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Summi (Group) Holdings Limited
(Incorporated in the Cayman Islands with limited liability)
Stock Code: 00756

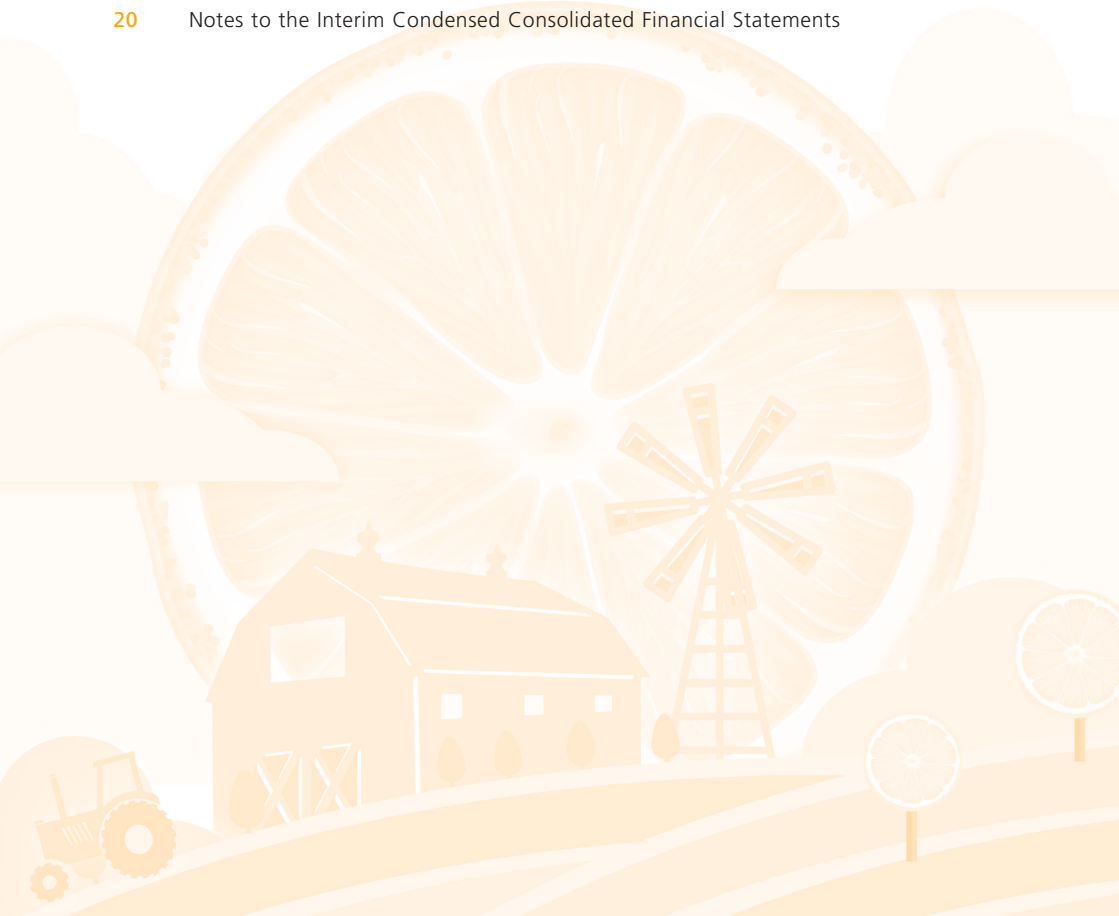
INTERIM REPORT

Healthy Life with Summi



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CORPORATE INFORMATION

As at 24 February 2023

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
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 SIX MONTHS ENDED 31 DECEMBER 2022 (UNAUDITED)

FINANCIAL HIGHLIGHTS

	Six months ended		
	31 December	31 December	Change %
	2022	2021	
	RMB'000	RMB'000	(Approximate)
Statement of profit or loss and other comprehensive income			
Revenue	14,608	19,635	(25.6%)
Gross profit	1,126	2,096	(46.3%)
Gross profit margin	7.7%	10.7%	(3.0 pp)
Loss for the period	(16,079)	(32,731)	(50.9%)
Basic and diluted loss per share (RMB cents)	(0.83)	(1.4)	(40.7%)

