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 2019

FINANCIAL HIGHLIGHTS

	2019 *RMB'000*	2018 *RMB'000* (Restated)	Change% (Approximately)
Consolidated statement of profit or loss and other comprehensive income			
Continuing operations			
Revenue	**57,101**	547,713	−89.6%
Gross (loss) profit	**(19,700)**	229,778	N/A
Loss for the year	**(499,577)**	(36,249)	1,278.2%
EBITDA	**(386,367)**	61,402	N/A
Adjusted EBITDA	**(72,786)**	61,402	N/A
Basis and diluted EPS *(RMB cents)*	**(37.39)**	(2.73)	1,269%
Discontinued operation			
(Loss) profit for the year	**(1,884,093)**	47,811	N/A
Basic and diluted EPS *(RMB cents)*	**(141.00)**	3.60	N/A
Continuing operations and discontinued operation			
(Loss) profit for the year	**(2,383,670)**	11,562	N/A
Basic and diluted EPS *(RMB cents)*	**(178.39)**	0.87	N/A
Proposed final dividend *(HK cents per share)*	**–**	–	N/A
Consolidated statement of financial position			
Cash and cash equivalents	**4,364**	521,487	−99.2%
Inventories	**22,008**	57,131	−61.5%
Trade receivables	**19,252**	168,505	−88.6%
Borrowings	**767,937**	892,932	−14.0%
Net (liabilities) assets value	**(660,864)**	1,744,191	N/A

1. EBITDA: loss before tax + finance costs + depreciation + amortisation − interest income
2. Adjusted EBITDA: EBITDA + impairment losses + write-off of property, plant and equipment and intangible assets + compensation claim

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 2019 (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 and fresh oranges. The Group has a total of five highly efficient production plants which are strategically located in major citrus growing areas (Chongqing, Fujian and Hunan) in China. The Group adopts an integrated business model and is one of the few orange juice processors operating its own upstream Orange Plantations (the "Orange Plantation").

As set out in the announcement dated 28 September 2018, Mr. Sin Ke ("Mr. Sin"), who was the former major shareholder, chief executive officer, chairman and executive director of the Company, transferred all his shares to Mr. Wu Shaohao ("Mr. Wu") and the transfer of shares was completed on 15 October 2018.

Upon the transfer of the shares, Mr. Wu assumed his role to take over the management of the Company and visited the headquarter of the Company in Hong Kong and Xiamen in early November 2018, respectively, and announced the transition plan with the management team. During the visits, Mr. Wu has met the management team, major suppliers and major banks of the Company.

The new management team stationed in the Group's Xiamen office (the "Xiamen Office"), which was the Group's former headquarter in China, in early November 2018. After detailed review of the Group's sales strategy, the new management team decided to streamline the sales department and dismiss the original sales team. The new management team initiated take-over procedures with the former sales team from November 2018 to December 2018. The Company terminated the employment contract with the Mr. Hsu Mi-Chien, who was the former chief operating officer of the Group, on 3 December 2018. On 10 January 2019, the Group has completed the dismissal procedure of the sales team and the Xiamen Office was closed down on that day.

After the close down of the Xiamen office, the Group no longer had any sales team in Xiamen. The business reorganization has been completed in early February 2019.

The Group's operations during the Reporting Period significantly declined. The operation of each major segment has experienced challenges as the Group was undergoing business reorganisation during the Reporting Period. During the Reporting Period, the management of the Group is committed to reorganising the structure of each segment and maintaining close communication with suppliers, customers and banks in order to rebuild the confidence of various stakeholders for the Group. The management of the Group expects to cope with the challenge through cutting expenses and minimising costs.

TERMINATION OF AGRICULTURAL SEGMENT

As set out in the announcements dated 16 April 2019, 3 May 2019, 26 June 2019 and 30 July 2019, the Group's negotiation with the local farmers were unsuccessful. As a result, in June 2019, the Group terminated its plantation business in Chongqing. With the consultation to the legal adviser, the Directors consider 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 is not eligible to use the Orange Plantations for other purposes and to sub-lease the Orange Plantations to other third parties and thus, the management of the Company consider that the Orange Plantations will no longer generate any economic benefits to the Group in the near future.

The Group has also sought legal opinion on the enforceability and legal risks in relation to the contracts with the local farmers and in view of the unfavorable position of the Group, the management has put the legal actions against the local farmers on hold. On the other hand, the management of the Group has engaged an independent financial advisor to investigate the land improvement projects spent during the Reporting Period.

Further, Mr. Sin has also ceased to be the chairman, the chief executive officer and executive director of the Company on 23 April 2019. Since Mr. Sin was the main contact person between the Company and the Orange Plantations in respect of the Group's Plantation and Sale of Agricultural Produce Business through a wholly-owned subsidiary of the Company, 重慶邦興果業有限公司 (Chongqing Bangxing Fruit Co., Ltd., "Chongqing Bangxing"), the Group has taken measures in order to access the Orange Plantations such as visiting the Orange Plantations and communicating and negotiating with the local communities of plantations (i.e. the "Villages"). However, after the missing 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 has 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 "Termination Date"), the Company decided to terminate the business of Chongqing Bangxing and discontinue Chongqing Bangxing's Plantation and Sale of Agricultural Produce Business, i.e. the Discontinued Operation. In accordance with International Financial Reporting Standard 5 "*Non-current assets held for sale and discontinued operations*", the financial information of Chongqing Bangxing is separately disclosed, details of which are described in note 11 to this result announcement.

The former executive directors and certain former key personnel of Bangxing who were previously responsible to the operations and businesses of Chongqing Bangxing are now not contactable and the originals copies of certain accounting records and documents of Chongqing Bangxing, specifically (i) the land improvement project agreements; (ii) the land lease agreements; (iii) the land maintenance agreements and; (iv) bank statements of certain bank accounts were unavailable for review. In September 2019, the Group submitted the application to the relevant PRC government authorities to deregister Chongqing Bangxing and up to the date of this report, the deregistration procedures have not yet been completed.

Upon the termination of business of Bangxing, the management of the Group has assessed the impact of the termination on the overall operations of the Group. Based on the historical records of the Group, the Production and Sale of FCOJ and Other Related Products segment and Production and Sale of Summi Product and Other Products segment (the "Other Segments") purchased certain amounts of fresh oranges from Bangxing, which accounted for approximately 40% to 60% of fresh oranges consumed by the Other Segments. However, in view of the reasons below, the termination of the business of Bangxing will not have significant negative effects on the Other Segments:

(i) the location of production facilities of Other Segments are diverse and situated in several provinces in China. The Other Segments are able to purchase fresh oranges from various sources without significant additional costs. The supplies of fresh oranges from Bangxing would not be vital for the Other Segments; and

(ii) In the past years, Bangxing sold its fresh oranges to Other Segments at market prices without any discount. Therefore, the switch of suppliers of fresh oranges to independent third parties by the Other Segments will not have significant effects on cost as well as the qualities of the fresh oranges purchased by the other segments.

THE INDEPENDENT INVESTIGATION

The chief financial officer of the Company repeatedly requested but failed to instruct the subsidiaries of the Company in the PRC to remit the necessary funds to Hong Kong for the repayments of a bank loan which were due on 8 August 2018, and the chief financial officer was unable to obtain satisfactory explanation from the former executive directors of the Company. As a result, on 26 October 2018, the Company appointed FTI Consulting (Hong Kong) Limited ("FTI") as the independent monitoring accountant to review the financial position and treasury functions of the Company and its subsidiaries.

FTI has issued its progress reports on 10 December 2018, 4 January 2019 and 6 March 2019 respectively regarding the Company's financial position, operating position, plantations and treasury function.

The former executive directors did not disclose the land improvement projects to the board of directors of the Company and to the senior management of the Company in Hong Kong. It has only come to the knowledge of the board of directors that, most of the funds of the Company have been invested in the land improvement projects upon receipts of FTI's findings from the due diligence on the Group's operations.

On 9 July 2019, after the assessment on the progress reports issued by FTI on 6 March 2019, the management of the Company appointed FTI to perform a further investigation of the payments in the sum of approximately RMB623 million transferred to the Villages in connection to the lease agreements, land improvement contracts and plantation maintenance contracts entered into between Chongqing Bangxing and the Villages in relation to the Orange Plantations during the period from July 2018 to December 2018 (the "Transaction") and related payments made by Chongqing Bangxing arising from the agreements and contracts signed with the Villages covering the period from 1 July 2018 to 8 February 2019, with 8 February 2019 being the date on which the Company last made successful contact with Mr. Sin.

The Company received the report on 30 September 2019.

Based on the FTI's review of the financial records and understanding from the Group's management, FTI understands that the payments made to the Villages in relation to the abovementioned leases agreements, land improvement contracts and plantation maintenance contracts of Chongqing Bangxing were approved by (i) Mr San Kwan who was the former executive director of the Company and; (ii) the registered Legal representative of Chongqing Bangxing.

FTI also understands from the management of the Company that the discussions and negotiations with the Villages at the time in relation to the terms of the lease agreements, land improvement contracts and plantation maintenance contracts were conducted by Mr Sin, who was the former chairman, executive director and chief executive officer of the Company on behalf of Group at the time.

