



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



Healthy Life with Summi

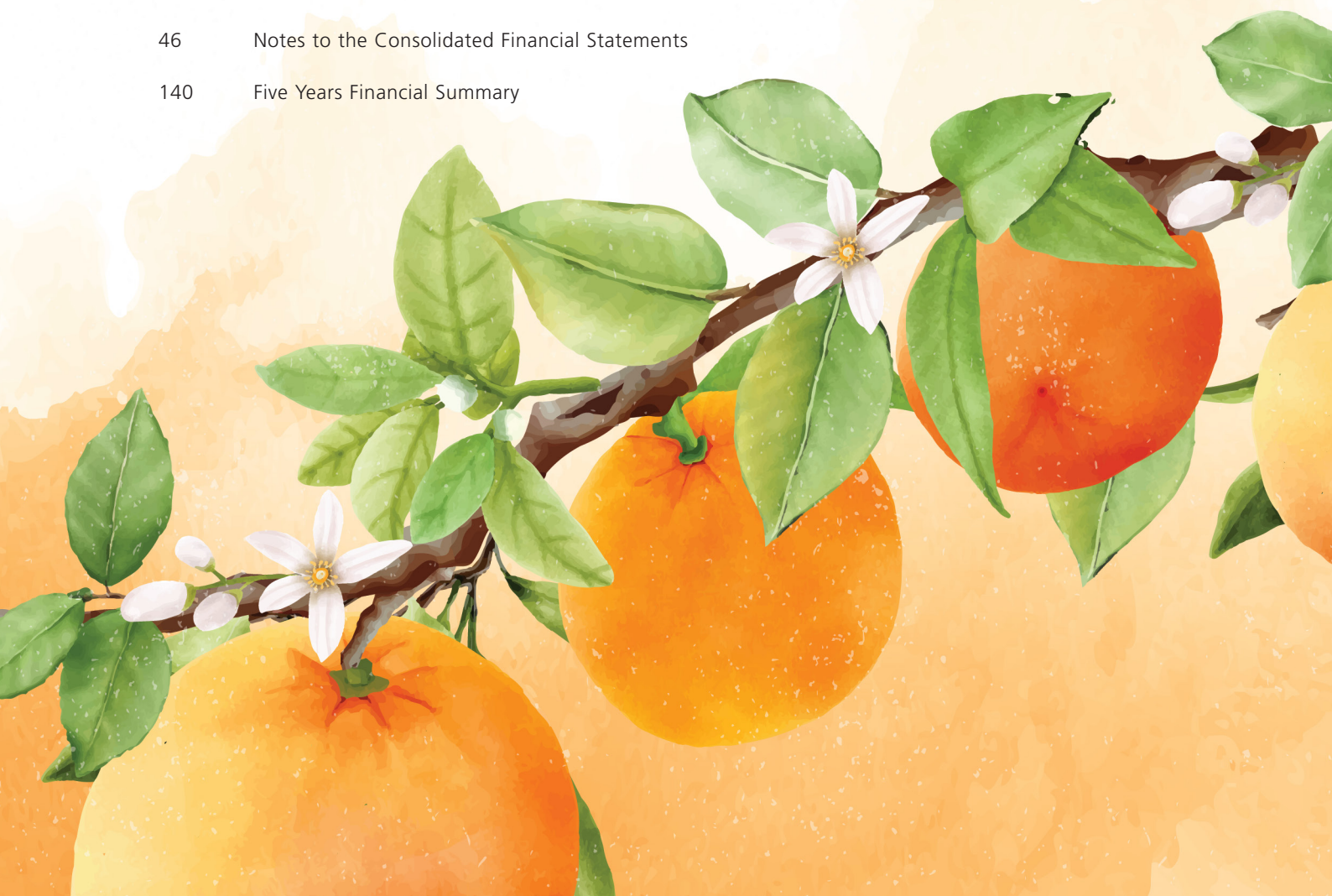
Annual Report

2022



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Corporate Information

As at 30 September 2022

DIRECTORS

Executive Directors

Mr. Wu Shaohao (*Chairman*)

Mr. Wu Liantao

Independent Non-Executive Directors

Ms. Chung Wing Yee

Mr. Ma Yu-heng

Mr. Zhong Shuirong

COMPANY SECRETARY

Ms. Chin Ying Ying, CPA

AUTHORISED REPRESENTATIVES

Mr. Wu Liantao

Ms. Chin Ying Ying, CPA

AUDIT COMMITTEE

Mr. Ma Yu-heng (*Chairman*)

Ms. Chung Wing Yee

Mr. Zhong Shuirong

REMUNERATION COMMITTEE

Mr. Zhong Shuirong (*Chairman*)

Mr. Wu Shaohao

Ms. Chung Wing Yee

NOMINATION COMMITTEE

Mr. Wu Shaohao (*Chairman*)

Ms. Chung Wing Yee

Mr. Ma Yu-heng

INVESTMENT AND COMPLIANCE COMMITTEE

Mr. Wu Shaohao (*Chairman*)

Mr. Wu Liantao

Mr. Ma Yu-heng

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room 702, 7/F

Laford Centre

838 Lai Chi Kok Road

Cheung Sha Wan, Kowloon

Hong Kong

REGISTERED OFFICE

Windward 3, Regatta Office Park

PO Box 1350

Grand Cayman KY1-1108

Cayman Islands

AUDITOR

Yongtuo Fuson CPA Limited

PRINCIPAL BANKER

Standard Chartered Bank

SHARE REGISTRAR IN HONG KONG

Link Market Services (Hong Kong) Pty Limited

Suite 1601, 16/F., Central Tower

28 Queen's Road Central

Hong Kong

SHARE REGISTRAR AND TRANSFER OFFICE IN CAYMAN ISLANDS

Ocorian Trust (Cayman) Limited

(Formerly known as "Esteria Trust (Cayman) Limited")

Windward 3, Regatta Office Park

PO Box 1350

Grand Cayman KY1-1108

Cayman Islands

COMPANY WEBSITE

<https://hksummi.com>

LISTING INFORMATION

Stock Code: 756



Financial Summary

For the year ended 30 June

FINANCIAL HIGHLIGHTS

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

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



Chairman's Statement

I am very pleased to present to the shareholders (the "Shareholders") of Summi (Group) Holdings Limited (the "Company") the annual report of the Company and its subsidiaries (collectively, the "Group") for the year ended 30 June 2022 (the "Reporting Period").

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 Renminbi ("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 by focusing on more profitable sectors.

The management of the Company used its best endeavours to maintain the sustainability of the Company. Other than exploring the existing business of the Group, the Group has been striving for diversifying its business and identifying new locations for setting up new plants for the Company's products, and the management of the Company expects that those developments have the potential to become a robust profit engine of the Group in the foreseeable future.

INVESTOR RELATIONS

One of the main duties of the board (the "Board") of directors (the "Director(s)") of the Company is to maintain good communications with its Shareholders and potential investors. The Group's management regularly pays visits to domestic and overseas prestigious institutional investors and private client investment advisors, as well as attended investor conferences, in order to provide the Shareholders and potential investors a thorough understanding of the Group's strategy and the latest business development. It is hoped that through such communication, the Company can enhance the transparency and strengthen the relationships with investors.

APPRECIATION

On behalf of the Board, I would like to extend my sincere gratitude to every Shareholder, customers and business partners for their support. I would also like to thank our excellent management team and employees for their unremitting efforts. The Group will continue to enhance our core competence and strive to become the leading producer in the juice beverage industry in China.

Wu Shaohao

Chairman and Executive Director

Hong Kong, 30 September 2022



Management Discussion and Analysis

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 by 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 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 report.

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

The Company and the audit committee of the Company (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”).



Management Discussion and Analysis

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 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.



Management Discussion and Analysis

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 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 of association of the Company (the "Articles of Association") 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 Shaohao 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 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.



Management Discussion and Analysis

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 frozen concentrated orange juice (the "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.



Management Discussion and Analysis

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

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

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 Reporting Period.

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).



Management Discussion and Analysis

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.

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

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

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 38 to this report.

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. 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.



Board of Directors and Senior Management

Executive Directors

Mr. Wu Shaohao (吳紹豪先生), aged 55, was appointed as an executive Director on 4 December 2018. Mr. Wu Shaohao has over 19 years of management experience in property development in the People's Republic of China (the "PRC"). He obtained a master of educational leadership degree from the University of Canberra. He has been the chairman of the board of directors of 江蘇瑞爾房地產集團公司 (Jiangsu Ruier Property Development Group Company Limited*) ("Jiangsu Ruier"), 上海電子商城有限公司 (Shanghai E-commerce Company Limited*) ("Shanghai E-commerce"), 瀋陽金沙城置業有限公司 (Shenyang Sands City Property Company Limited*) ("Shenyang Sands") and 江蘇水之源置業有限公司 (Jiangsu Shuizhiyan Property Company Limited*) ("Jiangsu Shuizhiyan") since March 2000. Jiangsu Ruier, Shenyang Sands and Jiangsu Shuizhiyan are principally engaged in property development business and Shanghai E-commerce is principally engaged in operating a wholesale market in Jiading, Shanghai. Mr. Wu Shaohao is the father of Mr. Wu Liantao.

Mr. Wu Shaohao is the director of Rui Er Summi (BVI) Limited (瑞爾森美(英屬維爾京群島)有限公司), Rich Anges Limited (裕佳有限公司), Manwell (China) Limited (萬華(中國)有限公司), Global One Management Limited, Summi Yummy Limited (森美波仔有限公司), Sunshine Vocal Limited and Potel Limited (邦天有限公司), which are wholly owned subsidiaries of the Company.

Please refer to the section headed "Report of the Directors – Interests and Short Positions of the Directors in Shares, Underlying Shares and Debentures of the Company and its Associated Corporations" in this annual report for Mr. Wu Shaohao's interest in the shares of the Company (the "Shares") as at 30 June 2022 which fall to be disclosed to the Company under Divisions 7 and 8 of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO").

Mr. Wu Liantao (吳聯韜先生), aged 29, was appointed as an executive Director on 4 December 2018. Mr. Wu Liantao graduated from Purdue University in 2016 with the degree of bachelor of science. He has served as an accounting manager at Signature Homes, a property developer in California from August 2016 to March 2017 and served as an investment manager in 上海賽領翹玄資產管理有限公司 (Shanghai Sailing Capital Pushi Management Co., Ltd) from September 2017 to November 2018. Mr. Wu Liantao is the son of Mr. Wu Shaohao.

Mr. Wu Liantao is the director of 郴州森美橙園投資發展有限公司 ("Chenzhou Summi Chengyuan Investment Development Company Limited"), Rich Anges Limited (裕佳有限公司), Manwell (China) Limited (萬華(中國)有限公司), Global One Management Limited, Sunshine Vocal Limited and Potel Limited (邦天有限公司) which are wholly owned subsidiaries of the Company.

* The English translation is for identification purpose only



Board of Directors and Senior Management

Independent non-executive Directors

Ms. Chung Wing Yee (鍾穎怡女士) (“Ms. Chung”), aged 40, has over 10 years of experience in human capital management and office administration. She is currently the human resources and general manager of R&I Professional Services Limited, which provides professional services in the fields of accounting, taxation, other business management and company secretary. Ms. Chung obtained a Bachelor of Arts degree in international business management from University of Northumbria in 2009.

Mr. Ma Yu-heng (馬有恒先生) (“Mr. Ma”), aged 52, has experience in financing, banking and corporate finance for over 24 years. Mr. Ma has been the chief financial officer and vice president of China Grand Star Luxury Cars Investment Holdings Limited (中國星盛名車投資控股有限公司) from September 2018 to April 2022. Mr. Ma is currently a member of CPA Australia. Mr. Ma graduated from Soochow University, Taiwan (台灣東吳大學) in June 1993 with a bachelor’s degree in business administration in business mathematics. He also obtained a master’s degree in business administration from Da-Yeh University, Chung Hua, Taiwan (台灣大葉大學) in June 1995.

Mr. Ma has been an independent non-executive director of China Fordoo Holdings Limited (stock code: 2399) and China U-Ton Future Space Industrial Group Holdings Ltd. (In Liquidation) (stock code: 6168), the issued shares of which are both listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”), since March 2022 and May 2022 respectively.

Mr. Zhong Shuirong (鍾水榮先生) (“Mr. Zhong”), aged 32, has over 8 years of experience in financial accounting and internal control consulting. He is currently working in a company engaging in food research and development, production and sales in mainland China and leading the financial accounting work in the financial department. Mr. Zhong obtained a Bachelor’s degree in Accounting from Fujian University of Technology in June 2014. In September 2019, he obtained the intermediate accounting professional qualification issued by the Ministry of Human Resources and Social Security and the Ministry of Finance of the People’s Republic of China.

SENIOR MANAGEMENT

The members of senior management are the executive Directors whose biographies are set out above.



Report of the Directors

The Directors have pleasure in presenting their annual report together with the audited consolidated financial statements of the Group for the Reporting Period.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of its subsidiaries are set out in note 39 to the consolidated financial statements. There was no significant change in nature of the Group's activities during the Reporting Period.

BUSINESS REVIEW

Discussion and analysis of the principal activities of the Group are set out in business review section on pages 5 to 10. The analysis of the operations of the Group during the Reporting Period are set out in note 7 to the consolidated financial statements.

ENVIRONMENT POLICIES AND PERFORMANCE

The Group is committed to contributing to the sustainability of the environment and has implemented certain policies to minimise the impact on the environment from its business activities.

The Group strives for making continuous improvements by introducing more environmental friendly policies in our production facilities and offices to enhance energy efficiency, reduce consumption of resources and greenhouse gas emission. In respect of the Group's self-operated plantations, during the Reporting Period, the Group has implemented the sustainable agricultural guiding principles issued by one of the Group's major customers with a view to protecting soil, conserving water, and minimising greenhouse gas emissions to ensure our agricultural produce is sustainable.

COMPLIANCE WITH LAWS AND REGULATIONS

The Group's business is mainly conducted through the Company's subsidiaries in the PRC and the shares of the Company (the "Shares") are listed on the Stock Exchange. As such, the establishment and operation of the Group are subject to the relevant laws and regulations in the PRC and Hong Kong. During the Reporting Period and up to the date of this report, the Group's operation has been in compliance with all relevant laws and regulations in the PRC and Hong Kong in all material respects.

PRINCIPAL RISKS AND UNCERTAINTIES

Heavy reliance on the sale to a few of our customers

We do not have long-term contractual arrangements with our major customers. There is no assurance that our major customers will continue their business dealings with us or that the income generated from dealings with them will increase or be maintained in the future. Any cessation of, or substantial reduction in the volume of business with any of our major customers could adversely affect the financial performance or profitability and our prospects.



Report of the Directors

Compliance with PRC environmental protection regulations

We carry on business in an industry which is subject to PRC environmental protection law and regulations. Enterprises engaged in food production should comply with the law and regulations concerning environmental protection. If an enterprise fails to report or provide false information about the environmental pollution caused by it, it will receive a warning or be penalized. Failure to eliminate or control pollution within the required timeframe may result in the payment of a fee for excessive discharge; or imposition of a fine; or suspension or close down of the operation. We have been complying with the relevant PRC environmental protection law and regulations. Nevertheless, there can be no assurance that the PRC government will not change the existing law and regulations or make additional or stricter law and regulations on environmental protection, compliance of which may cause us to incur significant capital expenditures. There is no assurance that we will be able to comply with any such law and regulations as may be amended or promulgated in the future.

RESULTS AND DIVIDENDS

The results of the Group for the Reporting Period are set out in the consolidated statement of profit or loss and other comprehensive income on page 40 of this annual report.

No interim dividend was paid or declared in respect of the Reporting Period (2021: nil).

The Board did not recommend the payment of a final dividend for the Reporting Period (2021: nil).

SUMMARY OF FINANCIAL INFORMATION

A summary of the published results and assets and liabilities of the Group for the last five financial years is set out on page 140. This summary does not form part of the audited consolidated financial statements.

MAJOR CUSTOMERS AND SUPPLIERS

For the Reporting Period, the aggregate purchases attributable to the Group's largest supplier and the five largest suppliers in aggregate accounted for 17% and 45% respectively of the Group's total purchases during the Reporting Period. Revenue attributable to the Group's largest customer and the five largest customers in aggregate accounted for 38% and 70% respectively of the Group's total revenue during the Reporting Period.

One of the Directors or any of their associates or any Shareholders (which, to the best knowledge of the Directors, own more than 5% of the Company's issued share capital) had any interest in the Group's five largest customers and suppliers.

NON-CURRENT ASSETS

Property, plant and equipment

Details of movements during the Reporting Period in the property, plant and equipment of the Group are set out in note 16 to the consolidated financial statements.

Right-of-uses asset/Land use rights

Details of movements during the Reporting Period in right-of-uses asset/land use rights of the Group are set out in notes 17 to the consolidated financial statements.



Report of the Directors

SHARE CAPITAL

Details of movements in the share capital of the Company during the Reporting Period are set out in note 28 to the consolidated financial statements.

RESERVES

Details of movements in the reserves of the Group during the Reporting Period are set out in the consolidated statement of changes in equity on page 43.

As at 30 June 2022, the Company had a deficiency of reserves of approximately RMB416,890,000 (2021: approximately RMB394,403,000) attributable to the Shareholders.

DIRECTORS

The Directors during the Reporting Period and up to the date of this report were:

Executive Directors

Mr. Wu Shaohao (*Chairman*)

Mr. Wu Liantao

Non-Executive Director

Mr. Tsang Ho Yin (appointed on 20 July 2022 and resigned on 29 September 2022)

Independent Non-Executive Directors

Ms. Chung Wing Yee (appointed on 11 July 2022)

Mr. Ma Yu-heng (appointed on 30 September 2022)

Mr. Zhong Shuirong (appointed on 30 September 2022)

Mr. Chen Ying (resigned on 8 July 2022)

Mr. Kyaw Sai Hong (resigned on 8 July 2022)

Mr. Ma Chi Kin (resigned on 8 July 2022)

Mr. Cheng King Yip (appointed on 20 July 2022 and resigned on 29 September 2022)

Mr. Yim Hong Cheuk Foster (appointed on 20 July 2022 and resigned on 28 September 2022)

In accordance with the Articles of Association, at each annual general meeting, the Directors appointed during the year will retire from office as Directors, being eligible, will offer themselves for re-election at the forthcoming annual general meeting of the Company (the "AGM").

Each of the independent non-executive Directors has made an annual confirmation of independence pursuant to Rule 3.13 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"). The Company considers that all the independent non-executive Directors meet the independence requirement set out in Rule 3.13 of the Listing Rules and are independent.

BOARD OF DIRECTORS AND SENIOR MANAGEMENT

Biographical details of the Directors and senior management of the Group are set out on pages 11 to 12 of this annual report.



Report of the Directors

DIRECTORS' SERVICE CONTRACTS

Each of the executive Directors, Mr. Wu Shaohao and Mr. Wu Liantao has entered into a service contract with the Company for a fixed term of 3 years and is subject to re-election or retirement by rotation and other related provisions as stipulated in the Articles of Association.

As at this annual report date, each of the independent non-executive Directors has entered into a letter of appointment with the Company for a term of 2 years and is subject to re-election or retirement by rotation and other related provisions as stipulated in the Articles of Association.

None of the Directors, including those to be re-elected at the forthcoming AGM, has a service contract with the Company and/or any of its subsidiaries which is not determinable by the Company within one year without the payment of compensation (other than statutory compensation).

PERMITTED INDEMNITY PROVISION

The Articles of Association provides that the Directors, Managing Directors, alternate Directors, auditors, secretary and other officers for the time being of the Company acting in relation to any of the affairs of the Company shall be indemnified and secured harmless out of the assets of the Company from and against all actions, costs, charges, losses, damages and expenses which they or any of them shall or may incur or sustain by reason of any act done, concurred in or omitted in or about the execution of their duty or supposed duty in their respective offices. The Company has maintained appropriate insurance coverage for the Directors and officers during the Reporting Period and up to the date of this report.

REMUNERATION POLICY

A remuneration committee of the Company (the "Remuneration Committee") has been set up for reviewing the Group's remuneration policy and structure for all remuneration of the Directors and senior management of the Group, having regard to the Group's operating results, individual performance and comparable market practices.

In order to attract and retain high quality talents to ensure smooth operation and cater for the Group's constant expansion, the Group offers competitive remuneration packages, with reference to market conditions and individual qualifications and experience.

REMUNERATION OF DIRECTORS AND FIVE INDIVIDUALS WITH HIGHEST REMUNERATION

Details of the emoluments of the Directors and five individuals with highest remuneration are set out in notes 12 and 13 to the consolidated financial statements.



Report of the Directors

INTERESTS AND SHORT POSITIONS OF THE DIRECTORS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at 30 June 2022, interests and short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of the SFO) held by the Directors and chief executives of the Company which have been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which were taken or deemed to have under such provisions of the SFO) or have been entered in the register maintained by the Company pursuant to section 352 of the SFO, or otherwise have been notified to the Company and the Stock Exchange pursuant to the Appendix 10 – Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) to the Listing Rules are as follows:

1. Interests and long positions in the Shares

Name of Director/ Chief Executive	Capacity/Nature	No. of Shares held/ interested in	Approximate percentage of issued share capital of the Company
Mr. Wu Shaohao (“Mr. Wu”)	Interest of controlled corporation (Note 2)	1,309,881,110 (L)	57.40%

Notes:

1. The letter “L” denotes a long position in the Shares/underlying Shares.
2. 1,309,881,110 Shares were held by Rui Er Holdings Company Limited (“Rui Er”), a company incorporated in the British Virgin Islands and is owned as to 100% by Mr. Wu beneficially. Therefore, Mr. Wu is deemed to be interested in these shares under the SFO.

Save as disclosed above, as at 30 June 2022, none of the Directors or chief executive of the Company held any interests and short position in the Shares, underlying Shares and debentures of the Company or any associated corporations (within the meaning of Part XV of the SFO) which would be required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.



