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森美(集團)控股有限公司  
**Summi (Group) Holdings Limited**

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 00756)

**ANNUAL RESULTS ANNOUNCEMENT  
 FOR THE YEAR ENDED 30 JUNE 2022**

<b>FINANCIAL HIGHLIGHTS</b>			
	<b>2022</b>	2021	Change%
	<i>RMB'000</i>	<i>RMB'000</i>	(Approximately)
<b>Consolidated statement of profit or loss and other comprehensive income</b>			
Revenue	<b>30,172</b>	111,168	(72.9%)
Gross profit	<b>7,178</b>	4,231	69.7%
Loss for the year	<b>(39,816)</b>	(48,518)	(17.9%)
EBITDA <i>(note)</i>	<b>4,408</b>	1,781	147.5%
Basis and diluted EPS <i>(RMB cents)</i>	<b>(1.74)</b>	(2.83)	(38.5%)
<b>Consolidated statement of financial position</b>			
Cash and cash equivalents	<b>5,420</b>	3,770	43.8%
Inventories	<b>6,013</b>	5,659	6.3%
Trade receivables	<b>4,351</b>	2,587	68.2%
Borrowings	<b>183,264</b>	259,458	(29.4%)
Net liabilities	<b>(257,995)</b>	(236,743)	9.0%

Note: EBITDA: loss before tax + finance costs + depreciation – interest income

The board (the “Board”) of directors (the “Directors”) of Summi (Group) Holdings Limited (the “Company”) is pleased to announce the audited consolidated financial statements of the Company and its subsidiaries (collectively, the “Group”) for the year ended 30 June 2022 (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**

For the Reporting Period, the Group recorded revenue of approximately RMB30,172,000 (2021: RMB111,168,000), representing a decrease of approximately 72.9%. The decrease in revenue was mainly due to the decrease in export business of the Group. During the Reporting Period, the gross profit of the Group was RMB7,178,000 (2021: RMB4,231,000), representing an increase of approximately RMB2,947,000 and the gross profit margin was 23.8% (2021: 3.8%). The increase in gross profit margin was mainly due to the effect of reversal of impairment losses recognised in respect of inventories which were utilised during the year.

The Company faced a difficult year for the Reporting Period. The Group has been struggling in expanding the business by enhancing its export to South East Asia. However, due to the appreciation of RMB as compared to other currencies in South East Asia and the fierce competition, the prices were too low to be profitable. As a result, there is a sharp decrease in the overall revenue of the Company. However, the Group has been managed to increase its profit margins but focusing on more profitable sectors.

## **DISCLAIMER OPINION**

Yongtuo Fuson CPA Limited (“Yongtuo Fuson”), the auditors of the Company were engaged to audit the consolidated financial statements of the Company and its subsidiaries (the “Group”) for the year ended 30 June 2022. However, Yongtuo Fuson was unable to form an audit 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 this announcement.

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

The Company and the audit committee concur with the view of the auditors. However, the management of the Company has been striving to improve the liquidity position of the Company and several measures have been implemented. In December 2021, the Company successfully obtained a financing facility from an independent third party and raised HK\$15,000,000 and further, the Company has obtained financial supports from the major shareholders for sustaining the Company as a going concern.

## **INDEPENDENT INVESTIGATION**

### **Incident relating to the Warrant Shares issued to Ms. Hu Mingyue**

As set out in announcements of the Company dated 25 April 2022, 30 June 2022, 8 July 2022, 2 August 2022 and 10 August 2022, inter alia, on or around 17 February 2021, Ms. Hu Mingyue (“Ms. Hu”) who had been the former deputy chief executive officer of the Company since 2 January 2019 and former chief executive officer of the Company during the period from 1 February 2021 to 30 September 2021 gave notice to the Company confirming her intention to exercise the subscription rights attached to the warrants of 120,784,960 shares issued to her (the “Warrants”) and the Company issued 120,784,960 shares (the “Warrant Shares”) to Ms. Hu on 18 February 2021 (the “Warrant Shares Subscription Date”). Further on 25 April 2022, it has come to the Board’s attention that the amount aggregating approximately HK\$21,395,000 (the “Warrant Consideration Receivables”) remained outstanding (the “Incident”).

#### ***A. Investigation***

As a result, on 10 August 2022, the Board established an independent investigation committee (the “Independent Investigation Committee”) which had engaged an independent external professional advisor, Grant Thornton Advisory Services Limited (“Grant Thornton”) to conduct an independent investigation over the Incident (the “Investigation”) and the scope of the Investigation, including but not limited to the following:

- i. To conduct the data analysis and document review in understanding the background and details of the Incident;
- ii. To conduct interviews with relevant personnel;
- iii. To conduct independent background check for relevant parties;
- iv. To obtain documentations and confirmations from relevant parties, such as confirmation from Ms. Hu on the Warrant Consideration Receivables; and
- v. To conduct specific internal control assessment, especially the issuance of shares internal control system of the Company.

On 23 September 2022, the Independent Investigation Committee received the investigation report from Grant Thornton (the “GT Report”) and certain key findings were brought to the attention of the Board:

*(i) The Warrant Consideration Receivables*

- i. As set out in the announcement dated 25 April 2022, the Company disclosed that as the result of the subscription and exercise of the Warrants, the outstanding amounts of which Ms. Hu Mingyue owed to the Company was approximately HK\$21,395,000. Grant Thornton has conducted its work procedures, including but not limited to check the bank records as well as the accounting and financial records of the Company and Grant Thornton reported that the outstanding Warrant Consideration Receivables as at 30 June 2022 were approximately HK\$18,963,000 instead of HK\$21,395,000; and
- ii. Grant Thornton also reported that the Warrant Consideration Receivables of approximately HK\$18,963,000 remains outstanding as at the date of the approval for issuance of the GT Report.

*(b) Internal Control Review*

As part of the investigation work procedures, Grant Thornton has reviewed the internal control system of the Company, especially the issuance of shares internal control system of the company and recommended certain improvement measures to the Company.

***B. Legality relating to the issuance of the Warrant Shares to Ms. Hu***

With the consultation with the Company’s Cayman Islands legal advisers, the directors of the Company are of the opinion that: (i) the Board have duly authorised the issue and allotment of the Warrant Shares to Ms. Hu in accordance with the Warrant Subscription Agreement and the terms and conditions of the Warrants; (ii) there are no prohibitions under the Companies Act (Revised) of the Cayman Islands (the “Companies Act”) or the Articles for the Company to issue the Warrant Shares to Ms. Hu when she is not fully paid; and (iii) the issue of the Warrant Shares to Ms. Hu are recorded on the Register of Members of the Company in accordance with section 40 of the Companies Act and thus, the Warrant Shares issued to Ms. Hu are validly issued as non-fully paid-up shares although the Warrant Consideration Receivables of approximately HK\$18,963,000 remains outstanding.