FTI understands that the personnel who might have been involved in the processing of the payments made to the Villages at the time are all currently uncontactable. Therefore, no interviews were able to be arranged with them to understand the circumstances under which the lease agreements, land improvement contracts and plantation maintenance contracts were executed and the approval process undertaken with respect to the same and the related payments made to the Villages as at the date of this report.

FTI understands that the existing management of the Group is not responsible for the negotiation and execution of the lease agreements, land improvement contracts and plantation maintenance contracts of the Orange Plantation and land improvement projects and also the processing of the connected payments made to the Villages. Given the lack of access to the relevant records and personnel as discussed above, FTI is unable to form a view on the whether the lease agreements, land improvement contracts, plantation maintenance contracts and associated payments were properly executed in compliance with the internal controls and policies (if any) of Chongqing Bangxing.

Based on the findings from FTI, the management of the Company is currently seeking legal opinion on potential legal actions against the former members of the management of the Company.

No communication was to make to the board of directors of the Company during that particular period in relation to the Transactions. As a result, the board of directors of the Company did not make any announcements in relation to the Transaction in accordance with Chapter 14 and Chapter 14A of the listing rules.

The management of the Company have identified the Transactions based on the findings of FTI, for which the management of the Company are of the opinion that before the Transaction was completed, the board of directors of the Company should have been given the chance to consider the impact of the Transactions in accordance with the Chapter 14 and Chapter 14A of the listing rules, however, the board of directors of the Company was not notified and the Transaction was completed. Accordingly, there is no information available to the management of the Company as to whether the former executive directors have complied with the requirements as stipulated in Chapter 14 of the listing rules in relation to the Transactions.

INTERNAL CONTROL REVIEW

On 12 July 2019, the Company engaged Cheng and Cheng CPA Limited ("Cheng and Cheng") to perform a review on the Company's internal control system. Among others, Cheng and Cheng has identified the following major internal control deficiencies:

Payment and treasury procedures:

According to the previous internal control procedures, the payments approval was subject to the financial manager and the general manager. However, there was no internal control system in place to limit the authority of the senior executive such as executive directors and chief executive officer. Mr. San Kwan was the former general manager as well as executive director of the Company, while Mr. Sin was the executive director, former CEO and Chairman of the Company. They were able to use the previous internal control loophole to exercise payments without giving an opportunity to other board members to consider whether the Group's interest has been protected or not.

Approval of significant investments decisions:

The Group adopts the Guidelines on Disclosure of Inside Information. However, Mr. Sin and Mr. San Kwan were the decision makers of the Group's daily operations while they are also the only executive directors of the Company. Therefore, they were able to bypass the board in relation to the significant investment decision.

In order to improve the internal control system and uphold the corporate governance standards of the Company, the Company has taken the following measures to fix the internal control weaknesses:

The Company has updated the payments and treasury procedures. Pursuant to the updated internal control procedures, the payment approvals and the safeguard of payment token are kept separately by different personnel (the "Responsible Officers"). The Responsible

Officers directly report to the board of directors and are not within the authority of general managers and chief executive officers.

Also, the executive directors of the Company will not be involved in the approval procedures of payments made by the Company and only involved in the decision making of the Company to prevent the Company from management overriding.

Since September 2019, the Company has formed a committee in relation to significant investment decisions. The committee consists of all members of the board of directors, the deputy chief executive officer, the chief financial officer and company secretary. All significant investments decisions are now discussed and approved in the committee.

The Company will formalise the committee and form an investment and compliance committee (the "Committee") on 1 October 2019. The Committee members consists of the executive directors of the Company and senior officers, including chief financial officer, chief executives and company secretary. Significant investment decision will only be approved after the review of the Committee.

Also, enhanced training in relation to the disclosure of inside information will be provided to the members of the board of directors of the Company and senior officers of the Company.

Upon the adoption of the recommendations of Cheng and Cheng, the Company considered that the internal control weakness has been fixed.

DISCLAIMER OPINION

Fuson CPA Limited ("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 2019. However, 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.

As set out in "TERMINATION OF AGRICULTURAL SEGMENT" section in the announcement, because of the loss of certain accounting records and documents of Chongqing Bangxing and the fact that certain former key personnel and management of the Group who were previously responsible to the operations and businesses of 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.

Pursuant to the Company's accounting policy, Biological assets are stated at fair value less costs to sell from initial measurement up to the point of harvest. After harvesting, oranges are transferred to inventories as agricultural produce at their deemed cost which is fair value at the point of harvest less costs to sell. Fair value at the point of harvest is based on the selling prices for similar oranges prevailing in the market as at or close to the harvest dates.

The Group had disputes with the local communities of the Orange Plantations. The Group is unable to assess and consider the conditions of the Orange Plantations and is impossible to harvest any fresh orange. In view of these conditions and circumstances, the Directors are in the opinion that the Orange Plantations will no longer generate any economic benefits to the Group in the near future and accordingly, the Group's loss from changes in fair value less cost to sell of RMB372,124,000, representing the remaining carrying amount of the biological assets was charged to the profit or loss for the year.

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.

In view of the above, the auditors of the Company is unable to ascertain the reasonableness on 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 for inclusion in the consolidation financial statements of the Group.

As a result, due to insufficient financial information was obtained by the auditors, the auditors are unable to form an opinion that the disclosures as contained in the financial statements have complied with the International Financial Report Standards, Hong Kong Companies Ordinance and the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

OPERATING PERFORMANCE

Breakdown of revenue by product for the years ended 30 June 2019 and 2018 are set out as follows:

	2019		2018	
	RMB'000	***Percentage of total revenue***	*RMB'000*	*Percentage of total revenue*
Summi Products and other products	**29,725**	**52.1%**	186,252	34.0%
FCOJ and related products	**27,376**	**47.9%**	361,461	66.0%
	57,101	**100.0%**	547,713	100.0%

Summi Products and other products

The Group sold most of its Summi Products through supermarkets before the business organisation. To maintain the sales network, the Group had to put lots of financial resources to support the promotion activities such as hiring promoters in certain supermarkets for tasting, advertisements on movies and price cut etc. The new management team had reviewed that the sales model is unsustainable. Therefore, the Company has now changed the sales strategy to limiting itself as a producer and not to spend unnecessary resources to promote Summi Products. Instead, the Company is now soliciting local distributors in different regions in China and the local distributors will be responsible for the promotion of Summi Products. Since there is significant change of sales strategies, the Group dismissed its former sales team and withdrew from most supermarkets in China. As a result, the revenue of Summi Products had been reduced substantially. Also, in view of the original sales team's substantial losses, the management of the Group has been approaching an independent financial advisor to review the operations of the Summi Products to examine any potential fraud and incompliance in relation to the Summi Products segment.

For the Reporting Period, the Group's sales of Summi products decreased significantly by approximately 84.0% to approximately RMB29,725,000 from approximately RMB186,252,000 for the same period last year, which is due to that during the Reporting Period, the Group was rebuilding its major sales team and the management of the Group was reviewing the overall operational strategy for Summi Products. The management of the Group is of the view that the existing sales strategy cannot support the operational costs and selling expenses of this business segment in the long run. Therefore, the management of the Group will make adjustments in the near feature, including reviewing the production costs, package and categories of the product and considering factors such as sales contribution of and resource allocation between domestic and overseas markets.

The Company anticipated that the sales strategy of Summi Products in China will be changed to direct sales method instead of mass distribution in supermarkets due to the reasons that the mass distribution of Summi Products had caused unsustainable marketing expenses to the Group in the past years. The Company will also put more efforts on exploration of overseas markets such as Singapore and west Asia region. In the Reporting Period, the Group managed to explore overseas markets and solicited certain overseas business partners in sales of Summi's brand products. The management of the Company is also in the course of negotiation of exporting Summi orange juice and has plans to widen the product range of Summi products.

During the year, the Directors consider to cease and terminate its intelligent vending machines operation and thus, the Group written-off certain of its tangible and intangible assets on such operation and business and details are explained in the section heading "Impairment Recognised" below. Further, during the year, the Company established a wholly owned subsidiary, Summi (Malaysia) Trading Sdn. Bhd on 8 April 2019 which is mainly engaged in the sale of food and beverage products in South East Asia and thus, the Company include 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 for the current year.

FCOJ and related products

The Group's FCOJ and related products were affected by the changes in the management, due to which certain major customers started to purchase products from our competitors during the Reporting Period. As a result, the sales of FCOJ and related products decreased by approximately 92.4% to approximately RMB27,376,000 for the Reporting Period from approximately RMB361,461,000 for the same period last year, respectively.

The Group had more than 5 years of relationship with most of its major customers. During the years, most customers have established close relationship with the management of the Company. At the time the major customers realised that the major shareholder of the Company will be changed, they have had concern over the stability of the Company's production capacity and the stability of supply of the FCOJ and related products which were vital for the customers. During the transition, they have informed the Company when meeting with the new management team that they would temporarily suspend the purchase order from the Company for the current year, and will observe the Company's business reorganisation progress before they decide whether or not to reconsider to purchase from the Company in the next harvest period.