	As at		Change %
	31 December	30 June	
	2022	2022	
	RMB'000	RMB'000	(Approximate)
Statement of financial position			
Cash and cash equivalents	8,750	5,420	61.4%
Inventories	21,970	6,013	265.4%
Trade receivables	7,675	4,351	76.4%
Borrowings	163,496	183,264	(10.8%)
Net liabilities	(275,904)	(257,995)	(6.9%)

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND PROSPECT

For the Reporting Period, the Group recorded revenue of approximately RMB14,608,000 (2021: approximately RMB19,635,000), representing a decrease of approximately 25.6%. The decrease in revenue was mainly due to the decrease in sales in Malaysia. During the Reporting Period, the gross profit of the Group was approximately RMB1,126,000 (2021: approximately RMB2,096,000), representing a decrease of approximately RMB970,000 and the gross profit margin was approximately 7.7% (2021: approximately 10.7%).

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

OPERATING PERFORMANCE

Summi Products

During the Reporting Period, the Group has been continuously improving its sales network and developing new products in relation to Summi Products to leverage the advantages of “Summi” brand. In December 2020, the Group launched a new series of beverage products and marketing campaign has been planned for Hong Kong and China. The sales of the Group were impacted by COVID 19 epidemic among which sales revenue of Summi Products decreased by 23.7% from approximately RMB16,709,000 over the same period last year to approximately RMB12,756,000.



MANAGEMENT DISCUSSION AND ANALYSIS

FCOJ and related products

Sales of frozen concentrated orange juice (the “FCOJ”) and related products decreased from approximately RMB2,926,000 over the same period last year to approximately RMB1,852,000 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. The decrease in sales of FCOJ and related products was attributable to the sluggish global economic conditions during the COVID 19 pandemic, which had a significant impact on the markets and the price competition from overseas suppliers had been intensified.

Gross Profit

During the Reporting Period, the Group’s gross profit was approximately RMB1,126,000, an approximate decrease of approximately 46.3% compared to approximately RMB2,096,000 over the same period last year. The Group’s gross profit margin decreased to approximately 7.7% (2021: approximately 10.7%).

Distribution costs and administrative expenses

The Group’s distribution costs mainly included marketing expenses and transportation costs. Distribution costs decreased by approximately 56.5% from approximately RMB4,618,000 over the same period last year to approximately RMB2,009,000 during the Reporting Period.

The Group’s administrative expenses mainly included general office administrative expenses, salaries, amortisation, etc. Administrative expenses decreased from approximately RMB19,763,000 over the last year to approximately RMB12,059,000 during the Reporting Period.

Finance costs

During the Reporting Period, the Group’s finance costs were approximately RMB5,225,000 (2021: approximately RMB12,586,000).

Net loss

During the Reporting Period, the Group’s net loss was approximately RMB16,079,000 (2021: approximately RMB32,731,000).

Interim dividend

The Board has resolved not to announce any interim dividend for the six months ended 31 December 2022 (2021: nil).

MANAGEMENT DISCUSSION AND ANALYSIS

LIQUIDITY, FINANCIAL RESOURCES, GEARING AND CAPITAL STRUCTURE

Liquidity

As at 31 December 2022, current assets amounted to approximately RMB50,427,000 (30 June 2022: approximately RMB32,518,000); current liabilities amounted to approximately RMB387,529,000 (30 June 2022: approximately RMB343,454,000).

Financial Resources

As at 31 December 2022, the Group had cash and cash equivalents and pledged bank deposits of approximately RMB8,750,000 (30 June 2022: approximately RMB5,420,000) respectively, as well as total borrowings of approximately RMB163,496,000 (30 June 2022: approximately RMB183,264,000).

As at 31 December 2022, the Group's trade receivables amounted to approximately RMB7,675,000 (30 June 2022: approximately RMB4,351,000), and inventory amounted to approximately RMB21,970,000 (30 June 2022: approximately RMB6,013,000).

Gearing

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

	31 December 2022	30 June 2022
Quick ratio (x)	0.04	0.03
Current ratio (x)	0.13	0.09
Gearing ratio (<i>note</i>)	N/A	N/A

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

Capital Structure

Details of the Company's share capital are set out in note 16 to the consolidated financial statements in this interim report.

FOREIGN EXCHANGE EXPOSURE

The Group is subject to foreign exchange risk of different currencies, primarily with respect to the United States Dollar. Foreign currency exposure arises out of future commercial activities, recognised assets and liabilities and net investment in overseas business. Furthermore, the exchange of Renminbi ("RMB") is subject to foreign exchange control regulations and laws of the government of PRC. The Group has established a set of foreign exchange exposure management policies, utilising forward contracts and multiple derivative tools to mitigate the related risks.



