments for Orange Plantations in Chongqing.

HUMAN RESOURCES AND REMUNERATION POLICY

As at 30 June 2020, the Group employed 113 employees (2019: 104 employees). The Group offered competitive remuneration package, discretionary bonuses and social insurance benefits to its employees. In addition, a share option scheme (the "Scheme") has been adopted since 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.

CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 June 2020

	Notes	2020 RMB'000	2019 RMB'000
Continuing Operations			
Revenue	4	**50,993**	57,101
Cost of sales		**(43,266)**	(76,801)
Gross profit (loss)		**7,727**	(19,700)
Other income	6	**6,024**	5,836
Gain from loan settlement agreement	7	**372,125**	–
Change in fair values	10	**18,621**	2,355
Selling and distribution expenses		**(2,836)**	(64,851)
Administrative expenses		**(42,699)**	(67,889)
Write-off of property, plant and equipment and intangible assets	10	**–**	(26,027)
Reversal of (impairment losses) recognised	10	**2,610**	(241,506)
Other operating expenses	8	**(135)**	(29,628)
Finance costs	9	**(46,020)**	(67,540)
Profit (loss) before tax		**315,417**	(508,950)
Income tax credit	11	**–**	9,373
Profit (loss) for the year from Continuing Operations	10	**315,417**	(499,577)
Discontinued Operation from Plantation and Sale of Agricultural Produce Business			
Loss for the year from Discontinued Operation	12	**(1)**	(1,884,093)
Profit (loss) for the year		**315,416**	(2,383,670)
Other comprehensive expense for the year			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		**(29,369)**	(24,898)
Total comprehensive income (expense) for the year attributable to owners of the Company		**286,047**	(2,408,568)
Earnings (loss) per share	14		
From continuing and discontinued operations			
– Basic *(RMB cents)*		**23.40**	(178.39)
– Diluted *(RMB cents)*		**21.48**	(178.39)
From Continuing Operations			
– Basic *(RMB cents)*		**23.40**	(37.39)
– Diluted *(RMB cents)*		**21.48**	(37.39)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2020

	Notes	2020 RMB'000	2019 RMB'000
Non-current assets			
Property, plant and equipment		**137,468**	151,984
Right-of-uses assets		**21,806**	–
Land use rights		**–**	21,435
Lease prepayments for orange plantations	*15*	**–**	–
Goodwill		**–**	–
Intangible assets		**–**	–
		159,274	173,419
Current assets			
Inventories		**15,823**	22,008
Biological assets	*16*	**–**	–
Trade and other receivables	*17*	**8,407**	26,518
Lease prepayments for orange plantations	*15*	**–**	–
Pledged bank deposits		**–**	8,244
Cash and cash equivalents		**6,842**	4,364
		31,072	61,134
Current liabilities			
Trade and other payables	*18*	**84,108**	86,118
Borrowings	*19*	**171,007**	767,937
Lease liabilities		**131**	–
Corporate bonds		**42,748**	38,930
Derivative financial instruments		**28,010**	–
Income tax payable		**2**	2
		326,006	892,987
Net current liabilities		**(294,934)**	(831,853)
Total assets less current liabilities		**(135,660)**	(658,434)

	Notes	**2020**	2019
		RMB'000	*RMB'000*
Non-current liabilities			
Deferred tax liabilities		**1,250**	1,250
Borrowings	*19*	**103,191**	–
Lease liabilities		**498**	–
Corporate bonds		**53,181**	–
Convertible bonds		**37,127**	–
Deferred income		**–**	1,180
		195,247	2,430
Net liabilities		**(330,907)**	(660,864)
Capital and reserves			
Share capital	*20*	**11,610**	11,610
Reserves		**(342,517)**	(672,474)
Deficiency of shareholders' equity		**(330,907)**	(660,864)

1. GENERAL

Summi (Group) Holdings Limited 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 Rui Er Holdings Company Limited (the "Controlling Shareholder"), a company incorporated in the British Virgin Islands (the "BVI").

During the year and up to the Termination Date (as defined in note 2(i)), the Group was previously principally involved in: (1) plantation and sale of agricultural produce (the "Plantation and Sale of Agricultural Produce Business"); (2) production and sale of frozen concentrated orange juice ("FCOJ") and other related products (the "Production and Sale of FCOJ and Other Related Products Business"); and (3) production and sale of Summi 100% freshly squeezed orange juice ("Summi Fresh Orange Juice") and other products (the "Product and Sale of Summi Fresh Orange Juice and Other Products Business"). Subsequent to the cessation of the Plantation and Sale of Agricultural Produce Business segment in 2019 (the "Discontinued Operation", and details of which are set out in note 12), the Group continues to be engaged in the Production and Sale of FCOJ and Other Related Products Business and Product and Sale of Summi Fresh Orange Juice and Other Products Business (collectively referred to as the "Continuing Operations").

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

(i) Chongqing Bangxing

As disclosed in the Company's announcements dated 12 April 2019, 16 April 2019, 23 April 2019, 3 May 2019, 26 June 2019 and 30 July 2019 (the "Announcements"), the management of the Company was unable to contact Mr. Sin Ke ("Mr. Sin"), who was the former Chairman of the Board, the former Chief Executive Officer and the former executive director of the Company. Pursuant to the amended and restated Articles of Association of the Company and the service contract between Mr. Sin and the Company, Mr. Sin was removed from his position as a director of the Company on 23 April 2019. Further, Mr. Sin has also ceased to be the Chairman and the Chief Executive Officer of the Company at the same time. Since Mr. Sin was the main contact person between the Company and the orange plantations (the "Orange Plantations") in respect of the Group's Plantation and Sale of Agricultural Produce Business through a former wholly-owned subsidiary of the Company, 重慶邦興果業有限公司 (Chongqing Bangxing Fruit Co., Ltd., "Chongqing Bangxing") at that moment, the Group had taken measures in order to assess the Orange Plantations such as visiting the Orange Plantations and communicating and negotiating with the local communities of plantations. However, in view of the left of Mr. Sin, the Group could not reach an agreement with the local communities of plantations and the Group had been unable to access to the oranges borne by the orange trees in the Orange Plantations. After several months of efforts, the management of the Company had abandoned the negotiation with the local communities of plantations and thus, pursuant to the resolution of the board of Directors on 26 June 2019, the Company decided to terminate and discontinue its Plantation and Sale of Agricultural Produce Business with effective from 26 June 2019 (the "Termination Date"), i.e. the Discontinued Operation and details of which are described in note 12.

In view of the above, the Company had sought legal advice as to the enforceability of the contracts on the Orange Plantations with the local communities of plantations from an independent legal adviser (the "Legal Adviser"). In addition, the Company had appointed an independent professional adviser (the "Independent Professional Adviser") to investigate the matters related to the Orange Plantations. With reference to the reports from the Legal Adviser and the Independent Professional Adviser, the Directors conducted a review on the business and operations and internal control system of Chongqing Bangxing and revealed that: (i) the Group was unable to contact Mr. Sin, certain former key personnel and management of the Group who were also previously responsible to the operations and businesses of Chongqing Bangxing; and (ii) a number of accounting records and documents of Chongqing Bangxing, such as the transactions with the local communities of plantations, the payments made to the local communities of plantations and the cultivation costs incurred in respect of the biological assets etc. from 1 July 2018 to the Date of Deregistration (as defined below) (the "Relevant Period") were not available.