Report of the Directors

INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS IN SHARES AND UNDERLYING SHARES

As at 30 June 2022, as far as is known to the Directors, the following persons (not being a Director or chief executive of the Company) had interests or short positions in the Shares or underlying Shares which fell to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO:

Interests and short position in the Shares and underlying Shares

Name of Shareholder	Capacity/Nature	No. of Shares/ underlying Shares held/interested in	Approximate percentage of issued share capital of the Company
Rui Er	Beneficial owner (Note 2)	1,309,881,110 (L)	57.40%
Ms. Yang Xijuan ("Ms. Yang")	Interest of spouse (Note 2)	1,309,881,110 (L)	57.40%
Ms. Hu Mingyue ("Ms. Hu")	Beneficial owner (Note 3)	120,784,960 (L)	5.29%

Notes:

1. The letters "L" denote a long position in the Shares/underlying Shares.
2. Please refer to note 2 to the section headed "Report of the Directors – Interests and Short Positions of the Directors in Shares, Underlying Shares and Debentures of the Company and its Associated Corporations" in this annual report for details. Rui Er is owned as to 100% by Mr. Wu. As Ms. Yang is the spouse of Mr. Wu, Ms. Yang was deemed, or taken to be, interested in the 1,309,881,110 Shares held by Mr. Wu by virtue of the SFO.
3. Ms. Hu was deemed (by virtue of the SFO) to be interested in 120,784,960 shares, which were held in the beneficial owner capacity.

Save as disclosed above, and as at 30 June 2022, the Directors were not aware of any persons (who were not Directors or chief executive of the Company) or other corporation who had an interest or short position in the Shares or underlying Shares which would fall to be disclosed under Divisions 2 and 3 of Part XV of the SFO, or which would be required, pursuant to Section 336 of the SFO, to be entered in the register referred to therein.

DIRECTORS' INTERESTS IN CONTRACTS

Save as disclosed in note 12 to the consolidated financial statements, no contracts of significance in relation to the Group's business to which the Company or any of its subsidiaries was a party and in which a Director had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the Reporting Period.

MANAGEMENT CONTRACTS

No contracts concerning the management or administration of the whole or any substantial part of the business of the Company were entered into or existed during the Reporting Period.



Report of the Directors

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Apart from the details as disclosed in this annual report, at no time during the Reporting Period were rights to acquire benefits by means of the acquisition of Shares in or debentures of the Company granted to any Directors or their respective spouse or children under 18 years of age; or were any such rights exercised by them; or was the Company and any of its subsidiaries a party to any arrangement to enable the Directors; or their respective spouse or children under 18 years of age, to acquire such rights in any other body corporate.

CONNECTED TRANSACTIONS, CONTINUING CONNECTED TRANSACTIONS AND RELATED PARTIES TRANSACTIONS

Related parties transactions

The material related party transactions in relation to the key management compensation as disclosed in note 37 to the consolidated financial statements in this annual report are connected transactions exempt from reporting, announcement and independent shareholders' approval requirements pursuant to Rule 14A.95 of the Listing Rules.

Save as disclosed in this annual report, the Directors consider that those material related party transactions disclosed in note 37 to the financial statements did not fall or exempted under the definition of "connected transactions" or "continuing connected transactions" (as the case may be) in Chapter 14A of the Listing Rules which are required to comply with any of the reporting, announcement or independent shareholders' approval requirements under the Listing Rules.

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.

DIRECTORS' INTERESTS IN A COMPETING BUSINESS

During the Reporting Period, the Directors were not aware of any business or interest of the Directors or any substantial Shareholders (as defined under the Listing Rules) and their respective associates that had competed or might compete with the business of the Group and any other conflicts of interests which any such person had or might have with the Group.

SECURED BANK LOANS

Particulars of secured bank loans the Group as at 30 June 2022 are set out in note 23 to the consolidated financial statements.

RETIREMENT SCHEMES

Particulars of the retirement schemes and contributions to defined contribution plans of the Group are set out in note 32 to the consolidated financial statements.

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 to the Listing Rules. Specific enquiry has been made to all Directors and all Directors have confirmed that they had complied with the Model Code contained in Appendix 10 to the Listing Rules and such code of conduct during the Reporting Period.



Report of the Directors

SHARE OPTION SCHEME

In order to attract and retain the eligible persons, to provide additional incentive to them and to promote the success of the business of the Group, the Company conditionally adopted the Scheme on 7 June 2008 whereby the Board are authorised, at their absolute discretion and subject to the terms of the Scheme, to grant options to subscribe the Shares to, inter alia, any employees (full-time or part-time), directors, consultants, advisers, distributors, contractors, suppliers, agents, customers, business partners or service providers of the Group or any substantial Shareholder. The Scheme became unconditional on 10 July 2008 and shall be valid and effective for a period of ten years commencing on 7 June 2008, subject to the early termination provisions contained in the Scheme. The Scheme limit in respect of the grant of options to subscribe for Shares in the share capital of the Company under the Scheme has been refreshed by a resolution passed at the AGM held on 5 November 2012.

An offer for the grant of options must be accepted within 7 days inclusive of the day on which such offer was made. The amount payable by each grantee of options to the Company on acceptance of the offer for the grant of options is HK\$1.00. The subscription price of a Share in respect of any particular option granted under the Scheme shall be a price at the discretion of the Board, provided that it shall be at the highest of: (i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date of grant of the options; (ii) the average of the closing prices of the Shares as stated in the Stock Exchange's daily quotations sheets for the 5 business days immediately preceding the date of grant of the options; and (iii) the nominal value of the Shares on the date of grant of the options.

The Company shall be entitled to issue options, provided that the total number of Shares which may be issued upon exercise of all outstanding options to be granted under the Scheme and any other share option scheme of the Company does not exceed 10% of the Shares in issue on the date when the Scheme was refreshed by a resolution passed at the AGM held on 5 November 2012. For details of the said refreshment of scheme limit, please refer to the circular and the announcement of the Company dated 25 September 2012 and 5 November 2012 respectively. The Company may at any time refresh such limit, subject to in compliance with the Listing Rules, provided that the total number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Scheme and any other share option scheme of the Company does not exceed 30% of the Shares in issue from time to time. The total number of Shares issued and to be issued upon exercise of options granted to any grantee (including both exercised and outstanding options) under the Scheme, in any 12-month period up to the date of grant shall not exceed 1% of the Shares in issue.

An option may be exercised at any time during a period which shall not exceed ten years from the date of grant subject to the provisions of early termination under the Scheme. There is no minimum period for which an option must be held before it can be exercised under the Scheme.

As at 30 June 2022 and up to the date of this report, there was no option outstanding, granted, cancelled, exercised or lapsed.



Report of the Directors

SHARE AWARD SCHEME

On 11 September 2015, the Company adopted the share award scheme (the “Share Award Scheme”) under which the Board may, from time to time, award the Shares (the “Awarded Shares”) to selected participants (including, without limitation, any Directors) of the Company or of any subsidiary (the “Selected Participant”) pursuant to the terms of the trust deed of the Share Award Scheme. The Share Award Scheme shall be valid and effective for a period of ten years commencing on the adoption date.

The number of Awarded Shares permitted to be awarded under the Share Award Scheme throughout the duration of the Share Award Scheme is limited to 10% of the issued share capital of the Company as at the adoption date. The maximum aggregate number of Awarded Shares which may be awarded to a Selected Participant shall not exceed 1% of the issued share capital of the Company as at the adoption date.

During the Reporting Period, no share was granted by the Company. Details of the Share Award Scheme are set out in the announcement issued by the Company on 11 September 2015.

PUBLIC FLOAT

From information publicly available to the Company and within the knowledge of the Directors, at least 25% of the Company’s total issued share capital are held by the public at all times during the Reporting Period and up to the date of this annual report.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Articles of Association and the laws of Cayman Islands, which would oblige the Company to offer new Shares on a pro-rata basis to existing Shareholders.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

The Company is committed to maintaining high standards of corporate governance. Save as disclosed in the Corporate Governance Report of this annual report, the Company has complied with all the applicable provisions as set out in the Appendix 14 – Corporate Governance Code to the Listing Rules in the Reporting Period. Information on the Company’s corporate governance practices is set out in the Corporate Governance Report on pages 22 to 36 of this annual report.

AUDITORS

The consolidated financial statements for the Reporting Period have been audited by Yongtuo Fuson, who will retire and, being eligible, offer itself for re-appointment at the forthcoming AGM.

On behalf of the Board

Wu Shaohao

Chairman and Executive Director

Hong Kong, 30 September 2022



Corporate Governance Report

The Board recognises the importance of good corporate governance practices in safeguarding the interest of the Shareholders. The Company is committed to achieving and maintaining high standards of corporate governance, the principles of which serve to uphold transparency, accountability and independence in all aspects of business and endeavours to ensure that affairs are conducted in accordance with applicable laws and regulations.

CORPORATE GOVERNANCE PRACTICES

The Company is committed to fulfilling its responsibilities to 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 authorized 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.

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 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. Specific enquiry has been made to all Directors and all Directors have confirmed that they had fully complied with the Model Code and the Company's code of conduct during the Reporting Period.

THE BOARD OF DIRECTORS

Composition of the Board

The Board has a balance of skills and experience required of the Group's business. The Board includes a balanced composition of executive and independent non-executive Directors so that independent judgment can be effectively exercised.



Corporate Governance Report

During the Reporting Period and up to the date of this report, the Directors were:

Executive Directors

Mr. Wu Shaohao (*Chairman*)

Mr. Wu Liantao

Non-Executive Director

Mr. Tsang Ho Yin (appointed on 20 July 2022 and resigned on 29 September 2022)

Independent Non-Executive Directors

Ms. Chung Wing Yee (appointed on 11 July 2022)

Mr. Ma Yu-heng (appointed on 30 September 2022)

Mr. Zhong Shuirong (appointed on 30 September 2022)

Mr. Chen Ying (resigned on 8 July 2022)

Mr. Kyaw Sai Hong (resigned on 8 July 2022)

Mr. Ma Chi Kin (resigned on 8 July 2022)

Mr. Cheng King Yip (appointed on 20 July 2022 and resigned on 29 September 2022)

Mr. Yim Hong Cheuk Foster (appointed on 20 July 2022 and resigned on 28 September 2022)

The brief biographic details of and relationship between the existing Directors are set out in the section headed "Board of Directors and Senior Management" on pages 11 to 12. Save as disclosed under the section headed "Board of Directors and Senior Management", there is no financial, business, family or other material or relevant relationships between Board members.

During the Reporting Period, the Board maintained a high level of independence, with more than one-third of the Board comprised of independent non-executive Directors, who had exercised independent judgement. The independent non-executive Directors are expressly identified in all corporate communications whenever the names of the Directors are disclosed. The Company has received from each independent non-executive Director an annual confirmation of his/her independence pursuant to the independence guidelines set out in Rule 3.13 of the Listing Rules. The Company considers all independent non-executive Directors satisfied the Listing Rules requirement of independence.



Corporate Governance Report

Subsequent to the Reporting Period, 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 Mr. 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.

Chairman and Chief Executive

The CG Code stipulates that the roles of chairman and chief executive should be separate and should not be performed by the same individual. During the Reporting Period, Mr. Wu Shaohao served as the chairman of the Company (the "Chairman") and Mr. Wu Liantao, an executive Director, served as the chief executive officer of the Company (the "Chief Executive Officer"). The Company continues to fully support the division of responsibility between the Chairman and the Chief Executive Officer to ensure a balance of power and authority.



Corporate Governance Report

Board Meetings

The Board meets regularly. In addition to regular meetings, it meets as and when warranted by particular circumstances. During the Reporting Period, two Board meetings were held. The Directors attended the meetings in person or by telephone in accordance with the Articles of Association.

A record of the Directors' attendance at the Board meetings and general meeting of the Company held during the Reporting Period are set out as follows:

	Attendance/ Number of Board meetings held	Attendance/ Number of general meeting held
Executive Directors		
Mr. Wu Shaohao (<i>Chairman</i>)	2/2	1/1
Mr. Wu Liantao	2/2	1/1
Independent Non-Executive Directors		
Mr. Chen Ying (resigned on 8 July 2022)	1/2	0/1
Mr. Kyaw Sai Hong (resigned on 8 July 2022)	2/2	0/1
Mr. Ma Chi Kin (resigned on 8 July 2022)	2/2	0/1
Ms. Chung Wing Yee (appointed on 11 July 2022)	N/A	N/A
Mr. Ma Yu-heng (appointed on 30 September 2022)	N/A	N/A
Mr. Zhong Shuirong (appointed on 30 September 2022)	N/A	N/A

The Company Secretary, chief financial executive and other selected members of the Company also attended the AGM together with our external auditor, Yongtuo Fuson to answer any questions from the Shareholders. All Directors treasure the opportunity to canvass the views of the Shareholders in AGMs held annually.

Board Responsibilities and Delegation

The Board is responsible for leadership and control of the Group and be collectively responsible for promoting the success of the Group by directing and supervising the Group's affairs. The Board focuses on formulating the Group's overall strategies; authorising the annual development plan and budget; monitoring financial and operating performance; reviewing the effectiveness of the internal control system; supervising and managing management's performance and determining the corporate governance policy of the Group. The Board delegates the day-to-day management, administration and operation of the Group to management. The delegated functions are reviewed by the Board periodically to ensure that the needs of the Group are accommodated. The Board gives clear directions to the management as to the matters that must be approved by the Board before decisions are made on behalf of the Group.

During the Reporting Period, the Board has reviewed and discussed the corporate governance policy of the Group and is satisfied with the effectiveness of the corporate governance policy.



Corporate Governance Report

Appointment, Re-election and Removal of Directors

A nomination committee of the Company (the "Nomination Committee") has been established on 7 June 2008. The Nomination Committee has from time to time identified individuals suitably qualified to become Board members and make recommendations to the Board. The main consideration in selecting candidates for directorships is whether their characters, qualifications and experience are appropriate for the businesses of the Group.

Independent non-executive Directors are appointed for a specific term subject to retirement by rotation and re-election in accordance with the Articles of Association. Their terms of appointment are set out in the section headed "Report of the Directors – Directors' Service Contracts" in this report. Each independent non-executive Director is required to inform the Company as soon as practicable if there is any changes that may affect his/her independence and must provide an annual confirmation of his/her independence to the Company.

In accordance with the Articles of Association, at each annual general meeting, the Directors who were appointed during the year will retire from office as Directors and, being eligible, will offer themselves for re-election at the forthcoming AGM.

Insurance for the Directors' and Officers' liabilities

The Company has bought liability insurance for Directors and officers in respect of legal action against the Directors and officers which is in compliance with code provision C.1.8 of the CG Code.

Induction and Continuous Professional Development

Newly appointed Directors will receive guidelines and reference materials to enable them to familiarise with the Group's business operations and the Board's policies.

The Company is committed to arranging and funding suitable training to all Directors for their continuous professional development. Each Director is briefed and updated from time to time to ensure that he/she is fully aware of his/her responsibilities under the Listing Rules and applicable legal and regulatory requirements and the governance policies of the Group. All the Directors also understand the importance of continuous professional development and are committed to participating in any suitable training programmes to develop and refresh their knowledge and skills.

According to the records provided by the Directors, all existing Directors had participated in continuous professional development programmes such as trainings, workshops, seminars, conference and other continuing development programmes.



Corporate Governance Report

BOARD COMMITTEES

Remuneration Committee

As at the date of this report, the Remuneration Committee comprises one executive Director, namely Mr. Wu Shaohao and two independent non-executive Directors, namely Mr. Zhong Shuirong (chairman of the Remuneration Committee) and Ms. Chung Wing Yee. The roles and functions of the Remuneration Committee include consulting the Board about their remuneration proposals for executive Directors, making recommendations to the Board on the Company's remuneration policy and structure for all Directors' and senior management and making recommendation to the Board on the remuneration packages of individual Directors' and senior management. The Remuneration Committee's authority and duties are set out in written terms of reference that are posted on the website of the Stock Exchange and the Company.

During the Reporting Period, the Remuneration Committee, among others, had reviewed the Group's remuneration policy, assessed performance of the Directors and senior management and their remuneration packages.

One meeting was held during the Reporting Period and the attendance by each committee member is set out below:

Members of Remuneration Committee	Attendance/ Number of meeting
Mr. Chen Ying (<i>Chairman</i>) (resigned on 8 July 2022)	0/1
Mr. Wu Shaohao	1/1
Mr. Ma Chi Kin (resigned on 8 July 2022)	1/1
Mr. Zhong Shuirong (<i>Chairman</i>) (appointed on 30 September 2022)	N/A
Ms. Chung Wing Yee (appointed on 11 July 2022)	N/A

Nomination Committee

As at the date of this report, the Nomination Committee comprises one executive Director, namely Mr. Wu Shaohao (chairman of the Nomination Committee) and two independent non-executive Directors, namely Ms. Chung Wing Yee and Mr. Ma Yu-heng. The roles and functions of the Nomination Committee include reviewing the structure, size and composition (including the skills, knowledge and experience) of the Board, identifying individuals suitably qualified to become Board member and assessing the independence of independent non-executive Directors. The Nomination Committee is established with specific terms of reference which deal clearly with the committee's authority and duties and is available on the website of the Stock Exchange and the Company.



Corporate Governance Report

During the Reporting Period, the Nomination Committee has reviewed the existing structure, composition and diversity of the Board and assessed the independence of the independent non-executive Directors. The Nomination Committee has also reviewed objectives set for implementing the Board Diversity Policy.

Since the Board is composed of members coming from diverse backgrounds, the Nomination Committee considered the Board to possess a diversity of perspectives which is up to the standard of the CG Code and is appropriate to the Group's requirements which is determined by the Directors' skills and experience appropriate to the Company's business. Besides, the Nomination Committee had also evaluated the performance of the retiring Directors during the year.

One meeting was held during the Reporting Period and the attendance by each committee member is set out below:

Members of Nomination Committee	Attendance/ Number of meeting
Mr. Wu Shaohao (<i>Chairman</i>)	1/1
Mr. Kyaw Sai Hong (resigned on 8 July 2022)	1/1
Mr. Ma Chi Kin (resigned on 8 July 2022)	1/1
Ms. Chung Wing Yee (appointed on 11 July 2022)	N/A
Mr. Ma Yu-heng (appointed on 30 September 2022)	N/A

Board Nomination Policy

The Company adopted a nomination policy in compliance with the CG Code with effect from 1 January 2019, which establishes written guidelines for the Nomination Committee to identify individuals suitably qualified to become Board members and make recommendations to the Board on the selection of individuals nominated for directorships with reference to the formulated criteria. The Board is ultimately responsible for selection and appointment of new Directors.

The Board, through the delegation of its authority to the Nomination Committee, has used its best efforts to ensure that Directors appointed to the Board possess the relevant background, experience and knowledge in business, finance and management skills critical to the Group's business to enable the Board to make sound and well considered decisions. Collectively, they have competencies in areas which are relevant and valuable to the Group.



Corporate Governance Report

Nomination Process

The Nomination Committee shall assess whether any vacancy on the Board has been created or is expected on a regular basis or as required.

The Nomination Committee utilises various methods for identifying director candidates, including recommendations from Board members, management, and professional search firms. All director candidates, including incumbents and candidates nominated by the Shareholders are evaluated by the Nomination Committee based upon the director qualifications. While director candidates will be evaluated on the same criteria through review of resume, personal interview and performance of background checks. The Nomination Committee retains the discretion to establish the relative weighting of such criteria, which may vary based on the composition, skill sets, age, gender and experiences of the collective Board rather than on the individual candidate for the purpose of diversity perspectives appropriate to the requirement of the Company's business.

Selection Criteria

The Nomination Committee will take into account whether a candidate has the qualifications, skills, experience and gender diversity that add to and complement the range of skills, experience and background of existing Directors by considering the highest personal and professional ethics and integrity of the director candidates, proven achievement and competence in the nominee's field and the ability to exercise sound business judgment, skills that are complementary to those of the existing Board, the ability to assist and support management and make significant contributions to the Company's success and such other factors as the Nomination Committee may deem are in the best interests of the Company and the Shareholders.

The Company shall review and reassess the nomination policy and its effectiveness on a regular basis or as required.

Audit Committee

As at the date of this report, the Audit Committee consists of three independent non-executive Directors, namely Mr. Ma Yu-heng (chairman of the Audit Committee), Ms. Chung Wing Yee and Mr. Zhong Shuirong. 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 advices and comments to the Board. The Audit Committee is established with specific terms of reference which deal clearly with the committee's authority and duties and is available on the website of the Stock Exchange and the Company.



Corporate Governance Report

During the Reporting Period, the Audit Committee has discussed and reviewed the interim and final results of the Group and certain other businesses. The effectiveness of the Company's internal control was also discussed at the meetings. The Audit Committee has also reviewed with management the accounting principles and practices adopted by the Group and discussed internal controls and financial reporting matters including a review of the interim report, the annual report, the interim result of the Group and the final result of the Group. The Audit Committee has noted the material uncertainties of events or conditions that may cast significant doubt on the Group's ability to continue to operate as a going concern as reported in the Independent Auditor's Report. There was no disagreement between the Board and the Audit Committee regarding the selection, appointment, resignation or dismissal of the external auditors.

Two meetings were held during the Reporting Period and the attendance by each committee member is set out below:

Members of Audit Committee	Attendance/ Number of meetings
Mr. Kyaw Sai Hong (<i>Chairman</i>) (resigned on 8 July 2022)	2/2
Mr. Chen Ying (resigned on 8 July 2022)	1/2
Mr. Ma Chi Kin (resigned on 8 July 2022)	2/2
Mr. Ma Yu-heng (<i>Chairman</i>) (appointed on 30 September 2022)	N/A
Ms. Chung Wing Yee (appointed on 11 July 2022)	N/A
Mr. Zhong Shuirong (appointed on 30 September 2022)	N/A

Investment and Compliance Committee

An investment and compliance committee of the Company (the "Investment and Compliance Committee") has been established on 1 October 2019 with specific written terms of reference.