***C. The financial support commitment from Mr. Wu Shaohao (“Mr. Wu”)***

Mr. Wu indicated to the Company to take up the outstanding Warrant Consideration Receivables of HK\$18,963,000 with effect from the Warrant Shares Subscription Date.

#### ***D. Writ of Summons with Ms. Hu***

With the consultation of the Company's legal advisers, the directors of the Company are of the view that the Company has the legal rights in demanding Ms. Hu to settle the Warrant Consideration Receivables payable to the Company. Thus, on 23 June 2022, the Company submitted a Writ of Summons to the High Court of HKSAR in requesting Ms. Hu to repay the sum of approximately HK\$21,395,000 being the outstanding Warrant Consideration Receivables due and owing by Ms. Hu to the Company pursuant to Warrant Subscription Agreement.

#### **View and report of the Independent Investigation Committee**

Having considered the findings of the GT Report, the Independent Investigation Committee noted that till to the date of the approval for issuance of the GT Report, the Warrant Consideration Receivables of approximately HK\$18,963,000 remains outstanding.

In addition, they also noted that Grant Thornton has reviewed the internal control system of the Company and recommended certain improvement measures to the Company.

Further, the Independent Investigation Committee aware of: (i) the management of the Company has already taken up the legal procedures to claim the said amount from Ms. Hu; and (ii) Mr. Wu, the controlling shareholder of the Company indicated to the Company to take up the outstanding Warrant Consideration Receivables of approximately HK\$18,963,000.

#### **Overall responses of the Board**

The Board has reviewed the contents of the GT Report and considers that the GT Report has adequately addressed the issues involved in the Incident. The Board has also reviewed the report made by the Independent Investigation Committee and concurs with the view of the Independent Investigation Committee on the Investigation.

Based on the information as obtained from internal and external investigations, the financial support commitment by Mr. Wu and other matters as described above and taking into consideration the requirements under the relevant accounting standard, the directors of the Company consider that, other than the legal costs to be incurred, the Company will not suffer any significant loss on the Incident and accordingly, the Incident has had no material impact on the Group's financial positions and performance for the current and prior years.

The Board is finally of the view that the issues identified in the GT Report did not have any impacts on the business and operation of the Company and did not have any material impacts on the Group's financial positions and performance for the current and prior years and also in the near future.

## OPERATING PERFORMANCE

### Summi Products

During the Reporting Period, sales of Summi Products decreased by 80% from approximately RMB104,977,000 in last year to RMB20,969,000. The Sharp decrease in revenue was attributable to the decrease in export business. During the Reporting Period, the Group has developed a series of new products to support the growth of revenue of the Group. The launch of new products has leveraged the Group's advantages in food and beverage industry.

### FCOJ and related products

Sales of FCOJ and related products increased from approximately RMB6,191,000 over the same period last year to approximately RMB9,203,000 in the Reporting Period. During the Reporting Period, international frozen orange juice futures prices have remained stable, same prices as compared with the previous year were recorded for the sale prices of FCOJ.

Breakdown of revenue by product for the year ended 30 June 2022 and the corresponding year are set out as follows:

	2022		2021	
	<i>RMB'000</i>	Percentage of total revenue	<i>RMB'000</i>	Percentage of total revenue
Summi brand products and other products	<b>20,969</b>	<b>69.5%</b>	104,977	94.4%
FCOJ and related products	<b>9,203</b>	<b>30.5%</b>	6,191	5.6%
	<b><u>30,172</u></b>	<b><u>100%</u></b>	<b><u>111,168</u></b>	<b><u>100%</u></b>

### Selling, distribution costs and administrative expenses

The Group's distribution costs mainly included marketing expenses and transportation costs. Distribution costs increased by approximately 11.4% from approximately RMB4,072,000 over the corresponding year to approximately RMB4,536,000 during the year.

The Group's administrative expenses mainly included general office administrative expenses, salaries, amortisation, etc. Administrative expenses increased from approximately RMB41,720,000 over the corresponding year to approximately RMB42,323,000 during the Reporting Period.

### Finance costs

During the Reporting Period, the Group's finance costs were approximately RMB26,599,000 (2021: RMB30,491,000).

## Net loss

During the Reporting Period, the Group's net loss was approximately RMB39,816,000, as compared to net loss of approximately RMB48,518,000 as compared with the corresponding year.

## LIQUIDITY, FINANCIAL RESOURCES, GEARING AND CAPITAL STRUCTURE

### Liquidity

As at 30 June 2022, net current liabilities amounted to approximately RMB310,936,000 (2021: net current liabilities of approximately RMB263,134,000).

### Financial resources

As at 30 June 2022, the Group had cash and cash equivalents of approximately RMB5,420,000 (2021: approximately RMB3,770,000) and total bank and other borrowings of approximately RMB183,264,000 (2021: approximately RMB259,458,000). The Group has corporate bonds of RMB116,702,000 (2021: RMB99,697,000).

As at 30 June 2022, trade and other receivables were approximately RMB21,085,000 (2021: approximately RMB22,138,000) and inventories were approximately RMB6,013,000 (2021: approximately RMB5,659,000).

### 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.

	<b>2022</b>	2021
Quick ratio (x)	<b>0.03</b>	0.02
Current ratio (x)	<b>0.09</b>	0.11
Gearing ratio ( <i>note (a)</i> )	<b>N/A</b>	N/A

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



## **FOREIGN EXCHANGE EXPOSURE**

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

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

## **PLEDGE OF ASSETS**

At the end of the reporting period, the Group had pledged certain assets to borrowers to secure credit facilities granted to the Group, of which the details are set out in note 16 to this announcement.

## **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 RMB2,297,000) and the Group has already made a full provision for such claim during the years ended 30 June 2020 and 2021. As at the end of the reporting period and up to the date of approval of these financial statements, apart from expressly stated above, the Group is a party to a number of civil litigations cases, as either a plaintiff or defendant. In the opinion of the Directors, these cases are either premature and/or the Group has a very high likelihood of success in its action and, therefore will not have any adverse impact on the Group's results and financial position. In the opinion of the Directors, adequate provision has been made in these consolidated financial statements. Other than the above, the Group did not have any material contingent liabilities as at 30 June 2022.

## **CAPITAL EXPENDITURE**

During the Reporting Period, the Group's capital expenditure amounted to approximately RMB3,158,000 (2021: approximately RMB51,000) which was used for acquisition of property, plant and equipment.