With the consultation to the Legal Adviser, the Directors considered that, pursuant to the contracts on the Orange Plantations with the local communities of plantations, other than the plantation of fresh orange for the Group, the Group was not eligible to use the Orange Plantations for other purposes and/or to sub-lease the Orange Plantations to other third parties and thus, the Directors considered that the Orange Plantations will be no longer to generate any economic benefits to the Group in the near future.

In September 2019, the Group submitted the application to the relevant PRC government authorities to deregister Chongqing Bangxing and the deregistration procedures was completed on 4 November 2019 (the "Date of Deregistration"). Subsequently, all the assets and liabilities of Chongqing Bangxing were derecognised from the consolidated financial statements of the Group, if any.

Given the loss of certain accounting records and documents of Chongqing Bangxing and the fact that the Group was unable to contact Mr. Sin, certain former key personnel and management of the Group who were previously responsible to the operations and businesses of Chongqing Bangxing, the Directors considered that the historical information of Chongqing Bangxing may not be complete and sufficient to establish an accurate and reliable view of the historical transactions, trading and financial position of Chongqing Bangxing. Accordingly, the Directors believed that, as at the date of this announcement, it is almost impossible, and not practical, to ascertain the balances as at 1 July 2018, 30 June 2019 and 1 July 2019 and the transactions during the Relevant Period of Chongqing Bangxing, such as the transactions with the local communities of plantations, the payments made to the local communities of plantations and the cultivation costs incurred in respect of the biological assets etc. during the Relevant Period for inclusion in the consolidation financial statements of the Group.

Due to insufficient financial information as mentioned above, the Directors were unable to ensure whether the consolidated financial statements had been properly prepared in compliance with disclosures requirements under International Financial Reporting Standards ("IFRS(s)") issued by the International Accounting Standards Board (the "IASB"), Hong Kong Companies Ordinance and the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") thereof.

Particulars regarding to the Discontinued Operation, the lease prepayments for orange plantations and biological assets of the Group are disclosed in notes 12, 15 and 16, respectively.

(ii) Going concern basis

As at 30 June 2020, the Group had net current liabilities of RMB294,934,000 (2019: RMB831,853,000) and a deficiency of shareholders' equity of RMB330,907,000 (2019: RMB660,864,000). Further, as at 30 June 2020, the Group's borrowings including borrowings, convertible bonds and corporate bonds were RMB407,254,000. Out of which, as at 30 June 2020, the Group's borrowings amounted to RMB213,755,000 will be repayable within one year.

During the year, a bank issued demand letters dated 15 April 2019 and 3 July 2020 and a Writ of Summons indorsed with a Statement of Claim dated 14 July 2020 to the Group relating to a loan granted to the Group. As at 30 June 2020, the outstanding loan balance and accrued interest due to the bank were RMB16,866,000 and RMB1,953,000 respectively. The Directors are still negotiating with the bank to restructure the loan and the accrued interest.

During the year, the Group's borrowings with an amount of RMB132,821,000 was overdue and/or in breaching the clauses of the respective agreements with the lenders and thus, such incidents may cause the relevant borrowings become immediately due and payable should the lenders exercise their rights under the respective agreements.

In addition, such overdue and/or in breaching of the clauses of the respective agreements also triggered the cross default terms of the Group's corporate bonds of RMB42,748,000 as at 30 June 2020, which may also cause these borrowings to become immediately due and payable should the lenders exercise their rights under the respective agreements.

All of the above conditions indicate the existence of material uncertainties which may cast significant doubt about the Group's ability to continue as a going concern.

In view of such circumstances, the Directors have given careful consideration to the future liquidity and performance of the Group and its available sources of financing in assessing whether the Group will have sufficient financial resources to continue as a going concern. Certain measures have been taken to mitigate the liquidity pressure and to improve the Group's financial position which include, but are not limited to, the following:

(i) The Group is now actively participating in the negotiations in respect of a potential restructuring of the Company's existing debts and liabilities with its lenders and creditors (the "Financing Reorganisation");

(ii) The Group continue to take active measures to control operation and administrative costs through various channels, including but not limited to (i) having production and human resources optimisation and adjustments, (ii) reorganising the structure to each segment and maintaining close communication with suppliers, customers and banks, etc. (iii) committing to soliciting for new customers and exploring overseas markets to support the substantiable development of principle business of the Group; and (iv) containment of capital expenditures etc. (the "Business and Operation Restructuring Plan"); and

(iii) The Group is now actively in the process of negotiating with various bank, other financial institutions, third parties and related parties to raise short-term or long-term financing to the Group (the "Additional Funding Plan").

The Directors have reviewed the Group's cash flow projections prepared by the management of the Company. The cash flow projections cover a period of not less than twelve months from 30 June 2020. They are of the opinion that, taking into account the abovementioned plans and measures, 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 2020. Accordingly, the Directors are satisfied that it is appropriate to prepare the consolidated financial statements on a going concern basis.

Notwithstanding the above, significant uncertainties exist as to whether the management of the Company will be able to achieve its plans and measures as described above. Whether the Group will be able to continue as a going concern would depend upon the Group's ability to generate adequate financing and operating cash flows through the following:

(i) Successful in the finalisation of the Financing Reorganisation with the lenders and creditors;

(ii) Successful in the Business and Operation Restructuring Plan;

(iii) Successful in the Additional Funding Plan;

(iv) Successful in the negotiation with the Group's existing lenders such that no action will be taken by the relevant lenders to demand immediate repayment of the borrowings in any breach of loan covenants or default, including those with cross-default terms; and

(v) Successful in obtaining of additional new sources of financing as and when needed.

Should the Group fail to achieve the abovementioned plans and measures, it might not be able to continue operate as a going concern, and adjustments would have to be made to write down the carrying values of the Group's assets to their recoverable amounts, to provide for any further liabilities which might arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively. The effects of these adjustments have not been reflected in these consolidated financial statements.

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

Amendments to IFRSs that are mandatorily effective for the current year

In the current year, the Group has applied for the first time, the following new IFRSs, amendments and interpretations to IFRSs issued by IASB, which are relevant to and effective for the Group's consolidated financial statements for the accounting period beginning on 1 July 2019.

IFRS 16	Leases
IFRIC-Int 23	Uncertainty over Income Tax Treatments
Amendments to IFRS 9	Prepayment Features with Negative Compensation
Amendments to IAS 19	Plan Amendment, Curtailment or Settlement
Amendments to IAS 28	Long-term Interests in Associates and Joint Ventures
Amendments to IFRSs	Annual Improvements to IFRSs 2015–2017 Cycle

Other than as described below, the application of the new and amendments to 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.

IFRS 16 Leases

The Group has applied IFRS 16 for the first time in the current year. IFRS 16 superseded IAS 17 Leases ("IAS 17"), and the related interpretations.

Definition of a lease

The Group has elected the practical expedient to apply IFRS 16 to contracts that were previously identified as leases applying IAS 17 and IFRIC-Int 4 Determining whether an Arrangement contains a Lease and not apply this standard to contracts that were not previously identified as containing a lease. Therefore, the Group has not reassessed contracts which already existed prior to the date of initial application.

For contracts entered into or modified on or after 1 July 2019, the Group applies the definition of a lease in accordance with the requirements set out in IFRS 16 in assessing whether a contract contains a lease.

