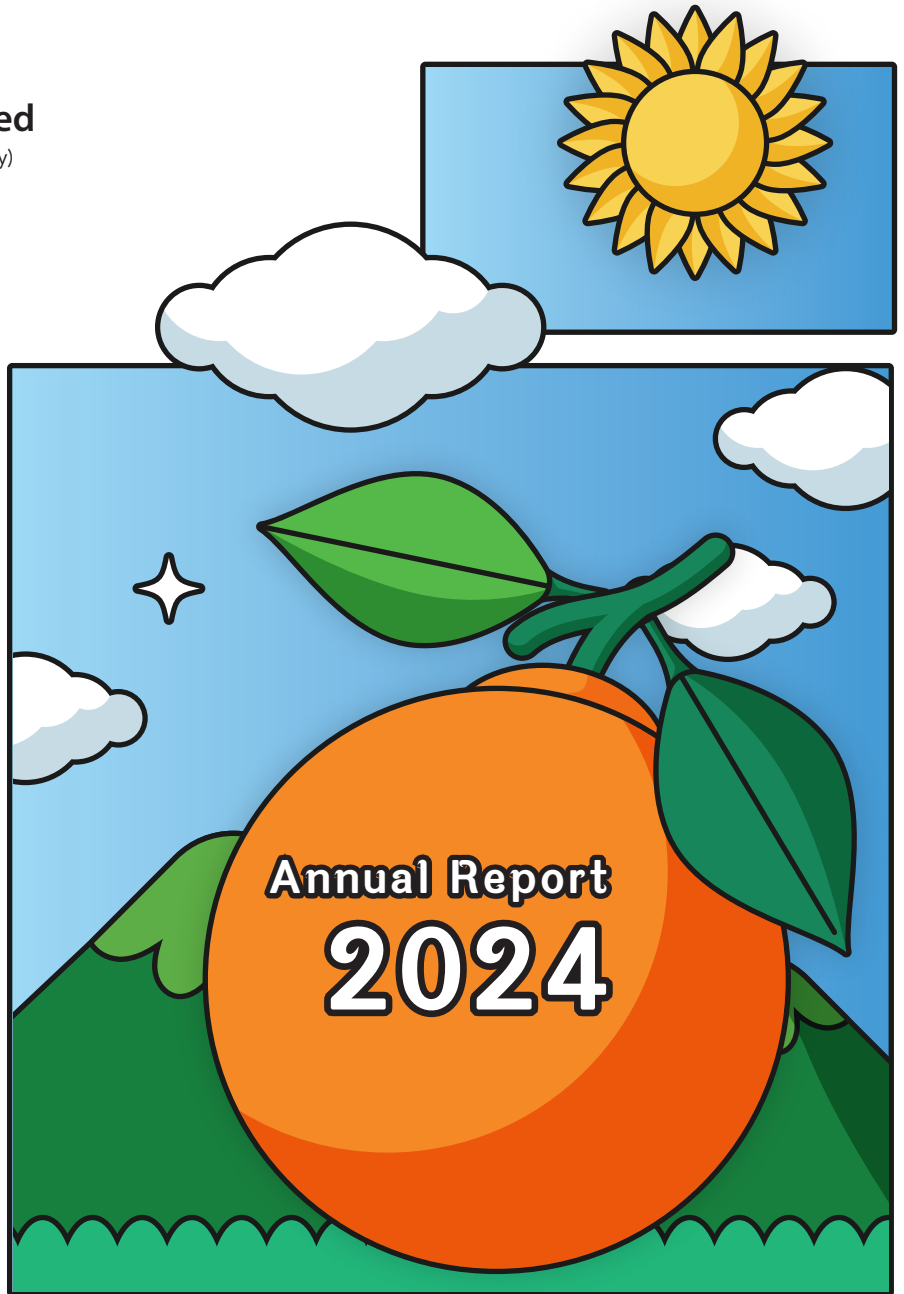


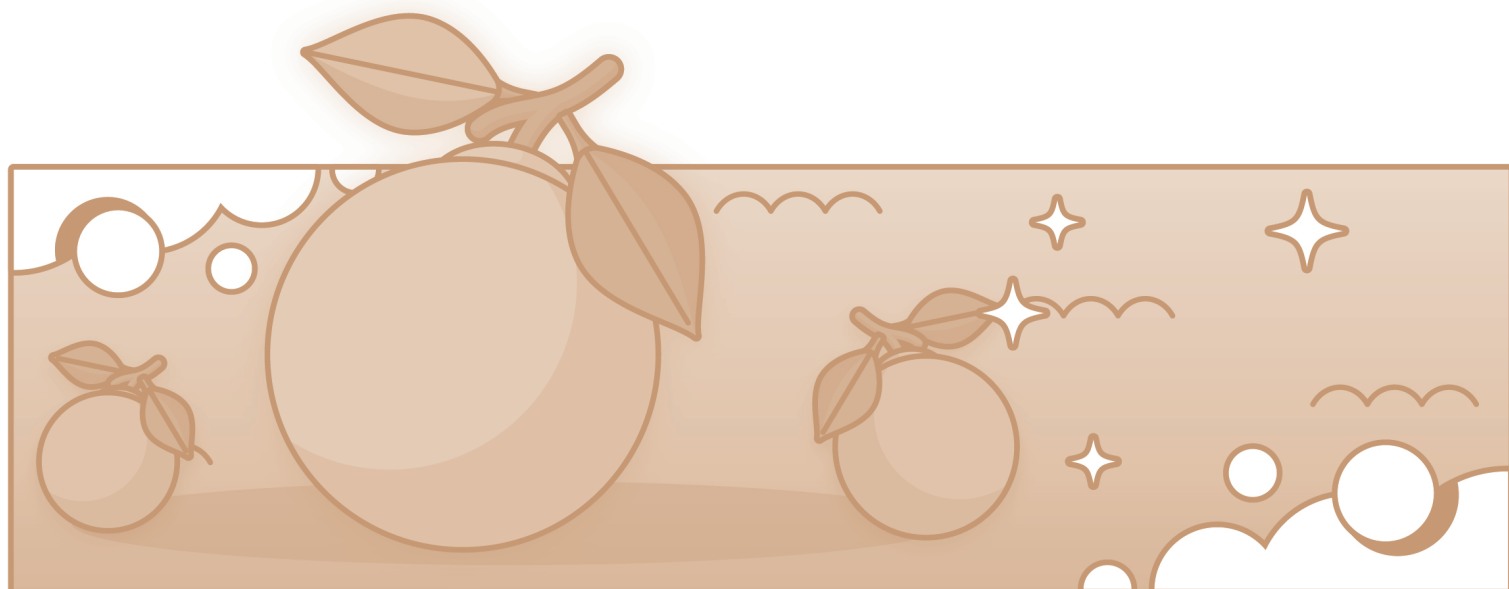


森美(集團)控股有限公司
Summi (Group) Holdings Limited
(incorporated in the Cayman Islands with limited liability)
Stock Code: 00756