## **HUMAN RESOURCES AND REMUNERATION POLICY**

As at 30 June 2022, the Group employed 125 employees (2021: 121 employees). The Group offered competitive remuneration package, discretionary bonuses and social insurance benefits to its employees. In addition, a share option scheme (the "Scheme") has been adopted since 7 June 2008 for the employees of the Group. The limit in respect of shares that may be issued pursuant to the exercise of all share options granted under the Scheme has been refreshed on 5 November 2012.



## CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME

*For the year ended 30 June 2022*

	<i>Notes</i>	<b>2022</b> <i>RMB'000</i>	2021 <i>RMB'000</i>
Revenue	4	<b>30,172</b>	111,168
Cost of sales		<b>(22,994)</b>	(106,937)
Gross profit		<b>7,178</b>	4,231
Other income (expenses), net	6	<b>25,297</b>	3,794
Other operating expenses		<b>(1,583)</b>	(36)
Selling and distribution expenses		<b>(4,536)</b>	(4,072)
Administrative expenses		<b>(42,323)</b>	(41,720)
Changes in fair values	8	–	13,676
Reversal of impairment losses	8	<b>1,500</b>	6,100
Finance costs	7	<b>(26,599)</b>	(30,491)
Loss before tax	8	<b>(41,066)</b>	(48,518)
Income tax credit	9	<b>1,250</b>	–
Loss for the year		<b>(39,816)</b>	(48,518)
 <i>Other comprehensive income for the year</i>			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		<b>18,564</b>	31,437
Total comprehensive expense for the year attributable to owners of the Company		<b>(21,252)</b>	(17,081)

	<b>2022</b>	2021
<i>Notes</i>	<b><i>RMB'000</i></b>	<i>RMB'000</i>
Loss for the year attributable to:		
– owners of the Company	<b>(39,807)</b>	(48,360)
– non-controlling interests	<b>(9)</b>	(158)
	<u><b>(39,816)</b></u>	<u>(48,518)</u>
Total comprehensive expense attributable to:		
– owners of the Company	<b>(21,243)</b>	(16,923)
– non-controlling interests	<b>(9)</b>	(158)
	<u><b>(21,252)</b></u>	<u>(17,081)</u>
<b>Loss per share</b>	<i>11</i>	
– Basic and diluted (RMB cents)	<u><b>(1.74)</b></u>	<u>(2.83)</u>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2022

	<i>Notes</i>	<b>2022</b> <b>RMB'000</b>	2021 <i>RMB'000</i>
<b>Non-current assets</b>			
Property, plant and equipment		<b>91,901</b>	124,347
Right-of-use assets		<b>19,494</b>	21,370
		<u><b>111,395</b></u>	<u>145,717</u>
<b>Current assets</b>			
Inventories		<b>6,013</b>	5,659
Trade and other receivables	<i>12</i>	<b>21,085</b>	22,138
Cash and cash equivalents		<b>5,420</b>	3,770
		<u><b>32,518</b></u>	<u>31,567</u>
<b>Current liabilities</b>			
Trade and other payables	<i>13</i>	<b>100,847</b>	52,802
Borrowings	<i>14</i>	<b>160,205</b>	202,167
Lease liabilities		<b>979</b>	163
Corporate bonds		<b>81,423</b>	39,569
Derivative financial instruments		<b>–</b>	–
		<u><b>343,454</b></u>	<u>294,701</u>
<b>Net current liabilities</b>		<u><b>(310,936)</b></u>	<u>(263,134)</u>
<b>Total assets less current liabilities</b>		<u><b>(199,541)</b></u>	<u>(117,417)</u>

	<i>Notes</i>	<b>2022</b> <b>RMB'000</b>	2021 <i>RMB'000</i>
<b>Non-current liabilities</b>			
Deferred tax liabilities		–	1,250
Borrowings	<i>14</i>	<b>23,059</b>	57,291
Lease liabilities		<b>116</b>	657
Corporate bonds		<b>35,279</b>	60,128
Convertible bonds		–	–
		<u>58,454</u>	<u>119,326</u>
<b>Net liabilities</b>		<b><u>(257,995)</u></b>	<b><u>(236,743)</u></b>
<b>Capital and reserves</b>			
Share capital	<i>15</i>	<b>19,341</b>	19,341
Reserves		<b><u>(277,169)</u></b>	<u>(255,926)</u>
Deficit attributable to owners of the Company		<b>(257,828)</b>	(236,585)
Non-controlling interests		<b><u>(167)</u></b>	<u>(158)</u>
		<b><u>(257,995)</u></b>	<b><u>(236,743)</u></b>

## 1. GENERAL

Summi (Group) Holdings Limited (the “Company”) was 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, a company incorporated in the British Virgin Islands (the “BVI”). Its ultimate controlling party is Mr. Wu Shaohao (“Mr. Wu”), who is also the Chairman and Executive Director of the Company (the “Controlling Shareholder”).

The Company acts as an investment holding company.

During the year, the Company and its subsidiaries (collectively referred to as the “Group”) was involved in the following principal activities: (1) production and sale of frozen concentrated orange juice (the “FCOJ”) and other related products (the “Production and Sale of FCOJ and Other Related Products Business”); and (2) production and sale of Summi 100% freshly squeezed orange juice (the “Summi Fresh Orange Juice”) and other products (the “Production and Sale of Summi Fresh Orange Juice and Other Products Business”).

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.

The English names of all the companies established in the PRC presented in these consolidated financial statements represent the best efforts made by the Directors for the translation of the Chinese names of these companies to English names as they do not have official English names.

## 2. BASIS OF PREPARATION AND PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

### (a) Going concern assessment

During the year ended 30 June 2022 (the “Reporting Period”), the Group incurred a loss of RMB39,816,000 (2021: RMB48,518,000), and as at 30 June 2022, the Group had net current liabilities of RMB310,936,000 (2021: RMB263,134,000) and a deficit of shareholders’ equity attributable to owners of the Company of RMB257,828,000 (2021: RMB236,585,000). Further, as at 30 June 2022, the Group’s borrowings and corporate bonds were of RMB299,966,000 (2021: RMB359,155,000) and out of which, as at 30 June 2022, an amount of the Group’s borrowings and corporate bonds of RMB241,628,000 (2021: RMB241,736,000) will fall due repayable within one year.

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

- (ii) The Group is still actively in the process of negotiating with various bank, other financial institutions, third parties and related parties to renew its existing borrowings and corporate bonds which will be matured within twelve months after 30 June 2022 and to raise short-term and/or long-term financing to the Group so that the Group will be able to meet all financial obligations as and when they fall due in the coming twelve months from 30 June 2022 (the “Financing Plan”).