The Group was managed to retain a certain major customers during the Reporting Period. However, certain major customers were lost during the transition. As a result, the Group has promoted Ms. Xi Xiaoxia, who was the sales manager of the Company before the business organisation, as the sales director to solicit new customers. The Company anticipated that the Company will be able to solicit new customers and recover those lost customers during the business reorganisation.

Gross loss from continuing operations

During the Reporting Period, the Group's gross loss was approximately RMB19,700,000 as compared to gross profit of approximately RMB229,778,000 for the last year.

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

As explained in note 2 to this result announcement, because of the loss of certain accounting records and documents of Chongqing Bangxing and the fact that 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. Further, the Directors consider that the Group is unable to assess and consider the conditions of the Orange Plantation and thus, they believes that, as at the date of this annual report, it is almost impossible, and not practical, to ascertain the reasonableness on the amount of biological assets and also 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 for inclusion in the consolidation financial statements of the Group.

Selling, distribution costs and administrative expenses

The Group's distribution costs mainly included marketing expenses and transportation costs. Distribution costs decreased by approximately 50% from approximately RMB130,550,000 over the corresponding year to approximately RMB64,851,000 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 RMB74,971,000 over the corresponding year to approximately RMB67,889,000 during the Reporting Period.

Impairment recognised/write-off

During February 2019, 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:

	2019	2018
	RMB'000	*RMB'000*
Property, plant and equipment	**118,498**	–
Intangible assets	**33,005**	–
Goodwill	**56,696**	–
Trade and other receivables	**33,307**	–
Total impairment losses	**241,506**	–

As set out in the announcement dated 23 April 2019, Mr. Sin was removed from the position of the executive director, chief executive officer and chairman of the Company. As he was the main contact person of the Company with the major customers, his removal led to substantial loss of customer base of the Company. As a result, the operations of the Group has significantly declined for the year ended 30 June 2019. The management of the Company identified the indication of impairment on (i) certain property, plant and equipment; (ii) certain land use rights; (iii) goodwill in relation to one of the cash generating unit of the Company; (iv) intangible assets in relation to the customer list and (v) certain trade and other receivables of the Company. As explained above, in view of the loss of certain major customers and the significant decline on the FCOJ business, the Group recognised full impairment on its goodwill and intangible assets. In addition, the Group also written off of certain property, plant and equipment and intangible assets with an aggregate amount of RMB26,027,000.

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.

Finance costs

During the Reporting Period, the Group's finance costs were approximately RMB67,540,000 (2018: RMB50,759,000).

Net loss

During the Reporting Period, the Group's net loss was approximately RMB2,383,670,000, as compared to net profit of approximately RMB11,562,000 as compared with the corresponding year.

LIQUIDITY, FINANCIAL RESOURCES, GEARING AND CAPITAL STRUCTURE

Held-to-maturity investment

As at 30 June 2019, the Group had disposed of all held-to-maturity investments (2018: approximately RMB16,918,000).

Liquidity

As at 30 June 2019, net current liabilities amounted to approximately RMB831,853,000 (2018: net current assets of approximately RMB598,534,000).

Financial resources

As at 30 June 2019, the Group had cash and cash equivalents and pledged bank deposits of approximately RMB12,608,000 (2018: approximately RMB713,217,000) and total bank and other borrowings of approximately RMB767,937,000 (2018: approximately RMB892,932,000). The Group has corporate bonds of RMB38,930,000 (2018: RMB36,043,000).

As at 30 June 2019, trade and other receivables were approximately RMB26,518,000 (2018: approximately RMB213,658,000) and inventories were approximately RMB22,008,000 (2018: approximately RMB57,131,000).

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.

	2019	2018
Quick ratio (x)	**0.04**	1.8
Current ratio (x)	**0.07**	1.9
Gearing ratio *(note (a))*	**N/A**	53.3%

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

Capital structure

As at 30 June 2019, the total number of issued shares was 1,347,860,727 shares. Based on the closing price of HK$0.174 per share as at 30 June 2019, the Company's market capitalisation as at 30 June 2019 was HK$234,527,766.50.

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 the following assets to banks to secure banking facilities granted to the Group:

	2019 ***RMB'000***	2018 *RMB'000*
Held-to-maturity investment	–	16,918
Property, plant and equipment	**67,164**	47,632
Land use rights	**9,021**	9,272
Pledged bank deposits	**8,244**	191,730
	84,429	265,552

CONTINGENT LIABILITIES

In May 2019, 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 year.

Other than the above, the Group did not have any material contingent liabilities as at 30 June 2019.

CAPITAL EXPENDITURE

During the Reporting Period, the Group's capital expenditure amounted to approximately RMB606,131,000 (2018: approximately RMB186,834,000) 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 2018, the Group employed 104 employees (2018: 932 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.

The audited financial information for the year ended 30 June 2019 together with the comparative figures for the year ended 30 June 2018 is as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 June 2019

	Notes	**2019** ***RMB'000***	2018 *RMB'000* (Restated)
Continuing Operations			
Revenue	*4*	**57,101**	547,713
Cost of sales		**(76,801)**	(317,935)
Gross (loss) profit		**(19,700)**	229,778
Other revenue	*5*	**5,836**	6,321
Net realised and unrealised gain (loss) on derivative financial instruments		**2,355**	(10,168)
Selling and distribution expenses		**(64,851)**	(130,550)
Administrative expenses		**(67,889)**	(74,971)
Write-off of property, plant and equipment and intangible assets	*8*	**(26,027)**	–
Impairment losses recognised	*8*	**(241,506)**	–
Other operating expenses	*6*	**(29,628)**	(6,752)
(Loss) profit from operations		**(441,410)**	13,658
Finance costs	*7*	**(67,540)**	(50,759)
Loss before tax		**(508,950)**	(37,101)
Income tax credit	*9*	**9,373**	852
Loss for the year from Continuing Operations	*8*	**(499,577)**	(36,249)
Discontinued Operation (Plantation and Sale of Agricultural Produce Business)			
(Loss) profit for the year from Discontinued Operation	*11*	**(1,884,093)**	47,811
(Loss) profit for the year		**(2,383,670)**	11,562
Other comprehensive (expense) income for the year			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		**(24,898)**	11,076
Total comprehensive (expense) income for the year attributable to owners of the Company		**(2,408,568)**	22,638
(Loss) earnings per share	*12*		
From continuing and discontinued operations – Basic and diluted *(RMB cents)*		**(178.39)**	0.87
From Continuing Operations – Basic and diluted *(RMB cents)*		**(37.39)**	(2.73)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

For the year ended 30 June 2019

	Notes	2019 RMB'000	2018 RMB'000
Non-current assets			
Property, plant and equipment		**151,984**	344,700
Land use rights		**21,435**	21,990
Lease prepayments for orange plantations	13	–	977,875
Goodwill		–	56,696
Intangible assets		–	38,978
Held-to-maturity investment		–	16,918
		173,419	1,457,157
Current assets			
Inventories		**22,008**	57,131
Biological assets	14	–	169,119
Trade and other receivables	15	**26,518**	213,658
Lease prepayments for orange plantations	13	–	109,541
Derivative financial instruments		–	2,986
Pledged bank deposits		**8,244**	191,730
Cash and cash equivalents		**4,364**	521,487
		61,134	1,265,652
Current liabilities			
Trade and other payables	16	**86,118**	34,453
Borrowings	17	**767,937**	631,640
Corporate bonds		**38,930**	–
Derivative financial instruments		–	960
Income tax payable		**2**	65
		892,987	667,118
Net current (liabilities) assets		**(831,853)**	598,534
Total assets less current liabilities		**(658,434)**	2,055,691

	Notes	**2019** *RMB'000*	2018 *RMB'000*
Non-current liabilities			
Deferred tax liabilities		**1,250**	10,625
Borrowings	*17*	**–**	261,292
Corporate bonds		**–**	36,043
Deferred income		**1,180**	3,540
		2,430	311,500
Net (liabilities) assets		**(660,864)**	1,744,191
Capital and reserves			
Share capital	*18*	**11,610**	11,610
Reserves		**(672,474)**	1,732,581
(Deficiency of) shareholders' equity		**(660,864)**	1,744,191

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), the Group was 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 Products") and other products (the "Product and Sale of Summi Products and Other Products Business"). Subsequent to the cessation of the Plantation and Sale of Agricultural Produce Business segment (the "Discontinued Operation", and details of which are set out in note 11), the Group continues to be engaged in the Production and Sale of FCOJ and Other Related Products Business and Product and Sale of Summi Products 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

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 has been 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 is 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 wholly-owned subsidiary of the Company, 重慶邦興果業有限公司 (Chongqing Bangxing Fruit Co., Ltd., "Chongqing Bangxing"), the Group has 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 has 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 "Termination Date"), the Company decided to terminate and discontinue its Plantation and Sale of Agricultural Produce Business, i.e. the Discontinued Operation and details of which are described in note 11 to this result announcement.

In September 2019, the Group submitted the application to the relevant PRC government authorities to deregister Chongqing Bangxing and up to the date of this report, the deregistration procedures have not yet been completed.

In view of the above, the Company has 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 has 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) other than Mr. Sin, certain former key personnel and management of the Group who were also previously responsible to the operations and businesses Chongqing Bangxing are also now not contactable; 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. during the year are not available.