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Corporate Information

As at 30 September 2024

DIRECTORS

Executive Directors

Mr. Wu Shaohao
Mr. Wu Liantao (*Chairman*)

Independent Non-Executive Directors

Ms. Chung Wing Yee
Ms. Yang Xuping
Mr. Zhong Shuirong

COMPANY SECRETARY

Ms. Chin Ying Ying, CPA

AUTHORISED REPRESENTATIVES

Mr. Wu Liantao
Ms. Chin Ying Ying, CPA

AUDIT COMMITTEE

Mr. Zhong Shuirong (*Chairman*)
Ms. Chung Wing Yee
Ms. Yang Xuping

REMUNERATION COMMITTEE

Mr. Zhong Shuirong (*Chairman*)
Mr. Wu Shaohao
Ms. Chung Wing Yee
Ms. Yang Xuping

NOMINATION COMMITTEE

Ms. Yang Xuping (*Chairman*)
Mr. Wu Shaohao (ceased to act as chairman on
4 July 2024)
Ms. Chung Wing Yee

INVESTMENT AND COMPLIANCE COMMITTEE

Mr. Wu Shaohao (*Chairman*)
Mr. Wu Liantao
Ms. Yang Xuping

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

SFAI (HK) 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

	2024 RMB'000	2023 RMB'000	Change % (Approximate)
Consolidated statement of profit or loss and other comprehensive income			
Revenue	80,644	21,366	277.4
Gross profit	21,248	6,608	221.5
Loss for the year	(24,550)	(26,998)	(9.1)
EBITDA (note)	11,813	19,373	(39.0)
		(11.83)	
Basis and diluted EPS (RMB cents)	(7.98)	(restated)	(32.5)
Consolidated statement of financial position			
Cash and cash equivalents	4,796	5,030	(4.7)
Inventories	36,616	6,619	453.2
Trade receivables	4,315	1,018	323.9
Borrowings	211,436	206,588	2.3
Net liabilities	(252,543)	(297,546)	(15.1)

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 2024 (the "Reporting Period").

For the Reporting Period, the Group recorded revenue of approximately RMB80,644,000 (2023: RMB21,366,000), representing an increase of approximately 277.4%. The increase in revenue was mainly due to the increase in sales of frozen concentrated orange juice (the "FCOJ") and related products as the Group was focusing on the production of FCOJ and not-from-concentrated orange juice (the "NFC") to B2B customers including promoting and growing the sales to juice trading companies during the Reporting Period. During the Reporting Period, the gross profit of the Group was RMB21,248,000 (2023: RMB6,608,000), representing an increase of approximately RMB14,640,000 and the gross profit margin was 26.3% (2023: 30.9%). The decrease in gross profit margin was mainly due to the change in sales mix with increased sales of FCOJ and related products during the Reporting Period.

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, leveraging the Group's advantages in food and beverage industry to support the growth of revenue of the Group. The Group has refocused on the FCOJ and related product business by promoting and strengthening the business relationship as a major supplier to corporate customers.

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 Liantao

Chairman and Executive Director

Hong Kong, 30 September 2024



Management Discussion and Analysis

BUSINESS REVIEW AND PROSPECT

For the Reporting Period, the Group recorded revenue of approximately RMB80,644,000 (2023: RMB21,366,000), representing an increase of approximately 277.4%. The increase in revenue was mainly due to the increase in sales of frozen concentrated orange juice (the “FCOJ”) and related products as the Group was focusing on the production of FCOJ and not-from-concentrated orange juice (the “NFC”) to B2B customers including promoting and growing the sales to juice trading companies during the Reporting Period. During the Reporting Period, the gross profit of the Group was RMB21,248,000 (2023: RMB6,608,000), representing an increase of approximately RMB14,640,000 and the gross profit margin was 26.3% (2023: 30.9%). The decrease in gross profit margin was mainly due to the change in sales mix with increased sales of FCOJ and related products during the Reporting Period.

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, leveraging the Group’s advantages in food and beverage industry to support the growth of revenue of the Group. The Group has refocused on the FCOJ and related product business by promoting and strengthening the business relationship as a major supplier to corporate customers.

DISCLAIMER OPINION

SFAI (HK) CPA Limited (“SFAI Hong Kong”), the auditors of the Company were engaged to audit the consolidated financial statements of the Company for the Reporting Period. However, SFAI Hong Kong 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 Board and the Audit Committee concur with the view of the auditors. The management of the Company has been striving to improve the liquidity position of the Company and several measures have been implemented. During the Reporting Period, the Company has entered into the subscription agreement with the subscriber in connection with the allotment of 1,123,500,000 share of the Company (the “Shares”), which was completed in October 2023 and has raised a net proceeds of approximately HK\$74.7 million (equivalent to approximately RMB69.3 million). The management is of the opinion that it is appropriate to prepare the consolidated financial statements on a going concern basis.

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

OPERATING PERFORMANCE

Summi Products

During the Reporting Period, the Group has been continuously improving its sales network and developing new products in relation to Summi Products to leverage the advantages of “Summi” brand. The sales of Summi Products decreased slightly by approximately 6.2% from approximately RMB16,027,000 in last year to approximately RMB15,031,000.

Management Discussion and Analysis

FCOJ and related products

Sales of FCOJ and related products increased from approximately RMB5,339,000 over the same period last year to approximately RMB65,613,000 in the Reporting Period. The increase in sales of FCOJ and related products was attributable to the strategy on focusing on the Group's production of FCOJ and not-from-concentrated orange juice (the "NFC") to B2B customers including promoting and growing the sales to juice trading companies.

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

	2024		2023	
	RMB'000	Approximate percentage of total revenue	RMB'000	Approximate percentage of total revenue
Summi brand products and other products	15,031	18.6%	16,027	75.0%
FCOJ and related products	65,613	81.4%	5,339	25.0%
	80,644	100.0%	21,366	100.0%

Selling, distribution costs and administrative expenses

The Group's distribution costs mainly included marketing expenses and transportation costs. Distribution costs decreased by approximately 17.7% from approximately RMB4,933,000 over the corresponding year to approximately RMB4,058,000 during the Reporting Period.

The Group's administrative expenses mainly included general office administrative expenses, salaries, amortisation, etc. Administrative expenses decreased by approximately 2.2% from approximately RMB29,497,000 over the corresponding year to approximately RMB28,835,000 during the Reporting Period.

Finance costs

During the Reporting Period, the Group's finance costs decreased by approximately 32.5% from approximately RMB29,055,000 over the corresponding year to approximately RMB19,606,000 during the Reporting Period.

Net loss

During the Reporting Period, the Group's net loss was approximately RMB24,550,000, as compared to approximately RMB26,998,000 of the corresponding year.