The Directors have reviewed the Group’s cash flow projections prepared by the management of the Company. The cash flow projections cover a period of not less than twelve months from 30 June 2022. They are of the opinion that, taking into account the above mentioned 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 2022. 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 execution and completion of the Business and Operation Restructuring Plan;
- (ii) Successful execution and completion of the Financing Plan; and
- (iii) Successful generation of operating cash flows and in obtaining of additional sources of financing to finance the settlement of its existing financial obligations, commitments and future operating and capital expenditure, as well as to maintain sufficient cash flows of the Group’s operations.

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

**(b) Incident relating to the Individuals Warrant Shares issued to Ms. Hu Mingyue**

As set out in announcements of the Company dated 25 April 2022, 30 June 2022, 8 July 2022, 2 August 2022 and 10 August 2022, inter alia, on or around 17 February 2021, Ms. Hu Mingyue (“Ms. Hu”) who had been the former deputy chief executive officer of the Company since 2 January 2019 and former chief executive officer of the Company during the period from 1 February 2021 to 30 September 2021 gave notice to the Company confirming her intention to exercise the subscription rights attached to the warrants of 120,784,960 shares issued to her (the “Individuals Warrants”) and the Company issued 120,784,960 shares (the “Individuals Warrant Shares”) to Ms. Hu on 18 February 2021 (the “Warrant Shares Subscription Date”). Further, on 25 April 2022, it has come to the Board of Directors’ (the “Board”) attention that the amount aggregating approximately HK\$21,395,000 (the “Warrant Consideration Receivables”) remained outstanding (the “Incident”).

As a result, on 10 August 2022, the Board established an independent investigation committee (the “Independent Investigation Committee”) which had engaged an independent external professional advisor, Grant Thornton Advisory Services Limited (“Grant Thornton”) to conduct an independent investigation over the Incident (the “Investigation”).

On 23 September 2022, the Independent Investigation Committee received the investigation report from Grant Thornton (the “GT Report”) and certain matters brought to the attention of the Board:

- (i) As set out in the announcement dated 25 April 2022, the Company disclosed that as the result of the subscription and exercise of the Individuals Warrants, the outstanding amounts of which Ms. Hu owed to the Company was approximately HK\$21,395,000. Grant Thornton has checked the bank records as well as the accounting and financial records of the Company and reported that the actual outstanding Warrant Consideration Receivables were approximately HK\$18,963,000 instead of HK\$21,395,000; and
- (ii) the Warrant Consideration Receivables of approximately HK\$18,963,000 remains outstanding as at the date of the approval for issuance of the GT Report.

With the consultation with the Company’s Cayman Islands legal advisers, the directors of the Company are of the opinion that: (i) the Board have duly authorised the issue and allotment of the Individuals Warrant Shares to Ms. Hu in accordance with the Warrant Subscription Agreement and the terms and conditions of the Warrants; (ii) there are no prohibitions under the Companies Act (Revised) of the Cayman Islands (the “Companies Act”) or the Articles for the Company to issue the Warrant Shares to Ms. Hu when they are not fully paid; (iii) the issue of the Individuals Warrant Shares to Ms. Hu are recorded on the Register of Members of the Company in accordance with section 40 of the Companies Act and thus, the Individuals Warrant Shares are validly issued as non-fully paid-up shares although the Warrant Consideration Receivables of approximately HK\$18,963,000 remains outstanding.

On 30 September 2022, Mr. Wu indicated to the Company to take up the outstanding Warrant Consideration Receivables of approximately HK\$18,963,000 with effect from the Warrant Shares Subscription Date.

On 23 June 2022, the Company submitted a Writ of Summons to the High Court of HKSAR in requesting Ms. Hu to repay the sum of approximately HK\$21,395,000 being the outstanding Warrant Consideration Receivables due and owing by Ms. Hu to the Company pursuant to Warrant Subscription Agreement.

Based on the information as obtained from internal and external investigations, the confirmation by Mr. Wu and other matters as described above and taking into consideration the requirements under the relevant accounting standard, the directors of the Company consider that, other than the legal costs to be incurred, the Company will not suffer any significant loss on the Incident and accordingly, the Incident has had no material impact on the Group’s financial positions and performance for the current and prior years.

The Board is of the view that the issues identified in the GT Report did not have any material impacts on the business and operation of the Company and did not have any material impacts on the Group’s financial positions and performance for the current and prior years and also in the near future.

Details of the Warrant Consideration Receivables of approximately HK\$18,963,000 are further described in notes 12 (ii).



### 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 the following amendments to IFRSs issued by the International Accounting Standards Board (“IASB”) for the first time, which are mandatorily effective for the annual periods beginning on or after 1 July 2021 for the preparation of the consolidated financial statements:

Amendment to IFRS 16	Covid-19-Related Rent Concessions and Covid-19-Related Rent Concessions beyond 30 June 2021
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	Interest Rate Benchmark Reform – Phase 2

In addition, the Group applied the agenda decision of the IFRS Interpretations Committee of the IASB issued in June 2021 which clarified the costs an entity should include as “estimated costs necessary to make the sale” when determining the net realisable value of inventories.

The Directors are of the opinion that the application of the amendments to IFRSs in the current year has had no material impact on the Group’s financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

#### New amendments to IFRSs in issue but not yet effective

At the date of authorisation of these financial statements, the Group has not applied the following new and amendments to IFRSs that have been issued but are not yet effective:

IFRS 17	Insurance Contracts and the related Amendments <sup>2</sup>
Amendments to IFRS 3	Reference to the Conceptual Framework <sup>1</sup>
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>3</sup>
Amendments to IAS 1	Classification of Liabilities as Current or Non-current <sup>2</sup>
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies <sup>2</sup>
Amendments to IAS 8	Definition of Accounting Estimates <sup>2</sup>
Amendments to IAS 12	Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction <sup>2</sup>
Amendments to IAS 16	Property, Plant and Equipment – Proceeds before Intended Use <sup>1</sup>
Amendments to IAS 37	Onerous contracts – Cost of Fulfilling a Contract <sup>1</sup>
Amendments to IFRSs	Annual Improvements to IFRSs 2018-2020 <sup>1</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2022

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2023

<sup>3</sup> Effective for annual periods beginning on or after a date to be determined

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

#### 4. REVENUE

##### Disaggregation of revenue from contracts with customers

During the Reporting Period, the Group is mainly engaged in the production and sale of FCOJ and other related products and Summi Fresh Orange Juice and other products and details of which are as follows:

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
<b>Revenue from contracts with customers</b>		
<i>Types of goods</i>		
– Sale of FCOJ and other related products	9,203	6,191
– Sale of Summi Fresh Orange Juice and other products	20,969	104,977
	<hr/>	<hr/>
Total	30,172	111,168
	<hr/> <hr/>	<hr/> <hr/>
<i>Timing of revenue recognition:</i>		
– A point in time	30,172	111,168
	<hr/> <hr/>	<hr/> <hr/>