With the consultation to the Legal Adviser, the Directors consider 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 is 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 consider that the Orange Plantations will be no longer generate any economic benefits to the Group in the near future.

Given the loss of certain accounting records and documents of Chongqing Bangxing and the fact that 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 annual report, it is almost impossible, and not practical, to ascertain the opening balances brought forward as at 1 July 2018, the closing balances as at 30 June 2019 and the transactions during the year then 30 June 2019 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 year for inclusion in the consolidation financial statements of the Group.

Due to insufficient financial information as mentioned above, the Directors are unable to ensure whether the consolidated financial statements have 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").

Particulars regarding to the Discontinued Operation, the lease prepayments for orange plantations and biological assets of the Group are disclosed in notes 11, 13 and 14 to this result announcement, respectively.

Going concern basis

For the year ended 30 June 2019, the Group reported a net loss attributable to the owners of the Company from Continuing Operations of RMB499,577,000 (2018: a net loss attributable to the owners of the Company from Continuing Operations: RMB36,249,000) and had a net operating cash outflow of RMB543,043,000 (2018: a net cash outflow of RMB11,732,000). Further, as at 30 June 2019, the Group had net current liabilities of RMB831,853,000 (2018: net current assets of RMB598,534,000) and a deficiency of shareholders' equity of RMB660,864,000 (2018: shareholders' equity of RMB1,744,191,000).

Pursuant to the Company's announcement dated 6 December 2018, a verbal demand was made by certain bank creditors to request the Company to repay an amount in the sum of about HK$212.8 million (equivalent to RMB187.0 million) as the amount outstanding under the loan agreements respectively entered into between these bank creditors and the Company.

In addition, pursuant to the Company's announcement dated 4 March 2019, on 28 February 2019, a further demand letter was sent by a bank (the "Demand Letter") to the Company, in relation to a facility agreement dated 8 August 2016 made between (amongst others) the Company as borrower, Mr. Sin as personal guarantor and certain banks and financial institutions (the "Facility Agreement"). It is stated in the Demand Letter, inter alia, that: (1) as at 18 February 2019 (inclusive), outstanding principal amount of the loans in the sum of US$17,075,000 (equivalent to RMB117,043,000) and unpaid accrued interest in the sum of US$469,500 (equivalent to RMB3,218,000) were due and owing by the Company to the bank under the Facility Agreement; (2) the bank, pursuant to the Facility Agreement, demands for immediate payment of the outstanding principals, accrued interest, and all other amounts accrued or outstanding under the Facility Agreement which are due and owing to the bank.

As at 30 June 2019, the Group's total bank and other borrowings was RMB767,937,000, out of which, the borrowings of the Group with an aggregate amount of RMB630,237,000 were overdue and/or in breaching the clauses of the respective loan agreements with the lenders and thus, the respective lenders are eligible to request the Group to repay the borrowings immediately.

Besides, certain of the Group's former key personnel and management left from the Group. Further, certain of its major customers of the Group suspended the purchase from the Group and thus, the businesses and operations of the Group significantly declined.

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 debts and liabilities with its lenders and creditors (the "Finance Reorganisation");

(ii) In addition, the Group is identifying various options for raising of funds from the shareholders and related parties. As described in the Company's announcement dated 31 July 2019 (the "31 July 2019 Announcement") relating to the connected transactions in respect of the proposed issuance of bonds (the "Bonds"); proposed issuance of convertible bonds (the "Convertible Bonds") under Convertible Bonds specific mandate; and proposed issuance of unlisted warrants (the "Warrants") under Warrant specific mandate (the "Proposed Connected Transactions"), on 31 July 2019, the Company entered into (i) a subscription agreement with the Controlling Shareholder; and (ii) a warrant subscription agreement with Ms. Hu Mingyue, the deputy chief executive officer of the Company in relation to the subscription of the Bonds, the Convertible Bonds and the Warrants. Upon the completion on the issuance of the Bonds, the Convertible Bonds and the Warrants, the Company is expected to raise gross amount of around HK$233.1 million (equivalent to RMB204.8 million) funds to the Company. The Company is going to convene an extraordinary general meeting of the Company to approve the Proposed Connected Transactions and further details of which are set out in the 31 July 2019 Announcement.

(iii) 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 news customers and exploring overseas markets to support the substantiable development of principle business of the Group; and (iv) containment of capital expenditures etc. (the "Group Business and Operation Restructuring Plan").

The Directors have reviewed the Group's cash flow projections (excluding the cash flows of Chongqing Bangxing) prepared by the management of the Company. The cash flow projections cover a period of not less than twelve months from 30 June 2019. 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 2019. 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 Finance Reorganisation with the lenders and creditors;

(ii) Successful completion of the Proposed Connected Transactions in raising of around HK$233.1 million (equivalent to RMB204.8 million) funds to the Company;

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

(iv) Successful 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;

(v) Successful in the Group's Business and Operation Restructuring Plan; and

(vi) Successful maintenance of relationship with the suppliers of the Group, in particular those in relation to the Group's existing businesses and operations such that no actions will be taken by those suppliers against the Group should the Group not be able to meet all the payment obligations on a timely basis.

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 2018.

IFRS 9	Financial Instruments
IFRS 15	Revenue from Contracts with Customers and the related Amendments
IFRIC-Int 22	Foreign Currency Transactions and Advance Consideration
Amendments to IFRS 2	Classification and Measurement of Share-based Payment Transactions
Amendments to IFRS 4	Applying IFRS 9 Financial Instruments with IFRS 4
Amendments to IAS 28	As part of the Annual Improvements to IFRSs 2014–2016 Cycle
Amendments to IAS 40	Transfers of Investment Property
Amendments to IFRS	Annual Improvements to IFRSs 2014–2016 Cycle
Amendments to IAS 40	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 financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

IFRS 15 Revenue from Contracts with Customers ("IFRS 15")

The Group has applied IFRS 15 for the first time in the current year. IFRS 15 superseded IAS 18 Revenue, IAS 11 Construction Contracts and the related interpretations.

The Group has applied IFRS 15 retrospectively with the cumulative effect of initially applying this standard recognised at the date of initial application, 1 July 2018. Any difference at the date of initial application is recognised in the opening accumulated losses (or other components of equity, as appropriate) and comparative information has not been restated. Furthermore, in accordance with the transition provisions in IFRS 15, the Group has elected to apply the standard retrospectively only to contracts that are not completed at 1 July 2018. Accordingly, certain comparative information may not be comparable as comparative information was prepared under IAS 18 Revenue and IAS 11 Construction Contracts and the related interpretations.

The Group recognises revenue from the following major sources which arise from contracts with customers:

- Sale of agricultural produce
- Sale of FCOJ and other related products
- Sale of Summi Products and other products

The Directors consider that the adoption of IFRS 15 did not have any impact on the timing and amounts of revenue recognition as at 1 July 2018 opening retained earnings.

IFRS 9 Financial Instruments and the related amendments

In the current year, the Group has applied IFRS 9 Financial Instruments and the related consequential amendments to other IFRSs. IFRS 9 introduces new requirements for: 1) the classification and measurement of financial assets and financial liabilities; 2) expected credit losses ("ECL") for financial assets; and 3) general hedge accounting.

The Group has applied IFRS 9 in accordance with the transition provisions set out in IFRS 9, i.e. applied the classification and measurement requirements (including impairment under ECL model) retrospectively to instruments that have not been derecognised as at 1 July 2018 (date of initial application) and has not applied the requirements to instruments that have already been derecognised as at 1 July 2018. The difference between carrying amounts as at 30 June 2018 and the carrying amounts as at 1 July 2018 are recognised in the opening retained earnings and other components of equity, without restating comparative information, if appropriate. Accordingly, certain comparative information may not be comparable as comparative information was prepared under IAS 39 Financial Instruments: Recognition and Measurement.

Summary of effects arising from initial application of IFRS 9

(a) *Classification and measurement of financial assets*

The following table shows the original measurement categories for each impacted class of the Group's financial assets under IAS 39 and reconciles the carrying amounts of those financial assets determined in accordance with IAS 39 to those determined in accordance with IFRS 9:

	IAS 39 carrying amount at 30 June 2018	**Reclassification**	**IFRS 9 carrying amount at 1 July 2018**
	RMB'000	*RMB'000*	*RMB'000*
Financial assets			
Held-to-maturity investment			
– Unlisted debt securities	16,918	(16,918)	–
Reclassified to: Financial assets at amortised cost	–	16,918	16,918

Under IAS 39, debt securities were classified as held-to-maturity investment and measured at amortised cost. These debt securities are classified as other financial assets at amortised cost under IFRS 9 and the subsequent measurement and accounting policies in respect of these debt securities do not materially differ from those adopted by the Group as at 1 July 2018. The measurement categories for other financial assets and all financial liabilities remain the same and the carrying amounts for other financial assets and all financial liabilities as at 1 July 2018 have not been impacted by the initial application of IFRS 9.

(b) Impairment under ECL

The Group applies the IFRS 9 simplified approach to measure ECL which uses a lifetime ECL for all trade and other receivables. Except for those which had been determined as credit impaired under IAS 39, ECL for other financial assets at amortised cost, including pledged bank deposits and cash and cash equivalents, are assessed on 12-month ECL ("12m ECL") basis as there had been no significant increase in credit risk since initial recognition which are based on internal credit rating and past due analysis.

