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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 2023**

FINANCIAL HIGHLIGHTS			
	2023	2022	Change %
	<i>RMB'000</i>	<i>RMB'000</i>	(Approximate)
Consolidated statement of profit or loss and other comprehensive income			
Revenue	21,366	30,172	(29.2%)
Gross profit	6,608	7,178	(7.9%)
Loss for the year	(26,998)	(39,816)	(32.2%)
EBITDA <i>(note)</i>	19,373	4,408	339.5%
Basis and diluted EPS <i>(RMB cents)</i>	(1.18)	(1.74)	(32.2%)
Consolidated statement of financial position			
Cash and cash equivalents	5,030	5,420	(7.2%)
Inventories	6,619	6,013	10.1%
Trade receivables	1,018	4,351	(76.6%)
Borrowings	206,588	183,264	12.7%
Net liabilities	(297,546)	(257,995)	15.3%

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 2023 (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 RMB21,366,000 (2022: RMB30,172,000), representing a decrease of approximately 29.2%. The decrease in revenue was mainly due to the cessation of distribution and sale in Malaysia (the “Malaysia Business”) after 30 June 2022. During the Reporting Period, the gross profit of the Group was RMB6,608,000 (2022: RMB7,178,000), representing a decrease of approximately RMB570,000 and the gross profit margin was 30.9% (2022: 23.8%). The increase in gross profit margin was mainly due to the inclusion of the Malaysia Business which generated a slim gross profit margin in last year.

The Company faced a difficult time for the Reporting Period. Amid the uncertain global economic outlook, the general business environment remains challenging in coming year. The Group has been maintaining “Summi” Fresh Orange Juice, “Be Juice” Fresh Juice series, “Kokonut” coconut water series and Summi low sugar juice series, and also developing a series of new products by leveraging the Group’s advantages in food and beverage industry to support the growth of revenue of the Group. Other than exploring the sales network of the Group, especially other than in Hong Kong, the Group has been striving for diversifying its product offering, developing new products such as Chinese bottled tea and zero sugar soda, which are still in development due to the impact of the COVID-19 and identifying new locations for setting up new plants in Hong Kong for the Company’s products.

DISCLAIMER OPINION

Yongtuo Fuson CPA Limited (“Yongtuo Fuson”), the auditors of the Company were engaged to audit the consolidated financial statements of the Company for the Reporting Period. 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 Independent Auditor’s Report section of this announcement.

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

The Board and the Audit Committee concur with the view of the auditors. The management of the Company has been striving to improve the liquidity position of the Company and several measures have been implemented. On 10 July 2023, the Company has entered into the subscription agreement with the subscriber in collection with the allotment of 1,123,500,000 share of the Company (the “Shares”), which is expected to be completed in October 2023. The Company will raise net proceeds of approximately HK\$74.7 million (equivalent to approximately RMB69.3 million). The management is of the opinion that it is appropriate to prepare the consolidated financial statements on a going concern basis.

The Audit Committee has also discussed with the Board and the management regarding the going concern issue and understood the concerns of the auditors. The Audit Committee agreed with the position taken by the Board regarding the accounting treatment adopted by the Company. There is no disagreement by the Board, the management nor the Audit Committee with the position taken by the auditors regarding the going concern issue.

OPERATING PERFORMANCE

Summi Products

During the Reporting Period, the Group has been continuously improving its sales network and developing new products in relation to Summi Products to leverage the advantages of “Summi” brand. The sales of the Group were impacted by COVID 19 epidemic among which the sales of Summi Products decreased by 23.6% from approximately RMB20,969,000 in last year to RMB16,027,000.

FCOJ and related products

Sales of frozen concentrated orange juice (the “FCOJ”) and related products decreased from approximately RMB9,203,000 over the same period last year to approximately RMB5,339,000 in the Reporting Period. The decrease in sales of FCOJ and related products was attributable to the sluggish global economic conditions during the COVID 19 pandemic, which had a significant impact on the markets and the price competition from overseas suppliers had been intensified.

Breakdown of revenue by product for the Reporting Period and the corresponding year are set out as follows:

	2023		2022	
	Approximate percentage of total revenue	Approximate percentage of total revenue		
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Summi brand products and other products	16,027	75.0%	20,969	69.5%
FCOJ and related products	5,339	25.0%	9,203	30.5%
	<u>21,366</u>	<u>100%</u>	<u>30,172</u>	<u>100%</u>

Selling, distribution costs and administrative expenses

The Group’s distribution costs mainly included marketing expenses and transportation costs. Distribution costs increased by approximately 8.75% from approximately RMB4,536,000 over the corresponding year to approximately RMB4,933,000 during the Reporting Period.