##### *For the year ended 30 June 2022*

	FCOJ and other related products <i>RMB'000</i>	Summi Fresh Orange Juice and other products <i>RMB'000</i>	Total <i>RMB'000</i>
<b>Revenue from contracts with customers</b>			
<i>Types of goods</i>			
– FCOJ	9,203	–	9,203
– Summi Fresh Orange Juice	–	12,613	12,613
– Summi brand products	–	2,234	2,234
– Other products	–	6,122	6,122
	<hr/>	<hr/>	<hr/>
Total	9,203	20,969	30,172
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
<i>Geographical markets</i>			
– South East Asia	–	6,122	6,122
– Mainland China	9,203	12,613	21,816
– Hong Kong	–	2,234	2,234
	<hr/>	<hr/>	<hr/>
	9,203	20,969	30,172
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
<i>Timing of revenue recognition</i>			
– A point in time	9,203	20,969	30,172
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
<i>Sales channel/type of customer</i>			
– Food and beverages manufacturers	9,203	–	9,203
– Wholesale and distributors	–	6,122	6,122
– Retail	–	13,502	13,502
– Restaurants	–	1,345	1,345
	<hr/>	<hr/>	<hr/>
	9,203	20,969	30,172
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

**For the year ended 30 June 2021**

	FCOJ and other related products <i>RMB'000</i>	Summi Fresh Orange Juice and other products <i>RMB'000</i>	Total <i>RMB'000</i>
<b>Revenue from contracts with customers</b>			
<i>Types of goods</i>			
– FCOJ	6,191	–	6,191
– Summi Fresh Orange Juice	–	18,116	18,116
– Summi brand products	–	57,909	57,909
– Other products	–	28,952	28,952
	<hr/>	<hr/>	<hr/>
Total	6,191	104,977	111,168
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
<i>Geographical markets</i>			
– South East Asia	–	86,861	86,861
– Mainland China	6,191	17,215	23,406
– Hong Kong	–	901	901
	<hr/>	<hr/>	<hr/>
	6,191	104,977	111,168
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
<i>Timing of revenue recognition</i>			
– A point in time	6,191	104,977	111,168
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
<i>Sales channel/type of customer</i>			
– Food and beverages manufacturers	6,191	–	6,191
– Wholesale and distributors	–	86,861	86,861
– Retail	–	17,748	17,748
– Restaurants	–	368	368
	<hr/>	<hr/>	<hr/>
	6,191	104,977	111,168
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

**Sale of FCOJ and other related products**

The Group sells FCOJ and other related products to the food and beverages manufacturers. Revenue is recognised when control of the goods has transferred, being when the goods have been shipped to the customer's specific location.

## **Sale of Summi Fresh Orange Juice and other products**

The Group sells Summi Fresh Orange Juice and other products to the (i) wholesale and distributors; (ii) retail; and (iii) restaurants.

For sales of Summi Fresh Orange Juice and other products to the wholesale and distributors, revenue is recognised when control of the goods has transferred, being when the goods have been delivered to the customers' specific location. Following the delivery, the wholesaler and distributors have full discretion over the manner of distribution and price to sell the goods, has the primary responsibility when on selling the goods and bears the risks of obsolescence and loss in relation to the goods.

For sales of Summi Fresh Orange Juice and other products to the retail and restaurants, revenue is recognised when the goods have been delivered to the customers and the control of the goods has been transferred, being at the point the customer purchases the goods.

All revenue contracts are for period of one year or less. As permitted by IFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

## **5. OPERATING SEGMENTS**

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 two segments: (1) Production and Sale of FCOJ and Other Related Products Business segment; and (2) Production and Sale of Summi Fresh Orange Juice and Other Products Business segment.

The following is an analysis of the Group's revenue, results, assets and liabilities by reportable and operating segments are as follows:

**Segment revenue and results**

	<b>Production and Sale of FCOJ and Other Related Products Business RMB'000</b>	<b>Production and Sale of Summi Fresh Orange Juice and Other Products Business RMB'000</b>	<b>Total RMB'000</b>
<b><i>For the year ended 30 June 2022</i></b>			
<b>Segment revenue</b>			
– Sales to external customers	9,203	20,969	30,172
– Inter-segment sales	193	3,368	3,561
	<u>9,396</u>	<u>24,337</u>	<u>33,733</u>
Segment revenue	<u>9,396</u>	<u>24,337</u>	33,733
Elimination			<u>(3,561)</u>
Consolidated revenue			<u>30,172</u>
<b>Segment results</b>	<u>5,249</u>	<u>(14,776)</u>	<u>(9,527)</u>
Unallocated losses			89
Corporate and other unallocated expenses			(5,029)
Finance costs			<u>(26,599)</u>
Loss before tax			<u>(41,066)</u>

	Production and Sale of FCOJ and Other Related Products Business <i>RMB'000</i>	Production and Sale of Summi Fresh Orange Juice and Other Products Business <i>RMB'000</i>	Total <i>RMB'000</i>
<b><i>For the year ended 30 June 2021</i></b>			
<b>Segment revenue</b>			
– Sales to external customers	6,191	104,977	111,168
– Inter-segment sales	1,208	4,085	5,293
	<u>7,399</u>	<u>109,062</u>	<u>116,461</u>
Segment revenue	<u>7,399</u>	<u>109,062</u>	116,461
Elimination			<u>(5,293)</u>
Consolidated revenue			<u>111,168</u>
<b>Segment results</b>	<u>17,608</u>	<u>(38,004)</u>	(20,396)
Unallocated losses			(381)
Changes in fair values			13,676
Corporate and other unallocated expenses			(10,926)
Finance costs			<u>(30,491)</u>
Loss before tax			<u>(48,518)</u>

## Segment assets and liabilities

	Production and Sale of FCOJ and Other Related Products Business <i>RMB'000</i>	Production and Sale of Summi Fresh Orange Juice and Other Products Business <i>RMB'000</i>	Total <i>RMB'000</i>
<b><i>As at 30 June 2022</i></b>			
<b>Assets and liabilities</b>			
<b>Segment assets</b>	<b>89,525</b>	<b>40,041</b>	<b>129,566</b>
Corporate and other unallocated assets			<b>14,347</b>
Total assets			<b>143,913</b>
<b>Segment liabilities</b>	<b>175,462</b>	<b>110,848</b>	<b>286,310</b>
Corporate and other unallocated liabilities			<b>115,598</b>
Total liabilities			<b>401,908</b>
	Production and Sale of FCOJ and Other Related Products Business <i>RMB'000</i>	Production and Sale of Summi Fresh Orange Juice and Other Products Business <i>RMB'000</i>	Total <i>RMB'000</i>
<b><i>As at 30 June 2021</i></b>			
<b>Assets and liabilities</b>			
<b>Segment assets</b>	<b>70,845</b>	<b>83,096</b>	<b>153,941</b>
Corporate and other unallocated assets			<b>23,343</b>
Total assets			<b>177,284</b>
<b>Segment liabilities</b>	<b>5,791</b>	<b>1,575</b>	<b>7,366</b>
Corporate and other unallocated liabilities			<b>406,661</b>
Total liabilities			<b>414,027</b>



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

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

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

Inter-segment sales are charged at prevailing market rates.