MANAGEMENT DISCUSSION AND ANALYSIS

PLEDGE OF ASSETS

As at 31 December 2022 and 30 June 2022, the Group had pledged the following assets to the lenders to secure the credit facilities granted to the Group:

	31 December 2022 RMB'000 (Unaudited)	30 June 2022 RMB'000 (Audited)
Property, plant and equipment	28,956	31,775
Right-of-use assets	6,328	6,762
	35,284	38,537

CONTINGENT LIABILITIES

As at 31 December 2022, the Group had no material contingent liabilities (30 June 2022: nil).

CAPITAL EXPENDITURE

During the Reporting Period, the Group has no capital expenditure (six months ended 31 December 2021: RMB350,000) which was used for acquisition of property, plant and equipment.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

Save as disclosed in this report, there was no further specific plan for material investments or capital assets as at 31 December 2022. In the event that the Group is engaged in any plan for material investments or capital assets, the Company will make announcement(s) and comply with relevant rules under the Rules (the "Listing Rules") Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") as and when appropriate.

HUMAN RESOURCES AND REMUNERATION POLICY

As at 31 December 2022, the Group had 120 employees (2021: 105 employees). The Group offers remuneration, discretionary bonuses and social insurance benefits to its employees. In addition, a share award scheme (the "Scheme") has been adopted on 11 September 2015 for the employees of the Group. 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 to enhance the Group's sustainable development.

EVENT AFTER THE REPORTING PERIOD

There was no significant event relevant to the business or financial performance of the Group that came to the attention of the Directors after the Reporting Period.

OTHER INFORMATION

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

As at 31 December 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 Part XV of the Securities and Futures Ordinance (chapter 571 of the Laws of Hong Kong) (“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 Rule 3.13 of the Listing Rules are as follows:

Interests and long position in the shares of the Company (the “Shares”)

Name of Director	Capacity/Nature	Number of Shares held/ interested in	Approximate percentage of issued Share
Mr. Wu Shaohao (“Mr. Wu”)	Interest of controlled corporation (<i>Note 2</i>)	1,309,881,110 (L)	57.40%

Notes:

- The letter “L” denotes a long position in the Shares/underlying Shares.
- 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 31 December 2022, none of the Directors or chief executive of the Company had any interests or short positions in the Shares, underlying Shares and debentures of the Company or any of its 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.



OTHER INFORMATION

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

As at 31 December 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 long position in the Shares and underlying Shares

Name of Shareholder	Capacity/Nature	Number of Shares held/ interested in	Approximate percentage of issued share
Rui Er	Beneficial owner (<i>Note 2</i>)	1,309,881,110 (L)	57.40%
Ms. Yang Xijuan ("Ms. Yang")	Interest of spouse (<i>Note 2</i>)	1,309,881,110 (L)	57.40%
Ms. Hu Mingyue ("Ms. Hu")	Beneficial owner (<i>Note 3</i>)	120,784,960 (L)	5.29%

Notes:

- The letters "L" denote a long position in the Shares/underlying Shares.
- 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.
- The information above and herein was disclosed based on the disclosure of interest notice filed by Ms. Hu, who was interested in 120,784,960 shares.

Save as disclosed above, and as at 31 December 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.

OTHER INFORMATION

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Apart from the details as disclosed under the heading "Interests and short positions of the Directors in Shares, underlying Shares and debentures of the Company and its associated corporations" above, 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 Director 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.

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.

SHARE AWARD SCHEME

On 11 September 2015, the Company adopted the 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 pursuant to the terms of the trust deed of the Share Award Scheme.

During the Reporting Period, no Awarded 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.

CORPORATE GOVERNANCE PRACTICES

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

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



OTHER INFORMATION

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

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

Saved as disclosed above, to the best of the knowledge of the Board, the Company has complied with the CG code during the Reporting Period. The Board will periodically review 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.

OTHER INFORMATION

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 of all the Directors and the Directors have confirmed that they had complied with such the required standard set out in the Model Code and code of conduct during the Reporting Period.

AUDIT COMMITTEE

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

The Audit Committee had reviewed with management the accounting principles and practices adopted by the Group and discussed auditing, risk management, internal controls and financial reporting matters including a review of the interim report and the interim results of the Group for the Reporting Period.