The Group's administrative expenses mainly included general office administrative expenses, salaries, amortisation, etc. Administrative expenses decreased from approximately RMB42,323,000 over the corresponding year to approximately RMB29,667,000 during the Reporting Period.

Finance costs

During the Reporting Period, the Group's finance costs were approximately RMB29,055,000 (2022: RMB26,599,000).

Net loss

During the Reporting Period, the Group's net loss was approximately RMB26,998,000, as compared to approximately RMB39,816,000 of the corresponding year.

LIQUIDITY, FINANCIAL RESOURCES, GEARING AND CAPITAL STRUCTURE

Liquidity

As at 30 June 2023, net current liabilities amounted to approximately RMB348,196,000 (2022: net current liabilities of approximately RMB310,936,000).

Financial resources

As at 30 June 2023, the Group had cash and cash equivalents of approximately RMB5,030,000 (2022: approximately RMB5,420,000) and total bank and other borrowings of approximately RMB206,588,000 (2022: approximately RMB183,264,000). The Group has corporate bonds of RMB137,756,000 (2022: RMB116,702,000).

As at 30 June 2023, trade and other receivables were approximately RMB12,472,000 (2022: approximately RMB21,085,000) and inventories were approximately RMB6,619,000 (2022: approximately RMB6,013,000).

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.

	2023	2022
Quick ratio (x)	0.02	0.03
Current ratio (x)	0.06	0.09
Gearing ratio (<i>note (a)</i>)	N/A	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 (“US\$”). Majority of our income source is denominated in RMB while the repayment of interest and principals of our bank borrowings, are denominated in US\$. Any substantial fluctuation between the currencies may have significant effects on the Group.

Furthermore, the conversion of RMB 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 approximately RMB2,337,000) 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 consolidated 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 2023.

CAPITAL EXPENDITURE

During the Reporting Period, the Group’s capital expenditure amounted to approximately RMB3,044,000 (2022: approximately RMB3,158,000) which was used for acquisition of property, plant and equipment.

HUMAN RESOURCES AND REMUNERATION POLICY

As at 30 June 2023, the Group employed 110 employees (2022: 125 employees). The Group offered competitive remuneration package, discretionary bonuses and social insurance benefits to its employees. Remuneration is determined with reference to market terms and the performance, qualification and experience of individual employee. The Group also provides appropriate staff training and development, so as enhance the Group's sustainable development.

EVENT AFTER REPORTING PERIOD

On 10 July 2023, the Company entered into the subscription agreement with Rui Er Holdings Company Limited (which is wholly owned by Mr. Wu Shaohao, an executive Director and the controlling shareholder of the Company, hence a connected person of the Company under the Rules (the "Listing Rules") Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange")) in connection with the allotment of 1,123,500,000 Share (the "Subscription Share") representing approximately 32.99% of the enlarged issued Share immediately following completion of the subscription agreement at HK\$0.067 per Subscription Share (the "Subscription"). An ordinary resolution was passed at the extraordinary general meeting of the Company held on 19 September 2023 (the "EGM") approving the Subscription. The completion of the Subscription is expected to be taken place in October 2023. For details of the above subscription, please refer to the Company's announcements on 10 July and 19 September 2023 and circular on 31 August 2023.

On 19 September 2023, an ordinary resolution was passed at the EGM approving the increase of the Company's authorised share capital to HK\$50 million divided into 5,000,000,000 Shares of HK\$0.01 each. For further details, please refer to the Company's announcements dated 24 July and 19 September 2023 and circular dated 31 August 2023.

CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 June 2023

	Notes	2023 RMB'000	2022 RMB'000
Revenue	4	21,366	30,172
Cost of sales		<u>(14,758)</u>	<u>(22,994)</u>
Gross profit		6,608	7,178
Other income (expenses), net	6	30,064	25,297
Other operating expenses		(15)	(1,583)
Selling and distribution expenses		(4,933)	(4,536)
Administrative expenses		(29,667)	(42,323)
Reversal of impairment losses in respect of property, plant and equipment	8	–	1,500
Finance costs	7	<u>(29,055)</u>	<u>(26,599)</u>
Loss before tax	8	(26,998)	(41,066)
Income tax credit	9	<u>–</u>	<u>1,250</u>
Loss for the year		(26,998)	(39,816)
<i>Other comprehensive (expense) income for the year</i>			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		<u>(12,553)</u>	<u>18,564</u>
Total comprehensive expense for the year		<u>(39,551)</u>	<u>(21,252)</u>
Loss for the year attributable to:			
– Owners of the Company		(26,989)	(39,807)
– Non-controlling interests		<u>(9)</u>	<u>(9)</u>
		<u>(26,998)</u>	<u>(39,816)</u>
Total comprehensive expense attributable to:			
– Owners of the Company		(39,542)	(21,243)
– Non-controlling interests		<u>(9)</u>	<u>(9)</u>
		<u>(39,551)</u>	<u>(21,252)</u>
Loss per share			
– Basic and diluted (RMB cents)	11	<u>(1.18)</u>	<u>(1.74)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2023