#### Other segment information

	<b>Production and Sale of FCOJ and Other Related Products Business RMB'000</b>	<b>Production and Sale of Summi Fresh Orange Juice and Other Products Business RMB'000</b>	<b>Unallocated RMB'000</b>	<b>Total RMB'000</b>
<b><i>For the year ended 30 June 2022</i></b>				
<b>Amounts included in the measure of segment profit or loss or segment assets:</b>				
Depreciation	6,744	11,971	160	18,875
Additions to non-current assets	3,088	510	–	3,598
(Reversal of) impairment losses recognised in respect of				
– Property, plant and equipment	–	(1,500)	–	(1,500)
– Inventories	(3,128)	(3,020)	–	(6,148)
<b>Amounts regularly provided to the chief operating decision marker but not included in the measure of segment profit or loss assets:</b>				
Bank interest income	–	–	–	–*
Gains on disposals of property, plant and equipment and right-of-use assets	18,355	–	–	18,355
Finance costs	–	–	26,599	26,599
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

\* The amount less than RMB1,000.

	Production and Sale of FCOJ and Other Related Products Business <i>RMB'000</i>	Production and Sale of Summi Fresh Orange Juice and Other Products Business <i>RMB'000</i>	Unallocated <i>RMB'000</i>	Total <i>RMB'000</i>
<b>For the year ended 30 June 2021</b>				
<b>Amounts included in the measure of segment profit or loss or segment assets:</b>				
Depreciation	7,658	12,125	74	19,857
Additions to non-current assets	29	329	22	380
(Reversal of) impairment losses recognised in respect of				
– Property, plant and equipment	(2,600)	(3,500)	–	(6,100)
– Inventories	2,675	5,403	–	8,078
<b>Amounts regularly provided to the chief operating decision maker but not included in the measure of segment profit or loss assets:</b>				
Bank interest income	–	–	49	49
Gains on disposals of property, plant and equipment	4	20	–	24
Finance costs	–	–	30,491	30,491

### Geographical information

The Group's operations are located in the PRC, Hong Kong and South East Asia.

Information about the Group's revenue from Continuing Operations 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 and details are as follows.

	<b>2022</b> <b><i>RMB'000</i></b>	2021 <i>RMB'000</i>
<b>Revenue</b>		
Mainland China	<b>21,816</b>	23,406
Hong Kong	<b>2,234</b>	901
South East Asia	<b>6,122</b>	86,861
	<b>30,172</b>	111,168

	<b>2022</b> <i>RMB'000</i>	2021 <i>RMB'000</i>
<b>Non-current assets</b>		
Mainland China and South East Asia	<b>110,897</b>	145,421
Hong Kong	<b>498</b>	296
	<b>111,395</b>	145,717

### Revenue from major products

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

	<b>2022</b> <i>RMB'000</i>	2021 <i>RMB'000</i>
Sale of FCOJ and other related products	<b>9,203</b>	6,191
Sale of Summi Fresh Orange Juice and other products	<b>20,969</b>	104,977
	<b>30,172</b>	111,168

### Information about major customers

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

	<b>2022</b> <i>RMB'000</i>	2021 <i>RMB'000</i>
Customer C <sup>1</sup>	<b>11,553</b>	14,834
Customer D <sup>2</sup>	<b>3,349</b>	12,464
Customer E <sup>3</sup>	<b>2,764</b>	–
Customer A <sup>4 and 5</sup>	–	57,909
Customer B <sup>2 and 5</sup>	–	15,821

<sup>1</sup> Revenue from Production and Sale of Summi Fresh Orange Juice and Other Products Business segment. The customer is controlled and beneficially owned by a director of the Group.

<sup>2</sup> Revenue from Production and Sale of Summi Fresh Orange Juice and Other Products Business segment. The Customers are controlled by and beneficially owned by a director of a subsidiary of the Company.

<sup>3</sup> Revenue from Production and Sale of FCOJ and Other Related Products Business segment.

<sup>4</sup> Revenue from Production and Sale of Summi Fresh Orange Juice and Other Products Business segment.

<sup>5</sup> The corresponding revenue did not contribute over 10% of the total revenue of the Group.

## 6. OTHER INCOME (EXPENSES), NET

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Bank interest income	–*	49
Government grants		
– PRC (notes (i) and (ii) below)	7,313	2,396
– Hong Kong (notes (ii) and (iii) below)	–	146
Gain on disposals of property, plant and equipment and right-of-use assets	18,355	24
Others	(371)	1,179
	<u>25,297</u>	<u>3,794</u>

\* *The amount less than RMB1,000.*

### Notes:

- (i) During the Reporting Period, government grant of approximately RMB7,313,000 (2021: RMB2,396,000, excluding the amortisation of deferred income of RMB1,180,000) was immediately recognised as other income for the year as there was no unfulfilled condition or contingencies relating to this subsidy.
- (ii) During the year ended 30 June 2021, the Group recognised government grants of RMB146,000 in respect of Covid-19-related subsidies, of which RMB115,000 relates to Employment Support Scheme and RMB31,000 relates to Distance Business Programme provided by the Hong Kong Government.

## 7. FINANCE COSTS

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Interest expenses on corporate bonds	17,380	14,406
Interest expenses on Convertible Bonds	–	3,767
Interest expenses on bank and other borrowings	8,421	11,478
Imputed interest expenses	737	788
Interest on lease liabilities	61	52
	<u>26,599</u>	<u>30,491</u>

## 8. LOSS BEFORE TAX

Loss before tax has been arrived at after charging (crediting):

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Changes in fair values in respect of:		
– Warrants	–	8,897
– Derivative component of the Convertible Bonds	–	4,779
	<u>–</u>	<u>13,676</u>
Total changes in fair values	<u>–</u>	<u>13,676</u>
Staff costs, including Directors' and chief executive's remuneration		
– Wages, salaries and other benefits	8,580	8,968
– Performance related bonuses	207	–
– Contributions to defined contribution plans	832	689
	<u>9,619</u>	<u>9,657</u>
Reversal of impairment losses in respect of:		
– Property, plant and equipment	<u>(1,500)</u>	<u>(6,100)</u>
Cost of inventories recognised as an expense, including:	22,994	106,937
– (Reversal of) impairment losses recognised in respect of inventories	<u>(6,148)</u>	<u>8,078</u>
Depreciation on:		
– Property, plant and equipment	18,186	19,098
– Right-of-use assets	689	759
	<u>18,875</u>	<u>19,857</u>
Total depreciation	<u>18,875</u>	<u>19,857</u>
	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Others:		
Auditor's remuneration	1,074	1,280
Net foreign exchange losses	1,214	468
Short-term leases expenses	313	320
Loss on written off of property, plant and equipment	<u>64</u>	<u>–</u>

## 9. INCOME TAX CREDIT

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Current income tax	–	–
Deferred income tax	<u>1,250</u>	<u>–</u>
	<u><u>1,250</u></u>	<u><u>–</u></u>

Pursuant to the rules and regulations of the Cayman Islands and BVI, the Group is not subject to any income tax in the Cayman Islands and 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 Enterprise Income Tax (“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.