As a lessee

The Group has applied IFRS 16 retrospectively with the cumulative effect recognised at the date of initial application, 1 July 2019.

As at 1 July 2019, the Group recognised additional lease liabilities and right-of-use assets at amounts equal to the related lease liabilities by applying IFRS 16.C8(b)(ii) transition.

When applying the modified retrospective approach under IFRS 16 at transition, the Group applied the following practical expedients to leases previously classified as operating leases under IAS 17, on lease-by-lease basis, to the extent relevant to the respective lease contracts:

i. elected not to recognise right-of-use assets and lease liabilities for leases with lease term ends within 12 months of the date of initial application;

ii. excluded initial direct costs from measuring the right-of-use assets at the date of initial application; and

iii. applied a single discount rate to a portfolio of leases with a similar remaining terms for similar class of underlying assets in similar economic environment.

When recognising the lease liabilities for leases previously classified as operating leases, the Group has applied incremental borrowing rates of the relevant group entities at the date of initial application. The incremental borrowing rates applied by the relevant group entities is 3%.

	At 1 July 2019
	RMB'000
Operating lease commitments disclosed as at 30 June 2019	336
Lease liabilities as at 1 July 2019 discounted at relevant borrowing rates	312
Analysed as	
Current	169
Non-current	143
	312

As a lessee

The carrying amount of right-of-use assets for own use as at 1 July 2019 comprises the following:

	Right-of-use assets
	RMB'000
Right-of-use assets relating to operating leases recognised upon application of IFRS 16	312
Reclassified from land use rights *(Note below)*	21,435
	21,747

Note: Upfront payments for leasehold lands in the PRC for own used properties were classified as land use right as at 30 June 2019. Upon application of IFRS 16, the land uses right amounting to RMB21,435,000 was reclassified to right-of-use assets.

The following adjustments were made to the amounts recognised in the consolidated statement of financial position at 1 July 2019. Line items that were not affected by the changes have not been included.

	Carrying amounts previously reported at 30 June 2019	Adjustments	Carrying amounts under IFRS 16 at 1 July 2019
	RMB'000	*RMB'000*	*RMB'000*
Non-current assets			
Land use rights	21,435	(21,435)	–
Right-of-use assets	–	21,747	21,747
Current liabilities			
Lease liabilities	–	169	169
Non-current liabilities			
Lease liabilities	–	143	143

Note: For the purpose of reporting cash flows from operating activities under indirect method for the year ended 30 June 2020, movements in working capital have been computed based on opening consolidated statement of financial position as at 1 July 2019 as disclosed above.

New and revised IFRS in issue 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 17	Insurance Contracts[1]
Amendments to IFRS 3	Definition of a Business[2]
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to IAS 1 and IAS 8	Definition of Material[4]
Amendments to IFRS 9, IAS 39 and IFRS 7	Interest Rate Benchmark Reform[4]

[1] Effective for annual periods beginning on or after 1 January 2021.

[2] Effective for business combinations and asset acquisitions for which the acquisition date is on or after the beginning of the first annual period beginning on or after 1 January 2020.

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

[4] Effective for annual period beginning on or after 1 January 2020.

In addition to the above new and amendments to IFRSs, a revised Conceptual Framework for Financial Reporting was issued in 2018. Its consequential amendments, the Amendments to References to the Conceptual Framework in IFRS Standards, will be effective for annual periods beginning on or after 1 July 2020.

The Directors anticipate that the application of all these new and amendments to IFRSs and Interpretations will have no material impact on the Group's consolidated financial statements in the foreseeable future.

4. REVENUE FROM CONTINUING OPERATIONS

(1) Disaggregation of revenue from contracts with customers

During the year ended 30 June 2020, the Group is mainly engaged in the production and sale of FCOJ and other related products and Summi Fresh Orange Juice and other products and details of which are as follows:

	2020	2019
	RMB'000	*RMB'000*
Revenue from contracts with customers from Continuing Operations		
Types of goods		
– Sale of FCOJ and other related products	**15,685**	27,376
– Sale of Summi Fresh Orange Juice and other products	**35,308**	29,725
Total	**50,993**	57,101
Timing of revenue recognition:		
– A point in time	**50,993**	57,101

5. OPERATING SEGMENTS FROM CONTINUING OPERATIONS

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.

As explained in note 1 and 2(i), the Group previously divided the business into three segments: (1) Plantation and Sale of Agricultural Produce Business segment; (2) Production and Sale of FCOJ and Other Related Products Business segment; and (3) Product and Sale of Summi Fresh Orange Juice Business and Other Products segment. During the year ended 30 June 2019, the Company decided to cease and terminate its Plantation and Sale of Agricultural Produce Business segment and thus this business segment is classified as Discontinued Operation and their net results since then are excluded from the Continuing Operations as one-line item below net loss of the Continuing Operations. Further details of financial information of the Discontinued Operation are set out in note 12.

On 8 April 2019, the Company established a wholly owned subsidiary, Summi (Malaysia) Trading Sdn. Bhd which is mainly engaged in the sale of food and beverage products in South East Asia and thus, the Company had included the sale of food and beverage products in the Production and Sale of Summi Fresh Orange Juice and Other Products Business segment and the South East Asia as its new geographical market since the year ended 30 June 2019.

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

Segment revenue, results, assets and liabilities

	Production and Sale of FCOJ and Other Related Products Business	Production and Sale of Summi Fresh Orange Juice and Other Products Business	Total
	RMB'000	*RMB'000*	*RMB'000*
For the year ended 30 June 2020			
Segment revenue			
Continuing Operations			
– Sales to external customers	15,685	35,308	50,993
– Inter-segment sales	3,519	2,937	6,456
Segment revenue	19,204	38,245	57,449
Elimination			(6,456)
Consolidated revenue from Continuing Operations			50,993
Segment results	(5,725)	(19,876)	(25,601)
Unallocated gains			190
Gain from loan settlement agreement			372,125
Change in fair values			18,621
Corporate and other unallocated expenses			(3,898)
Finance costs			(46,020)
Profit before tax from Continuing Operations			315,417

	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*
For the year ended 30 June 2019			
Segment revenue			
Continuing Operations			
– Sales to external customers	27,376	29,725	57,101
– Inter-segment sales	3,777	–	3,777
Segment revenue	31,153	29,725	60,878
Elimination			(3,777)
Consolidated revenue from Continuing Operations			57,101
Segment results	(215,218)	(209,862)	(425,080)
Unallocated gains			1,960
Change in fair values			2,355
Corporate and other unallocated expenses			(20,645)
Finance costs			(67,540)
Loss before tax from Continuing Operations			(508,950)

	Continuing Operations		Discontinued Operation	
	Production and Sale of FCOJ and Other Related Products Business	Production and Sale of Summi Fresh Orange Juice and Other Products Business	Plantation and Sale of Agricultural Produce Business	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
As at 30 June 2020				
Assets and liabilities				
Segment assets	**84,820**	**97,583**	**N/A**	**182,403**
Corporate and other unallocated assets				**7,943**
Total assets				**190,346**
Segment liabilities	**6,096**	**7,507**	**N/A**	**13,603**
Corporate and other unallocated liabilities				**507,650**
Total liabilities				**521,253**
As at 30 June 2019				
Assets and liabilities				
Segment assets	99,622	120,485	21	220,128
Corporate and other unallocated assets				14,425
Total assets				234,553
Segment liabilities	21,052	27,280	–	48,332
Corporate and other unallocated liabilities				847,085
Total liabilities				895,417

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, change in fair values, gain from loan settlement agreement 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 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, convertible bonds, lease liabilities, borrowings, derivative financial instruments, income tax payable, deferred tax liabilities and certain other payables which were managed in a centralised manner.