As at the date of this report, the Investment and Compliance Committee comprises two executive Directors, namely Mr. Wu Shaohao (the chairman of the Investment and Compliance Committee) and Mr. Wu Liantao and one independent non-executive Director, namely Mr. Ma Yu-heng. The roles and functions of the Investment and Compliance Committee include reviewing, evaluating investment projects for long-term development of the Company (including mergers & acquisition, joint venture and equity investments) and making recommendations to the Board on the major investment and financing solutions, studying and making recommendations to the Board on the major capital investment and other significant investment matters which may have effect on the development of the Company, supervising the implementation of the above-mentioned matters duly approved by the Board and other matters as delegated by the Board, making recommendations to the Board on compliance matters in relation to the Listing Rules, the SFO and relevant rules and regulations and to make recommendations to the Board in relation to the policy of corporate governance of the Company. The Investment and Compliance Committee's authority and duties are set out in written terms of reference that are posted on the website of the Stock Exchange and the Company.



Corporate Governance Report

During the Reporting Period, the Investment and Compliance Committee, among others, had reviewed the Group's investment projects and financing solutions for long-term development of the Company and made recommendations to the Board on significant investment matters which may have effect on the development of the Company. It also has made recommendations to the Board on compliance matters and the policy of corporate governance of the Company.

Two meetings were held during the Reporting Period and the attendance by each committee member is set out below:

Members of Investment and Compliance Committee	Attendance/ Number of Meetings
Mr. Wu Shaohao (<i>Chairman</i>)	2/2
Mr. Wu Liantao	2/2
Mr. Kyaw Sai Hong (resigned on 8 July 2022)	2/2
Mr. Ma Yu-heng (appointed on 30 September 2022)	N/A

AUDITOR'S REMUNERATION

During the year, the Company engaged Yongtuo Fuson as the external auditors. The remuneration paid or payable to the external auditors of the Group for the Reporting Period comprised fees for audit services of HK\$1,300,000 (equivalent to approximately RMB1,074,000) (2021: HK\$1,500,000 (equivalent to approximately RMB1,280,000)).

The responsibilities of the external auditor with respect to the consolidated financial statements for the Reporting Period are set out in the Independent Auditor's Report section on pages 37 to 139.

The Board is aware of material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern. As at 30 June 2022, the Company had net current liabilities of approximately RMB310,936,000 million and an accumulated deficit of RMB257,828,000 million.

As set out in the announcement dated 23 October 2020, the Company and certain banks, principal of which under the loan agreements (the "Original Agreement") amounted to approximately RMB116,000,000, entered into the loan restructuring agreement (the "Agreement"), pursuant to which, the Banks agreed to restructure their respective bank loan principal as an extended syndication loan with a tenor of 5 years. Further to the terms and conditions to the Agreement, the Banks agreed not to commence or continue with any legal proceedings against the Company in relation to the breaching of clauses of the Original Agreement.



Corporate Governance Report

In addition, the Directors have taken the measures to improve the Group's financial position which include, but are not limited to, the following: (i) The Group continue 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.; and (ii) The Group is now actively in the process of negotiating with various banks, other financial institutions, third parties and related parties to raise short-term or long-term financing to the Group.

RISK MANAGEMENT AND INTERNAL CONTROL

The Group establishes a risk management information and communication channel that is functional within the whole basic risk control procedure; and connects different levels in the reporting system and different departments and operation units, so as to ensure timely, accurate and complete communication of information, laying a solid foundation for the monitoring and improvement of risk management.

Different departments and business units of the Group regularly inspect and examine their own risk management process in order to locate the shortcomings and remedy the situation if possible. Their inspection and examination reports are delivered to the Group's risk management department in time.

The Board acknowledges its responsibility for the risk management and internal control systems and reviewing their effectiveness. Such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Group has also established procedures and internal controls for the handling and dissemination of inside information, whereby business units shall report to the Chief Executive Officer of any potential inside information. The Chief Executive Officer shall follow the Guidelines on Disclosure of Inside Information issued by the Securities and Futures Commission in considering whether any disclosure is required and shall seek legal advice where necessary.

The Board has the overall responsibility for evaluating and determining the nature and extent of the risks, it is willing to take in achieving the Company's strategic objectives, and establishing and maintaining appropriate and effective risk management and internal control systems.

The Board further considers that (i) there was no material issue relating to the Group's risk management and internal controls, including financial, operational and compliance controls and risk management functions of the Group; and (ii) there were adequate staff with appropriate and adequate qualifications and experience, resources for accounting, internal audit and financial reporting functions, and adequate training programmes had been provided during the Reporting Period.

The Company's risk management and internal control systems have the following principles, features and processes:



Corporate Governance Report

Principles of Risk Management

Risk management is an advanced management technique based on the internal control system of the Company and requires the participation of the Board, the management and the employees of the Company. It is a risk control process applying to the Company's strategic development planning, each process and function of its internal operation for the purpose of identifying matters that may have potential impacts on the Company and controlling risks according to its risk appetite, which in turn provides the Company with reasonable assurance to achieve its business objectives.

The objectives of the Company's risk management and internal control are as follows:

- (1) Identifying matters that may have potential impacts on the Group and controlling risks according to its risk appetite; and
- (2) Providing the Board and the management of the Company with reasonable assurance to achieve the Company's business objectives. This includes but is not limited to: utilizing resources in an efficient and effective way; preventing the loss of assets; maintaining the reliability and integrity of information; and keeping consistence between policies, plans, procedures, laws and regulations.

Features of the risk management

The risk management and internal control system of the Company can be divided into four parts as follows:

- (1) Identifying risks: The Audit Committee will supervise the management of the Company to identify uncertainties and decide the degree of such risks.
- (2) Risk assessment: The Audit Committee identifies risks from a long-term perspective and assesses different risk parameters while analysing relevant information collected for this purpose. The Audit Committee will draw the attention of the management on related risks.
- (3) Critical risk control points of internal control in each business segment: The Company carries out its risk management based on its other internal control systems and strictly complies with the internal control systems of each business segments while implementing measures for each risk control point.
- (4) Accounting control: The Company rigorously conforms to the International Financial Reporting Standards, the International Accounting Standards, the disclosure requirement of the Hong Kong Companies Ordinance, the Accounting Standards for Business Enterprises and major accounting policies of the Company, so as to ensure the safety and integrity of its assets and give a true and fair view of its financial position, financial performance and cash flows.



Corporate Governance Report

Process of the risk management

The Board has delegated to the Audit Committee responsibility for reviewing the effectiveness of the Group's internal control system. The Audit Committee works with the Group's internal audit department to carry out internal audit works based on an internal audit plan which is reviewed and approved by the Audit Committee. The Group's internal audit department reports its findings and recommendations for any corrective action required to the Audit Committee. The Audit Committee reviews the reports submitted by the internal audit department in respect of the regular review of the risk management and internal control systems. Any issues on the risk management and internal control system of the Group are discussed and evaluated by the Board at least once every year, which cover the period of the preceding financial year, or a shorter period when the review is performed more than once during the year.

The Company instructs its dedicated policy researchers to identify the trend of policy change with an aim to minimise political influence on the Group's business. The Company will also conduct research on laws, regulations and industrial standards to predict potential changes and consult relevant experts when necessary.

During the Reporting Period, the Company appointed an independent consultant to conduct an examination on various material control aspects, including financial and operational controls with the aim of mitigating the overall business and operational risk of the Group. Risk management and internal control systems reports were submitted to the Audit Committee for review and the findings and recommendations were discussed at the committee meetings. Having considered the results of the review conducted by the independent consultant, the Audit Committee is of the view that the risk management, internal control systems and internal audit functions of the Group were effective and in compliance with the requirements of code provision D.2.1 of the CG Code for the Reporting Period in all material respects.

Internal control of confidential information

The Company has developed its disclosure policy which provides a general guide to the Directors, officers, senior management and relevant employees in handling confidential information, monitoring information disclosure and responding to enquiries.

DIRECTORS' AND AUDITOR'S RESPONSIBILITIES FOR FINANCIAL STATEMENTS

All Directors acknowledge their responsibilities for preparing the financial statements for the Reporting Period. The auditor of the Company acknowledges its reporting responsibilities in the auditor's report on the financial statements for the Reporting Period. The Directors have noted the material uncertainties of events or conditions that may cast significant doubt on the Group's ability to continue to operate as a going concern as reported in the Independent Auditor's Report. The Directors have undertaken a number of measures to improve the Group's liquidity and financial position and to remediate certain delayed repayments to financial institutions. The consolidated statements have been prepared on a going concern basis.

COMPANY SECRETARY

Ms. Chin Ying Ying has been appointed as the Company Secretary with effect from 11 July 2022. During the Reporting Period, the Company Secretary undertook more than 15 hours of relevant professional training.



Corporate Governance Report

THE SHAREHOLDERS' RIGHTS

Convening an Extraordinary Meeting by Shareholders

Pursuant to Article 64 of the Articles of Association, extraordinary general meetings shall be convened on the requisition of one or more Shareholders holding, at the date of deposit of the requisition, not less than one-tenth of the paid up capital of the Company having the right of voting at general meetings. Such requisition shall be made in writing to the Board or the Company Secretary for the purpose of requiring an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition. Such meeting shall be held within 2 months after the deposit of such requisition. If the Board fails to convene such meeting within 21 days of such deposit, the requisitionist(s) himself (themselves) may do so in the same manner.

Procedures for Putting Forward Proposals at General Meetings by Shareholders

Shareholders are requested to follow Article 64 of the Articles of Association for including a resolution at an extraordinary general meeting. The requirements and procedures are set out above in the paragraph headed "Convening an Extraordinary Meeting by Shareholders".

Pursuant to Article 113 of the Articles of Association, no person (other than a retiring Director) shall be eligible for election to the office of Director at any general meetings unless a notice in writing of the intention to propose that person for election as a Director and notice in writing by that person of his willingness to be elected shall have been lodged at the Head Office or at the Registration Office no earlier than the day after the dispatch of the notice of the general meeting appointed for such election and end no later than 7 days prior to the date of such general meeting and the minimum length of the period during which such notices to the Company may be given will be at least 7 days.

Company Secretarial Department and Investor Relations Department of the Company handle both telephone and written enquiries from Shareholders from time to time. Shareholders' enquiries and concerns will be forwarded to the Board and/or relevant committees of the Company, where appropriate, to answer the Shareholders' questions.

The procedures for Shareholders to propose a person for election as a Director are posted on the website of the Company.

Communication with Shareholders

Information of the Group is delivered to the Shareholders through a number of channels, which include annual report, interim report, announcements and circulars at the corporate website (<https://hksummi.com/>). The latest information of the Group together with the published documents are also available on the Company's website.

Shareholders may at any time send their enquiries and concerns to the Board in writing through the Investor Relations Department of the Company whose contact details are as follows:

Investor Relations Department
Summi (Group) Holdings Limited
Room 702, 7/F
Laford Centre
838 Lai Chi Kok Road
Cheung Sha Wan, Kowloon
Hong Kong
Email: adminhk@hksummi.com
Tel No.: (852) 3163 1000
Fax No.: (852) 3163 1122



Corporate Governance Report

POLICY ON PAYMENT OF DIVIDENDS

The Company adopted a policy on payment of dividends (the “Dividend Policy”) in compliance with F.1.1 of the CG Code which establishes an appropriate procedure on declaring and recommending the dividend payment of the Company.

The Company will declare and/or recommend the payment of dividends to Shareholders after considering the Company’s ability to pay dividends, which will depend upon, among other things, its actual and expected financial results, cash flow, general business conditions and strategies, current and future operations, statutory, contractual and regulatory restrictions and so on. The Board has complete discretion on whether to pay a dividend, subject to Shareholders’ approval, where applicable. Even if the Board decides to recommend and pay dividends, the form, frequency and amount will depend upon the operations and earnings, capital requirements and surplus, general financial condition, contractual restrictions and other factors of and affecting the Group. The Board may also consider declaring special dividends from time to time, in addition to the interim and/or final dividends.

The Company shall review and reassess the Dividend Policy and its effectiveness on a regular basis or as required.

INVESTOR RELATIONS

Constitutional Documents

During the Reporting Period, the Company did not make any changes to the Memorandum and Articles of Association, and the current version of which is available on the websites of the Stock Exchange and the Company.

CORPORATE GOVERNANCE ENHANCEMENT

Enhancing corporate governance is not simply a matter of applying and complying with the CG Code but also about promoting and developing an ethical and healthy corporate culture. The Company will continue to review and, where appropriate, improve the current practices on the basis of the experience, regulatory changes and developments. Any views and suggestions from the Shareholders to promote and improve the transparency are also welcomed.

On behalf of the Board

Wu Shaohao

Chairman and Executive Director

Hong Kong, 30 September 2022



Independent Auditor's Report



永拓富信會計師事務所有限公司
YONGTUO FUSON CPA LIMITED

TO THE MEMBERS OF SUMMI (GROUP) HOLDINGS LIMITED

森美(集團)控股有限公司

(Incorporated in Cayman Islands with limited liability)

DISCLAIMER OF OPINION

We were engaged to audit the consolidated financial statements of Summi (Group) Holdings Limited (the "Company") and its subsidiaries (the "Group") set out on pages 40 to 139, which comprise the consolidated statement of financial position as at 30 June 2022, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

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 and corporate bonds were of RMB299,966,000 and 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 of the Company (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(a) to the consolidated financial statements.



Independent Auditor's Report

BASIS FOR DISCLAIMER OF OPINION *(Continued)*

Multiple uncertainties relating to going concern *(Continued)*

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); 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. The effects of these adjustments have not been reflected in the consolidated financial statements.

RESPONSIBILITIES OF DIRECTORS AND AUDIT COMMITTEE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The Directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the Directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The Audit Committee is responsible for overseeing the Group's financial reporting process.



Independent Auditor's Report

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our responsibility is to conduct an audit of the Group's consolidated financial statements in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and to issue an auditor's report. This report is made solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. However, because of the matters described in the Basis for Disclaimer of Opinion section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these consolidated financial statements.

We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code.

The engagement partner on the audit resulting in this independent auditor's report is Lee Yan Fai.

Yongtuo Fuson CPA Limited

Certified Public Accountants

Lee Yan Fai

Practising Certificate Number: P06078

Hong Kong, 30 September 2022



Consolidated Statement of Profit and Loss and Other Comprehensive Income

For the year ended 30 June 2022

	Notes	2022 RMB'000	2021 RMB'000
Revenue	6	30,172	111,168
Cost of sales		(22,994)	(106,937)
Gross profit		7,178	4,231
Other income (expenses), net	8	25,297	3,794
Other operating expenses		(1,583)	(36)
Selling and distribution expenses		(4,536)	(4,072)
Administrative expenses		(42,323)	(41,720)
Changes in fair values	10	–	13,676
Reversal of impairment losses	10	1,500	6,100
Finance costs	9	(26,599)	(30,491)
Loss before tax	10	(41,066)	(48,518)
Income tax credit	11	1,250	–
Loss for the year		(39,816)	(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		18,564	31,437
Total comprehensive expense for the year attributable to owners of the Company		(21,252)	(17,081)
Loss for the year attributable to:			
– Owners of the Company		(39,807)	(48,360)
– Non-controlling interests		(9)	(158)
		(39,816)	(48,518)
Total comprehensive expense attributable to:			
– Owners of the Company		(21,243)	(16,923)
– Non-controlling interests		(9)	(158)
		(21,252)	(17,081)
Loss per share			
– Basic and diluted (RMB cents)	15	(1.74)	(2.83)



Consolidated Statement of Financial Position

As at 30 June 2022

	Notes	2022 RMB'000	2021 RMB'000
Non-current assets			
Property, plant and equipment	16	91,901	124,347
Right-of-use assets	17	19,494	21,370
		111,395	145,717
Current assets			
Inventories	19	6,013	5,659
Trade and other receivables	20	21,085	22,138
Cash and cash equivalents	21	5,420	3,770
		32,518	31,567
Current liabilities			
Trade and other payables	22	100,847	52,802
Borrowings	23	160,205	202,167
Lease liabilities	17	979	163
Corporate bonds	24	81,423	39,569
Derivative financial instruments	25	–	–
		343,454	294,701
Net current liabilities		(310,936)	(263,134)
Total assets less current liabilities		(199,541)	(117,417)
Non-current liabilities			
Deferred tax liabilities	26	–	1,250
Borrowings	23	23,059	57,291
Lease liabilities	17	116	657
Corporate bonds	24	35,279	60,128
Convertible bonds	27	–	–
		58,454	119,326
		(257,995)	(236,743)



Consolidated Statement of Financial Position

As at 30 June 2022

	Notes	2022 RMB'000	2021 RMB'000
Capital and reserves			
Share capital	28	19,341	19,341
Reserves	29	(277,169)	(255,926)
Deficit attributable to owners of the Company			
Non-controlling interests		(167)	(158)
		(257,995)	(236,743)

The consolidated financial statements from pages 40 to 139 were approved and authorised for issue by the board of directors on 30 September 2022:

WU Shaohao
Director

WU Liantao
Director

The accompanying notes to the consolidated financial statements form an integral part of, and should be read in conjunction with, these consolidated financial statements.



Consolidated Statement of Changes in Equity

For the year ended 30 June 2022

	Attributable to owners of the Company									
	Share capital RMB'000 (Note 29(a))	Share premium RMB'000 (Note 29(a))	Capital reserve RMB'000 (Note 29(b))	Shares held under the share award scheme RMB'000 (Note 29(c))	Statutory reserves RMB'000 (Note 29(d))	Exchange reserve RMB'000 (Note 29(e))	Accumulated losses RMB'000	Subtotal RMB'000	Non-controlling interests RMB'000	Total RMB'000
As at 1 July 2020	11,610	453,671	90,300	(11,159)	38,810	(65,648)	(848,491)	(330,907)	-	(330,907)
Loss for the year	-	-	-	-	-	-	(48,360)	(48,360)	(158)	(48,518)
Other comprehensive income for the year										
- Exchange differences arising on translation of foreign operations	-	-	-	-	-	31,437	-	31,437	-	31,437
Total comprehensive income (expense) for the year	-	-	-	-	-	31,437	(48,360)	(16,923)	(158)	(17,081)
Equity-settled share-based payments	-	-	(14,906)	11,159	-	-	3,747	-	-	-
Issue of shares upon conversion of Convertible Bonds (see note 27)	3,275	46,234	-	-	-	-	-	49,509	-	49,509
Issue of shares upon exercise of Warrants (see note 25(i))	2,230	32,794	-	-	-	-	-	35,024	-	35,024
Issue of shares	2,226	24,486	-	-	-	-	-	26,712	-	26,712
As at 30 June 2021 and 1 July 2021	19,341	557,185	75,394	-	38,810	(34,211)	(893,104)	(236,585)	(158)	(236,743)
Loss for the year	-	-	-	-	-	-	(39,807)	(39,807)	(9)	(39,816)
Other comprehensive income for the year										
- Exchange differences arising on translation of foreign operations	-	-	-	-	-	18,564	-	18,564	-	18,564
Total comprehensive income (expense) for the year	-	-	-	-	-	18,564	(39,807)	(21,243)	(9)	(21,252)
As at 30 June 2022	19,341	557,185	75,394	-	38,810	(15,647)	(932,911)	(257,828)	(167)	(257,995)



Consolidated Statement of Cash Flows

For the year ended 30 June 2022

	2022 RMB'000	2021 RMB'000
OPERATING ACTIVITIES		
Loss before tax	(41,066)	(48,518)
Adjustments for:		
Depreciation of property, plant and equipment	18,186	19,098
Depreciation of right-of-use assets	689	759
Reversal of impairment losses in respect of property, plant and equipment	(1,500)	(6,100)
(Reversal of) impairment losses recognised in respect of inventories	(6,148)	8,078
Finance costs	26,599	30,491
Bank interest income	–*	(49)
Gains on disposals of property, plant and equipment and right-of-use assets	(18,355)	(24)
Loss on written off of property, plant and equipment	64	–
Changes in fair values	–	(13,676)
Operating cash flows before movements in working capital	(21,531)	(9,941)
Decrease in inventories	5,794	2,086
Increase in trade and other receivables	(1,568)	(5,503)
Increase (decrease) in trade and other payables	24,414	(7,269)
Cash from (used in) operations	7,109	(20,627)
Income tax paid	–	(2)
NET CASH FROM (USED IN) OPERATING ACTIVITIES	7,109	(20,629)
INVESTING ACTIVITIES		
Proceeds from disposals of property, plant and equipment and right-of-use assets	39,079	188
Bank interest income received	–*	49
Purchase of property, plant and equipment	(3,158)	(51)
Placement of security deposits	–	(8,275)
Withdrawal of security deposits	2,621	47
NET CASH FROM (USED IN) FROM INVESTING ACTIVITIES	38,542	(8,042)



Consolidated Statement of Cash Flows

For the year ended 30 June 2022

	2022 RMB'000	2021 RMB'000
FINANCING ACTIVITIES		
Repayments of borrowings	(118,494)	(102,781)
Advance from (repayment to) a director	42,589	(29,892)
Interest paid	(12,435)	(7,263)
Repayments of lease liabilities	(196)	(177)
Proceeds from issue of new shares upon exercise of Warrants	–	35,014
Proceeds on issue of shares	–	26,713
New borrowings raised	38,450	99,280
NET CASH (USED IN) FROM FINANCING ACTIVITIES	(50,086)	20,894
NET DECREASE IN CASH AND CASH EQUIVALENTS	(4,435)	(7,777)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	3,770	6,842
Effect of foreign exchange rate changes	6,085	4,705
CASH AND CASH EQUIVALENTS AT END OF THE YEAR, represented by cash and cash equivalents	5,420	3,770

* Less than RMB1,000.



Notes to the Consolidated Financial Statements

For the year ended 30 June 2022

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”), 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 addresses of the registered office and principal place of business of the Company are disclosed in the “Corporate Information” section to the annual report.

The Company acts as an investment holding company. The principal activities of its subsidiaries are set out in note 39.

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 PREPARATION AND PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

(a) Going concern assessment

During the year ended 30 June 2022, 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.



Notes to the Consolidated Financial Statements

For the year ended 30 June 2022

2. BASIS OF PREPARATION *(Continued)*

(a) Going concern assessment *(Continued)*

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 abovementioned plans and measures, the Group will have sufficient working capital to finance its operations and to meet its financial obligations as and when they fall due within twelve months from 30 June 2022. Accordingly, the Directors are satisfied that it is appropriate to prepare the consolidated financial statements on a going concern basis.