LIQUIDITY, FINANCIAL RESOURCES, GEARING AND CAPITAL STRUCTURE

Liquidity

As at 30 June 2024, net current liabilities amounting to approximately RMB335,134,000 (2023: net current liabilities of approximately RMB348,196,000).

Management Discussion and Analysis

Financial resources

As at 30 June 2024, the Group had cash and cash equivalents of approximately RMB4,796,000 (2023: approximately RMB5,030,000) and total bank and other borrowings of approximately RMB211,436,000 (2023: approximately RMB206,588,000). The Group has corporate bonds of RMB40,456,000 (2023: RMB137,756,000).

As at 30 June 2024, trade and other receivables were approximately RMB8,166,000 (2023: approximately RMB12,472,000) and inventories were approximately RMB36,616,000 (2023: approximately RMB6,619,000).

Gearing

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

	2024	2023
Quick ratio (x)	0.02	0.02
Current ratio (x)	0.13	0.06
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 partial of 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 34 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 approximately RMB2,355,000) and the Group has already made a full provision for such claim in prior years. As at the end of the Reporting Period and up to the date of approval of these consolidated financial statements, apart from expressly stated above, the Group is a party to a number of civil litigations cases, as either a plaintiff or defendant. In the opinion of the Directors, these cases are either premature and/or the Group has a very high likelihood of success in its action and, therefore will not have any adverse impact on the Group's results and financial position. In the opinion of the Directors, adequate provision has been made in these consolidated financial statements. Other than the above, the Group did not have any material contingent liabilities as at 30 June 2024.



Management Discussion and Analysis

CAPITAL EXPENDITURE

During the Reporting Period, the Group's capital expenditure amounting to approximately RMB2,213,000 (2023: approximately RMB3,044,000) which was used for acquisition of property, plant and equipment.

HUMAN RESOURCES AND REMUNERATION POLICY

As at 30 June 2024, the Group employed 98 employees (2023: 110 employees). The Group offered competitive remuneration package, discretionary bonuses and social insurance benefits to its employees. Remuneration is determined with reference to market terms and the performance, qualification and experience of individual employee. The Group also provides appropriate staff training and development, so as enhance the Group's sustainable development.

EVENT AFTER REPORTING PERIOD

Other than those disclosed elsewhere in this annual report, the Group does not have other significant subsequent events.

Board of Directors and Senior Management

Executive Directors

Mr. Wu Shaohao (吳紹豪先生), aged 57, 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), 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 2024 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 31, was appointed as an executive Director on 4 December 2018 and redesigned as the chairman of the Board with effect from 16 May 2023. 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), 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 42, was appointed as an independent non-executive Director with effect from 11 July 2022, 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.

Ms. Yang Xuping (楊許萍女士) (“Ms. Yang”), aged 40, was appointed as an independent non-executive Director with effect from 6 March 2023, has over 10 years of experience in Chinese law, regulatory compliance and other legal affairs. She has been an in-house lawyer of Kaisa Holdings Limited since 2013. Ms. Yang obtained a bachelor’s degree in law from School of Law of Jilin University (吉林大學) in 2006.

Mr. Zhong Shuirong (鍾水榮先生) (“Mr. Zhong”), aged 34, was appointed as an independent non-executive Director with effect from 30 September 2022, has over 10 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 36 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 8. The analysis of the operations of the Group during the Reporting Period are set out in note 6 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 37 of this annual report.

No interim dividend was paid or declared in respect of the Reporting Period (2023: nil).

The Board did not recommend the payment of a final dividend for the Reporting Period (2023: nil).

SUMMARY OF FINANCIAL INFORMATION

A summary of the published results, assets and liabilities of the Group for the last five financial years is set out on page 132. 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 88% and 96% 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 68% and 97% respectively of the Group's total revenue during the Reporting Period.

None 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 during the Reporting Period.

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 26 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 pages 40 to 41.

As at 30 June 2024, the Company had a deficiency of reserves of approximately RMB404,041,000 (2023: approximately RMB444,817,000) 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

Mr. Wu Liantao (*Chairman*)

Independent Non-Executive Directors

Ms. Chung Wing Yee

Mr. Ma Yu-heng (resigned on 4 July 2024)

Ms. Yang Xuping

Mr. Zhong Shuirong

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 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 9 to 10 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 2024, 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)	243,338,111 (L)	71.45%

Notes:

1. The letter “L” denotes a long position in the Shares/underlying Shares.
2. 243,338,111 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 2024, 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 2024, 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)	243,338,111 (L)	71.45%
Ms. Yang Xijuan	Interest of spouse (Note 2)	243,338,111 (L)	71.45%

Notes:

- The letters "L" denote a long position in the Shares/underlying Shares.
- 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 Xijuan was deemed, or taken to be, interested in the 243,338,111 Shares held by Mr. Wu by virtue of the SFO.

Save as disclosed above, and as at 30 June 2024, 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 33 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 33 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.

Connected transaction

On 10 July 2023, the Company entered into the subscription agreement with Rui Er (which is wholly owned by Mr. Wu Shaohao, an executive Director and the controlling shareholder of the Company, hence a connected person of the Company under the Listing Rules) in connection with the allotment of 1,123,500,000 subscription share representing approximately 32.99% of the enlarged issued Shares immediately following completion of the subscription agreement at HK\$0.067 per subscription share. The completion has taken place on 16 October 2023.

For details of the above subscription, please refer to the Company's announcements dated 10 July, 6 October and 16 October 2023 and the circular on 31 August 2023.

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 2024 are set out in note 24 to the consolidated financial statements.

Report of the Directors

RETIREMENT SCHEMES

Particulars of the retirement schemes and contributions to defined contribution plans of the Group are set out in note 28 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.

SHARE OPTION SCHEME

Neither the Company nor its subsidiaries had any share option scheme during the Reporting Period.

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 the employee (including without limitation any director) of the Group (the "Selected Participant") pursuant to the terms of the trust deed of the Share Award Scheme. The purpose of the Share Award Scheme is to recognize and motivate the contribution of the Selected Participant, 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.

The Share Award Scheme does not specify a minimum vesting period. The Board may determine at its discretion the vesting conditions or periods for the share award to be vested. No payment by the selected participant is required for acceptance of the share award granted under the Share Award Scheme.

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.

The relevant awarded shares shall not vest in the relevant selected participants in the following circumstances: (i) a selected participant ceases to be an eligible participant; (ii) the subsidiary by which a selected participant is employed ceases to be a subsidiary of the Company (or of a member of the Group); (iii) any of the vesting conditions upon an award to the relevant selected participant as determined by the Board under the Share Award Scheme were not fulfilled; or (iv) an order for the winding-up of the Company is made or a resolution is passed for the voluntary winding-up of the Company (otherwise than for the purposes of, and followed by, an amalgamation and reconstruction in such circumstances that substantially the whole of the undertaking, assets and liabilities of the Company pass to successor company).