For pledged bank deposits and cash and cash equivalents, the Group transacts with reputable banks with high credit rating assigned by international credit-rating agencies and consider the risk of default is low and 12m ECL is insignificant. As at 1 July 2018, the Directors reviewed and assessed the Group's existing other financial assets for impairment using reasonable and supportable information that is available without undue cost or effort in accordance with the requirements of IFRS 9. No impairment allowance was recognised at 1 July 2018.

The Directors consider that the adoption of IFRS 9 did not have any material financial impact to the Group as at 1 July 2018 opening retained earnings.

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 16	Leases[1]
IFRS 17	Insurance Contracts[2]
IFRIC-Int 23	Uncertainty over Income Tax Treatments[1]
Amendments to IFRS 3	Definition of a Business[4]
Amendments to IFRS 9	Prepayment Features with Negative Compensation[1]
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[5]
Amendments to IAS 19	Plan Amendment, Curtailment or Settlement[1]
Amendments to IAS 28	Long-term Interests in Associates and Joint Ventures[1]
Amendments to IFRSs	Annual Improvements to IFRSs 2015–2017 Cycle[1]

1 Effective for annual periods beginning on or after 1 January 2019
2 Effective for annual periods beginning on or after 1 January 2021
3 Effective for annual periods beginning on or after a date to be determined
4 Effective for business combination 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
5 Effective for annual periods beginning on or after 1 January 2020

Other than the new IFRS mentioned below, the Directors anticipate that the application of all these new and amendments to IFRSs and Interpretations will have no material impact on the Company's financial performance and position and/or on the disclosures in the foreseeable future.

IFRS 16 "Leases"

IFRS 16 introduces a comprehensive model for the identification of lease arrangements and accounting treatments for both lessors and lessees. IFRS 16 will supersede IAS 17 "Leases" and the related interpretations when it becomes effective.

IFRS 16 distinguishes lease and service contracts on the basis of whether an identified asset is controlled by a customer. In addition, IFRS 16 requires sales and leaseback transactions to be determined based on the requirements of IFRS 15 as to whether the transfer of the relevant asset should be accounted as a sale. IFRS 16 also includes requirements relating to sublease and lease modification.

Distinctions of operating leases and finance leases are removed for lessee accounting and is replaced by a model where a right-of-use asset and a corresponding liability have to be recognised for all leases by lessees, except for short-term leases and leases of low value assets.

The right-of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions) less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at that date. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications, amongst others. For the classification of cash flows, the Group currently presents operating lease payments as operating cash flows. Upon application of IFRS 16, lease payments in relation to lease liability will be allocated into a principal and an interest portion which will be presented as financing cash flows by the Group.

Under IAS 17, the Group has already recognised an asset and a related finance lease liability for finance lease arrangement. The application of IFRS 16 may result in potential changes in classification of these assets depending on whether the Group presents right-of-use assets separately or within the same line item at which the corresponding underlying assets would be presented if they were owned.

Other than certain requirements which are also applicable to the lessor, IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17, and continues to require a lessor to classify a lease either as an operating lease or a finance lease.

Furthermore, extensive disclosure is required by IFRS 16.

As at 30 June 2019, the Group has non-cancellable operating lease commitments of RMB336,000. A preliminary assessment indicates that these arrangements will meet the definition of a lease, upon application of IFRS 16, the Group will recognise a right-of-use asset and a corresponding liability in respect of all these leases unless they qualify for low value or short-term leases.

In addition, the Group currently considers refundable rental deposit paid as rights and obligations under leases to which IAS 17 applies. Based on the definition of lease payments under IFRS16, such deposits are not payments relating to the right to use the underlying assets, accordingly, the carrying amounts of such deposits may be adjusted to amortised cost and such adjustments are considered as additional lease payments. Adjustments to refundable rental deposits paid would be considered as additional lease payments and included in the carrying amount of right-of-use assets.

The Directors expect that the adoption of IFRS 16 as compared with the current accounting policy would result in increase in the Group's right-of-use assets and related lease liability. The combination of straight-line depreciation of the right-of-use asset and the effective interest rate method applied to the lease liability will result in a higher total charge to the profit or loss in the initial year of the lease, and decreasing expenses during the latter part of the lease term, but there is no impact on the total expenses recognised over the lease term. Based on facts and circumstances as at 30 June 2019, the Directors do not expect the application of IFRS 16 will have a material impact on the financial performance and net assets of the Group.

Furthermore, the application of new requirements may result in changes in measurement, presentation and disclosure as indicated above. 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 applying IAS 17 and IFRIC-Int 4. Therefore, the Group has not reassessed whether the contracts are, or contain a lease which already existed prior to the date of initial application. Furthermore, the Group has elected the modified retrospective approach for the application of IFRS 16 as lessee and will recognise the cumulative effect of initial application to opening retained profits without restating the comparative information.

4. REVENUE AND SEGMENT INFORMATION

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

The Group 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 Products Business and Other Products segment. As explained in note 1, the Company decided to cease and terminate the Plantation and Sale of Agricultural Produce Business segment and thus this business segment is classified as Discontinued Operation and their net results for the year and the comparatives 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 11.

During the year, the Company established a wholly owned subsidiary, Summi (Malaysia) Trading Sdn. Bhd on 8 April 2019 which is mainly engaged in the sale of food and beverage products in South East Asia and thus, the Company include the sale of food and beverage products in the Production and Sale of Summi Products and Other Products Business segment and the South East Asia as its new geographical market for the current year.

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 *RMB'000*	Production and Sale of Summi Products 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**
Net realised and unrealised gain on derivative financial instruments			**2,355**
Corporate and other unallocated expenses			**(20,645)**
Finance costs			**(67,540)**
Loss before tax from Continuing Operations			**(508,950)**

	Production and Sale of FCOJ and Other Related Products Business	Production and Sale of Summi Products and Other Products Business	Total
	RMB'000	*RMB'000*	*RMB'000*
For the year ended 30 June 2018			
Segment revenue			
Continuing Operations			
– Sales to external customers	361,461	186,252	547,713
– Inter-segment sales	6,858	–	6,858
Segment revenue	368,319	186,252	554,571
Elimination			(6,858)
Consolidated revenue from Continuing Operations			547,713
Segment results	94,509	(52,347)	42,162
Unallocated gains			3,933
Net realised and unrealised loss on derivative financial instruments			(10,168)
Corporate and other unallocated expenses			(22,269)
Finance costs			(50,759)
Loss before tax from Continuing Operations			(37,101)

	Continuing Operations		Discontinued Operation	
	Production and Sale of FCOJ and Other Related Products Business	Production and Sale of Summi Products and Other Products Business	Plantation and Sale of Agricultural Produce Business	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
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**
As at 30 June 2018				
Assets and liabilities				
Segment assets	376,152	351,781	1,256,600	1,984,533
Corporate and other unallocated assets				738,276
Total assets				2,722,809
Segment liabilities	23,133	10,226	481	33,840
Corporate and other unallocated liabilities				944,778
Total liabilities				978,618

Other segment information

	Production and Sale of FCOJ and Other Related Products Business *RMB'000*	Production and Sale of Summi Products and Other Products Business *RMB'000*	Unallocated *RMB'000*	Total *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 *(note (i))*	**17,982**	**33,518**	**4,653**	**56,153**
Additions to non-current assets *(note (ii))*	**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 financial asset at amortised cost	–	–	**(523)**	**(523)**
Net realised and unrealised gain on derivative financial instruments	–	–	**(2,355)**	**(2,355)**
Finance costs	–	–	**67,540**	**67,540**
Income tax credit	–	–	**(9,373)**	**(9,373)**

Year ended 30 June 2018	Production and Sale of FCOJ and Other Related Products *RMB'000*	Production and Sale of Summi Products and Other Products Business *RMB'000*	Unallocated *RMB'000*	Total *RMB'000*
Amounts included in the measure of segment profit or loss or segment assets:				
Depreciation and amortisation *(note (i))*	26,768	24,697	142	51,607
Additions to non-current assets *(note (ii))*	28,434	45,837	395	74,666
Gain on disposal of property, plant and equipment	–	(32)	–	(32)
Amounts regularly provided to the chief operating decision maker but not included in the measure of segment profit or loss or segment assets:				
Bank interest income	–	–	(1,295)	(1,295)
Interest income from pledged bank deposits	–	–	(1,571)	(1,571)
Interest income from held-to-maturity investment	–	–	(997)	(997)
Net realised and unrealised loss on derivative financial instruments	–	–	10,168	10,168
Finance costs	–	–	50,759	50,759
Income tax credit	–	–	(852)	(852)

Notes:

(i) Amount excluded amortisation of lease prepayments for orange plantations.

(ii) Amount included property, plant and equipment, intangible assets and land use rights and excluded additions to lease prepayments for orange plantations, pledged bank deposits, derivative financial instruments and held-to-maturity investment.

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.