Other segment information from Continuing Operations

Inter-segment sales are charged at prevailing market rates.

	Production and Sale of FCOJ and Other Related Products Business	**Production and Sale of Summi Fresh Orange Juice and Other Products Business**	**Unallocated**	**Total**
	RMB'000	***RMB'000***	***RMB'000***	***RMB'000***
For the year ended 30 June 2020				
Amounts included in the measure of segment profit or loss or segment assets:				
Depreciation	**11,354**	**12,042**	**155**	**23,551**
Additions to non–current assets	**6,058**	**1,215**	**11**	**7,284**
Write-off of				
– Inventories	**2,258**	**–**	**–**	**2,258**
(Reversal of) impairment losses recognised in respect of				
– Property, plant and equipment	**(1,682)**	**(111)**	**–**	**(1,793)**
– Trade receivables	**–**	**(817)**	**–**	**(817)**
– Inventories	**(8,867)**	**2,994**	**–**	**(5,873)**
Amounts regularly provided to the chief operating decision marker but not included in the measure of segment profit or loss assets:				
Bank interest income	**–**	**–**	**213**	**213**
Change in fair values	**–**	**–**	**18,621**	**18,621**
Gain from loan settlement agreement	**–**	**–**	**372,125**	**372,125**
Finance costs	**–**	**–**	**46,020**	**46,020**

	Production and Sale of FCOJ and Other Related Products Business	Production and Sale of Summi Fresh Orange Juice and Other Products Business	Unallocated	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
For the year ended 30 June 2019				
Amounts included in the measure of segment profit or loss or segment assets:				
Depreciation and amortisation	17,982	33,518	4,653	56,153
Additions to non-current assets *(note)*	1,395	8	8	1,411
Write-off of				
– Property, plant and equipment	25,249	–	–	25,249
– Software	–	778	–	778
Impairment loss recognised in respect of				
– Property, plant and equipment	50,457	68,041	–	118,498
– Intangible assets	33,005	–	–	33,005
– Goodwill	56,696	–	–	56,696
– Trade receivables	–	732	–	732
– Other receivables	–	32,575	–	32,575
Other receivable relating to marketing and promotion activities	–	15,000	–	15,000
Rental deposits for intelligent vending machines	–	17,575	–	17,575
– Inventories	20,607	325	–	20,932
Amounts regularly provided to the chief operating decision marker but not included in the measure of segment profit or loss assets:				
Bank interest income	–	–	349	349
Interest income from pledged bank deposits	–	–	238	238
Interest income from held-to-maturity investment	–	–	523	523
Change in fair values	–	–	2,355	2,355
Finance costs	–	–	67,540	67,540
Income tax credit	–	–	9,373	9,373

Note: Non-current assets exclude goodwill.

Geographical information

The Group's operations are located in the People's Republic of China (the "PRC"), Hong Kong and South East Asia.

Information about the Group's revenue from Continuing Operations and Discontinued Operation from external customers is presented based on the location of operations. Information about the Group's non-current assets is presented based on the geographical location of the assets.

	2020	2019
	RMB'000	*RMB'000*
Revenue arising from Continuing Operations:		
Mainland China	**22,354**	40,529
Hong Kong	**1,131**	1,260
South East Asia	**27,508**	15,312
	50,993	57,101

	2020	2019
	RMB'000	*RMB'000*
Non-current assets located at from continuing and discontinued operations are as follows:		
Mainland China	**159,038**	173,183
Hong Kong	**236**	236
	159,274	173,419

Revenue from major products from Continuing Operations

The following is an analysis of the Group's revenue from sales of its major products to external customers:

	2020	2019
	RMB'000	*RMB'000*
Sale of FCOJ and other related products	**15,685**	27,376
Sale of Summi fresh orange juice and other products	**35,308**	29,725
	50,993	57,101

Information about major customers from continuing and discontinued operations

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

	2020	2019
	RMB'000	*RMB'000*
Customer A[1]	**13,709**	21,624
Customer B[2, 4]	**18,092**	–
Customer C[3]	**6,604**	–

1 Revenue from Production and Sale of FCOJ and Other Related Products Business segment.

2 Revenue from Production and Sale of Summi Fresh Orange Juice and Other Products Business segment. The Customer B is controlled and beneficially owned by a director of a subsidiary of the Company.

3 Revenue from Production and Sale of Summi Fresh Orange Juice and Other Products Business segment.

4 The corresponding revenue for the year ended 30 June 2020 did not contribute over 10% of the total revenue of the Group.

6. OTHER INCOME FROM CONTINUING OPERATIONS

	2020	2019
	RMB'000	*RMB'000*
Bank interest income	**213**	349
Government grants *(notes (i) and (ii))*	**5,230**	3,876
Interest income from pledged bank deposits	**–**	238
Interest income from financial assets at amortised costs	**–**	523
Others	**581**	850
	6,024	5,836

Notes:

(i) Government grant of RMB1,180,000 (2019: RMB2,360,000) represents deferred income that was amortised during the year, which was granted in respect of supporting the Group's investment in a FCOJ production plant.

(ii) During the year ended 30 June 2020, government grant of approximately RMB4,050,000 (2019: RMB1,516,000) was immediately recognised as other revenue for the year as there was no unfulfilled condition or contingencies relating to this subsidy.

7. GAIN FROM LOAN SETTLEMENT AGREEMENT

On 9 December 2019, the Company entered into a loan settlement agreement (the "Loan Settlement Agreement") with certain banks (the "Banks") and pursuant to which, the Banks agreed to waive their respective amounts of outstanding liabilities payable by the Company to the settlement balances (the "Loans Waiver"). Pursuant to the Loan Settlement Agreement, the amounts to be repaid by the Company to the Banks will be US$20.49 million and the related loan settlement expenses. Upon full settlement, the Banks agreed to discharge all of the Company's obligations and indebtedness in relation to their respective parts of outstanding liabilities and the total remaining outstanding amounts of the Group's related bank borrowing of approximately HK$209 million. Accordingly, a gain relating to the Loan Settlement Agreement of RMB372,125,000 was recognised during the year ended 30 June 2020, being calculated as follows:

	RMB'000
Outstanding liabilities pursuant to the Loan Settlement Agreement:	
− Outstanding principal amount	482,348
− Accrued interest expenses	33,998
Total outstanding liabilities balances pursuant to the Loans Waiver	516,346
Loan settlement expenses	2,147
Total balances pursuant to the Loan Waiver	518,493
Cash payment to the Banks	(146,368)
Liabilities discharged pursuant to the Loan Waiver:	372,125

Details of the above are set out in Company's announcement dated 9 December 2019.