During the Reporting Period, no share was granted by the Company. Details of the Share Award Scheme are set out in the announcements issued by the Company on 11 September 2015 and 9 February 2024.



Report of the Directors

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 20 to 33 of this annual report.

AUDITORS

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

On behalf of the Board

Wu Liantao

Chairman and Executive Director

Hong Kong, 30 September 2024

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.

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.

During the Reporting Period, the Directors were:

Executive Directors

Mr. Wu Shaohao
Mr. Wu Liantao (*Chairman*)

Independent Non-Executive Directors

Ms. Chung Wing Yee
Mr. Ma Yu-heng (resigned on 4 July 2024)
Ms. Yang Xuping
Mr. Zhong Shuirong

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 9 to 10. 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.

Corporate Governance Report

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.

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, the roles of the chairman of the Company (the "Chairman") and chief executive officer (the "Chief Executive Officer") were separated. Mr. Wu Liantao was the Chairman, who provides an effective leadership of the Board and Mr. Chen Xiang Yu was appointed as Chief Executive Officer, who manages and leads the overall operation of the Group.

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.

Board Meetings

The Board meets regularly. In addition to regular meetings, it meets as and when warranted by particular circumstances. During the Reporting Period, six 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	4/4	2/2
Mr. Wu Liantao (<i>Chairman</i>)	2/4	2/2
Independent Non-Executive Directors		
Ms. Chung Wing Yee	4/4	2/2
Mr. Ma Yu-heng (resigned on 4 July 2024)	4/4	2/2
Ms. Yang Xuping	3/4	1/2
Mr. Zhong Shuirong	4/4	2/2

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

Corporate Governance Report

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.

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 Director(s) 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 three independent non-executive Directors, namely Mr. Zhong Shuirong (chairman of the Remuneration Committee), Ms. Chung Wing Yee and Ms. Yang Xuping. 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. Zhong Shuirong (<i>Chairman</i>)	1/1
Mr. Wu Shaohao	1/1
Ms. Chung Wing Yee	1/1
Ms. Yang Xuping	1/1

Nomination Committee

As at the date of this report, the Nomination Committee comprises one executive Director, namely Mr. Wu Shaohao and two independent non-executive Directors, namely Ms. Chung Wing Yee and Ms. Yang Xuping (chairman of the Nomination Committee). 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 Reporting Period.

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
Ms. Yang Xuping (appointed as chairman on 4 July 2024)	1/1
Mr. Wu Shaohao (ceased to act as chairman on 4 July 2024)	1/1
Ms. Chung Wing Yee	1/1
Mr. Ma Yu-heng (resigned on 4 July 2024)	1/1

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. Zhong Shuirong (chairman of the Audit Committee), Ms. Chung Wing Yee and Ms. Yang Xuping. 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.

Three 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. Zhong Shuirong (appointed as chairman on 4 July 2024)	3/3
Mr. Ma Yu-heng (resigned on 4 July 2024)	3/3
Ms. Chung Wing Yee	3/3
Ms. Yang Xuping	1/3

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 Ms. Yang Xuping. 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.

One meeting was 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>)	1/1
Mr. Wu Liantao	1/1
Mr. Ma Yu-heng (resigned on 4 July 2024)	1/1
Ms. Yang Xuping (appointed on 4 July 2024)	0/0

AUDITOR'S REMUNERATION

During the year, the Company engaged SFAI Hong Kong 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\$1,200,000 (equivalent to approximately RMB1,110,000) (2023: HK\$1,200,000 (equivalent to approximately RMB1,071,000)).

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 34 to 131.

GOING CONCERN AND PROPOSED PLANS TO ADDRESS

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 2024, the Company had net current liabilities of approximately RMB335 million and an accumulated deficit of RMB253 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 Syndicated 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: the Group continues to take active plans and measures to control operation and administrative costs through various channels, including but not limited to (a) having production and human resources optimisation and adjustments, (b) reorganising the structure to each segment and maintaining close communication with suppliers, customers and banks, etc., (c) committing to soliciting for new customers and exploring overseas markets to support the sustainable development of principle business of the Group; and (d) containment of capital expenditures etc.; and 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.



Corporate Governance Report

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

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.

Corporate Governance Report

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

POLICY ON PAYMENT OF DIVIDENDS

The Company adopted a policy on payment of dividends (the "Dividend Policy") in compliance with provision 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

One of the main duties of the Board 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.





Corporate Governance Report

CONSTITUTIONAL DOCUMENTS

A special resolution has been passed at the AGM held on 7 December 2023 to approve the proposed amendments (the “Amendments”) to the memorandum and articles of association of the Company and the adoption of the amended and restated memorandum and articles of association of the Company.

The purpose of the Amendments is (i) to conform to the said core standards for shareholder protections; (ii) to provide flexibility to the Company in relation to the conduct of general meetings by allowing a general meeting to be held as an electronic meeting or a hybrid meeting; and (iii) to incorporate certain housekeeping changes and allow general meetings to be held as electronic meeting or a hybrid meeting.

For details, please refer to the announcement and circular of the Company dated 27 September 2023 and 30 October 2023 respectively.

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 Liantao

Chairman and Executive Director

Hong Kong, 30 September 2024

Independent Auditor's Report



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 37 to 131, which comprise the consolidated statement of financial position as at 30 June 2024, 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 material accounting policy information and other explanatory information.

We do not express an opinion on the consolidated financial statements of the Group. Because of the significant of the matters described in the *Basis for Disclaimer of Opinion* section of our report, we have not been able to form an audit opinion on these consolidated financial statements. In all other respects, in our opinion the consolidated financial statements have been properly prepared in compliance with disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR DISCLAIMER OF OPINION

Multiple uncertainties relating to going concern

As described in note 2 to the consolidated financial statements, during the year ended 30 June 2024, the Group incurred a loss attributable to the owners of the Company of approximately RMB24,545,000. In addition, as at 30 June 2024, the Group had net current liabilities of approximately RMB335,134,000 and a deficit of shareholders' equity attributable to owners of the Company of approximately RMB252,362,000.

As at 30 June 2024, certain of the Group's borrowings and corporate bonds amounting to approximately RMB92,079,000 and RMB40,456,000 respectively were default due to the events of default of late or overdue payment of the principal and/or interest in accordance with the clauses of the corporate bonds/loans agreements, which, as a consequence, the amounts would be immediately repayable if and when requested by the lenders.

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

The directors of the Company (the "Directors") have been undertaking a number of plans and measures to improve the Group's liquidity and financial position, and to mitigate the liquidity pressure and to improve the Group's financial position, which are set out in note 2 to the consolidated financial statements.

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

As a result of the abovementioned multiple uncertainties, the potential interaction of these uncertainties, and the possible cumulative effect thereof, we were unable to form an opinion as to whether the going concern basis of preparation is appropriate.