Notes to the Consolidated Financial Statements

For the year ended 30 June 2022

2. BASIS OF PREPARATION *(Continued)*

(a) Going concern assessment *(Continued)*

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 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.

(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", as defined in note 24(ii)) and the Company issued 120,784,960 shares (the "Individuals Warrant Shares", as described in note 24(ii)) 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").



Notes to the Consolidated Financial Statements

For the year ended 30 June 2022

2. BASIS OF PREPARATION *(Continued)*

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

(Continued)

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 Mr. 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 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 note 20(iv).



Notes to the Consolidated Financial Statements

For the year ended 30 June 2022

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

¹ Effective for annual periods beginning on or after 1 January 2022

² Effective for annual periods beginning on or after 1 January 2023

³ 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.



Notes to the Consolidated Financial Statements

For the year ended 30 June 2022

4. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with IFRSs issued by the IASB. For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the consolidated financial statements include applicable disclosures required by the Listing Rules and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies set out below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2 *Share-based Payment*, leasing transactions that are within the scope of IFRS 16 *Leases*, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 *Inventories* or value-in-use in IAS 36 *Impairment of Assets*.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

For financial instruments which are transacted at fair value and a valuation technique that unobservable inputs are to be used to measure fair value in subsequent periods, the valuation technique is calibrated so that at initial recognition the results of the valuation technique equal the transaction price.



Notes to the Consolidated Financial Statements

For the year ended 30 June 2022

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies are set out below.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each item of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.



Notes to the Consolidated Financial Statements

For the year ended 30 June 2022

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Basis of consolidation *(Continued)*

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein, which represent present ownership interests entitling their holders to a proportionate share of net assets of the relevant subsidiaries upon liquidation.

Revenue from contracts with customers

Revenue is recognised to depict the transfer of promised goods and services to customers at an amount that reflects the consideration to which an entity expects to be entitled in exchange for those goods or services to a customer. Specifically, the Group uses a five-step approach to recognise revenue:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the Group satisfies a performance obligation.

The Group recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

A performance obligation represents a good or service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- the Group's performance creates or enhances an asset that the customer controls as the Group performs; or
- the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct good or service.

A contract asset represents the Group's right to consideration in exchange for goods or services that the Group has transferred to a customer that is not yet unconditional. It is assessed for impairment in accordance with IFRS 9. In contrast, a receivable represents the Group's unconditional right to consideration, i.e. only the passage of time is required before payment of that consideration is due.



Notes to the Consolidated Financial Statements

For the year ended 30 June 2022

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Revenue from contracts with customers *(Continued)*

A contract liability represents the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

A contract asset and a contract liability relating to the same contract are accounted for and presented on a net basis.

Principal versus agent

When another party is involved in providing goods or services to a customer, the Group determines whether the nature of its promise is a performance obligation to provide the specified goods or services itself (i.e. the Group is a principal) or to arrange for those goods or services to be provided by the other party (i.e. the Group is an agent).

The Group is a principal if it controls the specified good or service before that good or service is transferred to a customer.

The Group is an agent if its performance obligation is to arrange for the provision of the specified good or service by another party. In this case, the Group does not control the specified good or service provided by another party before that good or service is transferred to the customer. When the Group acts as an agent, it recognises revenue in the amount of any fee or commission to which it expects to be entitled in exchange for arranging for the specified goods or services to be provided by the other party.

Sales of goods

Revenue from trading of goods and commodities are recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the products.

Leases

Definition of a lease

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

For contracts entered into or modified or arising from business combinations or arising from business combinations, the Group assesses whether a contract is or contains a lease based on the definition under IFRS 16 at inception, modification date or acquisition date, as appropriate. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

The Group as a lessee

Allocation of consideration to components of a contract

For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components, including contract for acquisition of ownership interests of a property which includes both leasehold land and non-lease building components, unless such allocation cannot be made reliably.



Notes to the Consolidated Financial Statements

For the year ended 30 June 2022

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Leases *(Continued)*

The Group as a lessee *(Continued)*

Short-term leases

The Group applies the short-term lease recognition exemption to leases of office premises that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. Lease payments on short-term leases are recognised as expense on a straight-line basis or another systematic basis over the lease term.

Right-of-use assets

The cost of right-of-use asset includes:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the Group; and
- an estimate of costs to be incurred by the Group in dismantling and removing the underlying assets, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

Right-of-use assets in which the Group is reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term are depreciated from commencement date to the end of the useful life.

Otherwise, right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

The Group presents right-of-use assets as a separate line item on the consolidated statement of financial position.

Refundable rental deposits

Refundable rental deposits paid are accounted under IFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.



Notes to the Consolidated Financial Statements

For the year ended 30 June 2022

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Leases *(Continued)*

The Group as a lessee *(Continued)*

Lease liabilities

At the commencement date of a lease, the Group recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

The lease payments include:

- fixed payments (including in-substance fixed payments) less any lease incentives receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the Group under residual value guarantees;
- the exercise price of a purchase option if the Group is reasonably certain to exercise the option; and
- payments of penalties for terminating a lease, if the lease term reflects the Group exercising an option to terminate the lease.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

The Group presents lease liabilities as a separate line item on the consolidated statement of financial position.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recognised at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's operations are translated into the presentation currency of the Group (i.e. RMB) using exchange rates prevailing at the end of each reporting period. Income and expenses items are translated at the average exchange rates for the period. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of exchange reserve.



Notes to the Consolidated Financial Statements

For the year ended 30 June 2022

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised as deferred income in the consolidated statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants related to income that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable. Such grants are presented under "other income".

Retirement benefit costs

Payments to defined contribution schemes including state-managed retirement benefit schemes and the Mandatory Provident Fund Scheme (the "MPF Scheme") are recognised as an expense when employees have rendered service entitling them to the contributions.

Short-term employee benefits

Short-term employee benefits are recognised at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognised as an expense unless another IFRS requires or permits the inclusion of the benefit in the cost of an asset.

A liability is recognised for benefits accruing to employees (such as wages and salaries, annual leave and sick leave) after deducting any amount already paid.



Notes to the Consolidated Financial Statements

For the year ended 30 June 2022

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Equity-settled share-based payments

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date.

The fair value of the equity-settled share-based payments determined at the grant date without taking into consideration all non-market vesting conditions is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity (capital reserve).

At the end of the reporting period, the Group revises its estimates of the number of options that are expected to ultimately vest. The impact of the revision of the original estimates during the vesting period, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to capital reserve.

When share options are exercised, the amount previously recognised in capital reserve will be transferred to share premium. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in capital reserve will be transferred to retained profits or accumulated losses, if applicable.

When shares granted are vested, the amount previously recognised in capital reserve will be transferred to share premium.

Shares held under the share award scheme

Own equity instruments which are reacquired (shares held under the share award scheme) are recognised at cost and deducted from equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments. Any difference between the carrying amount and the consideration is recognised in equity. The number of shares held by the trustee under the share award scheme would be eliminated against the corresponding amount of share capital issued in the calculation of the earnings per share for profit attributable to owners of the Company.

When trustee of the share award scheme purchases the Company's shares from the open market, the consideration paid, including any directly attributable incremental costs, is presented as shares held for share award scheme and deducted from total equity. No gain or loss is recognised on the transactions of the Company's own shares.

The fair value of services received is determined by reference to the fair value of share award granted at the grant date and is expensed on a straight-line basis over the vesting period, with a corresponding increase in equity (shares held for share award reserve). When the trustee transfers the Company's granted shares to grantees upon vesting, the related costs of the granted shares vested are reversed from shares held for share award scheme. Accordingly, the related expense of the granted shares vested is reversed from shares held for share award reserve. The difference arising from such transfer is debited/credited to retained profits. At the end of the reporting period, the Group revises its estimates of the number of awarded shares that are expected to ultimately vest. The impact of the revision of the estimates, if any, is recognised in profit or loss with a corresponding adjustment to the shares held for share award reserve.



Notes to the Consolidated Financial Statements

For the year ended 30 June 2022

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit/loss before tax because of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.



Notes to the Consolidated Financial Statements

For the year ended 30 June 2022

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Property, plant and equipment

Property, plant and equipment, that are held for use in the production or supply of goods or services, or for administrative purposes are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Costs include professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Depreciation is recognised so as to write off the cost of assets less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Impairment on property, plant and equipment and right-of-use assets

At the end of the reporting period, the Group reviews the carrying amounts of its property, plant and equipment and right-of-use assets with finite useful lives to determine whether there is any indication that these assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss (if any).

The recoverable amount of property, plant and equipment and right-of-use assets are estimated individually. When it is not possible to estimate the recoverable amount individually, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

In testing a cash-generating unit for impairment, corporate assets are allocated to the relevant cash-generating unit when a reasonable and consistent basis of allocation can be established, or otherwise they are allocated to the smallest group of cash generating units for which a reasonable and consistent allocation basis can be established. The recoverable amount is determined for the cash-generating unit or group of cash-generating units to which the corporate asset belongs, and is compared with the carrying amount of the relevant cash-generating unit or group of cash-generating units.



Notes to the Consolidated Financial Statements

For the year ended 30 June 2022

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Impairment on property, plant and equipment and right-of-use assets *(Continued)*

Recoverable amount is the higher of fair value less costs of disposal or value-in-use. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or a cash-generating unit) for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. For corporate assets or portion of corporate assets which cannot be allocated on a reasonable and consistent basis to a cash-generating unit, the Group compares the carrying amount of a group of cash-generating units, including the carrying amounts of the corporate assets or portion of corporate assets allocated to that group of cash-generating units, with the recoverable amount of the group of cash-generating units. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit or the group of cash-generating units. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value-in-use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit or the group of cash-generating units. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit or the group of cash-generating) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or a cash-generating unit or a group of cash-generating units) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined on a weighted average method. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale. Costs necessary to make the sale include incremental costs directly attributable to the sale and non-incremental costs which the Group must incur to make the sale.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).



Notes to the Consolidated Financial Statements

For the year ended 30 June 2022

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

Financial assets and financial liabilities are initially measured at fair value except for trade receivables arising from contracts with customers which are initially measured in accordance with IFRS 15. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at fair value through profit or loss ("FVTPL")) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in profit or loss.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest/dividend income which are derived from the Group's ordinary course of business are presented as revenue.

Financial assets

Classification and subsequent measurement of financial assets

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.



Notes to the Consolidated Financial Statements

For the year ended 30 June 2022

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial assets *(Continued)*

Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost are measured at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial asset and is included in the “other gains and losses” line item.

Amortised cost and interest income

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit impaired.

Impairment of financial assets

The Group performs impairment assessment under expected credit loss (“ECL”) model on financial assets (including trade and other receivables, cash and cash equivalents) which are subject to impairment under IFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL (“12m ECL”) represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessment has been performed based on the Group’s historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

The Group always recognises lifetime ECL for trade receivables. The ECL on these assets are assessed individually for debtors with significant balances and/or collectively using a provision matrix with appropriate groupings.

For all other instruments, the Group measures the loss allowance equal to 12m ECL, unless there has been a significant increase in credit risk since initial recognition, in which case the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.



Notes to the Consolidated Financial Statements

For the year ended 30 June 2022

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial assets *(Continued)*

Impairment of financial assets *(Continued)*

(i) Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

Despite the foregoing, the Group assumes that the credit risk on a debt instrument has not increased significantly since initial recognition if the debt instrument is determined to have low credit risk at the reporting date. A debt instrument is determined to have low credit risk if i) it has a low risk of default, ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations. The Group considers a debt instrument to have low credit risk when it has an internal or external credit rating of "investment grade" as per globally understood definitions

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.



Notes to the Consolidated Financial Statements

For the year ended 30 June 2022

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial assets *(Continued)*

Impairment of financial assets *(Continued)*

(ii) Definition of default

For internal credit risk management, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- (a) significant financial difficulty of the issuer or the borrower;
- (b) a breach of contract, such as a default or past due event;
- (c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- (d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- (e) the disappearance of an active market for that financial asset because of financial difficulties.

(iv) Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over two years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.



Notes to the Consolidated Financial Statements

For the year ended 30 June 2022

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial assets *(Continued)*

Impairment of financial assets *(Continued)*

(v) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights. The Group uses a practical expedient in estimating ECL on trade receivables using a provision matrix taking into consideration historical credit loss experience, adjusted for forward looking information that is available without undue cost or effort.

Generally, the ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

Where ECL is measured on a collective basis or cater for cases where evidence at the individual instrument level may not yet be available, the financial instruments are grouped on the following basis:

- Nature of financial instruments (i.e. the Group's trade and other receivables are assessed for expected credit losses on an individual basis);
- Past-due status;
- Nature, size and industry of debtors; and
- External credit ratings where available.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit impaired, in which case interest income is calculated based on amortised cost of the financial asset.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of trade receivables where the corresponding adjustment is recognised through a loss allowance account.



Notes to the Consolidated Financial Statements

For the year ended 30 June 2022

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

Financial liabilities and equity

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

Perpetual instruments, which include no contractual obligation for the Group to deliver cash or other financial assets or the Group has the sole discretion to defer payment of distribution and redemption of principal amount indefinitely are classified as equity instruments.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.



Notes to the Consolidated Financial Statements

For the year ended 30 June 2022

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial liabilities and equity *(Continued)*

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is designated as at FVTPL.

A financial liability may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and IFRS 9 permits the entire combined contract to be designated as at FVTPL.

For financial liabilities that are designated as at FVTPL, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognised in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. For financial liabilities that contain embedded derivatives, such as convertible bonds and corporate bonds, the changes in fair value of the embedded derivatives are excluded in determining the amount to be presented in other comprehensive income. Changes in fair value attributable to a financial liability's credit risk that are recognised in other comprehensive income are not subsequently reclassified to profit or loss; instead, they are transferred to retained profits or accumulated losses upon derecognition of the financial liability.

Financial liabilities at amortised cost

Financial liabilities including borrowings, trade and other payables, borrowings, corporate bonds and lease liabilities are subsequently measured at amortised cost, using the effective interest method.

Convertible bonds

A conversion option that will be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Group's own equity instruments is a conversion option derivative.

At the date of issue, both the debt component and derivative components are recognised at fair value. In subsequent periods, the debt component of the convertible bonds is carried at amortised cost using the effective interest method. The derivative component is measured at fair value with changes in fair value recognised in profit or loss.

Transaction costs that relate to the issue of the convertible bonds are allocated to the debt and derivative components in proportion to their relative fair values. Transaction costs relating to the derivative component are charged to profit or loss immediately. Transaction costs relating to the debt component are included in the carrying amount of the debt portion and amortised over the period of the convertible bonds using the effective interest method.



Notes to the Consolidated Financial Statements

For the year ended 30 June 2022

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial liabilities and equity *(Continued)*

Derecognition/Substantial modification of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

The Group accounts for an exchange with a lender of a financial liability with substantially different terms as an extinguishment of the original financial liability and the recognition of a new financial liability. A substantial modification of the terms of an existing financial liability or a part of it (whether or not attributable to the financial difficulty of the Group) is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability.

The Group considers that the terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial liability. Accordingly, such exchange of debt instruments or modification of terms is accounted for as an extinguishment, any costs or fees incurred are recognised as part of the gain or loss on the extinguishment. The exchange or modification is considered as non-substantial modification when such difference is less than 10 per cent.

When the contractual terms of a convertible instrument are modified, the revised terms would result in a substantial modification from the original terms, after taking into account all relevant facts and circumstances including qualitative factors, such modification is accounted for as derecognition of the original financial liability and the recognition of new financial liability. The difference between the carrying amount of financial liability derecognised and the fair value of consideration paid or payable, including any liabilities assumed and derivative components recognised, is recognised in profit or loss.

Non-substantial modifications of financial liabilities

For non-substantial modifications of financial liabilities that do not result in derecognition, the carrying amount of the relevant financial liabilities will be calculated at the present value of the modified contractual cash flows discounted at the financial liabilities' original effective interest rate. Transaction costs or fees incurred are adjusted to the carrying amount of the modified financial liabilities and are amortised over the remaining term. Any adjustment to the carrying amount of the financial liability is recognised in profit or loss at the date of modification.

Derivative financial instruments

Derivatives are initially recognised at fair value at the date when derivative contracts are entered into and are subsequently remeasured to their fair value at the end of the reporting period. The resulting gain or loss is recognised in profit or loss.



Notes to the Consolidated Financial Statements

For the year ended 30 June 2022

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial liabilities and equity *(Continued)*

Embedded derivatives

Derivatives embedded in hybrid contracts that contain financial asset hosts within the scope of IFRS 9 are not separated. The entire hybrid contract is classified and subsequently measured in its entirety as either amortised cost or fair value as appropriate.

Derivatives embedded in non-derivative host contracts that are not financial assets within the scope of IFRS 9 are treated as separate derivatives when they meet the definition of a derivative, their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at FVTPL.

Generally, multiple embedded derivatives in a single instrument that are separated from the host contracts are treated as a single compound embedded derivative unless those derivatives relate to different risk exposures and are readily separable and independent of each other.

Warrants

Warrants issued by the Company that will be settled by other than a fixed amount of cash for a fixed number of the Company's own equity instruments are derivative financial instruments. Warrants classified as derivative financial instruments are recognised at their fair values at the date of issue. Changes in fair values in subsequent periods are recognised through profit or loss.

Cash and cash equivalents

Cash and cash equivalents in the consolidated statement of financial position comprise cash on hand and at banks with a maturity of three months or less.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash on hand and at banks as defined above.



Notes to the Consolidated Financial Statements

For the year ended 30 June 2022

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Related parties

For the purposes of these financial statements, related parties include a person and entity as defined below:

- (a) A person or a close member of that person's family is related to the Group if that person:
 - (i) has control or joint control over the Group;
 - (ii) has significant influence over the Group; or
 - (iii) is a member of the key management personnel of the Company or of a parent of the Group;
or
- (b) An entity is related to the Group (reporting entity) if any of the following conditions applies:
 - (i) the entity and the Group are members of the same group;
 - (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
 - (iii) the entity and the Group are joint ventures of the same third party;
 - (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
 - (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;
 - (vi) the entity is controlled or jointly controlled by a person identified in (a);
 - (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and
 - (viii) the entity, or any member of a Group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.



Notes to the Consolidated Financial Statements

For the year ended 30 June 2022

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 4, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying accounting policies

Going concern and liquidity

As explained in note 2(a), the consolidated financial statements have been prepared on a going concern basis and have not included any adjustments that would be required should the Group fail to continue as a going concern since the Directors are satisfied that the liquidity of the Group can be maintained in the coming year after taking into the considerations as detailed in note 2(a). The Directors also believe that the Group will have sufficient cash resources to satisfy its future working capital and other financing requirements for the next twelve months from 30 June 2022.

Legal title of buildings

Despite the Group had paid the full purchase consideration for the buildings, formal titles of certain of the Group's rights to the use of the buildings were not yet granted from the relevant government authorities as stated in note 16. In the opinion of the Directors, the absence of formal titles to these buildings does not impair the value of the relevant properties to the Group.

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Estimated impairment of property, plant and equipment and right-of-use assets

The Group regularly reviews whether there are any indications of impairment of property, plant and equipment and right-of-use assets and will recognise an impairment loss if the carrying amount of an asset is lower than its recoverable amount which is the higher of its fair value less cost of disposal (the market value) or its value-in-use. In determining whether an asset is impaired, the Group has to exercise judgment and make estimation, particularly in assessing whether an event has occurred or any indicators that may affect the asset value.



Notes to the Consolidated Financial Statements

For the year ended 30 June 2022

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY *(Continued)*

Key sources of estimation uncertainty *(Continued)*

Estimated impairment of property, plant and equipment and right-of-use assets *(Continued)*

The calculation of the fair value less cost of disposal is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. If there is no binding sale agreement or active market for that asset (or asset group), management will make reference to the best information available to reflect the amount that an entity could obtain at end of the reporting period. In determining the value-in-use, the Group assesses the present value of the estimated future cash flows expected to arise from the continuing use of the asset and from its disposal at end of its useful life. Estimates and judgements are applied in determining these future cash flows and the discount rate. The Group estimates the future cash flows based on certain assumptions, such as market competition and development and the expected growth in business.

Changes in these assumptions and estimates could have a material effect on the determination of the recoverable amounts of the assets. Where the actual results are less than expected, additional impairment losses, if any, may arise.

As at 30 June 2022, the carrying values and accumulated impairment losses recognised in respect of the Group's property, plant and equipment and right-of-use assets are disclosed in notes 16 and 17(i), respectively.

Provision of ECL for trade and other receivables

The Group uses provision matrix to calculate ECL for the trade and other receivables. The provision rates are based on past due record as groupings of various debtors that have similar loss patterns. In addition, the Group uses practical expedient in estimating ECL on trade receivables which are not assessed individually using a provision matrix. The provision rates are aging of the debtors as groupings of various debtors taking into consideration of the Group's historical default rates and forward-looking information that is reasonable and supportable available without undue costs or effort. At every reporting date, the historical observed default rates are reassessed and changes in the forward-looking information are considered. In addition, trade and other receivables with significant balances and credit impaired are assessed for ECL individually.

As at 30 June 2022, the provision of ECL is sensitive to changes in estimates. The information about the ECL for trade and other receivables are disclosed in notes 20 and 35.

Net realisable value of inventories

The management of the Group reviews the inventories listing on a product-by-product basis at end of the reporting period. The management estimates the net realisable value for such items based primarily on the latest invoice prices and current market conditions and the historical experience of manufacturing and selling products of similar nature.

As at 30 June 2022, the net carrying value and accumulated impairment losses recognised in respect of the Group's inventories are disclosed in note 19.