8. OTHER OPERATING EXPENSES FROM CONTINUING OPERATIONS

	2020	2019
	RMB'000	*RMB'000*
Compensation claim *(note below)*	**–**	25,116
Equity-settled share-based payment expenses	**–**	3,513
Losses on disposals of scrap materials	**3**	851
Others	**132**	148
	135	29,628

Note: During the year ended 30 June 2019, the Group received a claim in respect of the Group's products with a customer and subsequently, the Group waived receivable from this customer of RMB25,116,000 in settling the claim with this customer and the amount was charged to profit or loss for that year.

9. FINANCE COSTS FROM CONTINUING OPERATIONS

	2020	2019
	RMB'000	*RMB'000*
Interest expenses on corporate bonds	**6,475**	2,606
Interest expenses on convertible bonds	**2,905**	–
Interest expenses on bank loans	**34,293**	59,723
Imputed interest expenses	**2,340**	5,211
Interest on lease liabilities	**7**	–
	46,020	67,540

10. PROFIT (LOSS) BEFORE TAX FROM CONTINUING OPERATIONS

Profit (loss) for the year from Continuing Operations has been arrived at after charging (crediting):

	2020	2019
	RMB'000	*RMB'000*
Staff costs, including Directors' and chief executive's remuneration		
– Wages, salaries and other benefits	**11,886**	12,118
– Performance related bonuses	**–**	609
– Contributions to defined contribution plans	**602**	2,644
– Redundancy costs *(note below)*	**586**	1,381
– Equity-settled share-based payment expenses	**–**	3,513
	13,074	20,265
(Reversal of) impairment losses recognised in respect of:		
– Property, plant and equipment	**(1,793)**	118,498
– Intangible assets	**–**	33,005
– Goodwill	**–**	56,696
– Trade receivables	**(817)**	732
– Other receivables	**–**	32,575
Total (reversal of) impairment losses recognised	**(2,610)**	241,506
Cost of inventories recognised as an expense, including:	**43,266**	76,801
– (Reversal of) impairment losses recognised in respect of inventories	**(5,873)**	20,932
– Write-off of inventories	**2,258**	–
Amortisation and depreciation on:		
– Land use rights	**–**	555
– Property, plant and equipment	**22,803**	50,403
– Intangible assets	**–**	5,195
– Right-of-use assets	**748**	–
Total amortisation and depreciation	**23,551**	56,153
Write-off of:		
– Property, plant and equipment	**–**	25,249
– Software	**–**	778
	–	26,027
Others:		
Auditor's remuneration	**902**	783
Net foreign exchange losses	**239**	559
Short-term lease expenses	**17**	–
Operating lease charges in respect of rented premises	**–**	454

Note: During the year ended 30 June 2020 and 2019, the Directors reviewed the operation and businesses of the Group and owning to human resources optimisation, staff redundancy cost of RMB586,000 and RMB1,381,000 were incurred respectively.

11. INCOME TAX CREDIT (FROM CONTINUING OPERATIONS)

	2020	2019
	RMB'000	*RMB'000*
Current income tax:		
Malaysia	–	2
PRC Enterprise Income Tax	–	–
	–	2
Deferred tax *(note 34)*:		
Current year	–	(9,375)
	–	(9,373)

Pursuant to the rules and regulations of the Cayman Islands and BVI, the Group is not subject to any income tax in the Cayman Islands and the BVI for both years.

On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the "Bill") which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day. Under the two-tiered profits tax rates regime, the first HK$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

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 2020 and 2019.

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

Income tax for the Group's Malaysian operations is calculated at the rate of 24% on the estimated assessable profit derived from Malaysia for both years.

12. DISCONTINUED OPERATION FROM PLANATION AND SALE OF AGRICULTURAL PRODUCT BUSINESS

As described in note 2(i), during the year ended 30 June 2019, the management of the Company decided to cease and terminate the Plantation and Sale of Agricultural Produce Business segment through Chongqing Bangxing.

The loss for the period from 1 July 2018 to the Date of Deregistration attributable to the Discontinued Operation in respect of the Plantation and Sale of Agricultural Produce Business segment was set out as below.

	1 July 2019 to Date of Deregistration	2019
	RMB'000	*RMB'000*
Loss for the period/year from Discontinued Operation	**(1)**	(1,884,093)

The results of the Discontinued Operation for the period from 1 July 2018 to the Date of Deregistration, which have been included in the consolidated statement of profit or loss and other comprehensive income, were as follows:

	1 July 2019 to Date of Deregistration	Year ended 30 June 2019
	RMB'000	*RMB'000*
Other revenue	**–**	355
Loss from changes in fair value of biological assets less costs to sell	**–**	(372,124)
Administrative expenses	**(1)**	(3,287)
Impairment loss in respect of lease prepayments for orange plantations	**–**	(1,509,037)
Loss before tax	**(1)**	(1,884,093)
Income tax expenses	**–**	–
Loss for the period/year from Discontinued Operation	**(1)**	(1,884,093)

Loss for the period/year from Discontinued Operation include the following:

	1 July 2019 to Date of Deregistration *RMB'000*	Year ended 30 June 2019 *RMB'000*
Staff costs, including Directors' and chief executive's remuneration		
– Wages, salaries and other benefits	–	4,688
– Contributions to defined contribution plans	–	80
	–	4,768
Impairment loss recognised in respect of:		
– Lease prepayments for orange plantations	–	1,509,037
Amortisation on:		
– Lease prepayments for orange plantation	–	183,099
Operating lease charge in respect of orange plantations	–	183,099
Less: Operating lease charge recognised in biological assets	–	(183,099)
	–	–
Others:		
Auditor's remuneration	–	–
Loss from changes in fair value of biological assets less costs to sell	–	(372,124)

The cash flow of the Discontinued Operation for the period from 1 July 2018 to the Date of Deregistration, which have been included in the consolidated statement of cash flow, were as follows:

	1 July 2019 to Date of Deregistration *RMB'000*	Year ended 30 June 2019 *RMB'000*
Net cash outflows from operating activities	**(1)**	(23,254)
Net cash outflows from investing activities	–	(604,720)
Net cash (outflows) inflows from financing activities	**(20)**	142,668
Net cash outflows	**(21)**	(485,306)

As at 30 June 2019, the assets and liabilities of the Discontinued Operation, which have been included in the consolidated statement of financial position, were as follows:

	RMB'000
Non-current assets	
Lease prepayments for orange plantations *(see note 15)*	–
Current assets	
Biological assets *(see note 16)*	–
Lease prepayments for orange plantations *(see note 15)*	–
Cash and cash equivalents	21
	21
Current liabilities	
Balance with Continuing Operations fellow companies	1,636,910
Net current liabilities	(1,636,889)
Total assets less current liabilities	(1,636,889)

Subsequent to the deregistration of Chongqing Bangxing on 4 November 2019, the Chongqing Bangxing did not have any outstanding assets and liabilities.

During the Relevant Period, all of the Chongqing Bangxing's revenue and assets are derived from external customers and operations based in the PRC and accordingly, no further analysis of the Group's geographical information is disclosed.

As explained in note 2(i), because of the loss of certain accounting records and documents of Chongqing Bangxing and the fact that the Group was unable to contact certain former key personnel and management of the Group who were previously responsible to the operations and businesses of Chongqing Bangxing, the Directors consider that the historical information of Chongqing Bangxing may not be complete and sufficient to establish an accurate and reliable view of the historical transactions, trading and financial position of Chongqing Bangxing. Accordingly, the Directors believe that, as at the date of this announcement, it is almost impossible, and not practical, to ascertain the balances as at 1 July 2018, 30 June 2019 and 1 July and the transactions during the Relevant Period of Chongqing Bangxing, such as the transactions with the local communities of plantations, the payments made to the local communities of plantations and the cultivation costs incurred in respect of the biological assets etc. during the Relevant Period for inclusion in the consolidation financial statements of the Group.