	<i>Notes</i>	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Non-current assets			
Property, plant and equipment		78,334	91,901
Right-of-use assets		19,152	19,494
		<u>97,486</u>	<u>111,395</u>
Current assets			
Inventories		6,619	6,013
Trade and other receivables	<i>12</i>	12,472	21,085
Cash and cash equivalents		5,030	5,420
		<u>24,121</u>	<u>32,518</u>
Current liabilities			
Trade and other payables	<i>13</i>	73,475	100,847
Borrowings	<i>14</i>	183,621	160,205
Lease liabilities		436	979
Corporate bonds		114,785	81,423
		<u>372,317</u>	<u>343,454</u>
Net current liabilities		<u>(348,196)</u>	<u>(310,936)</u>
Total assets less current liabilities		<u>(250,710)</u>	<u>(199,541)</u>
Non-current liabilities			
Borrowings	<i>14</i>	22,967	23,059
Lease liabilities		898	116
Corporate bonds		22,971	35,279
		<u>46,836</u>	<u>58,454</u>
		<u>(297,546)</u>	<u>(257,995)</u>
Capital and reserves			
Share capital	<i>15</i>	19,341	19,341
Reserves		(316,711)	(277,169)
Deficit attributable to owners of the Company		<u>(297,370)</u>	<u>(257,828)</u>
Non-controlling interests		<u>(176)</u>	<u>(167)</u>
		<u>(297,546)</u>	<u>(257,995)</u>

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 (the “Rui Er”, the “Controlling Shareholder”), a company incorporated in the British Virgin Islands (the “BVI”). Mr. Wu Shaohao (“Mr. Wu”, the “Controlling Party”) owns the entire issued share capital of Rui Er, who is also the Chairman and executive director of the Company (the “Controlling Party”).

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 (“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 (“Summi Fresh Orange Juice”) and other products (the “Product 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 PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

Going concern assessment

The Directors have, at the time of approving the consolidated financial statements, a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the consolidated financial statements.

During the year ended 30 June 2023, the Group incurred a loss attributable to owners of the Company of approximately RMB26,989,000 (2022: RMB39,807,000). In addition, as at 30 June 2023, the Group had net current liabilities of approximately RMB348,196,000 (2022: RMB310,936,000) and a deficit of shareholders’ equity attributable to owners of the Company of approximately RMB297,370,000 (2022: RMB257,828,000). Further, as at 30 June 2023, the Group’s borrowings and corporate bonds were of approximately RMB344,344,000 (2022: RMB299,966,000) and out of which, an amount of the Group’s borrowings and corporate bonds of approximately RMB298,406,000 (2022: RMB241,628,000) will fall due repayable within one year, while its cash and cash equivalents amounted to approximately RMB5,030,000 (2022: RMB5,420,000) only.

The conditions described above indicate the existence of a material uncertainty which may cast significant doubt on the Group’s ability to continue as a going concern and hence, its ability to realise its assets and discharge its liabilities in the normal course of business.

In view of aforementioned, 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 sources to continue as a going concern. The following plans and measures are formulated to mitigate the liquidity pressure and to improve the financial position of the Group:

- (i) The Company's Subscription will complete in October 2023 which will bring net proceeds of HK\$74,710,000 (equivalent to approximately RMB69,279,000) to the Group and details of which are set out in note 15;
- (ii) The Directors will consider to improve the financial position of the Group and to enlarge the capital base of the Company by further conducting fund raising exercises such as share placement, rights issues or others when necessary (the "Capital Fund Raising");
- (iii) 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 2023 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 2023 (the "Financing Plan"); and
- (iv) 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").