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.

SFAI (HK) CPA Limited

Certified Public Accountants

Lee Yan Fai

Practising Certificate Number: P06078

Hong Kong, 30 September 2024



Consolidated Statement of Profit and Loss and Other Comprehensive Income

For the year ended 30 June 2024

	Notes	2024 RMB'000	2023 RMB'000
Revenue	7	80,644	21,366
Cost of sales		(59,396)	(14,758)
Gross profit		21,248	6,608
Other income and expenses, net	8	10,425	29,894
Other operating expenses		(3,724)	(15)
Selling and distribution expenses		(4,058)	(4,933)
Administrative expenses		(28,835)	(29,497)
Finance costs	9	(19,606)	(29,055)
Loss before tax	10	(24,550)	(26,998)
Income tax	11	–	–
Loss for the year		(24,550)	(26,998)
<i>Other comprehensive expense for the year</i>			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		(271)	(12,553)
Total comprehensive expense for the year		(24,821)	(39,551)
Loss for the year attributable to:			
– Owners of the Company		(24,545)	(26,989)
– Non-controlling interests		(5)	(9)
		(24,550)	(26,998)
Total comprehensive expense attributable to:			
– Owners of the Company		(24,816)	(39,542)
– Non-controlling interests		(5)	(9)
		(24,821)	(39,551)
			(Restated)
Loss per share			
– Basic and diluted (RMB cents)	15	(7.98)	(11.83)

Consolidated Statement of Financial Position

As at 30 June 2024

	Notes	2024 RMB'000	2023 RMB'000
Non-current assets			
Property, plant and equipment	16	64,790	78,334
Right-of-use assets	17	17,998	19,152
		82,788	97,486
Current assets			
Inventories	19	36,616	6,619
Trade and other receivables	20	8,166	12,472
Financial assets at fair value through profit or loss	21	889	–
Cash and cash equivalents	22	4,796	5,030
		50,467	24,121
Current liabilities			
Trade and other payables	23	133,184	73,475
Borrowings	24	211,436	183,621
Lease liabilities	17	525	436
Corporate bonds	25	40,456	114,785
		385,601	372,317
		(335,134)	(348,196)
Net current liabilities			
		(252,346)	(250,710)
Total assets less current liabilities			
Non-current liabilities			
Borrowings	24	–	22,967
Lease liabilities	17	197	898
Corporate bonds	25	–	22,971
		197	46,836
		(252,543)	(297,546)

Consolidated Statement of Financial Position

As at 30 June 2024

	Notes	2024 RMB'000	2023 RMB'000
Capital and reserves			
Share capital	26	29,842	19,341
Reserves		(282,204)	(316,711)
Deficit attributable to owners of the Company		(252,362)	(297,370)
Non-controlling interests		(181)	(176)
		(252,543)	(297,546)

The consolidated financial statements from pages 37 to 131 were approved and authorised for issue by the board of directors on 30 September 2024:

WU Shaohao
Director

WU Liantao
Director

Consolidated Statement of Changes in Equity

For the year ended 30 June 2024

	Attributable to owners of the Company						Subtotal RMB'000	Non- controlling interests RMB'000	Total RMB'000
	Share capital RMB'000	Share premium RMB'000 (note (a) below)	Capital reserves RMB'000 (note (b) below)	Statutory reserves RMB'000 (note (c) below)	Exchange reserves RMB'000 (note (d) below)	Accumulated losses RMB'000			
As at 1 July 2022	19,341	557,185	75,394	38,810	(15,647)	(932,911)	(257,828)	(167)	(257,995)
Loss for the year	-	-	-	-	-	(26,989)	(26,989)	(9)	(26,998)
Other comprehensive expense for the year									
- Exchange differences arising on translation of foreign operations	-	-	-	-	(12,553)	-	(12,553)	-	(12,553)
Total comprehensive expense for the year	-	-	-	-	(12,553)	(26,989)	(39,542)	(9)	(39,551)
As at 30 June 2023 and 1 July 2023	19,341	557,185	75,394	38,810	(28,200)	(959,900)	(297,370)	(176)	(297,546)
Loss for the year	-	-	-	-	-	(24,545)	(24,545)	(5)	(24,550)
Other comprehensive expense for the year									
- Exchange differences arising on translation of foreign operations	-	-	-	-	(271)	-	(271)	-	(271)
Total comprehensive expense for the year	-	-	-	-	(271)	(24,545)	(24,816)	(5)	(24,821)
Subscription of New Shares (note 26(a))	10,501	59,323	-	-	-	-	69,824	-	69,824
As at 30 June 2024	29,842	616,508	75,394	38,810	(28,471)	(984,445)	(252,362)	(181)	(252,543)

Consolidated Statement of Changes in Equity

For the year ended 30 June 2024

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 reserves

The major items of the Group's capital reserve at 30 June 2024 and 30 June 2023 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 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) 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.

(d) Exchange reserves

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(b).

Consolidated Statement of Cash Flows

For the year ended 30 June 2024

	2024 RMB'000	2023 RMB'000
OPERATING ACTIVITIES		
Loss before tax	(24,550)	(26,998)
<i>Adjustments for:</i>		
Depreciation of property, plant and equipment	15,719	16,434
Depreciation of right-of-use assets	1,045	885
Finance costs	19,606	29,055
Reversal of provision for other tax payables	–	(12,950)
Overprovision of sale commissions and accrual charges	–	(4,758)
Reversal of impairment losses recognised in respect of inventories	(8,709)	(3,734)
Written back of trade and other payables	–	(2,753)
Bank interest income	(7)	(3)
Losses on disposals of property, plant and equipment and right-of-use assets	12	3
Losses on derecognition of right-of-use assets and lease liabilities	66	–
Losses on disposal of financial asset at FVTPL	2,199	–
Fair value change of financial asset at FVTPL	24	–
Waiver of interest payables	(10,264)	–
Written off of property, plant and equipment	–	170
Operating cash flows before movements in working capital	(4,859)	(4,649)
(Increase) decrease in inventories	(21,288)	3,128
(Increase) decrease in trade and other receivables	(388)	6,133
Increase in trade and other payables	5,803	1,129
Cash (used in) generated from operations	(20,732)	5,741
Income tax paid	–	–
NET CASH (USED IN) FROM OPERATING ACTIVITIES	(20,732)	5,741