	2019 *RMB'000*	2018 *RMB'000*
Revenue arising from (from Continuing Operations):		
Mainland China	**40,529**	546,400
Hong Kong	**1,260**	1,313
South East Asia	**15,312**	–
	57,101	547,713

	2019 *RMB'000*	2018 *RMB'000*
Non-current assets located at (from continuing and discontinued operations):		
Mainland China	**173,183**	1,439,874
Hong Kong	**236**	17,283
	173,419	1,457,157

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:

	2019 *RMB'000*	2018 *RMB'000*
Sales of FCOJ and other related products	**27,376**	361,461
Sales of Summi Products and other products	**29,725**	186,252
	57,101	547,713

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:

	2019	2018
	RMB'000	*RMB'000*
Customer A[1]	**21,624**	119,144
Customer B[2]	**–**	114,008
Customer C[3]	**–**	109,205

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

2 Revenue from Plantation and Sale of Agricultural Produce Business segment.

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

5. OTHER INCOME (FROM CONTINUING OPERATIONS)

	2019	2018
	RMB'000	*RMB'000*
		(Restated)
Bank interest income	**349**	1,295
Gain on disposal of property, plant and equipment	**–**	32
Government grants *(notes (i) and (ii))*	**3,876**	2,360
Interest income from pledged bank deposits	**238**	1,571
Interest income from financial assets at amortised cost/ held-to-maturity investment	**523**	997
Others	**850**	66
	5,836	6,321

Notes:

(i) Government grant of RMB2,360,000 (2018: RMB2,360,000) was deferred income amortised during the year, which was granted in respect of supporting the Group's investment in a FCOJ production plant.

(ii) During the year ended 30 June 2019, government grant of approximately RMB1,516,000 (2018: nil) was immediately recognised as other revenue for the year as there was no unfulfilled condition or contingencies relating to this subsidy.

6. OTHER OPERATING EXPENSES (FROM CONTINUING OPERATIONS)

	2019	2018
	RMB'000	*RMB'000*
Compensation claim *(note below)*	**25,116**	–
Equity-settled share-based payment expenses	**3,513**	3,480
Loss on disposal of scrap materials	**851**	3,048
Others	**148**	224
	29,628	6,752

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.

7. FINANCE COSTS (FROM CONTINUING OPERATIONS)

	2019	2018
	RMB'000	*RMB'000*
Interest expenses on corporate bonds	**2,606**	1,656
Interest expenses on bank loans	**59,723**	43,331
Imputed interest expenses	**5,211**	5,772
	67,540	50,759

8. (LOSS) PROFIT FOR THE YEAR (FROM CONTINUING OPERATIONS)

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

	2019	2018
	RMB'000	*RMB'000*
Staff costs, including Directors' and chief executive's remuneration		
– Wages, salaries and other benefits	**12,118**	28,876
– Performance related bonus	**609**	–
– Contributions to defined contribution plans	**2,644**	8,223
– Redundancy costs *(note below)*	**1,381**	–
– Equity-settled share-based payment expenses	**3,513**	3,480
	20,265	40,579
Impairment losses recognised in respect of:		
– Property, plant and equipment	**118,498**	–
– Intangible assets	**33,005**	–
– Goodwill	**56,696**	–
– Trade receivables	**732**	–
– Other receivables	**32,575**	–
Total impairment losses	**241,506**	–
Cost of inventories recognised as an expense, including:	**76,801**	317,935
– Impairment loss recognised in respect of inventories	**20,932**	–
– Write-off of inventories	**–**	4,111
Amortisation and depreciation on:		
– Land use rights	**555**	555
– Property, plant and equipment	**50,403**	46,023
– Intangible assets	**5,195**	5,029
Total amortisation and depreciation	**56,153**	51,607
Write-off of:		
– Property, plant and equipment	**25,249**	–
– Software	**778**	–
	26,027	–
Others:		
Auditor's remuneration	**783**	1,194
Net foreign exchange losses	**559**	3,202
Operating lease charges in respect of rented premises	**454**	877

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

9. INCOME TAX EXPENSES (FROM CONTINUING OPERATIONS)

	2019	2018
	RMB'000	*RMB'000*
Current income tax:		
Malaysia	**2**	–
PRC Enterprise Income Tax	**–**	274
	2	274
Deferred tax:		
Current year	**(9,375)**	(1,126)
	(9,373)	(852)

Pursuant to the rules and regulations of the Cayman Islands, Hong Kong and the 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 2019 and 2018.

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 the year.

10. DIVIDENDS

	2019	2018
	RMB'000	*RMB'000*
Dividends recognised as distribution and paid during the year:	**–**	17,126

The amount for the year ended 30 June 2018 represented the final dividend of HK1.5 cents per share in respect of the year ended 30 June 2017 was proposed by the Directors after the year ended 30 June 2017 and was paid in December 2017.

The Directors do not recommend the payment of any dividend for the year ended 30 June 2019 and 30 June 2018.

11. DISCONTINUED OPERATION

As described in note 2 above, 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 year attributable to the Discontinued Operation in respect of the Plantation and Sale of Agricultural Produce Business segment was set out as below. The comparative figures in the consolidated statement of profit or loss and other comprehensive income have been reclassified to conform with the current year presentation in accordance with IFRS 5 "Non-current assets held for sale and discontinued operations":

	2019	2018
	RMB'000	*RMB'000*
(Loss) profit for the year from Discontinued Operation	**(1,884,093)**	47,811

The results of the Discontinued Operation for the year ended 30 June 2019 and 30 June 2018, which have been included in the consolidated statement of profit or loss and other comprehensive income, were as follows:

	2019	2018
	RMB'000	*RMB'000*
Revenue	**–**	114,008
Cost of sales	**–**	(119,989)
Gross loss	**–**	(5,981)
Other revenue	**355**	30
(Loss) gain from changes in fair value of biological assets less costs to sell	**(372,124)**	59,004
Selling and distribution expenses	**–**	(3,893)
Administrative expenses	**(3,287)**	(1,349)
Impairment loss in respect of lease prepayments for orange plantations	**(1,509,037)**	–
(Loss) profit from Discontinued Operation	**(1,884,093)**	47,811
Finance costs	**–**	–
(Loss) profit before tax	**(1,884,093)**	47,811
Income tax expenses	**–**	–
(Loss) profit for the year from Discontinued Operation	**(1,884,093)**	47,811

(Loss) profit for the year from Discontinued Operation include the following:

	2019	2018
	RMB'000	*RMB'000*
Staff costs, including Directors' and chief executive's remuneration		
– Wages, salaries and other benefits	**4,688**	70,345
– Contributions to defined contribution plans	**80**	1,789
	4,768	72,134
Impairment loss recognised in respect of:		
– Lease prepayments for orange plantations	**1,509,037**	–
Amortisation on:		
– Lease prepayments for orange plantation	**183,099**	113,126
Cost of inventories recognised as an expense, including:	**–**	119,989
– Write-off of inventories	**–**	4,111
Operating lease charge in respect of orange plantations	**183,099**	113,126
Less: Operating lease charge recognised in biological assets	**(183,099)**	(47,223)
	—	65,903
Others:		
Auditor's remuneration	**—**	—
(Loss) gain from changes in fair value of biological assets less costs to sell	**(372,124)**	59,004

The cash flow of the Discontinued Operation for the year ended 30 June 2019 and 30 June 2018, which have been included in the consolidated statement of cash flow, were as follows:

	2019	2018
	RMB'000	*RMB'000*
Net cash (outflows) inflows from operating activities	**(23,254)**	76,995
Net cash outflows from investing activities	**(604,720)**	(112,168)
Net cash inflows from financing activities	**142,668**	520,489
Net cash (outflows) inflows	**(485,306)**	485,316

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 13)*	–
Current assets	
Biological assets *(see note 14)*	–
Lease prepayments for orange plantations *(see note 13)*	–
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)

For the years ended 30 June 2019 and 30 June 2018, 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, because of the loss of certain accounting records and documents of Chongqing Bangxing and the fact that certain former key personnel and management of the Group who were previously responsible to the operations and businesses of 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 believe that, as at the date of this report, it is almost impossible, and not practical, to ascertain the opening balances brought forward as at 1 July 2018, the closing balances as at 30 June 2019 and transactions during the year ended 30 June 2019 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 year for inclusion in the consolidation financial statements of the Group.

12. (LOSS) EARNINGS PER SHARE

From continuing and discontinued operations

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

	2019	2018
	RMB'000	*RMB'000*
(Loss) earnings per share from continuing and discontinued operations		
(Loss) profit for the year from continuing and discontinued operations attributable to the owners of the Company for the purpose of basic and diluted loss per share	**(2,383,670)**	11,562

Number of shares	**2019**	2018
Weighted average number of ordinary shares in issue less shares held under the share award scheme for the purpose of basic (loss) earnings per share	**1,336,213,527**	1,328,448,727
Effect of deemed issue of shares under the Company's share option scheme for nil consideration	**–**	–
Weighted average number of ordinary shares for the purpose of diluted (loss) earnings per share	**1,336,213,527**	1,328,448,727

The diluted (loss) earnings per share for the years ended 30 June 2019 and 2018 is the same as basic earnings per share. The computation of diluted (loss) earnings per share for the years ended 30 June 2019 and 2018 does not assume the exercise of the Company's options because the exercise price of those options was higher than the average market price for shares.