On behalf of the Board

Wu Shaohao
Chairman

24 February 2023



CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 31 DECEMBER 2022

	Notes	Six months ended 31 December	
		2022 RMB'000 (unaudited)	2021 RMB'000 (unaudited)
Revenue	3	14,608	19,635
Cost of sales		(13,482)	(17,539)
Gross profit		1,126	2,096
Gains on a loan settlement agreement		–	3,036
Other income	4	2,088	2,604
Impairment on property, plant and equipment		–	(3,500)
Selling and distribution costs		(2,009)	(4,618)
Administrative expenses		(12,059)	(19,763)
Loss from operations		(10,854)	(20,145)
Finance costs	5	(5,225)	(12,586)
Loss before tax		(16,079)	(32,731)
Income tax expense	7	–	–
Loss for the period	6	(16,079)	(32,731)
Other comprehensive income for the period			
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Exchange differences arising on translation of foreign operations		(1,830)	3,022
Total comprehensive expense for the period attributable to owners of the Company		(17,909)	(29,709)

CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 31 DECEMBER 2022

	<i>Notes</i>	Six months ended 31 December	
		2022 RMB'000 (unaudited)	2021 RMB'000 (unaudited)
Loss for the period attributable to:			
– owners of the Company		(16,057)	(32,731)
– non-controlling interests		(22)	–
		(16,079)	(32,731)
Total comprehensive expense attributable to:			
– owners of the Company		(17,887)	(29,709)
– non-controlling interests		(22)	–
		(17,909)	(29,709)
Loss per share	<i>9</i>		
– Basic and diluted (RMB cents)		(0.83)	(1.4)



CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2022

		As at 31 December 2022 RMB'000 (Unaudited)	As at 30 June 2022 RMB'000 (Audited)
	<i>Notes</i>		
NON-CURRENT ASSETS			
Property, plant and equipment		83,900	91,901
Right-of-use assets		18,519	19,494
		102,419	111,395
CURRENT ASSETS			
Inventories		21,970	6,013
Trade and other receivables	12	19,707	21,085
Cash and cash equivalents		8,750	5,420
		50,427	32,518
CURRENT LIABILITIES			
Trade and other payables	13	141,589	100,847
Borrowings	14	163,496	160,205
Lease liabilities		1,021	979
Corporate bonds	15	81,423	81,423
		387,529	343,454
NET CURRENT LIABILITIES		(337,102)	(310,936)
TOTAL ASSETS LESS CURRENT LIABILITIES		(234,683)	(199,541)

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2022

	<i>Notes</i>	As at 31 December 2022 RMB'000 (Unaudited)	As at 30 June 2022 RMB'000 (Audited)
NON-CURRENT LIABILITIES			
Borrowings	14	–	23,059
Corporate bonds	15	41,135	35,279
Lease liabilities		86	116
		41,221	58,454
NET LIABILITIES			
		(275,904)	(257,995)
CAPITAL AND RESERVES			
Share capital	16	19,341	19,341
Reserves		(295,056)	(277,169)
Deficiency of shareholders' equity		(275,715)	(257,828)
Non-controlling interests		(189)	(167)
		(275,904)	(257,995)



CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 31 DECEMBER 2022

	Attributable to owners of the Company									
	Share capital RMB'000	Share premium RMB'000 Note (a)	Capital reserve RMB'000 Note (b)	Share award reserve RMB'000 Note (c)	Statutory reserve RMB'000 Note (d)	Exchange reserve RMB'000 Note (e)	(Accumulated losses) retained profits RMB'000	Subtotal RMB'000	Non-controlling interests RMB'000	Total RMB'000
At 1 July 2022 (audited)	19,341	557,185	75,394	-	38,810	(15,647)	(932,911)	(257,828)	(167)	(257,995)
Loss for the period	-	-	-	-	-	-	(16,057)	(16,057)	(22)	(16,079)
Other comprehensive income										
Exchange differences arising on translation of foreign operations	-	-	-	-	-	(1,830)	-	(1,830)	-	(1,830)
Total comprehensive expense for the period	-	-	-	-	-	(1,830)	(16,057)	(17,887)	(22)	(17,909)
At 31 December 2022 (unaudited)	19,341	557,185	75,394	-	38,810	(17,477)	(948,968)	(275,715)	(189)	(275,904)
At 1 July 2021 (audited)	19,341	557,185	75,394	-	38,810	(34,211)	(893,104)	(236,585)	-	(236,585)
Loss for the period	-	-	-	-	-	-	(32,731)	(32,731)	-	(32,731)
Other comprehensive income										
Exchange differences arising on translation of foreign operations	-	-	-	-	-	3,022	-	3,022	-	3,022
Total comprehensive expense for the period	-	-	-	-	-	3,022	(32,731)	(29,709)	-	(29,709)
At 31 December 2021 (unaudited)	19,341	557,185	75,394	-	38,810	(31,189)	(925,835)	(266,294)	-	(266,294)

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 31 DECEMBER 2022

Notes:

(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.