The Directors have reviewed the Group's cash flow forecast prepared by management, which covers a period of twelve months from 30 June 2023. They are of the opinion that, taking into account the above-mentioned status, plans and measures, the Group will have sufficient funds to maintain its operations and to meet its financial obligations as and when they fall due within the next twelve months from 30 June 2023. 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 Group is able to achieve its plans and measures, which are subject to multiple uncertainties as described above. Whether the Group will be able to continue as a going concern would depend upon the following:

- (i) Successful execution and completion of the Capital Fund Raising, Financing Plan and Business and Operation Restructuring Plan;
- (ii) 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 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 AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (“IFRSs”)

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 Group’s annual period beginning on 1 July 2022 for the preparation of the consolidated financial statements:

Amendments to IFRS 3	Reference to the Conceptual Framework
Amendment to IFRS 16	Covid-19-Related Rent Concessions
Amendment to IAS 16	Property, plant and Equipment – Proceeds before Intended Use
Amendment to IAS 37	Onerous Contracts – Cost of Fulfilling a Contract
Amendment to IFRSs	Annual Improvements to IFRSs 2018 – 2020

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 and amendments to IFRSs in issue but not yet effective

The Group has not early applied the following new and amendments to IFRSs that have been issued but are not yet effective:

IFRS 17 (including the October 2020 and February 2022 Amendments to IFRS 17)	Insurance Contracts ¹
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ²
Amendment to IFRS 16	Lease Liability in a Sale and Leaseback ³
Amendments to IAS 1	Classification of Liabilities as Current or Non-current ³
Amendments to IAS 1	Non-current Liabilities with Covenants ³
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies ¹
Amendments to IAS 8	Definition of Accounting Estimates ¹
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction ¹

¹ Effective for annual periods beginning on or after 1 April 2023.

² Effective for annual periods beginning on or after a date to be determined.

³ Effective for annual periods beginning on or after 1 April 2024.

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 year ended 30 June 2023, 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:

	2023	2022
	RMB'000	RMB'000
Revenue from contracts with customers		
<i>Types of operations</i>		
– Sale of FCOJ and other related products	5,339	9,203
– Sale of Summi Fresh Orange Juice and other products	16,027	20,969
	<hr/>	<hr/>
Total	21,366	30,172
	<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 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.

Analysis of revenue by types of goods, geographical markets, timing and sales channel/type of customers

	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>
<i>For the year ended 30 June 2023</i>			
Revenue from contracts with customers			
<i>Types of goods</i>			
– FCOJ	5,339	–	5,339
– Summi Fresh Orange Juice	–	14,330	14,330
– Summi brand products	–	1,697	1,697
	<hr/>	<hr/>	<hr/>
Total	5,339	16,027	21,366
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
<i>Geographical markets</i>			
– Mainland China	5,339	14,330	19,669
– Hong Kong	–	1,697	1,697
	<hr/>	<hr/>	<hr/>
	5,339	16,027	21,366
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
<i>Timing of revenue recognition:</i>			
– A point in time	5,339	16,027	21,366
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
<i>Sales channel/type of customers:</i>			
– Food and beverages manufacturers	5,339	–	5,339
– Retail	–	15,038	15,038
– Restaurants	–	989	989
	<hr/>	<hr/>	<hr/>
	5,339	16,027	21,366
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

	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>
<i>For the year ended 30 June 2022</i>			
Revenue from contracts with customers			
<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 customers:</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/>

The amount mainly represented its sales to Summi Fresh Orange Juice and other products in Malaysia. Pursuant to the Company's announcement dated 6 March 2023, the Company decided to cease such operations after 30 June 2022.

5. OPERATING SEGMENTS INFORMATION

The Group determines its operating segments based on the information reported to the chief operating decision maker (i.e. “CODM”), 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

	Production and Sale of FCOJ and Other Related Products Business RMB’000	Production and Sale of Summi Fresh Orange Juice and Other Products Business RMB’000	Total RMB’000
<i>For the year ended 30 June 2023</i>			
Segment revenue			
– Sales to external customers	5,339	16,027	21,366
– Inter-segment sales	6,204	8,223	14,427
Segment revenue	11,543	24,250	35,793
Inter-segment sales			(14,427)
Consolidated revenue			21,366
Segment results	9,535	4,019	13,554
Unallocated losses			(15)
Corporate and other unallocated expenses			(11,482)
Finance costs			(29,055)
Loss before tax			(26,998)

	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>
<i>For the year ended 30 June 2022</i>			
Segment revenue			
– Sales to external customers	9,203	20,969	30,172
– Inter-segment sales	193	3,368	3,561
	<u> </u>	<u> </u>	<u> </u>
Segment revenue	<u>9,396</u>	<u>24,337</u>	33,733
Inter-segment sales			<u>(3,561)</u>
Consolidated revenue			<u>30,172</u>
Segment results	<u>5,249</u>	<u>(14,776)</u>	(9,527)
Unallocated losses			89
Corporate and other unallocated expenses			(5,029)
Finance costs			<u>(26,599)</u>
Loss before tax			<u>(41,066)</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>
<i>As at 30 June 2023</i>			
Assets and liabilities			
Segment assets	62,553	31,185	93,738
Corporate and other unallocated assets			27,869
Total assets			121,607
Segment liabilities	142,876	67,745	210,621
Corporate and other unallocated liabilities			208,532
Total liabilities			419,153
	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>
<i>As at 30 June 2022</i>			
Assets and liabilities			
Segment assets	89,525	40,041	129,566
Corporate and other unallocated assets			14,347
Total assets			143,913
Segment liabilities	175,462	110,848	286,310
Corporate and other unallocated liabilities			115,598
Total liabilities			401,908

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

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, certain lease liabilities, borrowings and certain other payables which were managed in a centralised manner.