From Continuing Operations

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

	2019	2018
	RMB'000	*RMB'000*
(Loss) earnings per share from Continuing Operations		
(Loss) profit for the year from continuing and discontinued operations attributable to the owners of the Company for the purpose of basic and diluted loss per share	**(2,383,670)**	11,562
Less: (Loss) profit for the year from Discontinued Operation	**(1,884,093)**	47,811
Loss for the year from Continuing Operations attributable to the owners of the Company for the purpose of basic and diluted loss per share	**(499,577)**	(36,249)

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 RMB141.00 cent per share (2018: earnings per share of RMB3.60 cent), based on the loss for the year from the Discontinued Operation of RMB1,884,093,000 (2018: profit of RMB47,811,000) and the denominators used are the same as those detailed above for both basic and diluted loss per share.

13. LEASE PREPAYMENTS FOR ORANGE PLANTATIONS

	2019	2018
	RMB'000	*RMB'000*
At beginning of the financial year	**1,087,416**	1,088,374
Additions *(note (i))*	**604,720**	112,168
Amortisation *(note (ii))*	**(183,099)**	(113,126)
Impairment loss *(note (ii))*	**(1,509,037)**	–
At end of the financial year	**–**	1,087,416
Analysed for reporting purposes as:		
Current portion	**–**	109,541
Non-current portion	**–**	977,875
	–	1,087,416

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:

(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 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.

As explained in note 2, because of the loss of certain accounting records and documents of Chongqing Bangxing and the fact that 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 annual report, it is almost impossible, and not practical, to ascertain the opening balances brought forward as at 1 July 2018, the closing balances as at 30 June 2019 and the transactions during the year then 30 June 2019 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.

14. BIOLOGICAL ASSETS

	2019	2018
	RMB'000	*RMB'000*
At beginning of the financial year	**169,119**	99,310
Increase due to cultivation *(note (i))*	**203,005**	273,387
(Loss) gain from changes in fair value less cost to sell *(note (ii))*	**(372,124)**	59,004
Harvested oranges transferred to inventories *(note (iii))*	**–**	(262,582)
At end of the financial year	**–**	169,119

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, 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) gain from change in fair value leas cost to sell" for the current and prior years.

As explained in note 2, the Group had disputes with the local communities of plantations, 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. 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, loss from changes in fair value less cost to sell of RMB372,124,000 was charged to the profit or loss for the year.

(iii) All oranges were harvested annually, and harvest season was commenced shortly before the calendar year end with the duration of approximately five months. The Directors considered that there was no active market for the oranges before harvest as at 30 June 2018. The present value of expected cash flows was not considered a reliable measure of their fair value due to the need for, and use of, subjective assumptions including weather condition, natural disaster and effectiveness of agricultural chemicals. As such, the Directors considered that the fair value of biological assets at the end of the reporting period could not be measured reliably and no reliable alternative estimates existed to determine fair value. Therefore, biological assets continued to be stated at cost as at 30 June 2018.

As explained in note 2, because of the loss of certain accounting records and documents of Chongqing Bangxing and the fact that 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. Further, the Directors consider that the Group is unable to assess and consider the conditions of the Orange Plantation and thus, they believes that, as at the date of this annual report, 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 for inclusion in the consolidation financial statements of the Group.

15. TRADE AND OTHER RECEIVABLES

	2019	2018
	RMB'000	*RMB'000*
Trade receivables *(note (i))*	**19,984**	168,505
Less: impairments for credit losses Less:	**(732)**	–
	19,252	168,505
Other receivables *(note (iii)):*		
– Other receivable relating to marketing and promotion activities *(note (ii))*	**15,000**	15,000
– Amount due from a former director *(note (v))*	**–**	346
– Others	**4,881**	7,222
	19,881	22,568
Less: Impairments/allowance for credit losses	**(15,000)**	–
	4,881	22,568
Others *(note (iii))*:		
– Rental deposits for intelligent vending machines *(note (ii))*	**17,575**	17,575
– Other deposits	**122**	359
– Prepayments	**2,263**	4,651
	19,960	22,585
Less: Impairments/allowance for credit losses	**(17,575)**	–
	2,385	22,585
Total trade and other receivables	**26,518**	213,658

Notes:

(i) As at 30 June 2018 and 1 July 2018, trade receivables from contracts with customers amounted to RMB168,505,000 and RMB168,505,000 respectively. The credit term of the trade receivable is ranging from 30 to 120 days (2018: 30 to 90 days).

Included in trade receivables of RMB2,500,000 (2018: nil) was amount due from a related company which held by Mr. Wu Liaotao ("Mr. Wu"), a director of the Company.

In respect of trade receivables, the management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. Therefore, the Directors of the Company consider that the Group's credit risk is minimised and ECL allowance is considered insignificant.

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.

	2019	2018
	RMB'000	*RMB'000*
0 to 30 days	**12,990**	60,401
31 to 60 days	**5,247**	56,086
61 to 90 days	**1,015**	51,739
Over 90 days	**–**	279
	19,252	168,505

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 impairments/allowance for credit losses of trade receivables:

	2019	2018
	RMB'000	*RMB'000*
As at 1 July	**–**	–
Impairment losses recognised to profit or loss	**732**	–
As at 30 June	**732**	–

(ii) As at 30 June 2018, the amount of RMB15,000,000 represented the other receivable relating to refund of early termination of the marketing and promotion activities which was paid in 2017. During the year ended 30 June 2019, the Directors consider that the Group could not recover the amount from the third party and thus, the amount was charged to profit or loss for the year.

As at 30 June 2018, the amount of RMB17,575,000 represented the rental deposits in relation to the lease of the placement of intelligent vending machines. In view of the changes on the new management team, the Directors decided to close down the leasing of the intelligent vending machines operations. The Directors consider that the Group could not recover the outstanding balance from the third party and thus, the amount was fully charged to profit or loss for the year.

Movement in the allowance for doubtful debts of other receivables:

	2019	2018
	RMB'000	*RMB'000*
As at 1 July	**–**	–
Impairment losses recognised to profit or loss	**32,575**	–
Write-off	**–**	–
As at 30 June	**32,575**	–

(iii) Other than the other receivable relating to marketing and promotion activities and rental deposits for intelligent vending machines as mentioned above, the Directors consider that the other financial assets are low risk because the probability of default of the counterparties is insignificant or do not have any past due amounts. Accordingly, the Group performed impairment assessment individually based on 12m ECL and ECL allowance is considered insignificant.

(iv) The amount due from Mr. Sin Ke, a former director of the Company was unsecured, interest-free and was fully settled during the year. The maximum amount outstanding during the year was approximately RMB42,887,000 (2018:RMB346,000).

16. TRADE AND OTHER PAYABLES

	2019	2018
	RMB'000	*RMB'000*
Trade payables	**21,214**	5,727
Payables for acquisition of property, plant and equipment	**2,997**	3,479
Accrued sales commission	**3,939**	5,116
Other tax payables	**10,217**	10,359
Accrued staff costs	**1,724**	3,636
Interest payables	**22,456**	1,627
Amount due to a director *(note below)*	**14,830**	–
Other payables and accruals	**8,741**	4,509
	86,118	34,453

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.

	2019	2018
	RMB'000	*RMB'000*
0–90 days	**21,214**	5,727

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 (2018: 90 days).

17. BORROWINGS

	2019	2018
	RMB'000	*RMB'000*
Bank borrowings *(note (i))*	**668,237**	892,932
Other borrowings *(note (ii))*	**99,700**	–
	767,937	892,932
The carrying amount of borrowings that contain a repayment on demand clause (shown under current liabilities) but repayable:		
Within one year or on demand	**767,937**	631,640
Within a period of more than one year but not exceeding two years	**–**	261,292
Within a period of more than two years but not exceeding five years	**–**	–
Within a period of more than five years	**–**	–
	767,937	892,932
The carrying amount of borrowings that are repayable on demand due to breach of loan covenants (shown under current liabilities) *(note (iii))*	**(630,237)**	–
	137,700	892,932
Less: Amounts due within one year shown under current liabilities	**(137,700)**	(631,640)
Amounts shown under non-current liabilities	**–**	261,292
Analysed as:		
– Secured *(note (iv))*	**150,256**	337,022
– Unsecured	**617,681**	555,910
	767,937	892,932
Analysed as:		
– Fixed-rate borrowings	**129,695**	226,299
– Variable-rate borrowings	**638,242**	666,633
	767,937	892,932
Borrowings held by		
– PRC companies	**164,696**	211,000
– Non-PRC companies	**603,241**	681,932
	767,937	892,932

Notes:

(i) Details of the bank borrowings

(a) As at 30 June 2019, included in the Group's unsecured bank loans was a three-year term loan facility in an aggregate sum of US$80,000,000 (equivalent to approximately RMB548,371,000) (2018:US$80,000,000 (equivalent to approximately RMB530,826,000)) for the purpose of general working capital. The Facility was jointly guaranteed by the Company's director, Mr. Sin, and six non-PRC incorporated subsidiaries.