Notes to the Consolidated Financial Statements

For the year ended 30 June 2022

6. REVENUE

Disaggregation of revenue from contracts with customers

During the year ended 30 June 2022, 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 RMB'000	2021 RMB'000
Revenue from contracts with customers		
<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
Total	30,172	111,168
<i>Timing of revenue recognition:</i>		
– A point in time	30,172	111,168



Notes to the Consolidated Financial Statements

For the year ended 30 June 2022

6. REVENUE (Continued)

Disaggregation of revenue from contracts with customers (Continued)

For the year ended 30 June 2022

	FCOJ and other related products RMB'000	Summi Fresh Orange Juice and other products RMB'000	Total RMB'000
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
Total	9,203	20,969	30,172
<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
	9,203	20,969	30,172
<i>Timing of revenue recognition:</i>			
– A point in time	9,203	20,969	30,172
<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
	9,203	20,969	30,172



Notes to the Consolidated Financial Statements

For the year ended 30 June 2022

6. REVENUE (Continued)

Disaggregation of revenue from contracts with customers (Continued)

For the year ended 30 June 2021

	FCOJ and other related products RMB'000	Summi Fresh Orange Juice and other products RMB'000	Total RMB'000
Revenue from contracts with customers			
<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
Total	6,191	104,977	111,168
<i>Geographical markets</i>			
– South East Asia	–	86,861	86,861
– Mainland China	6,191	17,215	23,406
– Hong Kong	–	901	901
	6,191	104,977	111,168
<i>Timing of revenue recognition:</i>			
– A point in time	6,191	104,977	111,168
<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
	6,191	104,977	111,168

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.



Notes to the Consolidated Financial Statements

For the year ended 30 June 2022

6. REVENUE *(Continued)*

Disaggregation of revenue from contracts with customers *(Continued)*

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.

7. 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 Business and Other Products Business segment.



Notes to the Consolidated Financial Statements

For the year ended 30 June 2022

7. OPERATING SEGMENTS *(Continued)*

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
For the year ended 30 June 2022			
Segment revenue			
– Sales to external customers	9,203	20,969	30,172
– Inter-segment sales	193	3,368	3,561
Segment revenue	9,396	24,337	33,733
Inter-segment sales			(3,561)
Consolidated revenue			30,172
Segment results	5,249	(14,776)	(9,527)
Unallocated losses			89
Corporate and other unallocated expenses			(5,029)
Finance costs			(26,599)
Loss before tax			(41,066)



Notes to the Consolidated Financial Statements

For the year ended 30 June 2022

7. OPERATING SEGMENTS *(Continued)* Segment revenue and results *(Continued)*

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



Notes to the Consolidated Financial Statements

For the year ended 30 June 2022

7. OPERATING SEGMENTS *(Continued)*

Segment assets and liabilities

	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
As at 30 June 2022			
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



Notes to the Consolidated Financial Statements

For the year ended 30 June 2022

7. OPERATING SEGMENTS *(Continued)* Segment assets and liabilities *(Continued)*

	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
As at 30 June 2021			
Assets and liabilities			
Segment assets	70,845	83,096	153,941
Corporate and other unallocated assets			23,343
Total assets			177,284
Segment liabilities	5,791	1,575	7,366
Corporate and other unallocated liabilities			406,661
Total liabilities			414,027

The accounting policies of the operating segments are identical to the Group's accounting policies as described in note 4. 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:

- 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.
- all liabilities are allocated to operating segments other than corporate 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.



Notes to the Consolidated Financial Statements

For the year ended 30 June 2022

7. OPERATING SEGMENTS *(Continued)*

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
For the year ended 30 June 2022				
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



Notes to the Consolidated Financial Statements

For the year ended 30 June 2022

7. OPERATING SEGMENTS *(Continued)* Other segment information *(Continued)*

	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
For the year ended 30 June 2021				
Amounts included in the measure of segment profit or loss or segment assets:				
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
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	–	–	49	49
Gains on disposals of property, plant and equipment	4	20	–	24
Finance costs	–	–	30,491	30,491

* Less than RMB1,000.



Notes to the Consolidated Financial Statements

For the year ended 30 June 2022

7. OPERATING SEGMENTS (Continued)

Geographical information

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

Information about the Group's revenue 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:

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

	2022 RMB'000	2021 RMB'000
Non-current assets		
Mainland China and South East Asia	110,897	145,421
Hong Kong	498	296
	111,395	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:

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



Notes to the Consolidated Financial Statements

For the year ended 30 June 2022

7. OPERATING SEGMENTS (Continued)

Information about major customers

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

	2022 RMB'000	2021 RMB'000
Customer C ¹	11,553	14,834
Customer D ²	3,349	12,464
Customer E ³	2,764	–
Customer A ^{4 and 5}	–	57,909
Customer B ^{2 and 5}	–	15,821

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. The Customers are controlled by and beneficially owned by a director of a subsidiary of the Company.

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.

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



Notes to the Consolidated Financial Statements

For the year ended 30 June 2022

8. OTHER INCOME (EXPENSES), NET

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

* The amount less than RMB1,000.

Notes:

- (i) During the year ended 30 June 2022, governments grant of approximately RMB7,313,000 (2021: RMB2,396,000) was 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. The Company did not receive any such government grants during the year ended 30 June 2022.

9. FINANCE COSTS

	2022 RMB'000	2021 RMB'000
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
	26,599	30,491



Notes to the Consolidated Financial Statements

For the year ended 30 June 2022

10. LOSS BEFORE TAX

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

	2022 RMB'000	2021 RMB'000
Changes in fair values in respect of:		
– Warrants (note 25(ii))	–	8,897
– Derivative component of the Convertible Bonds (note 27)	–	4,779
Total changes in fair values	–	13,676
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
	9,619	9,657
Reversal of impairment losses in respect of property, plant and equipment	(1,500)	(6,100)
Cost of inventories recognised as an expense, including:	22,994	106,937
– (Reversal of) impairment losses recognised in respect of inventories	(6,148)	8,078
Depreciation on:		
– Property, plant and equipment	18,186	19,098
– Right-of-use assets	689	759
Total depreciation	18,875	19,857
<i>Others:</i>		
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	64	–



Notes to the Consolidated Financial Statements

For the year ended 30 June 2022

11. INCOME TAX CREDIT

	2022 RMB'000	2021 RMB'000
Current income tax	–	–
Deferred income tax (note 26)	1,250	–
	1,250	–

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.



Notes to the Consolidated Financial Statements

For the year ended 30 June 2022

11. INCOME TAX CREDIT (Continued)

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 million 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 (see note 26).

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:

	2022 RMB'000	2021 RMB'000
Loss before tax	(41,066)	(48,518)
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	(1,250)	–
Income tax credit	(1,250)	–

Details of deferred income tax are set out in note 26.



Notes to the Consolidated Financial Statements

For the year ended 30 June 2022

12. DIRECTORS' AND CHIEF EXECUTIVES' EMOLUMENTS

For the year ended 30 June 2022

	Executive Directors		Independent Non-executive Directors			Chief executive officer	Total
	Wu Shaohao	Wu Liantao (Note (i) below)	Kway Sai Hing (Note (ii) below)	Ma Chi Kin (Note (ii) below)	Chen Ying (Note (ii) below)	Hu Mingyue (Note (iii) below)	
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Emoluments paid or receivable in respect of a person's services as a director, whether of the Company and its subsidiary undertakings							
Fee	-	-	99	99	99	149	446
Emoluments paid or receivable in respect of director's other services in connection with the management of the affairs of the Company and its subsidiary undertakings							
Wages, salaries and other benefits	-	-	-	-	-	-	-
Discretionary bonuses and performance incentive payments	-	-	-	-	-	-	-
Other emoluments	-	-	-	-	-	-	-
Contributions to defined contribution plans	-	-	-	-	-	-	-
Equity-settled share-based payment expenses	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
Total emoluments	-	-	99	99	99	149	446



Notes to the Consolidated Financial Statements

For the year ended 30 June 2022

12. DIRECTORS' AND CHIEF EXECUTIVES' EMOLUMENTS (Continued)

For the year ended 30 June 2021

	Executive Directors		Independent Non-executive Directors			Chief executive officer	Total
	Wu Shaohao	Wu Liantao (Note (i) below)	Kway Sai Hing (Note (ii) below)	Ma Chi Kin (Note (ii) below)	Chen Ying (Note (ii) below)	Hu Mingyue (Note (iii) below)	
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000

Emoluments paid or receivable in respect of a person's services as a director, whether of the Company and its subsidiary undertakings

Fee	-	-	99	99	99	248	545
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Emoluments paid or receivable in respect of director's other services in connection with the management of the affairs of the Company and its subsidiary undertakings

Wages, salaries and other benefits	-	-	-	-	-	-	-
Discretionary bonuses and performance incentive payments	-	-	-	-	-	-	-
Other emoluments	-	-	-	-	-	-	-
Contributions to defined contribution plans	-	-	-	-	-	-	-
Equity-settled share-based payment expenses	-	-	-	-	-	-	-

	-	-	-	-	-	-	-
Total emoluments	-	-	99	99	99	248	545

Notes:

- (i) Appointed as the chief executive officer of the Company with effect from 30 September 2021.
- (ii) Resigned as independent non-executive directors with effect from 8 July 2022.
- (iii) Resigned as the chief executive officer of the Company with effect from 30 September 2021.



Notes to the Consolidated Financial Statements

For the year ended 30 June 2022

12. DIRECTORS' AND CHIEF EXECUTIVES' EMOLUMENTS *(Continued)*

There was no arrangement under which a director or the chief executive officer waived or agreed to waive any remuneration during the years ended 30 June 2022 and 2021.

During the years ended 30 June 2022 and 2021, no remuneration was paid by the Group to the Directors and the chief executive officer as an inducement to join or upon joining the Group or as compensation for loss of office.

The remunerations of Directors and the chief executive officer were reviewed by the remuneration committee of the Company having regard to the performance of individuals and market trends.

The executive directors' and chief executive officer's emoluments shown above were for their services in connection with the management of the affairs of the Company and its subsidiaries, if applicable.

The non-executive directors' emoluments shown above were for their services as directors of the Company.

13. FIVE HIGHEST PAID EMPLOYEES

The five highest paid individuals in the Group both years did not include director and chief executive officer whose emoluments are reflected in the analysis presented in note 12. The emoluments of the 5 individuals (2021: four individuals) are set out below:

	2022 RMB'000	2021 RMB'000
Salaries, allowances and benefits in kind	1,994	1,723
Discretionary bonuses and performance incentive payments	–	–
Equity-settled share-base payment expenses	–	–
Contribution to defined contribution plans	50	50
	2,044	1,773

The number of the highest paid employees who are not the Directors whose remuneration fell within the following bands is as follows:

	2022 No. of employees	2021 No. of employees
Nil to HK\$1,000,000 (equivalent to Nil to RMB893,000) (2021: equivalent to Nil to RMB853,000)	5	4

During the years ended 30 June 2022 and 2021, no remuneration was paid by the Group to the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office.



Notes to the Consolidated Financial Statements

For the year ended 30 June 2022

14. DIVIDENDS

	2022 RMB'000	2021 RMB'000
Dividends recognised as distribution and paid during the year	–	–

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

15. 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:

	2022 RMB'000	2021 RMB'000
<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	(39,807)	(48,360)

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

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

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.



Notes to the Consolidated Financial Statements

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16. PROPERTY, PLANT AND EQUIPMENT

	Buildings RMB'000	Plant and machinery RMB'000	Furniture, fittings and equipment RMB'000	Motor vehicles RMB'000	Construction in progress RMB'000	Total RMB'000
Cost						
At 1 July 2020	240,139	299,215	3,289	5,972	7,453	556,068
Additions	–	18	22	–	11	51
Transfers from (to) construction in progress	–	7,464	–	–	(7,464)	–
Disposals	–	(1,313)	(2)	(1,931)	–	(3,246)
Exchange realignment	–	–	(101)	(41)	–	(142)
At 30 June 2021	240,139	305,384	3,208	4,000	–	552,731
Additions	–	–	–	199	2,959	3,158
Disposals	(51,730)	(35,809)	(1,179)	(3,044)	–	(91,762)
Written-off	–	(165)	–	–	–	(165)
Exchange realignment	–	–	31	12	–	43
At 30 June 2022	188,409	269,410	2,060	1,167	2,959	464,005
Accumulated depreciation and impairment						
At 1 July 2020	174,221	235,936	2,847	5,596	–	418,600
Provided for the year	6,054	12,766	219	59	–	19,098
Reversal of impairment losses	(6,100)	–	–	–	–	(6,100)
Eliminated on disposals	–	(1,247)	(1)	(1,834)	–	(3,082)
Exchange realignment	–	–	(91)	(41)	–	(132)
At 30 June 2021	174,175	247,455	2,974	3,780	–	428,384
Provided for the year	5,009	13,017	141	19	–	18,186
Reversal of impairment losses	(1,500)	–	–	–	–	(1,500)
Eliminated on disposals	(34,065)	(34,797)	(1,159)	(2,885)	–	(72,906)
Elimination on written-off	–	(101)	–	–	–	(101)
Exchange realignment	–	–	29	12	–	41
At 30 June 2022	143,619	225,574	1,985	926	–	372,104
Carrying amounts						
At 30 June 2022	44,790	43,836	75	241	2,959	91,901
At 30 June 2021	65,964	57,929	234	220	–	124,347



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For the year ended 30 June 2022

16. PROPERTY, PLANT AND EQUIPMENT *(Continued)*

The above items of property, plant and equipment, except for construction in progress, are depreciated at the following rates per annum on a straight-line basis:

Buildings	2.5% to 6.67%
Plant and machinery	5% to 20%
Furniture, fittings and equipment	20% to 33%
Motor vehicles	10% to 20%

All of the Group's buildings are located in the PRC and situated on lands which are held under medium-term lease.

At 30 June 2022, the Group has not obtained the building ownership certificate for buildings with carrying value of approximately RMB2,500,000 (2021: RMB2,807,000) from the relevant PRC government authorities. In the opinion of the Directors, the absence of formal titles to these properties does not impair their values to the Group as the Group has paid in full purchase consideration of these buildings and the probability of being evicted on the ground of an absence of formal title is remote.

At 30 June 2022, the carrying value of the Group's property, plant and equipment of approximately RMB31,775,000 (2021: RMB50,108,000) was pledged as security for the Group's borrowings and details of which are set out in note 23.

On 18 January 2022, Summi Fuijan entered into a certain sale and purchase agreements with several purchasers, the key purchasers are 泉州市榮信達科技服務有限公司, an independent third party and 瀋陽金沙城置業有限公司, a company is controlled and beneficially owned by directors of the Group and pursuant to which, Summi Fuijan disposed certain property, plant and equipment and right-of-use assets to the purchasers at the consideration of approximately RMB39,050,000 and the Group recognised a gain on disposal of property, plant and equipment and right-of-use assets of approximately RMB18,355,000 which was credited to profit or loss for the year. Details of the transaction are set out in the Company's announcement at the same date.

Impairment assessment

The recoverable amounts of the buildings for impairment assessment were determined based on the market approach. The market approach uses prices and other relevant information generated by market comparable transactions involving comparable buildings.



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For the year ended 30 June 2022

16. PROPERTY, PLANT AND EQUIPMENT (Continued)

Impairment assessment (Continued)

Below is a summary of the value technique used and the key inputs to the valuation of the Group's buildings that are comparable transactions prices nearby the Group's buildings for the impairment assessment at end of the reporting period:

Particulars	Valuation techniques	Significant unobservable input(s)
Two buildings located in Chongqing	Market comparison approach	Market unit rate, taking into account the recent comparable transactions for similar buildings adjusted for nature, location and conditions of the buildings, which ranged from RMB1,008 to RMB1,680 (2021: RMB1,088 to RMB1,900) per square meter ("sqm").
One building located in Fujian Quanzhou	Market comparison approach	Market unit rate, taking into account the recent comparable transactions for similar buildings adjusted for nature, location and conditions of the building, which ranged from RMB1,167 to RMB2,423 per sqm as at 30 June 2021. The Group disposed the property as mentioned above during the year ended 30 June 2022 and thus, no valuation of the property has been performed.
One building located in Fujian Sanming	Market comparison approach	Market unit rate, taking into account the recent comparable transactions for similar buildings adjusted for nature, location and conditions of the building, which ranged from RMB1,467 to RMB1,794 (2021: RMB1,203 to RMB1,893) per sqm.
One building located in Hunan Huaihua Oujin	Market comparison approach	Market unit rate, taking into account the recent comparable transactions for similar buildings adjusted for nature, location and conditions of the building, which ranged from RMB1,385 to RMB2,596 (2021: RMB1,150 to RMB2,882) per sqm.

An increase in the transaction prices would result in an increase in recoverable amount measurement of the buildings, and vice versa.

During the year ended 30 June 2022, based on the impairment assessment, a reversal of impairment loss of RMB1,500,000 (2021: RMB6,100,000) was credited to the consolidated statement of profit or loss due to the increase of the market value of the buildings.

Particulars regarding the impairment assessment are set out in note 18.

The fair value measurement hierarchy of such impairment assessment of property, plant and equipment requires certain significant unobservable inputs (Level 3 fair value measurements).



Notes to the Consolidated Financial Statements

For the year ended 30 June 2022

17. LEASES

(i) Right-of-use assets

	Leasehold lands RMB'000	Leased properties RMB'000	Total RMB'000
Carrying amounts			
At 30 June 2022	19,008	486	19,494
Carrying amounts			
At 30 June 2021	21,095	275	21,370
		2022 RMB	2021 RMB
Depreciation		689	759
Expense relating to short-term leases and other leases with lease terms end within 12 months		–	7
Total cash outflow for leases		196	177
Additions to right-of-use assets		440	329
Disposal of right-of-use assets		(1,868)	–

For both years, the Group leases various properties for its operations. Lease contracts are entered into for fixed term of one to three years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

At 30 June 2022, the carrying value of the Group's right-of-use assets of approximately RMB6,762,000 (2021: RMB6,943,000) were pledged as security for the banking facilities granted to the Group as set out in note 23.

The Group regularly entered into short-term leases for staff quarters and warehouse. As at 30 June 2022 and 30 June 2021, the portfolio of short-term leases is similar to the portfolio of short-term leases to which the short-term lease expense disclosed above.



Notes to the Consolidated Financial Statements

For the year ended 30 June 2022

17. LEASES (Continued)

(i) Right-of-use assets (Continued)

Impairment assessment

Below is a summary of the value technique used and the key inputs to the valuation of the Group's leasehold lands that are comparable transactions nearby the Group's leasehold lands for the impairment assessment at the end of the reporting period:

Particulars	Valuation techniques	Significant unobservable input(s)
Two leasehold lands located in Chongqing	Market comparison approach	Market unit rate, taking into account the recent comparable transactions for similar land adjusted for nature, location and conditions of the land, which ranged from RMB99 to RMB120 (2021: RMB100 to RMB184) per sqm.
Two leasehold lands located in Fujian Quanzhou	Market comparison approach	Market unit rate, taking into account the recent comparable transactions for similar land adjusted for nature, location and conditions of the land, which ranged from RMB199 to RMB265 per sqm for the year ended 30 June 2021. The Group disposed the property as mentioned above during the year ended 30 June 2022 and thus, no valuation of the property has been performed.
One leasehold land located in Fujian Sanming	Market comparison approach	Market unit rate, taking into account the recent comparable transactions for similar land adjusted for nature, location and conditions of the land, which ranged from RMB49 to RMB85 (2021: RMB47 to RMB111 per sqm.
One leasehold land located in Hunan Huaihua Oujin	Market comparison approach	Market unit rate, taking into account the recent comparable transactions for similar land adjusted for nature, location and conditions of the land, which ranged from RMB133 to RMB369 (2021: RMB236 to RMB284) per sqm.
One leasehold land located in Hunan HuaiHua Chenzhou	Value-in-use calculation	<ul style="list-style-type: none"> – Discount rate of 16% (2021: 16%) – The cash flows beyond five years period are extrapolated using a steady annual growth rate of 3% (2021: 3%) at end of each year

An increase in the transaction prices and decrease in discount rate would result in an increase in recoverable amount measurement of the leasehold lands, and vice versa.

Based on the above valuation, in view of the recoverable amounts of the right-of-use assets are higher than their carrying amounts and thus, no impairment losses were recognised for the year ended 30 June 2022 and 2021.



Notes to the Consolidated Financial Statements

For the year ended 30 June 2022

17. LEASES (Continued)

(i) Right-of-use assets (Continued)

Impairment assessment (Continued)

Particulars regarding the impairment assessment are set out in note 18.

The fair value measurement hierarchy of such impairment assessment of right-of-use assets on leasehold lands requires certain significant unobservable inputs (Level 3 fair value measurements).

(ii) Lease liabilities

Details of the lease maturity analysis of lease liabilities are set out below.

	2022 RMB'000	2021 RMB'000
Amount analysed as:		
– Non-current	116	657
– Current	979	163
	1,095	820

Amount payables under lease liabilities:

	2022 RMB'000	2021 RMB'000
Within one year	979	163
Within a period of more than two years but not more than five years	116	174
More than five years	–	483
	1,095	820
Less: Amount due for settlement with 12 months shown under current liabilities	(979)	(163)
Amount due for settlement after 12 months shown under non-current liabilities	116	657

As at 30 June 2022, lease obligations that are denominated in Hong Kong dollars are RMB116,000 (2021: RMB163,000).

During the year ended 30 June 2022, the Group entered into a new lease in respect of leasehold property and recognised lease liabilities of RMB440,000 (2021: RMB329,000).



Notes to the Consolidated Financial Statements

For the year ended 30 June 2022

18. IMPAIRMENT ASSESSMENTS

Impairment of property, plant and equipment and right-of-use assets

The Group assesses whether there are any indicators of impairment for property, plant and equipment and right-of-use assets in accordance with the accounting policies in note 4. An impairment exists when the carrying value of an asset or cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal (i.e. market value) or its value in use. The calculation of the fair value less cost of disposal is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. If there is no binding sale agreement or active market for that asset (or asset group), management will make reference to the best information available to reflect the amount that an entity could obtain at end of the reporting period.

When value-in-use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows. These value-in-use calculations require the use of considerable judgments, estimates and assumptions. Changes in these assumptions and estimates could have a material effect on the determination of the recoverable amounts of the assets.

As at 30 June 2022, the Directors conducted an impairment assessment of the Group's property, plant and equipment and rights-of-use assets mainly with reference to a professional valuation performed by International Valuation Limited ("IVL"), an independent professional valuer not connected with the Group based on market approach and value in use calculation by comparing the carrying amounts and the recoverable amounts of the property, plant and equipment and rights-of-use assets.