Inter-segment sales are charged at prevailing market rates.

Other segment information

	Production and Sale of FCOJ and Other Related Products Business RMB'000	Production and Sale of Summi Fresh Orange Juice and Other Products Business RMB'000	Unallocated RMB'000	Total RMB'000
<i>For the year ended 30 June 2023</i>				
Amounts included in the measure of segment profit or loss or segment assets:				
Depreciation	4,959	12,222	138	17,319
Additions to non-current assets	3,044	514	–	3,558
(Reversal of) impairment losses recognised in respect of inventories	(5,863)	2,129	–	(3,734)
Amounts regularly provided to the chief operating decision marker but not included in the measure of segment profit or loss or segment assets:				
Bank interest income	2	1	–	3
Loss on disposals of property, plant and equipment and right-of-use assets	3	–	–	3
Finance costs	–	–	29,055	29,055
	<u>–</u>	<u>–</u>	<u>29,055</u>	<u>29,055</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>	Unallocated <i>RMB'000</i>	Total <i>RMB'000</i>
<i>For the year ended 30 June 2022</i>				
Amounts included in the measure of segment profit or loss or segment assets:				
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)
Amounts regularly provided to the chief operating decision marker but not included in the measure of segment profit or loss or segment assets:				
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>

* *Less than RMB1,000.*

Geographical information

In prior years, the Group's operations are mainly located in Hong Kong, Mainland China and Malaysia. Pursuant to the Company's announcement dated 6 March 2023, the Company decided to cease its operations in Malaysia after 30 June 2022.

Information about the Group's revenue from external customers is presented based on the location of operations and details are as follows:

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Revenue		
Mainland China	19,669	21,816
Hong Kong	1,697	2,234
South East Asia	–	6,122
	<u>21,366</u>	<u>30,172</u>

Information about the Group's non-current assets is presented based on the geographical location of the assets and details are as follows:

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Non-current assets		
Mainland China and South East Asia	96,825	110,897
Hong Kong	661	498
	<u>97,486</u>	<u>111,395</u>

Information about major customers

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

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Customer A ¹	8,948	11,553
Customer B ²	3,861	–
Customer C ³	2,071	2,764
Customer D ^{4 & 5}	–	3,349
	<u>–</u>	<u>3,349</u>

¹ 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.

² Revenue from Production and Sale of Summi Fresh Orange Juice and Other Products Business segment.

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

⁴ 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 a subsidiary of the Company.

⁵ The current year revenue did not contribute over 10% of the total revenue of the Group.

6. OTHER INCOME (EXPENSES), NET

	<i>Notes</i>	2023 RMB'000	2022 <i>RMB'000</i>
Bank interest income		3	–*
Government grants			
– Hong Kong	<i>(a)</i>	324	–
– PRC	<i>(b)</i>	2,370	7,313
(Losses) gains on disposals of property, plant and equipment and right-of-use assets		(3)	18,355
Reversal of provision for other tax payables		12,950	–
Written back of trade and other payables		2,753	–
Overprovision of sale commissions and accrual charges		4,758	–
Gain on deregistration of a subsidiary		7	–
Others		6,902	(371)
		30,064	25,297

* *The amount less than RMB1,000.*

Notes:

- (a) During the year ended 30 June 2023, the Group recognised government grants of RMB324,000 in respect of Covid-19-related subsidies, of which RMB300,000 relates to Employment Support Scheme, RMB21,000 relates to SME Export Marketing Fund and RMB2,000 relates to Anti-epidemic Fund provided by the Hong Kong Government.
- (b) During the year ended 30 June 2023, governments grant of approximately RMB2,370,000 (2022: RMB7,313,000) was recognised as other income for the year as there was no unfulfilled condition or contingencies relating to this subsidy.