Consolidated Statement of Cash Flows

For the year ended 30 June 2024

	2024 RMB'000	2023 RMB'000
INVESTING ACTIVITIES		
Net cash outflows in financial assets at FVTPL	(3,112)	–
Purchase of property, plant and equipment	(2,213)	(3,044)
Proceeds from disposals of property, plant and equipment	36	3
Interest income received	7	3
NET CASH USED IN INVESTING ACTIVITIES	(5,282)	(3,038)
FINANCING ACTIVITIES		
Repayments of borrowings	(49,628)	(65,394)
Redemption of corporate bonds	–	(4,413)
Repayments to (advances from) a director and related companies, net	23,945	(11,206)
Advance from an independent third party	6,204	–
Repayments of lease liabilities	(609)	(399)
Interest paid	(12,508)	(9,882)
New borrowings raised	56,950	82,979
NET CASH FROM (USED IN) FINANCING ACTIVITIES	24,354	(8,315)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(1,660)	(5,612)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	5,030	5,420
Effect of foreign exchange rate changes	1,426	5,222
CASH AND CASH EQUIVALENTS AT END OF THE YEAR, represented by cash and cash equivalents	4,796	5,030

Notes to the Consolidated Financial Statements

For the year ended 30 June 2024

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 (“Rui Er”, the “Controlling Shareholder”), a company incorporated in the British Virgin Islands (the “BVI”). Mr. Wu Shaohao (“Mr. Wu”, the “Controlling Party”) owns the entire issued share capital of Rui Er who is also the Executive Director of the Company. 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 36.

During the year, the Company and its subsidiaries (collectively referred to as the “Group”) was involved in: (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 “Production and Sale of Summi Fresh Orange Juice and Other Products Business”).

The Company’s functional currency is Hong Kong dollars (“HK\$”) while that for the major subsidiaries in the People’s Republic of China (the “PRC”) is Renminbi (“RMB”). As the operation of the Group is mainly held in the PRC, the directors of the Company (the “Directors”) consider that it is appropriate to present the consolidated financial statements in RMB.

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

2. BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

Going concern assessment

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

During the year ended 30 June 2024, the Group incurred a loss attributable to owners of the Company of approximately RMB24,545,000 (2023: RMB26,989,000). In addition, as at 30 June 2024, the Group had net current liabilities of approximately RMB335,134,000 (2023: RMB348,196,000) and a deficit of shareholders’ equity attributable to owners of the Company of approximately RMB252,362,000 (2023: RMB297,370,000).



Notes to the Consolidated Financial Statements

For the year ended 30 June 2024

2. BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

Going concern assessment *(Continued)*

As at 30 June 2024, the Group had indebtedness, including borrowings, corporate bonds and lease liabilities were of approximately RMB211,436,000, RMB40,456,000 and RMB722,000 (2023: RMB206,588,000, RMB137,756,000 and RMB1,334,000), respectively. Out of which, the Group's borrowings, corporate bonds and lease liabilities of approximately RMB211,436,000, RMB40,456,000 and RMB525,000 (2023: RMB183,621,000, RMB114,785,000 and RMB436,000), respectively will fall due within twelve months from the date of 30 June 2024, while its cash and cash equivalents amounting to approximately RMB4,796,000 (2023: RMB5,030,000) only.

As described in note 24(a) and 25(a), as at 30 June 2024, certain of the Group's borrowings and corporate bonds amounting to approximately RMB92,079,000 and RMB40,456,000, respectively were default due to the events of default of late or overdue payment of the principal and/or interest in accordance with the clauses of the corporate bonds/loans agreements, which, as a consequence, the amounts would be immediately repayable if and when requested by the lenders.

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

In view of aforementioned, the Directors have given careful consideration to the future liquidity and performance of the Group and its available sources of financing in assessing whether the Group will have sufficient financial sources to continue as a going concern. The following plans and measures are formulated to mitigate the liquidity pressure and to improve the financial position of the Group:

- (i) The Directors will consider to improve the financial position of the Group and to enlarge the capital base of the Company by further conducting fund raising exercises such as share placement, rights issues or others when necessary (the "Capital Fund Raising Plan");
- (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 2024 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 2024 (the "Financing Plan"); and
- (iii) 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").

Notes to the Consolidated Financial Statements

For the year ended 30 June 2024

2. BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

Going concern assessment *(Continued)*

The Directors have reviewed the Group's cash flow forecast prepared by management, which covers a period of twelve months from 30 June 2024. They are of the opinion that, taking into account the abovementioned plans and measures, the Group will have sufficient funds to maintain its operations and to meet its financial obligations as and when they fall due within the next twelve months from 30 June 2024. Accordingly, the Directors are satisfied that it is appropriate to prepare the consolidated financial statements on a going concern basis.

Notwithstanding the above, significant uncertainties exist as to whether the Group is able to achieve its plans and measures, which are subject to multiple uncertainties as described above. Whether the Group will be able to continue as a going concern would depend upon the following:

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

Should the Group fail to achieve the above-mentioned plans and measures, it might not be able to continue 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.



Notes to the Consolidated Financial Statements

For the year ended 30 June 2024

3. APPLICATION OF NEW AND AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (“IFRSs”)

New and amendments to IFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following new and amendments to IFRSs issued by the International Accounting Standards Board (“IASB”) for the first time, which are mandatorily effective for the Group’s annual period beginning on 1 July 2023 for the preparation of the consolidated financial statements:

IFRS 17 (including the June 2020 and December 2021 Amendments to IFRS 17)	Insurance Contracts
Amendments to IAS 8	Definition of Accounting Estimates
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to IAS 12	International Tax Reform – Pillar Two Model Rules
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies

Except as described below, the application of the new and 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.

Impacts on application of Amendments to IAS 8 Definition of Accounting Estimates

The Group has applied the amendments for the first time in the current year. The amendments define accounting estimates as “monetary amounts in financial statements that are subject to measurement uncertainty”. An accounting policy may require items in financial statements to be measured in a way that involves measurement uncertainty. In such a case, an entity develops an accounting estimate to achieve the objective set out by the accounting policy. The amendments to IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* clarify the distinction between changes in accounting estimates, and changes in accounting policies and the correction of errors.

The application of the amendments in the current year had no material impact on the consolidated financial statements.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2024

3. APPLICATION OF NEW AND AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (“IFRSs”) (Continued)

New and amendments to IFRSs that are mandatorily effective for the current year

(Continued)

Impacts on application of Amendments to IAS 1 and IFRS Practice Statement 2 Disclosure of Accounting Policies

The Group has applied the amendments for the first time in the current year. IAS 1 *Presentation of Financial Statements* is amended to replace all instances of the term “significant accounting policies” with “material accounting policy information”. Accounting policy information is material if, when considered together with other information included in an entity’s financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The amendments also clarify that accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material. If an entity chooses to disclose immaterial accounting policy information, such information must not obscure material accounting policy information.

IFRS Practice Statement 2 *Making Materiality Judgements* (the “Practice Statement”) is also amended to illustrate how an entity applies the “four-step materiality process” to accounting policy disclosures and to judge whether information about an accounting policy is material to its financial statements. Guidance and examples are added to the Practice Statement.

The application of the amendments has had no material impact on the Group’s financial positions and performance but has affected the disclosure of the Group’s accounting policies set out in note 4(b) to the consolidated financial statements.