Based on the assessment, an impairment loss of RMB1,500,000 was reversed (2021: impairment loss of RMB6,100,000 was reversed) in respect of the Group's property, plant and equipment for the year ended 30 June 2022. No impairment loss was recognised in respect of the Group's right-of-use assets during the year ended 30 June 2022 (2021: Nil).

19. INVENTORIES

	2022 RMB'000	2021 RMB'000
FCOJ	14,212	15,575
Summi fresh orange juice	7,653	11,394
Consumables and packing materials	984	1,712
Others	153	115
	23,002	28,796
Less: Impairments	(16,989)	(23,137)
	6,013	5,659



Notes to the Consolidated Financial Statements

For the year ended 30 June 2022

20. TRADE AND OTHER RECEIVABLES

	2022 RMB'000	2021 RMB'000
Trade receivables (note (i) below)	4,351	2,587
Less: Allowance for credit losses	–	–
	4,351	2,587
Other receivables (note (iv) below)	–	618
Less: Allowance for credit losses	–	–
	–	618
Others		
– Security deposit (note (ii) below)	5,607	8,228
– Tender deposit (note (iii) below)	8,325	8,325
– Deposit related to claim from a former employee (note 33)	853	828
– Rental deposits	202	–
– Other deposits	944	743
– Prepayments	803	809
	16,734	18,933
Less: Allowance for credit losses	–	–
	16,734	18,933
Total trade and other receivables	21,085	22,138

Notes:

(i) Trade receivables

As at 30 June 2021, included in trade receivables of RMB1,821,800 was amount due from a related company which is held by Mr. Wu Liantao, a director of the Company. As at 30 June 2022, the balance of the amount due from such related company was Nil.

In respect of trade receivables, the management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. Therefore, the Directors of the Company consider that the Group's credit risk is minimised and ECL allowance is considered insignificant. The Group generally grant credit period on sales ranging from 30 days to 120 days to its customers.



Notes to the Consolidated Financial Statements

For the year ended 30 June 2022

20. TRADE AND OTHER RECEIVABLES (Continued)

Notes: (Continued)

(i) Trade receivables (Continued)

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 RMB'000	2021 RMB'000
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
	4,351	2,587

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

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

(ii) Security deposit

As explained in note 23(i), the Company is required to maintain a security deposit of RMB5,607,000 (2021: RMB8,228,000) with the Agent in accordance with the Loan Restructuring Agreement and the Deed (as defined in note 23(i)). Pursuant to the Deed, the security deposit will be released to the Company over three years from the effective date of the Loan Restructuring Agreement. During the year, approximately RMB2,621,000 (equivalent to US\$429,000) (2021: Nil) was offset with the Syndication Loan. As at 30 June 2021 and 2022 in view of the respective Syndication Loan was classified as current liabilities of the Company and thus, the security deposit was also classified as current assets of the Company thereon.

(iii) Tender deposit

On 16 November 2020, the Company, 江蘇瑞爾地產集團有限公司 (Jiangsu Ruier Real Estate Group Co., Ltd., "Jiangsu Ruier") and Liaozhong District Government ("District Government") entered into a letter of investment intent (the "LOI"), pursuant to which, the Company and Jiangsu Ruier will participate in the bidding of the land use right of No. 6, Pudong New Town, Liaozhong District, Shenyang City, the PRC and the Lianhuahu Park (the "Target Land") from Liaozhong District Government through public tendering. A subsidiary of the Company, Shanghai Rui Er Summi Enterprise Management Co. Limited, which the Group held 51% equity interest and Jiangsu Ruier held the remaining 49% equity interest, was incorporated on 3 December 2020 for the development and investment of the Ruier Summi commercial complex and boutique residential projects (the "Project") in the Target Land. The expected total investment of the Project is approximately RMB2.5 billion. The LOI is not legally binding, subject to and depending on, among others, the possibility of winning the bid and obtaining the state-owned land use certificate and construction permit in the process of public tendering. The relevant investment shall be subject to the formal agreement after the conclusion of public tendering.



Notes to the Consolidated Financial Statements

For the year ended 30 June 2022

20. TRADE AND OTHER RECEIVABLES (Continued)

Notes: (Continued)

(iii) Tender deposit (Continued)

Jiangsu Ruier is a company incorporated in the PRC with limited liability which is held by Mr. Wu Liantao, who is the executive director of the Group, beneficially own 98.2% and 1.3% equity interest in Jiangsu Ruier, respectively. Jiangsu Ruier is a connected person of the Group under the Listing Rules.

According to the LOI, a tender deposit of HK\$10,000,000 (equivalent to RMB8,325,000) was paid in order to participate in the bidding of the Target Land. The deposit will be converted into part of the land transfer fee upon acquisition of the Target Land. However, if the Group fails in the public tendering, the tender deposit will be refunded in full to the Group without interest.

Details of the above are described in the Company's announcement dated 16 November 2020.

Subsequent to the reporting date, the Group entered into a supplementary agreement with the District Government to terminate the bidding of the Target Land and the tender deposit is expected to be refunded during the year ending 30 June 2023.

(iv) Other receivables

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

(v) The Directors consider that the other financial assets are low risk because the probability of default of the counterparties is insignificant or do not have any past due amounts. Accordingly, the Group performed impairment assessment individually based on 12m ECL and ECL allowance is considered insignificant.

21. CASH AND CASH EQUIVALENTS

	2022 RMB'000	2021 RMB'000
Cash and cash equivalents	5,420	3,770

Bank balances carry interest at market rates which range from 0.001% to 0.3% (2021: 0.001% to 0.3%) per annum. The credit risks on time deposits and bank balances are limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies.

As at 30 June 2022, the bank and cash balances of the Group denominated in RMB amounted to approximately RMB1,888,000 (2021: RMB630,000) kept in banks located in the PRC. Conversion of RMB into foreign currencies is subject to the PRC's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations.



Notes to the Consolidated Financial Statements

For the year ended 30 June 2022

22. TRADE AND OTHER PAYABLES

	2022 RMB'000	2021 RMB'000
Trade payables (note (i) below)	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 (note (ii) below)	55,322	12,733
Other payables and accruals	7,640	6,105
	100,847	52,802

Notes:

- (i) Trade payables
The following is an aged analysis of accounts payable presented based on the invoice dates.

	2022 RMB'000	2021 RMB'000
0 – 90 days	600	633
Over 365 days	1,941	1,516
	2,541	2,149

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 such related companies which were in trade nature.



Notes to the Consolidated Financial Statements

For the year ended 30 June 2022

23. BORROWINGS

	2022 RMB'000	2021 RMB'000
Bank borrowings		
– Syndication Loan (note (i) below)	96,150	98,008
– Loan from the Bank (note (ii) below)	–	15,309
– PRC bank loans	42,850	45,950
Other borrowings		
– Individuals (note (iii) below)	23,850	33,400
– A director of a subsidiary (note (iv) below)	20,414	66,791
	183,264	259,458
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	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
	183,264	259,458
The carrying amounts of borrowings that become immediately due and payable due to breach of loan covenants and was shown under current liabilities (notes (i) and (ii) below)	–	(113,317)
	183,264	146,141
Less: Amounts due within one year shown under current liabilities	(160,205)	(88,850)
Amounts shown under non-current liabilities	23,059	57,291
Analysed as:		
Secured	153,599	177,449
Unsecured	29,665	82,009
	183,264	259,458
Analysed as:		
Fixed-rate borrowings	87,115	140,141
Variable-rate borrowings	96,149	119,317
	183,264	259,458
Borrowings held by		
PRC companies	84,469	146,141
Non-PRC companies	98,795	113,317
	183,264	259,458



Notes to the Consolidated Financial Statements

For the year ended 30 June 2022

23. BORROWINGS (Continued)

Notes:

(i) Bank borrowings – Syndication Loan

During the year ended 30 June 2020, certain of the Group's borrowings with an aggregate amount of approximately RMB132,821,000 were overdue and/or in breaching of the clauses of the respective loan agreements (the "Original Loan Agreements") with respective lenders (the "Syndication Loan Banks").

On 23 October 2020, the Company and Syndication Loan Banks, principal of which under the Original Loan Agreements amounted to approximately RMB113,317,000, entered into a loan restructuring agreement (the "Loan Restructuring Agreement"), pursuant to which, the Syndication Loan Banks agreed to restructure their respective bank loan principal as an extended syndication loan with a tenor of 5 years (the "Syndication Loan"). Further to the terms and conditions to the Original Loan Agreements, the Syndication Loan Banks agreed not to commence or continue with any legal proceedings against the Company in relation to the breaching of clauses of the Original Loan Agreements (the "Loan Restructuring").

Pursuant to the Loan Restructuring Agreement, the Company, the Syndication Loan Banks and a security agent (the "Agent") entered into a master facility deed (the "Deed") and pursuant to the Deed, the Company agreed to maintain a security deposit in which the security deposit will be released to the Company over three years from the effective date (see note 20(ii)).

Pursuant to the clauses of the Loan Restructuring Agreement, the lenders are eligible to request the Group to repay the Syndication Loan immediately if the Group is unable to meet certain financial conditions as set out in the Loan Restructuring Agreement. In view of the defaults of the bank borrowing and corporate bonds of the Group as described in notes 23(ii) and 24, respectively the Company did not comply with the relevant clauses of the Loan Restructuring Agreement and accordingly, the Group reclassified all its outstanding Syndication Loan as current liabilities as at 30 June 2021.

Details of the Loan Restructuring are set out in the Company's announcement dated 23 October 2020.

In view of the Syndicated Loan contains a repayment on demand clause and thus, the respective loan was classified as current liabilities as at 30 June 2022.

(ii) Bank borrowings – Loan from the Bank

A bank (the "Bank") issued demand letters dated 15 April 2019 and 3 July 2020 and a Writ of Summons endorsed with a Statement of Claim dated 14 July 2020 to the Group relating to a loan granted to the Group. As at 30 June 2021, the outstanding loan balance and accrued interest due to the Bank were RMB15,309,000 and RMB3,036,000, respectively. During the year ended 30 June 2022, the Group has successfully obtained a financing from a third party and the Loan from the Bank was fully settled.

(iii) Other borrowings – individuals

The other borrowings for individuals are interest-bearing at the range of 0% to 15% and in which RMB20,000,000 (2021: RMB20,000,000) was secured by assets of the Group and the balance is non-secured. The loans would be due on or before June 2025.

(iv) Other borrowings – a director of a subsidiary

The loans are interest-free and repayable on demand in which RMB18,491,000 (2020: RMB18,491,000) was secured by assets of the Group and the balance was non-secured.



Notes to the Consolidated Financial Statements

For the year ended 30 June 2022

23. BORROWINGS (Continued)

Notes: (Continued)

- (v) Others
Included in the Group's borrowings are the following amounts denominated in currency other than the functional currency of certain subsidiaries:

	2022 RMB'000	2021 RMB'000
US\$	96,150	98,008

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

	2022	2021
Fixed-rate bank borrowings	3.85%-4.55%	3.85%-4.35%
Variable-rate bank borrowings	2.89%-8.25%	2.89%-8.25%
Fixed-rate other borrowings	0.00%-15.00%	0.00%-12.00%

24. CORPORATE BONDS

	2022 RMB'000	2021 RMB'000
Carrying amounts of corporate bonds (including interest payables) repayable based on scheduled repayment dates set out in the agreements:		
Within one year	81,423	2,474
After two years but within five years	35,279	97,223
	116,702	99,697
Analysed as:		
– Current liabilities	81,423	39,569
– Non-current liabilities	35,279	60,128
	116,702	99,697



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24. CORPORATE BONDS (Continued)

Details of the corporate bonds are as follows:

	Par value HK\$'000	Issue date	Maturity date	Duration	Issue amount HK\$'000
(i) Corporate bonds issued to third parties (note (i) below)					
Bond I*	4,000	11 August 2016	11 February 2024	7.5 years	4,000
	2,000	18 August 2016	18 February 2024	7.5 years	2,000
	1,000	26 August 2016	26 February 2024	7.5 years	1,000
	2,000	12 August 2016	12 February 2024	7.5 years	2,000
	3,000	6 October 2016	6 April 2024	7.5 years	3,000
	2,000	29 November 2016	29 May 2024	7.5 years	2,000
	2,000	29 November 2016	29 May 2024	7.5 years	2,000
	2,000	29 November 2016	29 May 2024	7.5 years	2,000
	<u>18,000</u>				<u>18,000</u>
Bond II*	–	5 September 2016	5 September 2021	5 years	–
	–	6 October 2016	6 October 2021	5 years	–
	<u>–</u>				<u>–</u>
Bond III**	2,000	12 December 2017	11 June 2025	7.5 years	2,000
	1,000	29 December 2017	28 June 2025	7.5 years	1,000
	2,000	22 March 2018	21 September 2025	7.5 years	2,000
	3,000	9 April 2018	8 October 2025	7.5 years	3,000
	2,000	18 April 2018	17 October 2025	7.5 years	2,000
	3,000	1 June 2018	30 November 2025	7.5 years	3,000
	1,000	7 June 2018	6 December 2025	7.5 years	1,000
	<u>14,000</u>				<u>14,000</u>
Bond IV**	2,000	9 January 2018	8 January 2023	5 years	2,000
	1,000	19 January 2018	18 January 2023	5 years	1,000
	1,000	6 April 2018	5 April 2023	5 years	1,000
	<u>4,000</u>				<u>4,000</u>
Bond V**	<u>10,000</u>	11 January 2018	10 January 2026	8 years	<u>10,000</u>
Bond VI***	<u>2,000</u>	20 August 2018	19 February 2026	7.5 years	<u>2,000</u>
Sub-total	<u>48,000</u>				<u>48,000</u>
(ii) Corporate bonds issued to Controlling Shareholder (the "Bond VII") (note (ii) below)					
Bond VII#	<u>106,000</u>	28 February 2020	27 February 2023	3 years	<u>106,000</u>
Total	<u>154,000</u>				<u>154,000</u>



Notes to the Consolidated Financial Statements

For the year ended 30 June 2022

24. CORPORATE BONDS (Continued)

- * Bond I and Bond II were issued during the year ended 30 June 2017. Bond II was fully redeemed during the year.
- ** Bond III, Bond IV and Bond V were issued during the year ended 30 June 2018.
- *** Bond VI was issued during the year ended 30 June 2019.
- # Bond VII was issued during the year ended 30 June 2020.

Notes:

(i) Corporate bonds issued to third parties

The Company issued corporate bonds to independent third parties for the purpose of general working capital with an aggregate nominal value of HK\$45,708,000 (equivalent to approximately RMB38,986,000) (2021: HK\$51,000,000 (equivalent to approximately RMB42,203,000)). They were issued at a fixed interest rate of 4.5% to 6.50% per annum and are payable annually from the date of issuance and maturity date. The principal will be repaid on maturity. The effective interest rate is 7.15% (2021: 7.15%) per annum.

Pursuant to the clauses of the corporate bonds agreements with the lenders, the lenders are eligible to request the Group to repay the corporate bonds immediately if the Group is unable to meet certain financial conditions as set out in the corporate bonds agreements. In view of the current financial difficulties of the Group, the Company did not comply with the relevant clauses of the corporate bonds agreements and accordingly, the Group reclassified all its corporate bonds as current liabilities as at 30 June 2021.

The directors of the Company consider that, as 30 June 2022, the Group complies with the relevant clauses of the agreements with the corporate bonds lenders and did not have any defaults on the corporate bonds to third parties.

(ii) Corporate bonds issued to Controlling Shareholder

On 31 July 2019, the Company entered into (i) a subscription agreement (the "Subscription Agreement" with the Controlling Shareholder; and (ii) a warrant subscription agreement (the "Warrant Subscription Agreement" with certain individuals (the "Individuals") in relation to the subscription of the bonds, the Convertible Bonds and the Warrants of the Company.

Pursuant to the Subscription Agreement, the Company conditionally agreed to issue, and the Controlling Shareholder conditionally agreed to subscribe for, (i) the bonds (i.e. the "Bond VI") at the principal amount of HK\$106 million; (ii) the convertible bonds (the "Convertible Bonds", see note 27 at the principal amount of HK\$74 million; and (iii) 148,715,040 warrants (the "Rui Er Warrants", see note 25) at the warrant subscription price of HK\$0.04 per Rui Er Warrant. In addition, pursuant to the Warrant Subscription Agreement, the Company conditionally agreed to issue, and the Individuals conditionally agreed to subscribe for 120,784,960 warrants (the "Individuals Warrants", together with the Rui Er Warrants, the "Warrants", also see note 25) at the warrant subscription price of HK\$0.04 per Individuals Warrants.



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For the year ended 30 June 2022

24. CORPORATE BONDS (Continued)

Notes: (Continued)

- (ii) Corporate bonds issued to Controlling Shareholder (Continued)
The principal terms of the Bond VII are as follows:

Principal amount:	HK\$106 million
Maturity date:	On the third anniversary of the bond issue date (the "Bonds Issue Date") of 28 February 2020 (the "Bonds Maturity Date")
Interest rate:	2.28% per annum on outstanding amounts payable quarterly in arrears
Transferability:	The bonds are not transferable.
Redemption:	(a) On Bonds Maturity Date

Upon redemption on the Bonds Maturity Date, the Company shall redeem the Bond VII at the redemption amount of 100% of the principal amount of the then outstanding bonds plus the relevant accrued and unpaid interest.

(b) On default

Upon the occurrence of an event of default, the Controlling Shareholder may at any time from the Bonds Issue Date and prior to the Bonds Maturity Date, by giving not less than 10 business days prior notice to the Company, request the Company to redeem the whole or part only of the bonds at the redemption amount which is 100% of the principal amount of the bonds being redeemed plus the relevant interest accrued and unpaid.

(c) Early redemption at the option of the Company

The Company may, at any time from the Bonds Issue Date and prior to the Bonds Maturity Date, by giving not less than 10 business days prior notice to the Controlling Shareholder, redeem the whole or part only of the bonds at 100% of the principal amount of the bonds being redeemed together with payment of interests accrued up to the date of such early redemption. No early redemption may be requested by the Controlling Shareholder.

Details of the Subscription Agreement and Warrant Subscription Agreement are described in the Company's announcements dated 31 July 2019 and 1 November 2019 and the Company's circular dated 10 December 2019.

The Directors consider that the early redemption option is regarded as embedded derivatives not closely related to the host contract. With reference to a valuation performed by IVL, the Directors consider that the fair value of the early redemption option is insignificant on issue date of the bonds. Accordingly, the fair value of the early redemption option was not accounted for in the consolidated financial statements for the year ended 30 June 2020.

The principal amount of the Bond VII was HK\$106,000,000 (equivalent to RMB96,630,000) and was carrying interest at the rate of 2.28% per annum payable quarterly in arrears. With reference to the valuation performed by IVL, the fair value of the Bond VII at the date of issue was HK\$58,830,000 (equivalent to RMB53,630,000) and the effective interest rate was 22.8% per annum.



Notes to the Consolidated Financial Statements

For the year ended 30 June 2022

24. CORPORATE BONDS (Continued)

Notes: (Continued)

- (ii) Corporate bonds issued to Controlling Shareholder (Continued)
Based on the valuation performed by IVL, the fair value of the Bond VI on the issue date was valued using Synthetic method (level 3 fair value measurements) and the key inputs and assumptions used are as follows:

Maturity date:	28 February 2023
Discount factor:	25.4%
Spread:	24.44%
Coupon rate:	2.28%

The difference between the principal amount of the Bond VII of RMB96,630,000 and fair value of the Bond VII of RMB53,630,000 was RMB43,000,000, which was credited to the capital reserve of the Group for the year ended 30 June 2020.

On 30 June 2020, the Company and the Controlling Shareholder entered into an agreement (the “Bonds Interest Waiver Agreement”) and pursuant to which, the Controlling Shareholder agreed to waive all the interest of the Bond VII to be paid by the Company. Due to the Bonds Interest Waiver Agreement, with reference to the computation performed by IVL, the carrying value of the Bond VII has been reduced from approximately of HK\$62,848,000 (equivalent to approximately of RMB57,249,000) to approximately of HK\$58,338,000 (equivalent to approximately of RMB53,181,000) on 30 June 2020, i.e. the “Date of Corporate Bonds Waiver” and thus, the difference of RMB4,068,000 recognised in profit or loss during the year ended 30 June 2020.

During the year ended 30 June 2020, pursuant to the Bonds Interest Waiver Agreement, interest expenses of HK\$594,000 (equivalent to approximately of RMB536,000) was waived by the Controlling Shareholder which was credited to the capital reserve of the Group for the year ended 30 June 2020.

The movements of the corporate bonds issued to the Controlling Shareholder for the years ended 30 June 2021 and 2022 are as follows:

	Bond VII RMB'000
Balance as at 1 July 2020	53,181
Effective interest expenses	12,218
Exchange difference	(5,271)
Balance as at 30 June 2021 and 1 July 2021	60,128
Effective interest expenses	15,259
Exchange difference	2,329
Balance as at 30 June 2022	77,716



Notes to the Consolidated Financial Statements

For the year ended 30 June 2022

25. DERIVATIVE FINANCIAL INSTRUMENTS

	2022 RMB'000	2021 RMB'000
Warrants (note (i) below)	–	–
Derivative component of the Convertible Bonds (note (ii) below and note 27)	–	–
	–	–

Notes:

- (i) Warrants
The movements of the Warrants for the years ended 30 June 2021 and 2022 are set out as below:

	Individuals Warrants RMB'000	Rui Er Warrants RMB'000	Total RMB'000
Balances at 1 July 2020	4,265	5,252	9,517
Changes in fair values	(3,987)	(4,910)	(8,897)
Exercises of Warrants for the year	(4)	(5)	(9)
Exchange differences	(274)	(337)	(611)
Balances at 30 June 2021, 1 July 2021 and 30 June 2022	–	–	–

Pursuant to the Subscription Agreement and Warrant Subscription Agreement as described in note 24, the Company conditionally agreed to issue, and the Controlling Shareholder and Individuals conditionally agreed to subscribe for 148,715,040 Rui Er Warrants and 120,784,960 Individuals Warrants at the warrant subscription price of HK\$0.04 per Rui Er Warrants and Individuals Warrants, respectively.