7. FINANCE COSTS

	2023 RMB'000	2022 <i>RMB'000</i>
Interest expenses on corporate bonds	16,168	18,117
Interest expenses on bank and other borrowings	12,830	8,421
Interest on lease liabilities	57	61
	29,055	26,599

8. LOSS BEFORE TAX

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

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Staff costs, including Directors' and chief executive officer's remuneration		
– Wages, salaries and other benefits	6,601	8,580
– Performance related bonuses	149	207
– Contributions to defined contribution plans	660	832
	<u>7,410</u>	<u>9,619</u>
Reversal of impairment losses in respect of property, plant and equipment	–	(1,500)
Cost of inventories recognised as an expense, including:	14,758	22,994
– Reversal of impairment losses recognised in respect of inventories	(3,734)	(6,148)
Depreciation on:		
– Property, plant and equipment	16,434	18,186
– Right-of-use assets	885	689
	<u>17,319</u>	<u>18,875</u>
Others:		
Auditor's remuneration	1,071	1,074
Foreign exchange gains and losses, net	345	1,214
Short-term leases expenses	760	313
Loss on written off of property, plant and equipment	170	64

9. INCOME TAX CREDIT

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Current income tax	–	–
Deferred income tax	–	1,250
	<hr/>	<hr/>
	–	1,250
	<hr/> <hr/>	<hr/> <hr/>

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 which was mainly attributable by the reversal of deferred tax liabilities relating to undistributed retained profits of certain PRC subsidiaries during the year.

10. DIVIDENDS

The Directors do not recommend the payment of any dividend for the years ended 30 June 2023 and 30 June 2022.

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:

	2023 RMB'000	2022 <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>(26,989)</u>	<u>(39,807)</u>

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

	2023 <i>(thousands of shares)</i>	2022
<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>2,282,083</u>

No diluted earnings per share for both 2023 and 2022 were presented as there were no potential ordinary shares in issue for both 2023 and 2022.

12. TRADE AND OTHER RECEIVABLES

	<i>Notes</i>	2023 RMB'000	2022 <i>RMB'000</i>
Trade receivables	<i>(a)</i>	1,018	4,351
Less: Allowance for credit losses		—	—
		1,018	4,351
Other receivables	<i>(b)</i>	—	—
Others:			
– Security deposit		3,127	5,607
– Tender deposit		6,325	8,325
– Deposit related to claim from a former employee		927	853
– Rental deposits		139	202
– Other deposits		776	944
– Prepayments		160	803
		11,454	16,734
Less: Allowance for credit losses		—	—
		11,454	16,734
Total trade and other receivables		12,472	21,085

Notes:

(a) 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 consider that the Group's credit risk is minimised and ECL allowance is considered insignificant. The Group generally grant credit period on sales ranging from 30 days to 120 days to its customers.

As at 1 July 2021, the trade receivable amounted to RMB2,587,000.

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

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.

	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
0 to 30 days	371	1,540
31 to 60 days	58	1,919
61 to 90 days	300	148
Over 90 days	289	744
	<hr/> 1,018 <hr/>	<hr/> 4,351 <hr/>

For the year ended 30 June 2023 and 2022, 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 the both years.

(b) Other receivables

As described in note 2(b) to the consolidated financial statements of the Company for the year ended 30 June 2022 (the “2022 Financial Statements”), the Company had a Warrant Consideration Receivables* of approximately RMB18,963,000 relating to the Incident*. However, Mr. Wu indicated to the Company to take up such amount with effect from the Warrant Shares Subscription Date*.

On 27 April 2023, the Company, Mr. Wu, Ms. Hu and two independent third parties (the “Two Individuals”) entered into the deed of settlement agreement and pursuant to which Ms.Hu agreed to transfer the 120,784,960 shares in the Company (i.e. Individuals Warrant Shares*) to the Two Individuals and the Two Individuals agreed to take up the Warrant Consideration Receivables. In September 2023, the Two Individuals settled the Warrant Consideration Receivables with Mr. Wu.

* *As defined in the 2022 Financial Statements.*

13. TRADE AND OTHER PAYABLES

	<i>Notes</i>	2023 RMB'000	2022 <i>RMB'000</i>
Trade payables	<i>(a)</i>	378	2,541
Payables for acquisition of property, plant and equipment		294	1,917
Accrued sales commission		–	3,507
Other tax payables		2,310	10,238
Accrued staff costs		1,607	2,201
Interest payables		16,570	17,481
Amounts due to a director and related companies	<i>(b)</i>	44,226	55,322
Other payables and accruals		8,090	7,640
		73,475	100,847

Notes:

(a) Trade payables

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

	2023 RMB'000	2022 <i>RMB'000</i>
0–90 days	137	600
Over 365 days	241	1,941
	378	2,541

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 (2022: 90 to 150 days).

(b) Amounts due to a director and related companies

The amounts represent the amounts due to Mr. Wu, the 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 RMB15,712,000 (2022: RMB11,553,000) was amount due from such related companies which are in trade nature.