Change in accounting policy as a result of application of the HKICPA guidance on the accounting implications of the abolition of the Mandatory Provident Fund (“MPF”) – Long Service Payment (“LSP”) offsetting mechanism in Hong Kong

The Group has several subsidiaries operating in Hong Kong which are obliged to pay LSP to employees under certain circumstances. Meanwhile, the Group makes mandatory and voluntary MPF contributions to the trustee who administers the assets held in a trust solely for the retirement benefits of each individual employee. Offsetting of LSP against an employee’s accrued retirement benefits derived from employers’ MPF contributions was allowed under the Employment Ordinance (Cap.57). In June 2022, the Government of the HKSAR gazetted the *Employment and Retirement Schemes Legislation (Offsetting Arrangement) (Amendment) Ordinance 2022* (the “Amendment Ordinance”) which abolishes the use of the accrued benefits derived from employers’ mandatory MPF contributions to offset severance payment and LSP (the “Abolition”). The Abolition will officially take effect on 1 May 2025 (the “Transition Date”). In addition, under the Amendment Ordinance, the last month’s salary immediately preceding the Transition Date (instead of the date of termination of employment) is used to calculate the portion of LSP in respect of the employment period before the Transition Date.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2024

3. APPLICATION OF NEW AND AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (“IFRSs”) (Continued)

New and amendments to IFRSs that are mandatorily effective for the current year

(Continued)

Change in accounting policy as a result of application of the HKICPA guidance on the accounting implications of the abolition of the Mandatory Provident Fund (“MPF”) – Long Service Payment (“LSP”) offsetting mechanism in Hong Kong (Continued)

In July 2023, the HKICPA published “Accounting implications of the abolition of the MPF-LSP offsetting mechanism in Hong Kong” which provides guidance for the accounting for the offsetting mechanism and the impact arising from abolition of the MPF-LSP offsetting mechanism in Hong Kong. In light of this, the Group has implemented the guidance published by the HKICPA in connection with the LSP obligation retrospectively so as to provide more reliable and more relevant information about the effects of the offsetting mechanism and the Abolition.

The Group considered the accrued benefits arising from employer MPF contributions that have been vested with the employee and which could be used to offset the employee’s LSP benefits as a deemed contribution by the employee towards the LSP. Historically, the Group has been applying the practical expedient in paragraph 93(b) of HKAS 19 *Employee Benefits* to account for the deemed employee contributions as a reduction of the service cost in the period in which the related service is rendered.

Based on the HKICPA’s guidance, as a result of the Abolition, these contributions are no longer considered “linked solely to the employee’s service in that period” since the mandatory employer MPF contributions after the Transition Date can still be used to offset the pre-transition LSP obligation. Therefore, it would not be appropriate to view the contributions as “independent of the number of years of service” and the practical expedient in paragraph 93(b) of HKAS 19 *Employee Benefits* is no longer applicable. Instead, these deemed contributions should be attributed to periods of service in the same manner as the gross LSP benefit applying paragraph 93(a) of HKAS 19 *Employee Benefits*. Accordingly, the Group has recognised a cumulative catch-up adjustment in profit or loss for the service cost, interest expense and remeasurement effect from changes in actuarial assumptions for the year ended 31 December 2022, with corresponding adjustment to the LSP obligation. The cumulative catch-up adjustment is calculated as the difference at the enactment date (16 June 2022) between the carrying amount of the LSP liability calculated under paragraph 93(b) of HKAS 19 *Employee Benefits* before the Abolition and the carrying amount of the LSP liability calculated under paragraph 93(a) of HKAS 19 *Employee Benefits* after the Abolition.

The directors of the Company consider that the changes in the Group’s accounting policy in the current year had no material impact on the consolidated financial statements.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2024

3. APPLICATION OF NEW AND AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (“IFRSs”) (Continued)

Amendments to IFRSs in issue but not yet effective

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

Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ¹
Amendments to IFRS 16	Lease liability in a Sale and Leaseback ²
Amendments to IAS 1	Classification of Liabilities as Current or Non-current ²
Amendments to IAS 1	Non-current Liabilities with Covenants ²
Amendments to IAS 7 and IFRS 7	Supplier Finance Arrangements ²
Amendments to IAS 21	Lack of Exchangeability ³

¹ Effective for annual periods beginning on or after a date to be determined.

² Effective for annual periods beginning on or after 1 January 2024.

³ Effective for annual periods beginning on or after 1 January 2025.

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

4. BASIS OF PREPARATION OF CONSOLIDATION FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION

(a) Basis of preparation of consolidation financial statements

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.



Notes to the Consolidated Financial Statements

For the year ended 30 June 2024

4. BASIS OF PREPARATION OF CONSOLIDATION FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

(a) Basis of preparation of consolidation financial statements *(Continued)*

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*.

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.

(b) Material accounting policy information

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.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2024

4. BASIS OF PREPARATION OF CONSOLIDATION FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

(b) Material accounting policy information *(Continued)*

Basis of consolidation *(Continued)*

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.

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 or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Group uses a 5-step approach to revenue recognition:

- 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 entity satisfies a performance obligation



Notes to the Consolidated Financial Statements

For the year ended 30 June 2024

4. BASIS OF PREPARATION OF CONSOLIDATION FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

(b) Material accounting policy information *(Continued)*

Revenue from contracts with customers *(Continued)*

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 *Financial Instruments*. 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.

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.

Further information about the Group’s accounting policies relating to revenue from contracts with customers is provided in note 7(b) to the consolidated financial statements.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2024

4. BASIS OF PREPARATION OF CONSOLIDATION FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

(b) Material accounting policy information *(Continued)*

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 on or after the date of initial application of IFRS 16 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 *Leases* 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.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applies the recognition exemption for lease of low-value assets (such as tablets and personal computers, small items of office furniture and telephones). Lease payments on short term leases and leases of low-value assets 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.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2024

4. BASIS OF PREPARATION OF CONSOLIDATION FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

(b) Material accounting policy information *(Continued)*

Leases *(Continued)*

Right-of-use assets (Continued)

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.

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.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2024

4. BASIS OF PREPARATION OF CONSOLIDATION FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

(b) Material accounting policy information *(Continued)*

Leases *(Continued)*

Lease liabilities (Continued)

Lease modifications

The Group accounts for a lease modification as a separate lease if:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and
- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for as a separate lease, the Group remeasures the lease liability, less any lease incentives receivable, based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Group accounts for the remeasurement of lease liabilities by making corresponding adjustments to the relevant right-of-use asset if the right-of-use asset is already reduced to zero.

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 2024

4. BASIS OF PREPARATION OF CONSOLIDATION FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

(b) Material accounting policy information *(Continued)*

Borrowing costs

All 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 2024

4. BASIS OF PREPARATION OF CONSOLIDATION FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

(b) Material accounting policy information *(Continued)*

Shares held under the share award scheme

Own equity instruments which are reacquired (shares held under the share award scheme) are recognized 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.