Notes to the Consolidated Financial Statements

For the year ended 30 June 2022

25. DERIVATIVE FINANCIAL INSTRUMENTS (Continued)

Notes: (Continued)

(i) Warrants (Continued)

The principal terms of the Rui Er Warrants and Individuals Warrants are as follows:

	Rui Er Warrants	Individuals Warrants
Number of Warrants:	148,715,040 Rui Er Warrants	120,784,960 Individuals Warrants
Warrant subscription price:	HK\$0.04 per Rui Er Warrants	HK\$0.04 per Individuals Warrants
Warrant consideration:	HK\$5.95 million	HK\$4.83 million
Subscription rights:	Each Rui Er Warrant shall entitle the holder(s) of the Rui Er Warrant(s) to subscribe for one Rui Er Warrant share at the warrant exercise price (subject to adjustments) on any business day during the warrant exercise period.	Each Individuals Warrant shall entitle the holder(s) of the Individuals Warrant(s) to subscribe for one Individuals Warrant share at the warrant exercise price (subject to adjustments) on any business day during the warrant exercise period.
Warrant exercise period:	The period of one year commencing from the warrant issue date on 28 February 2020 (the "Rui Er Warrant Issue Date")	The period of one year commencing from the warrant issue date on 28 February 2020 (the "Individuals Warrant Issue Date")
Warrant exercise price:	HK\$0.157 per warrant share, subject to adjustments arising from events such as share consolidation and subdivision, capitalisation of profit or reserves, capital distribution, rights issues of shares or options or warrants over shares, issue of other securities or shares issues for cash at less than market price.	HK\$0.157 per warrant share, subject to adjustments arising from events such as share consolidation and subdivision, capitalisation of profit or reserves, capital distribution, rights issues of shares or options or warrants over shares, issue of other securities or shares issues for cash at less than market price.
Number of warrant shares to be issued	148,715,040 Rui Er Warrants shares (subject to adjustments) upon full exercising of the subscription rights attaching to the Rui Er Warrants.	120,784,960 Individuals Warrants shares (subject to adjustments) upon full exercising of the subscription rights attaching to the Individuals Warrants (the "Individuals Warrants Shares").

The Directors consider that the Warrants issued by the Company that would be settled by other than a fixed amount of cash for a fixed number of the Company's own equity instruments are derivative financial instruments. Accordingly, the Warrants were classified as derivative financial instruments that are recognised at their fair values at the date of issue. Changes in fair values in subsequent periods are recognised through profit or loss.



Notes to the Consolidated Financial Statements

For the year ended 30 June 2022

25. DERIVATIVE FINANCIAL INSTRUMENTS (Continued)

Notes: (Continued)

(i) Warrants (Continued)

At 30 June 2020, the Warrants are measured at fair values that are determined by IVL, based on the Binomial method (level 3 fair value measurements). The inputs are assumptions used for the calculation of fair values of the Warrants are as follows:

Share price:	HK\$0.126
Conversion price:	HK\$0.157
Expected volatility:	120.21%
Expected option life:	1 years
Risk-free rate:	0.2%

On 27 February 2021, the Rui Er Warrants and Individuals Warrants were fully exercised at an exercise price of HK\$0.157 per share, resulting in the issue of 148,715,040 ordinary shares and 120,784,960 ordinary shares of the Company for a proceed of HK\$23,348,000 and HK\$18,963,000, respectively (see note 28).

As described in notes 2(b) and 20(iv), the Individual Warrants holder has not yet settled the Warrant Exercise Consideration with the Company and Mr. Wu indicated to the Company to take up the Warrant Exercise Consideration with effect from the Warrant Shares Subscription Date.

(ii) Derivative component of the Convertible Bonds

Details and movements of the Group's Derivative component of the Convertible Bonds and Convertible Bonds are described in note 27.

On 14 December 2020, the Convertible Bonds were fully converted into 395,721,925 ordinary shares with a conversion unit price of HK\$0.187 per share (see note 28).

26. DEFERRED TAX LIABILITIES

The following are the major deferred tax liabilities recognised and movements thereon during the current and prior years:

	Undistributed retained profits of PRC subsidiaries	Total
	RMB'000	RMB'000
At 1 July 2020, 30 June 2021, 1 July 2021	1,250	1,250
Credited to profit or loss	(1,250)	(1,250)
At 30 June 2022	–	–



Notes to the Consolidated Financial Statements

For the year ended 30 June 2022

26. DEFERRED TAX LIABILITIES (Continued)

Pursuant to the EIT Law, 10% withholding tax is levied on foreign investors (5% for foreign investors registered in Hong Kong provided they meet certain criteria) in respect of dividend distributions arising from a foreign investment enterprise's profit earned after 1 January 2008. At 30 June 2022 and 2020, the Directors believed that should the Group determine to distribute profits of the Group's PRC subsidiaries in the foreseeable future, the Group will be able to obtain the approval for the preferential withholding tax of 5% in relation to the dividend income.

At 30 June 2021, deferred tax liabilities of RMB1,250,000 have been recognised in respect of the tax that would be payable on the portion of the retained profits of the Group's PRC subsidiaries which the Directors expect to be distributed by them in the foreseeable future, based on the assumption that the approval for the 5% preferential withholding tax rate will be obtained. However, in view of the Group's PRC subsidiaries have incurred losses for the recent years which have been set-off the retained profits carried forward for these PRC subsidiaries and thus, deferred tax liabilities of RMB1,250,000 was credited to profit or loss for the year ended 30 June 2022.

At 30 June 2022, the Group has unused tax losses of approximately RMB56,335,000 (2021: RMB18,923,000) available for offset against future profits. No deferred tax asset has been recognised in respect of such losses due to the unpredictability of future profit streams. The losses may be carried forward indefinitely.

27. CONVERTIBLE BONDS

	2022 RMB'000	2021 RMB'000
Convertible Bonds	–	–

Pursuant to the Subscription Agreement, the Company conditionally agreed to issue and the Controlling Shareholder conditionally agreed to subscribe for the Convertible Bonds at the principal amount of HK\$74 million during the year ended 30 June 2020 and details of which are described in note 24.



Notes to the Consolidated Financial Statements

For the year ended 30 June 2022

27. CONVERTIBLE BONDS (Continued)

The principal terms of the Convertible Bonds are as follows:

Principal amount: HK\$74 million

Conversion price: HK\$0.187 per conversion share, subject to adjustments arising from events such as share consolidation and subdivision, capitalisation of profit or reserves, capital distribution, rights issues of shares or options or warrants over shares, issue of other securities or shares issue for cash at less than market price.

Number of conversion shares to be issued: 395,721,925 conversion shares upon full conversion

Maturity date: On the third (3rd) anniversary of the Convertible Bonds issue date (the "CB Issue Date") of 28 February 2020 (the "CB Maturity Date")

Interest rate: 2.28% per annum on outstanding amounts payable quarterly in arrears.

Transferability: The Convertible Bonds are not transferable.

Conversion period: The Controlling Shareholder shall have the right to convert the whole or part of the outstanding principal amount of Convertible Bonds into shares on any business day during the period commencing from the CB Issue Date and ending on the CB Maturity Date.

Redemption: (a) *On CB Maturity Date*

Upon redemption on the CB Maturity Date, the Company shall redeem the Convertible Bonds at the redemption amount of 100% of the principal amount of the then outstanding Convertible Bonds plus the relevant accrued and unpaid interest.

(b) *On default*

Upon the occurrence of an event of default, the Controlling Shareholder may at any time from the CB Issue Date and prior to the CB Maturity Date, by giving not less than 10 business days prior notice to the Company, request the Company to redeem the whole or part only of the Convertible Bonds at the redemption amount which is 100% of the principal amount of the Convertible Bonds being redeemed plus the relevant interest accrued and unpaid.

(c) *Early redemption at the option of the Company*

The Company may, at any time from the CB Issue Date and prior to the CB Maturity Date, by giving not less than 10 business days prior notice to the Controlling Shareholder, redeem the whole or part only of the Convertible Bonds at 100% of the principal amount of the Convertible Bonds being redeemed together with payment of interests accrued up to the date of such early redemption. No early redemption may be requested by the Controlling Shareholder.



Notes to the Consolidated Financial Statements

For the year ended 30 June 2022

27. CONVERTIBLE BONDS (Continued)

The movements of the debt and derivative components of the Convertible Bonds for the years ended 30 June 2021 and 2022 are set out as below:

	Debt component	Derivative component	Total
	RMB'000	RMB'000	RMB'000
Balances at 1 July 2020	37,127	18,493	55,620
Effective interest expenses	3,767	–	3,767
Changes in fair value	–	(4,779)	(4,779)
Conversion of Convertible Bonds	(37,357)	(12,152)	(49,509)
Exchange difference	(3,537)	(1,562)	(5,099)
Balances at 30 June 2021, 1 July 2021 and 30 June 2022	–	–	–

The Directors consider that conversion feature failed the fixed-for-fixed requirement for equity classification as one of the conversion ratio adjustments did not preserve the relative interest between bondholder and ordinary shareholders. The conversion option was therefore regarded as derivative with changes in fair value being recognised in profit or loss in accordance with IAS 39. The liability components and the embedded derivatives of the Convertible Bonds have been separately accounted for. The embedded derivatives concerned referred to the conversion right and early redemption rights of the Convertible Bonds exercisable by the bondholder and Company, respectively.

On initial recognition, the debt component of the Convertible Bonds was recognised at fair value, calculated based on the present value of the principal amount plus accrued coupon interest over the expected life of the Convertible Bonds. In subsequent periods, the debt component is carried at amortised cost using the effective interest method. The effective interest rate of the debt component is 22.8 % per annum.



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For the year ended 30 June 2022

27. CONVERTIBLE BONDS (Continued)

The derivative component of the Convertible Bonds is measured at fair values at the date of issue and in subsequent periods with changes in fair value recognised in profit or loss. The fair values of the derivative financial instruments on the initial recognition date are determined by IVL based on the Binomial Method (level 3 fair value measurements). The inputs are assumptions used for the calculation of fair values of the derivative financial instruments are as follows:

Share price:	HK\$0.17
Conversion price:	HK\$0.187
Coupon rate	2.28%
Expected volatility:	74.12%
Discount rate:	25.42%
Expected dividend yield:	0.00%
Risk-free rate:	0.981%

On 30 June 2020, the Company and the Controlling Shareholder entered into an agreement (the "CB Interest Waiver Agreement") and pursuant to which, the Controlling Shareholder agreed to waive all the interest of the Convertible Bonds to be paid by the Company. Due to the CB Interest Waiver Agreement, with reference to the computation performed by IVL, the carrying value of the debt component Convertible Bonds have been reduced from approximately of HK\$43,875,000 (equivalent to approximately of RMB39,967,000) to approximately of HK\$40,727,000 (equivalent to approximately of RMB37,127,000) on 30 June 2020, i.e. the Date of CB Waiver and thus, the difference of approximately of RMB2,840,000 was recognised in profit or loss for the year ended 30 June 2020.

During the year ended 30 June 2020, interest expenses of HK\$415,000 (equivalent to RMB374,000) was waived by the Controlling Shareholder which was credited to the capital reserve of the Group for the year ended 30 June 2020.

At 30 June 2020, the derivative component of the Convertible Bonds is measured at fair value that is determined by IVL, based on the Binomial method (level 3 fair value measurements). The inputs are assumptions used for the calculation of fair value of the derivative component of the Convertible Bonds are as follows:

Share price:	HK\$0.126
Conversion price:	HK\$0.187
Coupon rate	0%
Expected volatility:	81.341%
Discount rate:	25.129%
Expected dividend yield:	0.00%
Risk-free rate:	0.23%

On 14 December 2020, all Convertible Bonds were converted into 395,721,925 ordinary shares of the Company and details of which are set out in note 28.



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28. SHARE CAPITAL OF THE COMPANY

	Number of shares	Share capital	
		HK\$'000	RMB'000
Ordinary shares of HK\$0.01 each			
Authorised			
As at 1 July 2020, 30 June 2021 and 30 June 2022	3,000,000,000	30,000	26,376
Issued and fully paid			
As at 1 July 2020	1,347,860,727	13,479	11,610
Issue of shares upon exercise of Warrants (note 25(i))	269,500,000	2,695	2,230
Issue of shares upon conversion of Convertible Bonds (note 27)	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

The details of the issue of shares upon exercise of Warrants and conversion of Convertible Bonds are set out in notes 25 and 27, respectively.

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.

29. RESERVES

a) Share premium

The application of the share premium account is governed by the Companies Law of the Cayman Islands. The share premium is distributable.



Notes to the Consolidated Financial Statements

For the year ended 30 June 2022

29. RESERVES (Continued)

b) Capital reserve

The major items of the Group's capital reserve at 30 June 2022 and 2021 are as follows:

- The excess of paid-in capital of Summi Fujian Food Co. Limited of RMB3,585,000.
- The capital reserve of Sunshine Vocal Limited in connection with the waiver of an equity shareholder's loan and related interest of RMB36,396,000 in prior years.
- The fair value of the actual or estimated number of share options granted to employees of the Group was recognised as capital reserve in accordance with the accounting policy adopted for share-based payments in note 4. During the year ended 30 June 2021, all of the Company's outstanding share options were lapsed and the related reserve was transferred to accumulated loss.
- The deemed contribution from the Controlling Shareholder of RMB43,536,000 and RMB374,000 with respect of the corporate bonds and Convertible Bonds during the year ended 30 June 2020.

c) Shares held under the share award scheme

The amount represents the reserve relating to the "shares held under the share award scheme" and details of which are set out in note 31. The carrying amount of the shares held as at the year-end was presented as a deduction against equity.

d) Statutory reserves

Statutory reserves were established in accordance with the relevant PRC rules and regulations and the articles of association of the Group's PRC subsidiaries. Transfers to the reserves were approved by the directors of these companies.

The Group's PRC subsidiaries are required to transfer no less than 10% of their net profits, as determined in accordance with the PRC accounting rules and regulations, to the statutory surplus reserve until the reserve balance reaches 50% of their registered capital. The transfer to this reserve must be made before the distribution of a dividend to shareholders.

The statutory surplus reserve can be used to make good previous years' losses, if any, and may be converted into share capital by the issue of new shares to shareholders in proportion to their existing shareholdings or by increasing the par value of the shares currently held by them, provided that the balance after such issue is not less than 25% of the registered capital.

The Group's PRC subsidiaries made appropriations to discretionary surplus reserve in accordance with their board of directors' resolutions.

e) Exchange reserve

The exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of the Company. The reserve is dealt with in accordance with the accounting policies set out in note 4.



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30. SHARE-BASED PAYMENT TRANSACTIONS

A share option scheme was adopted pursuant to a written resolution of the shareholders of the Company passed on 7 June 2008 and refreshed at the annual general meeting held on 5 November 2012 (the "Share Option Scheme"). Each option gives the holder the right to subscribe for one ordinary share of HK\$0.01 each of the Company.

The purpose of the Share Option Scheme is to recognise, motivate and provide incentives to those who make contribution to the Group and to attract and retain the best available personnel, to provide additional incentive to employees (full-time and part-time), Directors, consultants, advisers, distributors, contractors, suppliers, agents, customers, business partners or service providers of the Group and to promote the success of the business of the Group.

The qualified participants include (i) any full-time or part-time employee of any member of the Group; (ii) any consultant or adviser of any member of the Group; (iii) any director (including executive, non-executive or independent non-executive directors) of any member of the Group; (iv) any substantial shareholder of any member of the Group; and (v) any distributor, contractor, supplier, agent, customer, business partner or service provider of any member of the Group.

On 19 November 2015, the Company granted 54,000,000 share options with a subscription price of HK\$1.11 per share to certain qualified participants.

Details of options are as follows:

<u>Date of options granted to the employees of the Group</u>	<u>Number of options</u>	<u>Exercise price</u>	<u>Vesting condition and exercisable percentage condition</u>	<u>Up to %</u>	<u>Expiry date of the share options</u>
19 November 2015 ("2015 Option")	54,000,000	HK\$1.11	1 year from grant date	50.0	18 November 2020
			2 years from grant date	50.0	



Notes to the Consolidated Financial Statements

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30. SHARE-BASED PAYMENT TRANSACTIONS (Continued)

The following table discloses movements of the Company's 2015 Options during the year ended 30 June 2021:

Option type	Outstanding at 1 July 2020	Lapsed during the year	Outstanding at 30 June 2021 and 30 June 2022
2015 Option			
Executive directors	–	–	–
Employee	9,850,000	(9,850,000)	–
	9,850,000	(9,850,000)	–
Exercisable at the end of the year	9,850,000	–	–
Weighted average exercise price	HK\$1.11	–	–

All of the Company's 2015 Options was lapsed during the year ended 30 June 2021 and the Company did not have any outstanding share options subsequently.

As at and during the year ended 30 June 2022, the Company did not have any outstanding and granted options under the Company's Share Option Scheme.

The fair value of the share options granted was calculated using the Binomial method (level 3 fair value measurements). The inputs into the model were as follows:

	19 November 2015
Weighted average share price	HK\$1.10
Exercise price	HK\$1.11
Expected volatility	45.80%
Expected life	5 years
Risk-free rate	1.578%
Expected dividend yield	0%



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For the year ended 30 June 2022

30. SHARE-BASED PAYMENT TRANSACTIONS *(Continued)*

Expected volatility was determined by reference to the historical volatility of the Company's share price over the previous 5 years. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioral considerations.

Risk-free interest rate represents the yields to maturity of Hong Kong Exchange Fund Note with respective terms to maturity at the valuation date.

During the year ended 30 June 2021, all of the Company's 2015 Options were lapsed and the Company transferred the related reserve from the capital reserve to accumulated losses.

The Binomial method (level 3 fair value measurements) has been used to estimate the fair value of the options. The variables and assumptions used in computing the fair value of the share options are based on the Directors' best estimate. The value of an option varies with different variables of certain subjective assumptions.

31. SHARES HELD UNDER SHARE AWARD SCHEME

On 11 September 2015, the Company adopted the share award scheme (the "Scheme") under which shares of the Company (the "Awarded Shares") may be awarded to the certain employees including directors and senior management of the Group ("Eligible Participants"), to provide incentives or rewards for their commitment and/or contribution to the Group and to provide them with a direct economic interest in attaining the long-term business objectives of the Group. The Share Award Scheme shall be valid and effective for a period of ten years commencing on the adoption date, i.e., 11 September 2015.

The aggregate number of Awarded Shares permitted to be awarded under the Share Award Scheme throughout the duration of the Scheme is limited to 10% of the issued share capital of the Company as at the adoption date. The maximum aggregate number of Awarded Shares which may be awarded to a Selected Participant shall not exceed 1% of the issued share capital of the Company as at the adoption date.

The Company has set up a trust (the "Trust") for the purpose of facilitating the purchase, holding and sale of shares in the Group for the benefit of the employees of the Group. All the shares repurchased by the Group through the Trust in the Stock Exchange are recorded as treasury stock in the reserve and are for the Scheme only.

When an Eligible Participant has satisfied all vesting conditions, which might include service and/or performance conditions, specified by the board of directors of the Company at the time of making the award and become entitled to the shares of the Company forming the subject of the award, the trustee shall transfer the relevant Awarded Shares to that employee. The voting rights and powers of any shares held under the Scheme shall be exercised by the independent trustee who shall abstain from voting.

As at 30 June 2022 and 2021, the Company did not have any outstanding shares held under share award scheme.



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32. RETIREMENT BENEFITS PLANS

The Group operates a Mandatory Provident Fund Scheme for all qualifying employees in Hong Kong. The assets of the schemes are held separately from those of the Group, in funds under the control of trustees. The Group contributes 5% of relevant payroll costs to the Scheme, which contribution is matched by employees.

The employees of the Group's subsidiary in PRC are members of a state-managed retirement benefit scheme operated by the government of PRC. The subsidiary is required to contribute 5% to 27% of payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefit scheme is to make the specified contributions.

For the year ended 30 June 2022 and 2021, the Group had no forfeited contribution available to reduce its contributions payable in future years.

The total expense recognised in profit or loss of approximately RMB832,000 (2021: RMB689,000) represents contributions payable to these plans by the Group at rates specified in the rules of the plans.

33. 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 paid a deposit of RMB828,000 (2021: RMB828,000) to the Hong Kong government and made a full provision for such claim in prior years (see note 20).

As at the end of the reporting period and up to the date of approval of these financial statements, apart from expressly stated elsewhere in these consolidated financial statements, 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.

34. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The overall strategy of the Group remains unchanged from prior year.

The capital structure of the Group consists of net debts, which includes bank loans and corporate bonds, net of cash and cash equivalents and equity attributable to owners of the Company, comprising issued share capital and reserves.

The Directors review the capital structure on a semi-annual basis. As part of this review, the Directors consider the cost of capital and the risks associated with each class of capital. Based on recommendations of the Directors, the Group will balance its overall capital structure through the payment of dividends, the issue of new shares as well as the issue of new debts or the redemption of existing debts.

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements, except for the debt covenant requirement of the loan agreements entered into.



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35. FINANCIAL INSTRUMENTS

a) Categories of financial instruments

	2022 RMB'000	2021 RMB'000
Financial assets		
Financial assets at amortised cost	25,702	25,099
Financial liabilities		
Financial liabilities at amortised cost	401,908	412,777

b) Financial risk management objectives and policies

The Group's major financial instruments include trade and other receivables, cash and cash equivalents, trade and other payables, borrowings, corporate bonds and lease liabilities. Details of the financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

(a) Currency risk

The functional currencies of certain subsidiaries are HK\$, MYR or RMB.

The companies of the Group mainly operated in their local jurisdiction with most of the transactions settled in their functional currencies of the operations and did not have significant exposure to risk resulting from changes in foreign currency exchange rates. However, certain bank loans, derivative financial instrument, bank balances and pledged bank deposits of the Group are denominated in currencies other than the functional currency of the respective subsidiaries which expose the Group to currency risk. The Group currently does not have a foreign currency hedging policy. However, the management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.