14. BORROWINGS

	<i>Notes</i>	2023 RMB'000	2022 <i>RMB'000</i>
Bank borrowings			
– Syndication Loan	<i>(a)</i>	97,926	96,150
– PRC bank loans		49,279	42,850
Other borrowings			
– Individuals	<i>(b)</i>	59,383	23,850
– A director of a subsidiary	<i>(c)</i>	–	20,414
		206,588	183,264
The carrying amounts of borrowings that contain a repayment on demand clause (shown under current liabilities) but repayable on:			
Within one year or on demand		183,621	160,205
Within a period of more than one year but not exceeding two years		20,322	20,414
Within a period of more than two years but not exceeding five years		2,645	2,645
		206,588	183,264
Less: Amounts due within one year shown under current liabilities		(183,621)	(160,205)
Amounts shown under non-current liabilities		22,967	23,059

15. SHARE CAPITAL OF THE COMPANY

	Number of shares	Share capital	
		<i>HK\$'000</i>	<i>RMB'000</i>
Ordinary shares of HK\$0.01 each			
Authorised			
As at 1 July 2021, 30 June 2022, 1 July 2022 and 30 June 2023	3,000,000,000	30,000	26,376
Issued and fully paid			
As at 1 July 2021, 30 June 2022, 1 July 2022 and 30 June 2023	2,282,082,652	22,821	19,341

There were no movements of the share capital of the Company for the years ended 30 June 2022 and 2023.

As described in the Company's announcement dated 10 July 2023 and circular dated 31 August 2023, the Company entered into a subscription agreement (the "Subscription Agreement") on 10 July 2023 with Rui Er (the "Subscriber"), pursuant to which the Subscriber has conditionally agreed to subscribe for and the Company has conditionally agreed to allot and issue 1,123,500,000 ordinary shares (the "Subscription Shares") at the subscription price (the "Subscription Price") of HK\$0.067 per Subscription Share to the Subscriber (the "Subscription").

The Subscription Shares represent approximately 49.23% of the existing issued shares at the date of this announcement and approximately 32.99% of the enlarged issued shares of 3,405,582,652 ordinary shares immediately following completion of the subscription (the "Completion"), assuming that there will be no change in the total number of issued shares (other than the issue of the Subscription Shares) between the date of 10 July 2023 and Completion.

The Subscription Price of HK\$0.067 per Subscription Share represents:

- (a) a discount of approximately 9.46% to the closing price of HK\$0.074 per ordinary shares as quoted on the Stock Exchange on 10 July 2023 (the "Last Trading Day");
- (b) a discount of approximately 9.46% to the average closing price of approximately HK\$0.074 per ordinary shares as quoted on the Stock Exchange for the last five (5) trading days up to and including the Last Trading Day;
- (c) a discount of approximately 9.70% to the average closing price of approximately HK\$0.0742 per ordinary shares as quoted on the Stock Exchange for the last ten (10) trading days up to and including the Last Trading Day;

The Subscription Price was determined after arm's length negotiation between the Company and the Subscriber after taking into account the prevailing market price of the shares, the trading volume of the shares, the existing capital market conditions and the funding needs. The Directors (other than the independent non-executive Directors who will give their opinion after considering the advice from the Independent Financial Adviser), are of the view that the terms of the Subscription Agreement (including the Subscription Price) are fair and reasonable, on normal commercial terms, and in the interests of the Company and the shareholders as a whole.

The aggregate gross proceeds of the Subscription was approximately HK\$75,274,500 (equivalent to approximately RMB69,802,000) and the aggregate net proceeds of the Subscription, after the deduction of related fees and expenses, was approximately HK\$74,710,000 (equivalent to approximately RMB69,279,000). The Company intends to apply the net proceeds from the Subscription (a) as to 90% repayment of debts of the Group; and (b) as to 10% for the Group's general working capital.

Further, the Company proposed to increase the authorised share capital of the Company from HK\$30,000,000 divided into 3,000,000,000 ordinary shares of HK\$0.01 each to HK\$50,000,000 divided into 5,000,000,000 ordinary shares of HK\$0.01 each by the creation of an additional 2,000,000,000 ordinary shares (the "Increase of Authorised Share Capital").

The Subscription and Increase of Authorised Share Capital were approved by the shareholders of the Company under the ordinary resolutions of the Company at an extraordinary general meeting of the Company held on 19 September 2023 and rank pari passu with other shares in issue in all respects.

Details of the above are set out in the Company's announcements dated 10 July 2023, 24 July 2023 and 19 September 2023 and circular dated 31 August 2023.

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:

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Property, plant and equipment	51,853	31,775
Right-of-use assets	11,975	6,762
	<u>63,828</u>	<u>38,537</u>

Save as the pledged assets disclosed above, the issued shares of certain subsidiaries of the Company of the Company were also pledged to secure borrowings of the Group as at 30 June 2023.