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

No provision has been made for PRC EIT as there are no assessable profits generated for both years.

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

No provision has been made for Malaysia income tax as there are no assessable profits generated for both years.

A tax credit from deferred income tax of RMB1,250,000 was recognised for the year ended 30 June 2022 (2021: Nil) which was mainly attributable by the reversal of deferred tax liabilities relating to undistributed retained profits of certain PRC subsidiaries during the year.

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

	<b>2022</b> <i>RMB'000</i>	2021 <i>RMB'000</i>
Loss before tax	<u>(41,066)</u>	<u>(48,518)</u>
Tax at the domestic income tax rate	(3,955)	(10,030)
Tax effect of non-deductible expenses	2,755	6,070
Tax effect of non-taxable income	–	(2,274)
Tax effect of tax losses not recognised	1,200	6,234
Reversal of previously recognised deferred tax liabilities	<u>(1,250)</u>	<u>–</u>
Income tax credit	<u>(1,250)</u>	<u>–</u>

#### 10. DIVIDENDS

	<b>2022</b> <i>RMB'000</i>	2021 <i>RMB'000</i>
Dividends recognised as distribution and paid during the year	<u>–</u>	<u>–</u>

The Directors do not recommend the payment of any dividend for the years ended 30 June 2022 and 30 June 2021.

#### 11. LOSS PER SHARE

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

	<b>2022</b> <i>RMB'000</i>	2021 <i>RMB'000</i>
<i>Loss for the year</i>		
Loss for the year attributable to the owners of the Company for the purpose of basic loss per share	<u>(39,807)</u>	<u>(48,360)</u>

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

	<b>2022</b> <i>(thousands of shares)</i>	2021
<i>Number of shares</i>		
Weighted average number of ordinary shares for the purpose of basic loss per share	<u>2,282,083</u>	<u>1,708,243</u>

No diluted earnings per share for both 2022 and 2021 were presented as there were no potential ordinary shares in issue for both 2022 and 2021.



## 12. TRADE AND OTHER RECEIVABLES

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Trade receivables ( <i>note (i) below</i> )	4,351	2,587
Less: Allowance for credit losses	—	—
	<u>4,351</u>	<u>2,587</u>
Other receivables ( <i>note (ii) below</i> )	—	618
Less: Allowance for credit losses	—	—
	<u>—</u>	<u>618</u>
Others		
– Security deposit	5,607	8,228
– Tender deposit	8,325	8,325
– Rental deposits	202	—
– Deposit related to claim from a former employee	853	828
– Other deposits	944	743
– Prepayments	803	809
	<u>16,734</u>	<u>18,933</u>
Less: Allowance for credit losses	—	—
	<u>16,734</u>	<u>18,933</u>
Total trade and other receivables	<u><u>21,085</u></u>	<u><u>22,138</u></u>

Notes:

### (i) Trade receivables

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 the expected credit losses (the "ECL") allowance is considered insignificant. The Group generally granted credit period on sales ranging from 30 days to 120 days to its customers.

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

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
0 to 30 days	1,540	173
31 to 60 days	1,919	70
61 to 90 days	148	245
Over 90 days	744	2,099
	<u>4,351</u>	<u>2,587</u>

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

For the Reporting Period and the year ended 30 June 2021, the management of the Group has assessed the ECL of all trade receivables as insignificant and therefore it did not result in an impairment allowance for those years.

As at 30 June 2021, included in trade receivables of RMB1,821,800 was amount due from a related company which held by Mr. Wu Liantao, a director of the Company. As at 30 June 2022, the Group did not have any outstanding balance with such related company.

**(ii) Other receivables**

As described in note 2(b), the Company had a Warrant Consideration Receivables of HK\$18,963,000 relating to the Incident. Mr. Wu indicated to take up such amount with effect from the Warrant Shares Subscription Date.

**13. TRADE AND OTHER PAYABLES**

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Trade payables ( <i>note (i) below</i> )	2,541	2,149
Payables for acquisition of property, plant and equipment	1,917	141
Accrued sales commission	3,507	3,596
Other tax payables	10,238	9,842
Accrued staff costs	2,201	1,027
Interest payables	17,481	17,209
Amounts due to a director and related companies ( <i>note (ii) below</i> )	55,322	12,733
Other payables and accruals	7,640	6,105
	<u>100,847</u>	<u>52,802</u>

*Note:*

**(i) Trade payable**

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

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
0-90 days	600	633
Over 365 days	1,941	1,516
	<u>2,541</u>	<u>2,149</u>

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 (2021: 90 to 150 days).

(ii) **Amounts due to a director and related companies**

The amounts represent the amounts due to Mr. Wu, the Chairman and Executive Director of the Company and related companies that are owned by Mr. Wu, which are unsecured, interest-free and repayable on demand. Out of which, approximately of RMB11,553,000 was amount due from one of the related companies which was in trade nature.