(b) **Capital reserve**

The capital reserve of the Group comprise the following:

- The excess of paid-in capital of Summi Fujian of RMB3,585,000;
- The capital reserve of Sunshine Vocal in connection with the waiver of an equity shareholder's loan and related interest of RMB36,396,000; and
- The fair value of the actual or estimated number of share options granted to employees of the Group recognised in accordance with the accounting policy adopted for share-based payments.

(c) **Share award reserve**

The amount represents the reserve relating to the "shares held under the share award scheme". The carrying amount of the shares held as at the end of reporting period was presented as a deduction against equity.

(d) **Statutory reserve**

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 not less than 10% of their net profits, as determined in accordance with the PRC accounting rules and regulations, to the statutory reserve until the reserve balance reaches 50% of their registered capital. The transfer to this reserve must be made before the distribution of dividends to shareholders can be made.

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.



CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE SIX MONTHS ENDED 31 DECEMBER 2022

	Six months ended	
	31 December 2022	2021
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Cash from/(used) in operations	11,785	(6,664)
Income tax paid	–	–
Net cash from/(used) in operating activities	11,785	(6,664)
Net cash used in investing activities	(3,642)	(37)
Net cash (used)/from financing activities	(4,779)	10,316
Net increase in cash and cash equivalents	3,364	3,615
Cash and cash equivalents at the beginning of the period	5,420	3,770
Effect of foreign exchange rates changes	(34)	(150)
Cash and cash equivalents at the end of the period, represented by bank balances and cash	8,750	7,235

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 DECEMBER 2022

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The unaudited condensed consolidated financial statements (the “Interim Financial Statements”) have been prepared in accordance with International Accounting Standard (“IAS”) 34 “Interim Financial Reporting” issued by the International Accounting Standards Board (the “IASB”) and the applicable disclosure requirements set out in Appendix 16 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) (the “Listing Rules”). The Interim Financial Statements do not include all the information and disclosure required in the annual consolidated financial statements of the Company and its subsidiaries (the “Group”), and should be read in conjunction with the annual consolidated financial statements for the year ended 30 June 2022, which have been prepared in accordance with International Financial Reporting Standards (the “IFRSs”) issued by the IASB.

2. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies that have been used in the preparation of the Interim Financial Statements are consistent with those followed in the preparation of the Group’s annual financial statements for the year ended 30 June 2022, except for the adoption of the new and revised IFRS. In the current period, the Group has adopted a number of new and revised IFRSs, amendments to IAS and Interpretations (“Ints”) (hereinafter collectively referred to as “new and revised IFRSs”) issued by the IASB that are relevant to the Group and effective for accounting periods beginning on or after 1 July 2021. The adoption of these new and revised IFRSs did not result in substantial changes to the Group’s accounting policies and amounts reported for the current and prior periods. The Group has not early adopted the new and revised IFRSs that have been issued but are not yet effective. The Group is in the process of assessing their impact on the Group’s results and financial position.

The preparation of the Interim Financial Statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies. The Interim Financial Statements should be read in conjunction with the Group’s audited consolidated financial statements and notes thereto for the year ended 30 June 2022.



NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 DECEMBER 2022

3. REVENUE AND SEGMENT INFORMATION

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

During the six months ended 31 December 2022, the Group's reportable and continuing operating segments are as follows:

- Production and sale of FCOJ and other related products; and
- Production and sale of Summi Products

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 DECEMBER 2022

3. REVENUE AND SEGMENT INFORMATION *(Continued)*

Segment revenues, results, assets and liabilities

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

For the six months ended 31 December 2022 *(unaudited)*

	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
Segment revenue			
– Sales to external customers	1,852	12,756	14,608
– Inter-segment sales	10,003	–	10,003
Segment revenue	11,855	12,756	24,611
Elimination			(10,003)
Group revenue			14,608
Segment results	(7,795)	180	(7,615)
Unallocated gains			2,088
Corporate and other unallocated expenses			(5,327)
Finance costs			(5,225)
Loss before tax			(16,079)



NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 DECEMBER 2022

3. REVENUE AND SEGMENT INFORMATION *(Continued)*

Segment revenues, results, assets and liabilities *(Continued)*

For the six months ended 31 December 2021 *(unaudited)*

	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
Segment revenue (continuing operations)			
– Sales to external customers	2,926	16,709	19,635
– Inter-segment sales	9,256	–	9,256
Segment revenue	12,182	16,709	31,817
Elimination			(9,256)
Group revenue			19,635
Segment results	(9,460)	(1,253)	(10,713)
Unallocated gains			3,036
Corporate and other unallocated expenses			(12,468)
Finance costs			(12,586)
Loss before tax			(32,731)

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

Inter-segment sales are charged at prevailing market rates and conducted with terms mutually agreed by both contract parties.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 DECEMBER 2022

3. REVENUE AND SEGMENT INFORMATION *(Continued)*

Segment revenues, results, assets and liabilities *(Continued)*

As at 31 December 2022 *(unaudited)*

	Continuing Operations		Total RMB'000
	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	
Segment assets	91,201	42,918	134,119
Corporate and other assets			18,727
Total assets			152,846
Segment liabilities	179,438	113,360	292,798
Corporate and other liabilities			135,952
Total liabilities			428,750



NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 DECEMBER 2022

3. REVENUE AND SEGMENT INFORMATION *(Continued)*

Segment revenues, results, assets and liabilities *(Continued)*

As at 30 June 2021 *(audited)*

	Continuing Operations		Total RMB'000
	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	
Segment assets	89,525	40,041	129,566
Corporate and other assets			14,347
Total assets			143,913
Segment liabilities	175,462	110,848	286,310
Corporate and other liabilities			115,598
Total liabilities			401,908

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 DECEMBER 2022

3. REVENUE AND SEGMENT INFORMATION *(Continued)*

Segment revenues, results, assets and liabilities *(Continued)*

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

- all assets are allocated to operating segments other than pledged bank deposits, 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, bank and other borrowings, income tax payable, deferred tax liabilities and certain other payables which were managed in a centralised manner.

4. OTHER INCOME

	For the six months ended	
	31 December	
	2022	2021
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Bank interest income	12	36
Government grants <i>(note i)</i>	2,074	1,872
Others	2	696
	2,088	2,604

Note:

- (i) All government grants received were on cash basis. The government grants were unconditional and recognised as other income immediately.



NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 DECEMBER 2022

5. FINANCE COSTS

	For the six months ended 31 December	
	2022	2021
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Interest on:		
– corporate bonds	1,410	1,328
– bank loans	3,803	11,247
– lease liabilities	12	11
	5,225	12,586

6. LOSS FOR THE PERIOD

	For the six months ended 31 December	
	2022	2021
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Loss for the period has been arrived at after charging:		
Depreciation of property, plant and equipment	8,298	12,953
Depreciation of right-of-use assets	510	528
Amount of inventories recognised as an expense	13,482	17,539
Exchange difference, net	21	37

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 DECEMBER 2022

7. INCOME TAX EXPENSE

	For the six months ended	
	31 December	2021
	2022	2021
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Current tax:		
PRC Enterprise Income Tax	—	—
Malaysia	—	—
Deferred tax	—	—
	—	—

Notes:

- (a) Pursuant to rules and regulations of the Cayman Islands and the British Virgin Islands, the Group is not subject to any income tax in the Cayman Islands and the British Virgin Islands.
- (b) Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% for both periods.
- (c) No Hong Kong Profits Tax has been provided as the Group did not have any assessable profits subject to Hong Kong Profits Tax for both periods.
- (d) Income tax for the Group's Malaysian operations is calculated at the rate of 24% on the estimated assessable profit derived from Malaysia for the period.



NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 DECEMBER 2022

8. DIVIDEND

The Board does not recommend the payment of an interim dividend in respect of the six months ended 31 December 2022 (six months ended 31 December 2021: nil).

9. LOSS PER SHARE

The weighted average number of ordinary shares for the purpose of diluted earnings per share reconciled to the weighted average number of ordinary shares used in the calculation of basic earnings per share as follows:

Number of shares

	For the six months ended 31 December	
	2022 (Unaudited)	2021 (Unaudited)
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share	<u>2,282,082,652</u>	<u>2,282,082,652</u>

10. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 31 December 2022, the Group did not purchase any property, plant and equipment (six months ended 31 December 2021: RMB350,000).