Notes to the Consolidated Financial Statements

For the year ended 30 June 2022

35. FINANCIAL INSTRUMENTS (Continued)

Market risk (Continued)

(a) Currency risk (Continued)

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

	Assets		Liabilities	
	2022 RMB'000	2021 RMB'000	2022 RMB'000	2021 RMB'000
US\$	455	406	96,150	97,758
MYR	1,942	1,268	2,934	989
	2,397	1,674	99,084	98,747

Sensitivity analysis

The following table details the Group's sensitivity to increase and decrease in RMB against the relevant foreign currencies. The increase or decrease in the foreign exchange rates in US\$ and MYR are the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates.

	Increase (decrease) in foreign exchange rate %	Effect on profit or loss after taxation RMB'000	Effect on accumulated losses RMB'000
As at 30 June 2022			
US\$	1 (1)	799 (799)	799 (799)
MYR	1 (1)	8 (8)	8 (8)
As at 30 June 2021			
US\$	1 (1)	816 (816)	816 (816)
MYR	1 (1)	(2) 2	(2) 2

In the opinion of the management, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk as the year end exposures at the end of the reporting period does not reflect the exposure during the year.



Notes to the Consolidated Financial Statements

For the year ended 30 June 2022

35. FINANCIAL INSTRUMENTS (Continued)

Market risk (Continued)

(b) Interest risk

The Group is exposed to fair value interest rate risk in relation to bank and other borrowings and corporate bonds. The Group is also exposed to cash flow interest rate risk in relation to variable-rate bank balances and bank and other borrowings. It is the Group's policy to keep certain of its bank loans at floating rate of interests so as to minimise the fair value interest rate risk. The Group's exposures to interest rates on financial liabilities are detailed in the liquidity risk management section of this note. The Group currently does not have an interest rate hedging policy. However, the management monitors interest rate exposure and will consider other necessary actions when significant interest rate exposure is anticipated. The Group's cash flow interest rate risk is mainly concentrated on the fluctuation of London Inter-bank Offered Rate ("LIBOR") arising from the Group's US\$ denominated bank loans.

Sensitivity analysis

Based on the management's assessment of the reasonably possible change in interest rates, it is estimated that a general increase/decrease of 100 basis points (2021: 100 basis points) in interest rates, with all other variables held constant, would decrease/increase (2021: decrease/increase) the Group's profit after tax and retained profits by approximately RMB758,000 (2021: RMB965,000) for the year. This is mainly attributable to the Group's exposure to interest rates on its variable-rate bank loans and bank balances.

The sensitivity analysis above has been determined based on the exposure to interest rates for non-derivative instruments at the end of the reporting period. The analysis is prepared assuming the financial instruments outstanding at the end of the reporting period were outstanding for the whole year. The 100 basis points (2020: 100 basis points) increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates. The analysis is performed on the same basis for the year ended 30 June 2021.

In the opinion of the management, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk as the year end exposures at the end of the reporting period does not reflect the exposure during the year.

Credit risk

As at 30 June 2022 and 2021, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties is arising from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position.

The Group's credit risk is primarily attributable to trade and other receivables. Management has a credit policy in place and the exposures to the credit risk are monitored on an ongoing basis.



Notes to the Consolidated Financial Statements

For the year ended 30 June 2022

35. FINANCIAL INSTRUMENTS (Continued)

Credit risk (Continued)

In respect of trade and other receivables, individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer's past history of making payments when due and current ability to pay and take into account information specific to the customers as well as pertaining to the economic environment in which the customers operate. Trade receivables are due within the credit period from the date of billing. Normally, the Group does not obtain collateral from customers.

The Group's concentration of credit risk by geographical locations is mainly in the South East Asia and PRC, which accounted for 25% and 69% respectively (2021: 23% and 71%) of the total trade receivable as at 30 June 2022.

The Group has concentration of credit risk as 40% (2021: 71%) and 83% (2021: 95%) of the total trade receivables was due from the Group's largest customer and the five largest customers respectively.

The credit risk on the Group's liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies.

Expected credit loss

As part of the Group's credit risk management, the Group applied internal credit rating for its customers. Certain of the Group's trade receivables are grouped under a provision matrix based on shared credit risk characteristics by reference to past default experience and current past due exposure of the debtor.

The estimated loss rates are estimated based on historical observed default rates over the expected life of the debtors and are adjusted for forward-looking information that is available without undue cost or effort. Such forward-looking information is used by the management of the Group to assess both the current as well as the forecast direction of conditions at the reporting date. The grouping is regularly reviewed by the management of the Group to ensure relevant information about specific debtors is updated.

Liquidity risk

During the year ended 30 June 2022, 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 RMB299,966,000 (2021: RMB359,155,000). 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 and details of which are set out in note 2(a).

As further explained in note 2(a). 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 such 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.



Notes to the Consolidated Financial Statements

For the year ended 30 June 2022

35. FINANCIAL INSTRUMENTS (Continued)

Liquidity risk (Continued)

The following table details the Group's remaining contractual maturity for its financial liabilities and derivative instruments. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. Specifically, bank loans with a repayment on demand clause are included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity dates for other non-derivative financial liabilities are based on the agreed repayment dates.

The table includes both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curve at the end of the reporting period.

In addition, the following table details the Group's liquidity analysis for its derivative financial instruments. The tables have been drawn up based on the undiscounted contractual net cash (inflows) and outflows on derivative instruments that settle on a net basis. The liquidity analysis for the Group's derivative financial instruments are prepared based on the contractual settlement dates as the management consider that the settlement dates are essential for an understanding of the timing of the cash flows of derivatives.

	Less than 1 year or on demand RMB'000	Between 1 and 2 years RMB'000	Between 2 and 5 years RMB'000	Over 5 years RMB'000	Total undiscounted cash flows RMB'000	Carrying amount RMB'000
At 30 June 2022						
Trade and other payables	100,847	–	–	–	100,847	100,847
Borrowings	166,094	20,414	3,073	–	189,581	183,264
Lease liabilities	1,683	423	–	–	2,106	1,095
Corporate bonds (note below)	85,569	37,818	23,379	–	146,766	116,702
	354,193	58,655	26,452	–	439,300	401,908
At 30 June 2021						
Trade and other payables	52,802	–	–	–	52,802	52,802
Borrowings	123,213	44,845	114,312	–	282,370	259,458
Lease liabilities	171	114	300	1,393	1,978	820
Corporate bonds (note below)	4,513	95,379	38,546	–	138,438	99,697
	180,699	140,338	153,158	1,393	475,588	412,777

Note: As described in notes 23 and 24, in view of the current financial difficulties of the Group, the Company did not comply with the relevant clauses of the borrowings and corporate bonds agreements and there are demand clauses for certain borrowings and accordingly, the Group reclassified partial of its borrowings and all of its corporate bonds to third parties as current liabilities as at 30 June 2022 and 30 June 2021.



Notes to the Consolidated Financial Statements

For the year ended 30 June 2022

35. FINANCIAL INSTRUMENTS (Continued)

Liquidity risk (Continued)

Fair value measurements of financial instruments

Some of the Group's financial instruments are measured at fair value for financial reporting purposes. In estimating the fair value, the Group uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the Group engages third party qualified valuers to perform the valuation. The Group works closely with the qualified external valuers to establish the appropriate valuation techniques and inputs to the model.

(i) *Fair value of the Group's financial liabilities that are measured at fair value on a recurring basis*

As at 30 June 2022 and 30 June 2021, the Group did not have any financial liabilities that are measured at fair value.

(ii) *Reconciliation of Level 3 fair value measurements*

	Derivative component of the Convertible Bonds	Warrants	Total
	RMB'000	RMB'000	RMB'000
At 1 July 2020	18,493	9,517	28,010
Changes in fair values	(4,779)	(8,897)	(13,676)
Exercised of Warrants	–	(9)	(9)
Conversion of Convertible Bonds	(12,152)	–	(12,152)
Exchange differences	(1,562)	(611)	(2,173)
At 30 June 2021, 1 July 2021 and 30 June 2022	–	–	–

Changes in fair values for the period included in profit or loss relates to financial liabilities held at the end of the current reporting period and included in the line-item "Changes in fair values".



Notes to the Consolidated Financial Statements

For the year ended 30 June 2022

36. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the consolidated statement of cash flows as cash flows from financing activities.

	1 July 2021	Financing cash flows	Finance costs incurred	New lease entered	Foreign exchange movements	30 June 2022
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Interest payables (note 22)	17,209	(9,955)	10,542	–	(315)	17,481
Amounts due to a director and related companies (note 22)	12,733	42,589	–	–	–	55,322
Lease liabilities (note 17)	820	(196)	61	440	(30)	1,095
Borrowings (note 23)	259,458	(80,044)	–	–	3,850	183,264
Corporate bonds (note 24)	99,697	(2,480)	15,996	–	3,489	116,702
	389,917	(50,086)	26,599	440	6,994	373,864

	1 July 2020	Financing cash flows	Finance costs incurred	Fair value adjustment	New lease entered	Conversion of Convertible Bonds	Exercise of Warrants	Foreign exchange movements	30 June 2021
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Interest payables (note 22)	11,354	(5,075)	11,285	–	–	–	–	(355)	17,209
Derivative financial instruments (note 25)	28,010	–	–	(13,676)	–	(12,152)	(9)	(2,173)	–
Amounts due to a director and related companies (note 22)	42,625	(29,892)	–	–	–	–	–	–	12,733
Lease liabilities (note 17)	629	(177)	52	–	329	–	–	(13)	820
Borrowings (note 23)	274,198	(3,501)	–	–	–	–	–	(11,239)	259,458
Debt component of the Convertible Bonds (note 27)	37,127	–	3,767	–	–	(37,357)	–	(3,537)	–
Corporate bonds (note 24)	95,929	(2,188)	15,387	–	–	–	–	(9,431)	99,697
	489,872	(40,833)	30,491	(13,676)	329	(49,509)	(9)	(26,748)	389,917



Notes to the Consolidated Financial Statements

For the year ended 30 June 2022

37. RELATED PARTY TRANSACTIONS AND BALANCES

(i) Transactions with related parties

Other than those disclosed elsewhere in these consolidated financial statements, the Group entered into the following transactions with related parties:

	2022 RMB'000	2021 RMB'000
Sales of goods to related companies held by directors (note (a) below)	11,553	14,834
Gain on disposal of property, plant and equipment to a related company held by director (note (b) below)	118	–
Imputed interest payable to Controlling shareholder on:		
– corporate bonds	15,259	12,218
– Convertible Bonds	–	3,767

Notes:

(a) Mr. Wu Shaohao, director of the Company is a director of this related company.

(b) Mr. Wu Shaohao and Mr. Wu Liantao, directors of the Company, are shareholder of the related company.

(ii) Balances with related parties

Other than those disclosed elsewhere in these consolidated financial statements, the Group did not have any significant outstanding balances with related parties as at 30 June 2022 and 2021.

(iii) Compensation of key management personnel:

	2022 RMB'000	2021 RMB'000
Wages, salaries and other benefits	1,795	1,567
Discretionary bonuses and performance incentive payments	–	–
Contribution to defined contribution plans	39	51
Equity-settled share-based payments	–	–
	1,834	1,618

The remuneration of Directors and key executives is determined by the remuneration committee having regard to the performance of individuals and market trends.



Notes to the Consolidated Financial Statements

For the year ended 30 June 2022

37. RELATED PARTY TRANSACTIONS AND BALANCES *(Continued)*

(iv) Guarantee for bank borrowings

As at 30 June 2022, Mr. Wu and a related company which held by Mr. Wu, provide a guarantee (equivalent to the outstanding loan amount and interests) to secure the loans borrowed by the Company with a carrying amount of RMB96,150,000 (2021: RMB98,008,000) (note 23).

38. 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 RMB'000	2021 RMB'000
Property, plant and equipment	31,775	50,108
Right-of-use assets	6,762	6,943
	38,537	57,051

Save as the pledged assets disclosed above, the issued shares of certain subsidiaries of the Company (note 39) of the Company were also pledged to secure borrowings of the Group as at 30 June 2022.



Notes to the Consolidated Financial Statements

For the year ended 30 June 2022

39. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY

General information of subsidiaries

Details of the subsidiaries directly and indirectly held by the Company at the end of the reporting period are set out below.

Name of subsidiary	Class of shares held	Place/country of establishment/ incorporation and operation	Paid up issued share capital/ registered capital	Percentage of ownership interest attributable to the Group and voting power held by the Group				Principal activities
				2022		2021		
				Direct %	Indirect %	Direct %	Indirect %	
Sunshine Vocal Limited (note (c) below)	Ordinary shares	The BVI	US\$100,000	100	–	100	–	Investment holding in Hong Kong
Rich Anges Limited (note (c) below)	Ordinary shares	The BVI	US\$1	100	–	100	–	Investment holding in Hong Kong
Potel Limited (note (c) below)	Ordinary shares	Hong Kong	HK\$1	–	100	–	100	Investment holding in Hong Kong
Manwell (China) Limited (note (c) below)	Ordinary shares	Hong Kong	HK\$1	–	100	–	100	Investment holding in Hong Kong
Global One Management Limited	Ordinary shares	The BVI	US\$1	–	100	–	100	Investment holding in Hong Kong
Summi (HK) Asia Limited (note (c) below)	Ordinary shares	Hong Kong	HK\$1	–	100	–	100	Sales of Summi fresh orange juice in Hong Kong
Summi Yummy Limited	Ordinary shares	Hong Kong	HK\$10,000	–	60	–	60	Not yet commence business
森美(福建)食品有限公司 Summi (Fujian) Food Co. Limited (notes (b) and (c) below)	Contributed capital	The PRC	RMB80 million	–	100	–	100	Manufacturing and selling of FCOJ in the PRC
三明森美食品有限公司 Sanming Summi Food Co. Limited (notes (b) and (c) below)	Contributed capital	The PRC	RMB10 million	–	100	–	100	Manufacturing and selling of FCOJ in the PRC



Notes to the Consolidated Financial Statements

For the year ended 30 June 2022

39. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (Continued)

General information of subsidiaries (Continued)

Name of subsidiary	Class of shares held	Place/country of establishment/ incorporation and operation	Paid up issued share capital/ registered capital	Percentage of ownership interest attributable to the Group and voting power held by the Group				Principal activities
				2022		2021		
				Direct %	Indirect %	Direct %	Indirect %	
重慶天邦食品有限公司 Chongqing Tianbang Food Co. Limited (notes (b) and (c) below)	Contributed capital	The PRC	HK\$80 million	–	100	–	100	Manufacturing and selling of FCOJ in the PRC
懷化歐勁果業有限公司 Huaihua Oujin Fruit Co., Ltd (notes (b) and (c) below)	Contributed capital	The PRC	RMB30 million	–	100	–	100	Manufacturing and selling of FCOJ in the PRC
重慶尚果農業科技有限公司 Chongqing Shangguo Fruit Technology Co, Ltd. (notes (b) and (c) below)	Contributed capital	The PRC	RMB35 million	–	100	–	100	Manufacturing and selling of Summi fresh orange juice in the PRC
廈門晨毅商貿有限公司 Xiamen Chenyi Trading Co., Ltd. (notes (b), (c) and (g) below)	Contributed capital	The PRC	RMB5 million	–	100	–	100	Sale of Summi fresh orange juice in the PRC
Rui Er Summi BVI Ltd (note (c) below)	Ordinary shares	The BVI	US\$50,000	–	100	–	100	Investment holding
Rui Er Summi Hong Kong (note (c) below)	Ordinary shares	Hong Kong	HK\$10,000	–	100	–	100	Inactive
Summi (Malaysia) Trading Sdn. Bhd.	Registered capital	Malaysia	Malaysia Ringgit 10,000	–	100	–	100	Sale of food and beverage products
郴州森美橙園投資發展有限公司 Chenzhou Summi Orange Plantation Investment Development Co., Ltd (notes (b) and note (c) below)	Contributed capital	The PRC	(note (d) below)	–	100	–	100	Manufacturing and selling of Summi fresh orange juice in the PRC



Notes to the Consolidated Financial Statements

For the year ended 30 June 2022

39. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (Continued)

General information of subsidiaries (Continued)

Name of subsidiary	Class of shares held	Place/country of establishment/ incorporation and operation	Paid up issued share capital/ registered capital	Percentage of ownership interest attributable to the Group and voting power held by the Group				Principal activities
				2022		2021		
				Direct %	Indirect %	Direct %	Indirect %	
瀋陽森美地產開發有限責任公司 Shenyang Summi Real Estate Development Co. Limited ("Shenyang Summi Real Estate") (note (b) below)	Registered capital	The PRC	RMB10 million	-	51	-	51	Investment holding
上海瑞爾森美企業管理有限公司 Shanghai Rui Er Summi Enterprise Management Co. Limited ("Shanghai Rui Er") (note (b) below)	Registered capital	The PRC	(note (e) below)	-	100	-	100	Investment holding
上海瑞森美爾貿易有限公司 Shanghai Ruisenmeier Trading Co., Ltd. ("Shanghai Ruisenmeier") (note (b) below)	Registered capital	The PRC	(note (f) below)	-	100	-	100	Investment holding

Notes:

- Wholly-owned foreign enterprises.
- Companies incorporated as private limited liability companies in the PRC.
- The issued shares of the subsidiary of the Company were pledged to secured borrowings of the Group as at 30 June 2022.
- Pursuant to the Article of the company, the Company agreed to contribute capital funds of HK\$200,000,000 to the company. Till to the date of this report, the Company have not yet been contributed the capital funds to the company.



Notes to the Consolidated Financial Statements

For the year ended 30 June 2022

39. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (Continued)

General information of subsidiaries (Continued)

Notes: (Continued)

- e. Pursuant to the Article of the company, the Company agreed to contribute capital funds of RMB10,000,000 to the company. Till to the date of this report, the Company have not yet been contributed the capital funds to the company.
- f. The entity was incorporated on 18 May 2021 and acquired by the Group on 1 September 2021 through share transfer. Pursuant to the Article of the company, the Company agreed to contribute capital funds of RMB1,000,000 to the company. Till to the date of this report, the Company have not yet been contributed the capital funds to the company.
- g. The entity was deregistration on 5 July 2022.

Details of non wholly-owned subsidiary that have material non-controlling interests

The table below shows details of non wholly-owned subsidiaries of the Group that have material non-controlling interests:

Name of subsidiary	Place of incorporation and principal place of business	Proportion of ownership interests and voting rights held by non-controlling interests		Loss allocated to non-controlling interests		Accumulated non-controlling interests	
		2022	2021	2022	2021	2022	2021
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Shenyang Summi Real Estate	The PRC	51%	51%	(9)	(158)	(167)	(158)

40. COMMITMENTS

Other than those disclosed elsewhere in these consolidated financial statements, the Group did not have any significant capital commitments at the end of the reporting period.



Notes to the Consolidated Financial Statements

For the year ended 30 June 2022

41. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY

	2022 RMB'000	2021 RMB'000
Non-current assets		
Property, plant and equipment	12	22
Current assets		
Other receivables	9,571	9,407
Cash and cash equivalents	2,441	2,526
	12,012	11,933
Current liabilities		
Other payables	6,255	9,085
Borrowings	98,879	113,317
Amounts due to subsidiaries	117,859	85,259
Corporate bonds	81,423	39,569
	304,416	247,230
Net current liabilities	(292,404)	(235,297)
Total assets less current liabilities	(292,392)	(235,275)
Non-current liabilities		
Corporate bonds	35,279	60,128
Borrowings	–	–
	35,279	60,128
Net liabilities	(327,671)	(295,403)
Capital and reserves		
Share capital	19,341	19,341
Reserves	(347,012)	(314,744)
Deficiency of shareholders' equity	(327,671)	(295,403)



Notes to the Consolidated Financial Statements

For the year ended 30 June 2022

41. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY

(Continued)

The movements of the Company's reserves during the years ended 30 June 2022 and 2021 are as follows:

	Share premium RMB'000	Capital reserve RMB'000	Shares held under the share award scheme RMB'000	Exchange reserve RMB'000	Accumulated losses RMB'000	Total RMB'000
As at 1 July 2020	453,671	48,984	(11,159)	4,495	(934,632)	(438,641)
Loss for the year	-	-	-	-	(20,703)	(20,703)
Other comprehensive income for the year						
– Exchange differences arising on translation of foreign operations	-	-	-	41,086	-	41,086
Total comprehensive income (expense) for the year	-	-	-	41,086	(20,703)	20,383
Equity-settled share-based payments	-	(14,906)	11,159	-	3,747	-
Issue of shares upon conversion of Convertible Bonds (note 27)	46,234	-	-	-	-	46,234
Issue of share upon exercise of Warrants (note 25(i))	32,794	-	-	-	-	32,794
Issue of shares	24,486	-	-	-	-	24,486
As at 30 June 2021	557,185	34,078	-	45,581	(951,588)	(314,744)
Loss for the year	-	-	-	-	(22,487)	(22,487)
Other comprehensive expense for the year						
– Exchange differences arising on translation of foreign operations	-	-	-	(9,781)	-	(9,781)
Total comprehensive expense for the year	-	-	-	(9,781)	(22,487)	(32,268)
As at 30 June 2022	557,185	34,078	-	35,800	(974,075)	(347,012)

42. EVENTS AFTER THE REPORTING PERIOD

Other than those disclosed elsewhere in these consolidated financial statements, the Group does not have other significant subsequent events.



Five Years Financial Summary

For the year ended 30 June 2022

The consolidated results, assets and liabilities of the Group for the last five financial years as extracted from the financial statements of the Groups are summarised below:

Result

	Year ended 30 June 2022 RMB'000	Year ended 30 June 2021 RMB'000	Year ended 30 June 2020 RMB'000	Year ended 30 June 2019 RMB'000	Year ended 30 June 2018 RMB'000
Revenue	30,172	111,168	50,993	57,101	661,721
(Loss) profit for the year	(39,816)	(48,518)	315,416	(2,383,670)	11,562

Assets and liabilities

	2022 RMB'000	As at 30 June			
	2022 RMB'000	2021 RMB'000	2020 RMB'000	2019 RMB'000	2018 RMB'000
Total assets	143,913	177,284	190,346	234,563	2,722,809
Total liabilities	401,908	414,027	521,253	895,417	978,618