17. EVENTS AFTER THE REPORTING PERIOD

Save as disclosed elsewhere in these consolidated financial statements, the Company did not have any significant events 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.

Rule 3.28 and Rule 3.05 of the Listing Rules require an issuer to have a company secretary and appoint two authorised representatives respectively. With Mr. Lee Kwok Lun's resignation as the company secretary of the Company (the "Company Secretary") and an authorised representative of the Company with effect from 30 June 2022, the Company failed to comply with Rule 3.28 and Rule 3.05. Following the appointment of Ms. Chin Ying Ying as the Company Secretary and an authorised representative with effect from 11 July 2022, the Company has fully complied with the requirements of Rule 3.28 and Rule 3.05 of the Listing Rules. For details, please refer to the announcements of the Company dated 30 June and 11 July 2022.

Mr. Chen Ying, Mr. Ma Chi Kin and Mr. Kyaw Sai Hong resigned as the independent non-executive Directors on 8 July 2022, therefore, the number and composition of independent non-executive Directors failed to meet the requirements under (i) Rule 3.10(1) and Rule 3.10A of the Listing Rules which require the board of directors must include at least 3 independent non-executive directors representing at least one-third of the board; (ii) Rule 3.10(2) of the Listing Rules which requires at least one of the independent non-executive directors having appropriate professional qualifications or accounting or related financial management expertise; (iii) Rule 3.21 of the Listing Rules which requires the audit committee to comprise a minimum of three members and be chaired by an independent non-executive director; (iv) Rule 3.25 of the Listing Rules which requires the remuneration committee to be chaired by an independent non-executive director and comprising a majority of independent non-executive directors; and (v) Rule 3.27A of the Listing Rules which requires the nomination committee to comprise a majority of independent non-executive directors. The Company has taken immediate actions in identifying appropriate persons and following the appointment of Ms. Chung Wing Yee on 11 July 2022; and Mr. Yim Hong Cheuk Foster and Mr. Cheng King Yip on 20 July 2022, the Company has fully complied with the requirements under Rules 3.10(1), Rule 3.10A, Rule 3.10(2), Rule 3.21, Rule 3.25 and Rule 3.27A of the Listing Rules. For details, please refer to the announcements of the Company dated 8 July, 11 July and 20 July 2022.

Due to the resignation of Mr. Yim Hong Cheuk Foster and Mr. Cheng King Yip as the independent non-executive Directors on 28 September and 29 September 2022 respectively, the Company was not able to comply with Rule 3.10(1), Rule 3.10(2), Rule 3.21, Rule 3.25 and Rule 3.27A of the Listing Rules. Following the appointment of Mr. Ma Yu-heng and Mr. Zhong Shuirong with effect from 30 September 2022, the Company has fully complied with the requirements under Rules 3.10(1), Rule 3.10(2), Rule 3.21, Rule 3.25 and Rule 3.27A of the Listing Rules. For details, please refer to the announcements of the Company dated 28 September and 30 September 2022.

Saved as disclosed above, 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 four 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 Reporting Period.

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 2023 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 2023.

“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

Multiple uncertainties relating to going concern

As described in note 2 to the consolidated financial statements, during the year ended 30 June 2023, the Group incurred a loss attributable to the owners of the Company of approximately RMB26,989,000. In addition, as at 30 June 2023, the Group had net current liabilities of approximately RMB348,196,000 and a deficit of shareholders’ equity attributable to owners of the Company of approximately RMB297,370,000.

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 have been undertaking a number of plans and measures to improve the Group’s liquidity and financial position, and to mitigate the liquidity pressure and to improve the Group’s financial position, 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 plans and measures, which are subject to multiple uncertainties, including:

- (i) Successful execution and completion of the Capital Fund Raising Plan, Business and Operation Restructuring Plan and Financing Plan (as defined in note 2 to this announcement); and
- (ii) 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 2023 (2022: nil).

ANNUAL GENERAL MEETING

The annual general meeting of the Company (the “AGM”) will be held on 7 December 2023. 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 AGM to be held on 7 December 2023 (Thursday), the register of members of the Company will be closed from 4 December 2023 (Monday) to 7 December 2023 (Thursday), both days inclusive, during which period no transfer of Shares will be registered. The record date will be 7 December 2023 (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, 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 1 December 2023 (Friday).

PUBLICATION OF 2023 FINAL RESULTS AND ANNUAL REPORT

This announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (<https://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 Liantao
Chairman and Executive Director

Hong Kong, 27 September 2023

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, Ms. YANG Xuping and Mr. ZHONG Shuirong as independent non-executive Directors.