13. DIVIDENDS

	2020	2019
	RMB'000	*RMB'000*
Dividends recognised as distribution and paid during the year	**–**	–

The Directors do not recommend the payment of any dividend for the years ended 30 June 2020 and 30 June 2019.

14. EARNINGS (LOSS) PER SHARE

From continuing and discontinued operations

The calculation of the basic and diluted earnings (loss) per share from continuing and discontinued operations attributable to the owners of the Company is based on the following data:

	2020	2019
	RMB'000	*RMB'000*
Earnings (loss) per share from continuing and discontinued operations		
Profit (loss) for the year from continuing and discontinued operations attributable to the owners of the Company	**315,416**	(2,383,670)
Less: Loss for the year from discontinued operations	**(1)**	(1,884,093)
Earnings (loss) for the purpose of basic earnings per share from continuing operations	**315,417**	(499,577)
Effect of dilutive potential ordinary shares:		
Interest on convertible bonds	**2,905**	–
Earnings (loss) for the purpose of diluted earnings per share from continuing operations	**318,322**	(499,577)

	2020	2019
Number of shares		
Weighted average number of ordinary shares in issue less shares held under the share award scheme for the purpose of basic earnings (loss) per share	**1,347,860,727**	1,336,213,527
Effect of dilutive potential ordinary shares:		
– Deemed issue of shares under the Company's share option scheme for nil consideration	**–**	–
– Warrants	**–**	–
– Convertible bonds	**134,069,723**	–
Weighted average number of ordinary shares for the purpose of diluted earnings (loss) per share	**1,481,930,450**	1,336,213,527

The diluted earnings (loss) per share for the years ended 30 June 2020 and 2019 does not assume the exercise of the Company's warrants and options because the exercise price of those warrants and options were higher than the average market price for shares.

From Continuing Operations

The calculation of the basic and diluted profit (loss) per share from Continuing Operations attributable to the owners of the Company is based on the following data:

	2020	2019
	RMB'000	*RMB'000*
Earnings (loss) per share from Continuing Operations		
Profit (loss) for the year from continuing and discontinued operations attributable to the owners of the Company for the purpose of basic and diluted earnings (loss) per share	**315,417**	(2,383,670)
Less: Loss for the year from Discontinued Operation	**(1)**	(1,884,093)
Profit (loss) for the year from Continuing Operations attributable to the owners of the Company for the purpose of basic and diluted loss per share	**315,416**	(499,577)

The denominators used are the same as those detailed above for both basic and diluted loss per share.

From Discontinued Operation

Basic and diluted loss per share for the Discontinued Operation is insignificant (2019: earnings per share of RMB141.00 cent), based on the loss for the year from the Discontinued Operation of RMB1,000 (2019: loss of RMB1,884,093,000) and the denominators used are the same as those detailed above for both basic and diluted loss per share.

15. LEASE PREPAYMENTS FOR ORANGE PLANTATIONS

	2019
	RMB'000
At 1 July 2018	1,087,416
Additions *(note (i))*	604,720
Amortisation *(note (ii))*	(183,099)
Impairment loss *(note (iii))*	(1,509,037)
At 30 June 2019, 1 July 2019 and 30 June 2020	–

The Group's lease prepayments for orange plantations represent long-term rentals under operating leases for orange farms in the PRC through Chongqing Bangxing, a wholly owned subsidiary of the Company.

Notes:

(i) The amount represents the long-term rentals payments paid to the local communities of plantations during the year.

(ii) The amount represents the amortised charge which was charged to the cost of the biological assets cultivation costs for the year.

(iii) As described in note 2(ii):

(a) The management of the Company decided to terminate the Plantation and Sale of Agricultural Produce Business segment which is an indication that the relevant assets related to the Orange Plantations are impaired. In view of that, the management of the Company has carried out an impairment review on the relevant assets relating to the Orange Plantations, such as the lease prepayments for orange plantations.

(b) The Group had disputes with the local communities of plantations and the Directors consider that: (i) the Group is unable to assess and consider the conditions of the orange plantations; and (ii) the Group is impossible to harvest any fresh orange. In view of these conditions and circumstances, the Directors engaged an independent external valuer, Royson Valuation Advisory Limited ("Royson") to consider the recoverable amount of the lease prepayments for orange plantations. Based on the report received from Royson, the Directors are in the opinion that the Orange Plantations will be no longer generate any economic benefits to the Group in the near future and accordingly, full impairment of RMB1,509,037,000 in respect of the lease prepayments for orange plantations was charged to the profit or loss for the year ended 30 June 2019.

As explained in note 2(i), because of the loss of certain accounting records and documents of Chongqing Bangxing and the fact that the Group was unable to contact certain former key personnel and management of the Group who were previously responsible to the operations and businesses Chongqing Bangxing are now not contactable, the Directors consider that the historical information of Chongqing Bangxing may not be complete and sufficient to establish an accurate and reliable view of the historical transactions, trading and financial position of Chongqing Bangxing. Accordingly, the Directors believes that, as at the date of this announcement, it is almost impossible, and not practical, to ascertain the balances as at 1 July 2018, 30 June 2019 and 1 July 2019 and the transactions during the Relevant

Period of Chongqing Bangxing, such as the transactions with the local communities of plantations, the payments made to the local communities of plantations and the impairment loss recognised during the year, etc. for inclusion in the consolidation financial statements of the Group.

16. BIOLOGICAL ASSETS

	2019
	RMB'000
At 1 July 2018	169,119
Increase due to cultivation *(note (i))*	203,005
Loss from changes in fair value less cost to sell *(note (ii))*	(372,124)
At 30 June 2019, 1 July 2019 and 30 June 2020	–

The above represents the movements in biological assets, representing oranges before harvest, before harvest in respect of the Orange Plantations for the Group, through Chongqing Bangxing, a wholly owned subsidiary of the Company.

Notes:

(i) The amounts represent the additional of cultivation costs incurred during the year ended 30 June 2019, including fertilisers, pesticides, labour costs, orange farm rental costs and amortisation for lease prepayments for orange planation, etc.

(ii) The Directors measured the fair value of oranges at harvest based on market prices as at or close to the harvest dates and the amount will be charged or credited to the consolidated statement of profit or loss and other comprehensive income as "loss from change in fair value less cost to sell" for the year ended 30 June 2019.

As explained in note 2(i), the Group had disputes with the local communities of plantations, the Directors considered that: (i) the Group was unable to assess and consider the conditions of the orange plantations; and (ii) the Group was impossible to harvest any fresh orange. The Directors were in the opinion that the Orange Plantations will be no longer generate any economic benefits to the Group in the near future and accordingly, loss from changes in fair value less cost to sell of RMB372,124,000 was charged to the profit or loss for the year ended 30 June 2019 in accordance with the accounting policy of the Company.