During the six months ended 31 December 2022, the Group did not dispose of certain property, plant and equipment (six months ended 31 December 2021: nil).

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 DECEMBER 2022

11. RIGHT-OF-USE ASSETS AND LEASES LIABILITIES

(i) Right-of-use assets

During the six months ended 31 December 2022, the Group did not enter into lease agreements.

(ii) Contract liabilities

During the six months ended 31 December 2022, the Group did not enter into lease agreements.

(iii) Amount recognised in profit or loss

	For the six months ended 31 December 2022 RMB'000 (Unaudited)	For the six months ended 31 December 2021 RMB'000 (Unaudited)
Depreciation of right-of-use assets	69	73
Interest expense on lease liabilities	–	–
Expense relating to short-term leases	103	109

(iv) Others

As at 31 December 2022, the Group is committed to approximately RMB201,000 for short-term leases (six months ended 31 December 2021: RMB254,000).



NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 DECEMBER 2022

12. TRADE RECEIVABLES

The Group allowed a credit period ranging from 30 to 120 days (30 June 2022: 30 to 120 days) to its trade customers from the date of billing.

The following is an aged analysis of trade receivables based on the due dates at the end of the reporting period:

	31 December 2022 RMB'000 (Unaudited)	30 June 2022 RMB'000 (Audited)
Neither past due nor impaired	7,675	4,351

Trade receivables that were neither past due nor impaired related to customers that had no recent history of default payment.

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

13. TRADE PAYABLES

The Group had financial risk management policies in place to ensure all payables are settled within the credit timeframe. The average credit period on purchase of goods was 90 to 150 days (30 June 2022: 90 to 150 days).

The following is an aged analysis of trade payables presented based on the due date at the end of the reporting period.

	31 December 2022 RMB'000 (Unaudited)	30 June 2022 RMB'000 (Audited)
Due within 3 months or on demand	1,892	2,541

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 DECEMBER 2022

14. BORROWINGS

	As at 31 December 2022 RMB'000 (Unaudited)	As at 30 June 2022 RMB'000 (Audited)
Bank borrowings	137,250	139,000
Other borrowings	26,246	44,264
	163,496	183,264
The carrying amount of borrowings that repayable:		
Within one year or on demand	163,496	160,205
Within a period of more than one year but not exceeding two years	–	20,414
With a period of more than two years but not exceeding five years	–	2,645
	163,496	183,264
Less: the carrying amount of borrowings that are repayable on demand due to breach of loan covenants (shown under current liabilities)	–	–
	163,496	183,264
Less: amounts due within one year shown under current liabilities	(163,496)	(160,205)
Amounts shown under non-current liabilities	–	23,059
Analysed as:		
– Secured	135,846	153,599
– Unsecured	27,650	29,665
	163,496	183,264



NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 DECEMBER 2022

15. CORPORATE BONDS

As at 31 December 2022, the Company held six corporate bonds to independent third parties for the purpose of general working capital with an aggregate nominal value of HK\$51,000,000 (30 June 2022: HK\$51,000,000) in aggregate and periods of ranging from five to eight years.

These corporate bonds were issued at a fixed interest rate of 6% or 6.50% (30 June 2022: 6% or 6.50%) per annum and are payable annually from the date of issuance and maturity date. The principal amount will be repaid on maturity. The effective interest rate is 7.15% (30 June 2022: 7.15%) per annum.

16. SHARE CAPITAL

	Number of shares	Share capital	
		HK\$'000	RMB'000
Ordinary shares of HK\$0.01 each			
Authorised:			
At 1 July 2020, 30 June 2021, 1 July 2021 and 31 December 2022	3,000,000,000	30,000	26,376
Issued and fully paid:			
At 1 July 2020, 30 June 2021 and 1 July 2022	2,282,082,652	22,821	19,341
At 31 December 2022	2,282,082,652	22,821	19,341

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 DECEMBER 2022

17. RELATED PARTY TRANSACTIONS

Compensation of key management personnel

The remuneration of directors of the Company and other members of key management personnel during the period was as follows:

	For the six months ended	
	31 December	
	2022	2021
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Short-term benefits	401	398
Post-employment benefits	69	67
	470	465