**14. BORROWINGS**

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Bank borrowings		
– Syndication Loan	96,150	98,008
– Loan from the Bank	–	15,309
– PRC bank loans	42,850	45,950
Other borrowings		
– Individual	23,850	33,400
– A director of a subsidiary	20,414	66,791
	<u>183,264</u>	<u>259,458</u>
The carrying amount of borrowings that contain a repayment on demand clause (shown under current liabilities) but repayable on:		
Within one year or on demand	160,205	202,167
Within a period of more than one year but not exceeding two years	20,414	19,091
Within a period of more than two years but not exceeding five years	2,645	38,200
	<u>183,264</u>	<u>259,458</u>
The carrying amount of borrowings that become immediately due and payable due to breach of loan covenants and was shown under current liabilities	<u>–</u>	<u>(113,317)</u>
	183,264	146,141
Less: Amounts due within one year shown under current liabilities	<u>(160,205)</u>	<u>(88,850)</u>
Amounts shown under non-current liabilities	<u>23,059</u>	<u>57,291</u>

## 15. SHARE CAPITAL OF THE COMPANY

	Number of shares	Share capital	
		HK\$'000	RMB'000
Ordinary shares of HK\$0.01 each			
<b>Authorised</b>			
As at 1 July 2020, 30 June 2021 and 30 June 2022	3,000,000,000	30,000	26,376
<b>Issued and fully paid</b>			
As at 1 July 2020	1,347,860,727	13,479	11,610
Issue of shares upon exercise of Warrants	269,500,000	2,695	2,230
Issue of shares upon conversion of			
Convertible Bonds	395,721,925	3,957	3,275
Issue of shares	269,000,000	2,690	2,226
As at 30 June 2021, 1 July 2021 and 30 June 2022	2,282,082,652	22,821	19,341

On 22 March 2021, the Company entered into certain subscription agreements (the “Subscription Agreements”) with seven individual subscribers, each of them is an independent third party and is independent with each other (collectively the “Subscribers”, in respect of the subscription of an aggregate of 269,000,000 subscription shares at the subscription price of HK\$0.12 per share representing a discount of approximately 18.37% and 17.24% to the closing market price of the Company’s ordinary shares on 22 March 2021 and 14 April 2021. The issue of the subscription shares was issued under the General Mandate granted to the Directors at the Annual General Meeting of the Company held on 27 November 2020. The net proceeds paid by the Subscribers under the Subscription Agreements amounted to approximately RMB26,713,000 were utilised as general working capital of the Group. Details of the above are set out in the Company’s announcement dated 23 March 2021, 14 April 2021 and 30 April 2021.

The new shares rank pari passu with other shares in issue in all respects.

Other than the above, there were no movements of the share capital of the Company for the years ended 30 June 2021 and 2022.

## 16. PLEDGE OF ASSETS

At the end of the Reporting Period, the Group had pledged the following assets to the lenders to secure the credit facilities granted to the Group:

	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
Property, plant and equipment	31,775	50,108
Right-of-use assets	6,762	6,943
	<u>38,537</u>	<u>57,051</u>

Save as the pledged assets disclosed above, the issued shares of certain subsidiaries of the Company were also pledged to secure borrowings of the Group as at 30 June 2022.

## 17. EVENTS AFTER THE REPORTING PERIOD

Other than those disclosed elsewhere in these consolidated financial statements, the Group did not have other significant event after the Reporting Period.

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

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

## **CORPORATE GOVERNANCE PRACTICES**

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

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

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

## **CODE OF CONDUCT REGARDING DIRECTORS' SECURITIES TRANSACTIONS**

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

## **AUDIT COMMITTEE**

The Audit Committee currently consists of 3 independent non-executive Directors. The primary duties of the Audit Committee are to review the Company's financial information, review and supervise the Company's financial reporting process, risk management system and internal control procedures, nominate and monitor external auditors and provide advice and comments to the Board. The Audit Committee is established with specific terms of references which deal clearly with the committee's authority and duties and is available on the website of the Stock Exchange and the Company.

The Audit Committee has reviewed with management the accounting principles and practices adopted by the Group and discussed internal controls and financial reporting matters including a review of this announcement and the final result of the Group for the year ended 30 June 2022.

## **SCOPE OF WORK OF YONGTUO FUSON CPA LIMITED**

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 30 June 2022 as set out in this announcement have been agreed by the Group's auditors, Yongtuo Fuson CPA Limited, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Yongtuo Fuson CPA Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Yongtuo Fuson CPA Limited on this announcement.

## **EXTRACT FROM INDEPENDENT AUDITOR'S REPORT**

The following is an extract of the independent auditor's report on the consolidated financial statements of the Group for the year ended 30 June 2022.

### **“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 form an audit opinion on these consolidated financial statements. In all other respects in our opinion, the consolidated financial statements have been properly prepared in compliance with disclosure requirements of the Hong Kong Companies Ordinance.

### **Basis for Disclaimer of Opinion**

As described in note 2(a) to the consolidated financial statements, during the year ended 30 June 2022, the Group incurred a loss of RMB39,816,000, and as at 30 June 2022, the Group had net current liabilities of RMB310,936,000 and a deficit of shareholders' equity attributable to owners of the Company of RMB257,828,000. Further, as at 30 June 2022, the Group's borrowings, including borrowings and corporate bonds were RMB299,966,000. Out of which, as at 30 June 2022, an amount of the Group's borrowings and corporate bonds of RMB241,628,000 will fall due repayable within one year.

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

The Directors have been undertaking a number of plans and 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(a) 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 plans and measures, which are subject to multiple uncertainties, including:

- (i) Successful execution and completion of the Business and Operation Restructuring Plan (as defined in note 2(a) to the consolidated financial statements);
- (ii) Successful execution and completion of the Financing Plan (as defined in note 2(a) to the consolidated financial statements);
- (iii) Successful generation of operating cash flows and in obtaining of additional sources of financing to finance the settlement of its existing financial obligations, commitments and future operating and capital expenditure, as well as to maintain sufficient cash flows of the Group's operations.

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

## **FINAL DIVIDEND**

The Board did not recommend the payment of a final dividend for the year ended 30 June 2022 (2021: nil).

## **ANNUAL GENERAL MEETING**

The AGM will be held on Friday, 9 December 2022. Shareholders should refer to details regarding the AGM in the circular of the Company, the notice of AGM and form of proxy accompanying thereto to be dispatched by the Company.

## **CLOSURE OF REGISTER OF MEMBERS**

For determining the Shareholders' eligibility to attend and vote at the forthcoming Annual General Meeting to be held on 9 December 2022 (Friday), the register of members of the Company will be closed from 6 December 2022 (Tuesday) to 9 December 2022 (Friday), both days inclusive, during which period no transfer of Shares will be registered. The record date will be 9 December 2022 (Friday). In order to qualify for attending and voting at the AGM, all transfer of Shares accompanied by the relevant share certificates and transfer forms must be lodged with the Company's Hong Kong Share Registrar, Link Market Services (Hong Kong) Pty Limited, at Suite 1601, 16/F., Central Tower, 28 Queen's Road Central, Hong Kong no later than 4:30 p.m. on 5 December 2022 (Monday).

## **PUBLICATION OF 2022 FINAL RESULTS AND ANNUAL REPORT**

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

By Order of the Board  
**Summi (Group) Holdings Limited**  
**WU Shaohao**  
*Chairman and Executive Director*

Hong Kong, 30 September 2022

*As at the date of this announcement, the Board comprises: Mr. WU Shaohao and Mr. WU Liantao as executive Directors; Ms. CHUNG Wing Yee, Mr. MA Yu-heng and Mr. ZHONG Shuirong as independent non-executive Directors.*