According to the repayment terms as stated in the Facility Agreement, 50% of the principal amounted to US$40,000,000 (equivalent to approximately RMB274,185,000) (2018: US$40,000,000 (equivalent to approximately RMB265,413,000)) is repayable in two installments in August 2018 and February 2019 respectively and the remaining 50% of the principal amounted to US$40,000,000 (equivalent to approximately RMB274,185,000) (2018: US$40,000,000 (equivalent to approximately RMB265,413,000)) is repayable on maturity date on 8 August 2019 so that approximately RMB274,185,000 (2018: (equivalent to approximately RMB265,413,000)) was classified as non-current liabilities as at 30 June 2018.

As explained in note 2, on 28 February 2019, a demand letter was sent by the bank (the "Demand Letter") to the Group. It is stated in the Demand Letter, inter alia, that: (1) as at 18 February 2019 (inclusive), outstanding principal amount of the loans in the sum of US$17,075,000 (equivalent to RMB117,043,000) and unpaid accrued interest in the sum of US$469,000 (equivalent to RMB3,214,826) were due and owing by the Company to the bank under the Facility Agreement; (2) the bank, pursuant to the Facility Agreement, demands for immediate payment of the outstanding principals, accrued interest, and all other amounts accrued or outstanding under the Facility Agreement which are due and owing to the bank.

(b) As at 30 June 2019, a two-year unsecured bank loan of HK$18,501,000 (2018: HK$24,704,000) (equivalent to approximately RMB16,320,000 (2018: RMB20,897,000)) is guaranteed by a PRC subsidiary.

(c) As at 30 June 2019, a one-year unsecured bank loan of RMB10,000,000 (2018: RMB10,000,000) is jointly guaranteed by Mr. Sin and a PRC subsidiary.

(d) As at 30 June 2018, the Group's current portion of long-term bank borrowings amounted to approximately RMB271,142,000.

(ii) Details of the other borrowings

(a) As at 30 June 2019, unsecured other borrowings of RMB28,900,000 was provided by an independent third party (the "Party A") with interest rate at 12% per annum which is repayable within one year.

(b) As at 30 June 2019, two secured other borrowings of RMB20,000,000 and RMB50,800,000 were provided by Party A and another independent third party, respectively with interest rate at 12% per annum which is repayable within one year.

(iii) As at 30 June 2019, the Group's total bank and other borrowings was RMB767,937,000, out of which, the borrowings of the Group with an aggregate amount of RMB630,237,000 were overdue and/or in breaching the clauses of the loan agreements with the lenders and thus, the respective lenders are eligible to request the Group to repay the borrowings immediately.

(iv) As at 30 June 2019 and 30 June 2018, the Group's held-to-maturity investment/financial assets measured at cost, certain property, plant and equipment and land use rights and pledged bank deposits were pledged as security for the Group's bank and other borrowings and the banking facilities granted to the Group and details of which are set out in respective notes.

As at end of the reporting period, the effective interest rates (which are also equal to contacted interest rates) on the Group's interest-bearing bank and other borrowings are as follows:

	2019	2018
Fixed-rate bank loans	**3.62%-6.53%**	3.62%-6.53%
Variable-rate bank loans	**2.63%-7.00%**	2.63%-6.01%
Fixed-rate other loans	**12.00%**	N/A

Included in the bank borrowings are the following amounts denominated in currency other than the functional currency of certain subsidiaries:

	2019 ***RMB'000***	2018 *RMB'000*
US$	**558,166**	451,103

18. SHARE CAPITAL OF THE COMPANY

	Number of shares	**Amount** *HK$'000*	**Amount** *RMB'000*
Ordinary shares of HK$0.01 each			
Authorised:			
As at 1 July 2017, 30 June 2018, and 30 June 2019	3,000,000,000	30,000	26,376
Issued and fully paid:			
As at 1 July 2017, 30 June 2018, and 30 June 2019	1,347,860,727	13,479	11,610

There were no movements of the Company's share capital during the year ended 30 June 2019 and 30 June 2018.

19. COMPARATIVE FIGURE

Certain Comparative figures have been reclassified to conform with current year's presentation.

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 Group's corporate governance practices are based on the Corporate Governance Code (the "Code") – Appendix 14 to the Listing of Securities on The Stock Exchange of Hong Kong Limited ("the Listing Rules"). The Company has, throughout the Reporting Period, complied with all the relevant code provisions and, where applicable, the recommended best practices as set out in the Code of the Listing Rules.

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 as set out 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 complied with the Model Code and such 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 2019.

SCOPE OF WORK OF 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 2019 as set out in this announcement have been agreed by the Group's auditors, Fuson CPA Limited, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by 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 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 2019.

"Disclaimer of Opinion

We do not express an opinion on the consolidated financial statements of the Group. Because of the significant of the 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) Multiple uncertainties relating to going concern

As described in note 2 to the consolidated financial statements, for the year ended 30 June 2019, the Group reported a net loss attributable to the owners of the Company from continuing operations of RMB499,577,000 and had a net operating cash outflow of RMB543,043,000. Further, as at 30 June 2019, the Group had net current liabilities of RMB831,853,000 and a deficiency of shareholders' equity of RMB660,864,000.

Pursuant to the Company's announcement dated 6 December 2018, a verbal demand was made by certain bank creditors to request the Company to repay an amount in the sum of about HK$212.8 million (equivalent to RMB187.0 million) as the amount outstanding under the loan agreements respectively entered into between these bank creditors and the Company.

In addition, pursuant to the Company's announcement dated 4 March 2019, on 28 February 2019, a further demand letter was sent by a bank (the "Demand Letter") to the Company, in relation to a facility agreement dated 8 August 2016 made between (amongst others) the Company as borrower, Mr. Sin Ke (former Chairman of the Board, the former Chief Executive Officer and the former executive director of the Company) as personal guarantor and certain banks and financial institutions (the "Facility Agreement"). It is stated in the Demand Letter, inter alia, that: (1) as at 18 February 2019 (inclusive), outstanding principal amount of the loans in the sum of US$17,075,000 (equivalent to RMB117,043,000) and unpaid accrued interest in the sum of US$469,500 (equivalent to RMB3,218,000) were due and owing by the Company to the bank under the Facility Agreement; (2) the bank, pursuant to the

Facility Agreement, demands for immediate payment of the outstanding principals, accrued interest, and all other amounts accrued or outstanding under the Facility Agreement which are due and owing to the bank.

Further, as at 30 June 2019, the Group's total bank and other borrowings was RMB767,937,000, out of which, the borrowings of the Group with an aggregate amount of RMB630,237,000 were overdue and/or in breaching the clauses of the respective loan agreements with the lenders and thus, the respective lenders are eligible to request the Group to repay the borrowings immediately.

Besides, certain of the Group's former key personnel and management left from the Group. Further, certain of major customers of the Group suspended the purchase from the Group and thus, the businesses and operations of the Group significantly declined.

These conditions, together with other matters described in note 2 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 of the Company (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 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 Finance Reorganisation (as defined in note 2 to the consolidated financial statements) with the lenders and creditors; (ii) Successful completion of the Proposed Connected Transactions (as defined in note 2 to the consolidated financial statements) in raising of around HK$233.1 million (equivalent to RMB204.8 million) funds to the Company as described in note 2 to the consolidated financial statements; (iii) Successful obtaining of additional new sources of financing as and when needed; (iv) Successful 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; (v) Successful in the Group's Business and Operation Restructuring Plan (as defined in note 2 to the consolidated financial statements); and (vi) Successful maintenance of relationship with the suppliers of the Group, in particular those in relation to the Group's existing businesses and operations such that no actions will be taken by those suppliers against the Group should the Group not be able to meet all the payment obligations on a timely basis.

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.

(2) *Insufficient audit evidence in respect of opening and closing balances and transactions 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 and non-compliance with International Financial Report Standards ("IFRS(s)") and omission of disclosures*

As set out in note 2 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 wholly owned subsidiary of the Company which is 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 fact that certain former key personnel and management of the Group who were previously responsible to the operations and businesses of 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 believe that, as at the date of this report, it is almost impossible, and not practical, to ascertain the opening balances brought forward as at 1 July 2018, the closing balances as at 30 June 2019 and transactions during the year ended 30 June 2019 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 year for inclusion in the consolidation financial statements of the Group.

We were unable to obtain sufficient appropriate audit evidence to determine whether the opening balances brought forward as at 1 July 2018, the closing balances as at 30 June 2019 and transactions during the year ended 30 June 2019 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 year 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.

Against this background, we are unable to satisfy ourselves as to whether the opening and closing balances and transactions of Chongqing Bangxing included in the consolidated financial statements and to determine whether all the transactions entered into by Chongqing Bangxing for the year ended 30 June 2019 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."

Details of "note 2 to the consolidated financial statements" have been included in "note 2 to consolidated financial statements" of this announcement.

CLOSURE OF REGISTER OF MEMBERS

For determining the Shareholders' eligibility to attend and vote at the forthcoming annual general meeting to be held on 28 November 2019 (Thursday) (the "AGM"), the register of members of the Company will be closed from 21 November 2019 (Thursday) to 28 November 2019 (Thursday), both days inclusive, during which period no transfer of Shares will be registered. The record date will be 28 November 2019 (Thursday). 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 2019 (Wednesday).

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

Hong Kong, 30 September 2019

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.