As explained in note 2(i), because of the loss of certain accounting records and documents of Chongqing Bangxing and the fact that the Group was unable to contact certain former key personnel and management of the Group who were previously responsible to the operations and businesses Chongqing Bangxing are now not contactable, the Directors considered that the historical information of Chongqing Bangxing may not be complete and sufficient to establish an accurate and reliable view of the historical transactions, trading and financial position of Chongqing Bangxing. Further, the Directors considered that the Group was unable to assess and consider the conditions of the Orange plantation and thus, they believed that, as at the date of this announcement, it is almost impossible, and not practical, to ascertain the reasonableness in respect of the movements of biological assets, including the loss from changes in fair value less cost to sell of the biological assets which was charged to the profit or loss for the year ended 30 June 2019 for inclusion in the consolidation financial statements of the Group.

17. TRADE AND OTHER RECEIVABLES

	2020	2019
	RMB'000	*RMB'000*
Trade receivables	**2,629**	19,984
Less: allowance for credit losses	**–**	(732)
	2,629	19,252
Other receivables		
– Other receivable relating to marketing and promotion activities	**–**	15,000
– Others	**3,006**	4,881
	3,006	19,881
Less: allowance for credit losses	**–**	(15,000)
	3,006	4,881
Others		
– Rental deposits for intelligent vending machines	**–**	17,575
– Other deposits	**1,179**	122
– Prepayments	**1,593**	2,263
	2,772	19,960
Less: allowance for credit losses	**–**	(17,575)
	2,772	2,385
Total trade and other receivables	**8,407**	26,518

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

	2020	2019
	RMB'000	*RMB'000*
0 to 30 days	**17**	12,990
31 to 60 days	**131**	5,247
61 to 90 days	**257**	1,015
Over 90 days	**2,224**	–
	2,629	19,252

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.

Movements in the allowance for credit losses for trade receivables:

	2020	2019
	RMB'000	*RMB'000*
As at 1 July	**732**	–
Impairment losses (reversed) recognised	**(817)**	732
Exchange adjustments	**85**	–
As at 30 June	**–**	732

18. TRADE AND OTHER PAYABLES

	2020	2019
	RMB'000	*RMB'000*
Trade payables	**6,850**	21,214
Payables for acquisition of property, plant and equipment	**3,546**	2,997
Accrued sales commission	**4,006**	3,939
Other tax payables	**7,947**	10,217
Accrued staff costs	**963**	1,724
Interest payables	**11,354**	22,456
Amount due to a director *(note below)*	**38,221**	14,830
Other payables and accruals	**11,221**	8,741
	84,108	86,118

Note: The amount due to Mr. Wu Shaohao, the director of the Company is unsecured, interest-free and repayable on demand.

The following is an aged analysis of accounts payable presented based on the invoice date.

	2020	2019
	RMB'000	*RMB'000*
0–90 days	**678**	21,214
Over 365 days	**6,172**	–
	6,850	21,214

The Group had financial risk management policies in place to ensure all payables are settled within the credit timeframe. The credit period on purchase of goods is ranging from 90 to 150 days (2019: 90 to 150 days).

19. BORROWINGS

	2020	2019
	RMB'000	*RMB'000*
Bank borrowings	**171,007**	668,237
Other borrowings	**103,191**	99,700
	274,198	767,937
The carrying amount of borrowings that contain a repayment on demand clause (shown under current liabilities) but repayable:		
Within one year or on demand	**171,007**	767,937
Within a period of more than two years but not exceeding five years	**103,191**	–
	274,198	767,937
The carrying amount of borrowings that become immediately due and payable due to breach of loan covenants and was shown under current liabilities	**(132,821)**	(630,237)
	141,377	137,700
Less: Amounts due within one year shown under current liabilities	**(38,186)**	(137,700)
Amounts shown under non-current liabilities	**103,191**	–

20. SHARE CAPITAL OF THE COMPANY

	Number of shares	Share capital	
		HK$'000	*RMB'000*
Ordinary shares of HK$0.01 each			
Authorised			
As at 1 July 2018, 30 June 2019 and 30 June 2020	3,000,000,000	30,000	26,376
Issued and fully paid			
As at 1 July 2018, 30 June 2019 and 30 June 2020	1,347,860,727	13,479	11,610

There were no movements of the Company's share capital during the year ended 30 June 2020 and 30 June 2019.

21. PLEDGE OF ASSETS

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

	2020	2019
	RMB'000	*RMB'000*
Property, plant and equipment	**54,333**	67,164
Land use rights	**–**	9,021
Right-of-use assets	**7,124**	–
Pledged bank deposits	**–**	8,244
	61,457	84,429

22. EVENTS AFTER THE REPORTING PERIOD

Other than those disclosed elsewhere in these consolidated financial statements, the Group had the following significant events after the reporting period:

COVID-19

Upon the outbreak of Coronavirus Disease 2019 ("COVID-19 outbreak") in early 2020, a series of precautionary and control measures have been and continued to be implemented across the country/region. As at the date of these financial statements were authorised to issue, the related impact on the consolidated results of operations, cash flows and financial conditions of the Group could not be reasonably estimated at this stage and will be reflected in their consolidated financial information for the six months ending 31 December 2020 and consolidated financial statements for the year ending 30 June 2021. The Group will pay close attention to the development of the COVID-19 outbreak and evaluate its impact on the financial position and operating results of the Group.

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.

CORPORATE GOVERNANCE PRACTICES

The Company is committed to fulfilling its responsibilities to the Company's shareholders (the "Shareholders") and protecting and enhancing Shareholders' value through good corporate governance.

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

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

CODE OF CONDUCT REGARDING DIRECTORS' SECURITIES TRANSACTIONS

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

AUDIT COMMITTEE

The Audit Committee currently consists of 3 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 has reviewed with management the accounting principles and practices adopted by the Group and discussed internal controls and financial reporting matters including a review of this announcement and the final result of the Group for the year ended 30 June 2020.

SCOPE OF WORK OF YONGTUO FUSON CPA LIMITED

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 30 June 2020 as set out in this announcement have been agreed by the Group's auditors, Yongtuo Fuson CPA Limited, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Yongtuo Fuson CPA Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Yongtuo Fuson CPA Limited on this announcement.

EXTRACT FROM INDEPENDENT AUDITOR'S REPORT

The following is an extract of the independent auditor's report on the consolidated financial statements of the Group for the year ended 30 June 2020.

"Disclaimer of Opinion

We do not express an opinion on the consolidated financial statements of the Group. Because of the significant matters described in the "Basis for Disclaimer of Opinion" section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these consolidated financial statements and as to whether the consolidated financial statements have been properly prepared in compliance with disclosure requirements of the Hong Kong Companies Ordinance.

Basis for Disclaimer of Opinion

(1) Opening balances and corresponding figures

Our audit opinion on the consolidated financial statements of the Group for the year ended 30 June 2019 (the "2019 Financial Statements"), which form the basis for the corresponding figures presented in the current year's consolidated financial statements, was disclaimed because of the significance of the possible effect of the limitations on the scope of our audit, details of which are set out in our report dated 30 September 2019 and the matters described in (2) below.

Any adjustments found to be necessary in respect of these matters above might have significant effects on the consolidated statement of financial position as at 30 June 2019, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cashflows for the year ended 30 June 2019, our audit opinion on the consolidated financial statements for the year ended 30 June 2019 was modified accordingly. Our opinion on the current year's consolidated financial statements is also modified because of the possible effects of these matters on the comparability of the current year's figures and the corresponding figures.

(2) Insufficient audit evidence in respect of balances as at 1 July 2018, 30 June 2019 and 1 July 2019 and transactions during the period from 1 July 2018 to Date of Deregistration (as defined below) of Chongqing Bangxing, impairment losses recognised in respect of the lease prepayments for orange plantations and loss from changes in fair value less cost to sell in respect of the biological assets of Chongqing Bangxing for the year ended 30 June 2019, and non-compliance with International Financial Report Standards ("IFRS(s)") and omission of disclosures thereof

As set out in note 2(i) to the consolidated financial statements, because of the loss of certain accounting records and documents of 重慶邦興果業有限公司 (Chongqing Bangxing Fruit Co., Ltd., "Chongqing Bangxing", a former wholly owned subsidiary of the Company which was previously mainly engaged in the Group's Plantation and Sale of Agricultural Produce Business segment (as defined in note 1 to the consolidated financial statements) and the deregistration procedures of Chongqing Bangxing was completed on 4 November 2019, the "Date of Deregistration") and the fact that the Group was unable to contact certain former key personnel and management of the Group who were previously responsible to the operations and businesses of Chongqing Bangxing, the directors of the Company (the "Directors") consider that the historical information of Chongqing Bangxing may not be complete and sufficient to establish an accurate and reliable view of the historical transactions, trading and financial position of Chongqing Bangxing. Accordingly, the Directors believe that, as at the date of this report, it is almost impossible, and not practical, to ascertain the balances as at 1 July 2018, 30 June 2019, 1 July 2019 and transactions during the period from 1 July 2018 to Date of Deregistration (the "Relevant Period") of Chongqing Bangxing, such as the transactions with the local communities of plantations, the payments made to the local communities of plantations and the cultivation costs incurred in respect of the biological assets etc. during the Relevant Period for inclusion in the consolidated financial statements of the Group.

We were unable to obtain sufficient appropriate audit evidence to determine whether the balances as at 1 July 2018, 30 June 2019 and 1 July 2019 and transactions during the Relevant Period of Chongqing Bangxing, such as the transactions with the local communities of plantations, the payments made to the local communities of plantations and the cultivation costs incurred in respect of the biological assets etc. during the Relevant Period were free from material misstatement. In view of that, we were unable to obtain sufficient appropriate audit evidence to determine whether the related impairment losses recognised in respect of the lease prepayments for orange plantations and loss from changes in fair value less cost to sell in respect of the biological assets for the year were free from material misstatement for the years ended 30 June 2019 and 30 June 2020.

Against this background, we are unable to satisfy ourselves as to whether the balances as at 1 July 2018, 30 June 2019 and 1 July 2019 and transactions during the Relevant Period of Chongqing Bangxing included in the consolidated financial statements and to determine whether all the transactions entered into by Chongqing Bangxing for the Relevant Period have been properly accounted for in the consolidated financial statements of the Group.

Due to insufficient financial information as mentioned above, we are unable to ensure whether the consolidated financial statements have been properly prepared in compliance with disclosures requirements under IFRSs issued by the International Accounting Standards Board (the "IASB"), Hong Kong Companies Ordinance and the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited thereof.

(3) *Multiple uncertainties relating to going concern*

As described in note 2(ii) to the consolidated financial statements, as at 30 June 2020, the Group had a net current liabilities of RMB294,934,000 and a deficiency of shareholders' equity of RMB330,907,000.

During the year, a bank issued demand letters dated 15 April 2019 and 3 July 2020 and a Writ of Summons indorsed with a Statement of Claim dated 14 July 2020 to the Group relating to a loan granted to the Group. As at 30 June 2020, the outstanding loan balance and accrued interest were approximately RMB16,866,000 and RMB1,953,000 respectively. The Directors are still negotiating with the bank to restructure of the loan and the accrued interest.

Further, as at 30 June 2020, the Group's borrowings, including borrowings, corporate bonds and convertible bonds were RMB407,254,000. Out of which, as at 30 June 2020, the Group's borrowings amounted to RMB213,755,000 will be repayable within one year. During the year, the Group's borrowings with an amount of RMB132,821,000 was overdue and/or in breaching the clauses of the respective agreements with the lenders and thus, such incidents may cause the relevant borrowings become immediately due and payable should the lenders exercise their rights under the respective agreements. In addition, such overdue and/or in breaching of the clauses of the respective agreements also triggered the cross default terms of the Group's corporate bonds of RMB42,748,000 as at 30 June 2020, which may also cause these borrowings to become immediately due and payable should the lenders exercise their rights under the respective agreements.

These conditions, together with other matters described in note 2(ii) to the consolidated financial statements, indicate the existence of material uncertainties which may cast significant doubt about the Group's ability to continue as a going concern.

The Directors have been undertaking a number of measures to improve the Group's liquidity and financial position, and to remediate certain delayed repayments to financial institutions, which are set out in note 2(ii) to the consolidated financial statements.

The consolidated financial statements have been prepared on a going concern basis, the validity of which depends on the outcome of these measures, which are subject to multiple uncertainties, including:

(i) Successful in the finalisation of the Financing Reorganisation (as defined in note 2(ii) to the consolidated financial statements) with the lenders and creditors;

(ii) Successful in the Business and Operation Restructuring Plan (as defined in note 2(ii) to the consolidated financial statements);

(iii) Successful in the Additional Funding Plan (as defined in note 2(ii) to the consolidated financial statements);

(iv) Successful in the negotiation with the Group's existing lenders such that no action will be taken by the relevant lenders to demand immediate repayment of the borrowings in any breach of loan covenants or default, including those with cross-default terms; and

(v) Successful in obtaining of additional new sources of financing as and when needed;

Should the Group fail to achieve the above mentioned plans and measures, it might not be able to continue to operate as a going concern, and adjustments would have to be made to write down the carrying values of the Group's assets to their recoverable amounts, to provide for any further liabilities which might arise and to reclassify non-current assets and non-current liabilities as current assets and current liabilities. The effects of these adjustments have not been reflected in the consolidated financial statements."

FINAL DIVIDEND

The Board did not recommend the payment of a final dividend for the year ended 30 June 2020 (2019: nil).

ANNUAL GENERAL MEETING

The AGM will be held on Friday, 27 November 2020. Shareholders should refer to details regarding the AGM in the circular of the Company, the notice of AGM and form of proxy accompanying thereto to be dispatched by the Company.

CLOSURE OF REGISTER OF MEMBERS

For determining the Shareholders' eligibility to attend and vote at the forthcoming Annual General Meeting to be held on 27 November 2020 (Friday), the register of members of the Company will be closed from 23 November 2020 (Monday) to 27 November 2020 (Friday), both days inclusive, during which period no transfer of Shares will be registered. The record date will be 27 November 2020 (Friday). In order to qualify for attending and voting at the AGM, all transfer of Shares accompanied by the relevant share certificates and transfer forms must be lodged with the Company's Hong Kong Share Registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong no later than 4:30 p.m. on 20 November 2020 (Friday).

PUBLICATION OF 2020 FINAL RESULTS AND ANNUAL REPORT

This announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.hksummi.com). The annual report of the Company for the year containing all the information required by the Listing Rules will be despatched to the Shareholders and available on the same websites in due course.

By Order of the Board
Summi (Group) Holdings Limited
Lee Kwok Lun
Company Secretary

Hong Kong, 28 September 2020

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