Taxation

Income tax expense represents the sum of current and deferred income tax expense.

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.



Notes to the Consolidated Financial Statements

For the year ended 30 June 2024

4. BASIS OF PREPARATION OF CONSOLIDATION FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

(b) Material accounting policy information *(Continued)*

Taxation *(Continued)*

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 and at the time of the transaction does not give rise to equal taxable and deductible temporary differences. 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.

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.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2024

4. BASIS OF PREPARATION OF CONSOLIDATION FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

(b) Material accounting policy information *(Continued)*

Property, plant and equipment *(Continued)*

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 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.

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.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2024

4. BASIS OF PREPARATION OF CONSOLIDATION FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

(b) Material accounting policy information *(Continued)*

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

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 units) 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.

Cash and cash equivalents

Cash and cash equivalents presented on the consolidated statement of financial position include:

- (a) cash, which comprises of cash on hand and demand deposits, excluding bank balances that are subject to regulatory restrictions that result in such balances no longer meeting the definition of cash; and
- (b) cash equivalents, which comprises of short-term (generally with original maturity of three months or less), highly liquid investments that are readily convertible to a known amount of cash and which are subject to an insignificant risk of changes in value. Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

For the purposes of the consolidated statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts which are repayable on demand and form an integral part of the Group's cash management. Such overdrafts are presented as short-term borrowings in the consolidated statement of financial position.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2024

4. BASIS OF PREPARATION OF CONSOLIDATION FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

(b) Material accounting policy information *(Continued)*

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).

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.



Notes to the Consolidated Financial Statements

For the year ended 30 June 2024

4. BASIS OF PREPARATION OF CONSOLIDATION FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

(b) Material accounting policy information *(Continued)*

Financial instruments *(Continued)*

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.

All other financial assets are subsequently measured at FVTPL, except that at initial recognition of a financial asset the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if that equity investment is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which IFRS 3 *Business Combinations* applies.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling in the near term; or
- on initial recognition it is a part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

In addition, the Group may irrevocably designate a financial asset that are required to be measured at the amortised cost as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

(i) 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.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2024

4. BASIS OF PREPARATION OF CONSOLIDATION FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

(b) Material accounting policy information *(Continued)*

Financial instruments *(Continued)*

Financial assets (Continued)

(ii) 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 excludes any dividend or interest earned on the financial asset and is included in the "other income and expenses, net" line item.

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 *Financial Instruments*. 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 2024

4. BASIS OF PREPARATION OF CONSOLIDATION FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

(b) Material accounting policy information *(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.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2024

4. BASIS OF PREPARATION OF CONSOLIDATION FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

(b) Material accounting policy information *(Continued)*

Financial instruments *(Continued)*

Financial assets (Continued)

Impairment of financial assets *(Continued)*

(i) Significant increase in credit risk *(Continued)*

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.

(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.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2024

4. BASIS OF PREPARATION OF CONSOLIDATION FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

(b) Material accounting policy information *(Continued)*

Financial instruments *(Continued)*

Financial assets (Continued)

Impairment of financial assets *(Continued)*

(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.

(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.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2024

4. BASIS OF PREPARATION OF CONSOLIDATION FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

(b) Material accounting policy information *(Continued)*

Financial instruments *(Continued)*

Financial assets (Continued)

Impairment of financial assets *(Continued)*

(v) Measurement and recognition of ECL *(Continued)*

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.

Foreign exchange gains and losses

The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period. Specifically:

- For financial assets measured at amortised cost that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss in the “administrative expenses” line item as part of the foreign exchange gains and losses, net;
- For financial assets measured at FVTPL that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss in the ‘administrative expenses’ line item as part of the gain/(loss) from changes in fair value of financial assets.

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.



Notes to the Consolidated Financial Statements

For the year ended 30 June 2024

4. BASIS OF PREPARATION OF CONSOLIDATION FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

(b) Material accounting policy information *(Continued)*

Financial instruments *(Continued)*

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.

Financial liabilities

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

Financial liabilities at amortised cost

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

Foreign exchange gains and losses

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instruments. These foreign exchange gains and losses are recognised in the 'administrative expenses' line item in profit or loss as part of foreign exchange gains and losses, net for financial liabilities that are not part of a designated hedging relationship.

Derecognition 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.

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

Notes to the Consolidated Financial Statements

For the year ended 30 June 2024

4. BASIS OF PREPARATION OF CONSOLIDATION FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

(b) Material accounting policy information *(Continued)*

Related parties *(Continued)*

- (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.

Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker (the "CODM"). The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Executive Directors that make strategic decisions.



Notes to the Consolidated Financial Statements

For the year ended 30 June 2024

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(b), 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, 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. 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 2024.

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 2024

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 2024 and 30 June 2023, 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 2024 and 30 June 2023, 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 31.



Notes to the Consolidated Financial Statements

For the year ended 30 June 2024

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

Key sources of estimation uncertainty *(Continued)*

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 2024 and 30 June 2023, the net carrying value and accumulated impairment losses recognised in respect of the Group's inventories are disclosed in note 19.

6. OPERATING SEGMENTS INFORMATION

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

The Group divided the business into two segments: (1) Production and Sale of FCOJ and Other Related Products Business segment; and (2) Production and Sale of Summi Fresh Orange Juice Business and Other Products Business segment.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2024

6. OPERATING SEGMENTS INFORMATION *(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 2023			
Segment revenue			
– Sales to external customers	5,339	16,027	21,366
– Inter-segment sales	6,204	8,223	14,427
Segment revenue	11,543	24,250	35,793
Inter-segment sales			(14,427)
Consolidated revenue			21,366
Segment results	9,535	4,019	13,554
Unallocated losses			(15)
Corporate and other unallocated expenses			(11,482)
Finance costs			(29,055)
Loss before tax			(26,998)
For the year ended 30 June 2024			
Segment revenue			
– Sales to external customers	65,613	15,031	80,644
– Inter-segment sales	871	5,337	6,208
Segment revenue	66,484	20,368	86,852
Inter-segment sales			(6,208)
Consolidated revenue			80,644
Segment results	16,020	(11,998)	4,022
Corporate and other unallocated expenses			(8,966)
Finance costs			(19,606)
Loss before tax			(24,550)

Notes to the Consolidated Financial Statements

For the year ended 30 June 2024

6. OPERATING SEGMENTS INFORMATION *(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 2023			
Assets and liabilities			
Segment assets	62,553	31,185	93,738
Corporate and other unallocated assets			27,869
Total assets			121,607
Segment liabilities	142,876	67,745	210,621
Corporate and other unallocated liabilities			208,532
Total liabilities			419,153
As at 30 June 2024			
Assets and liabilities			
Segment assets	70,513	51,616	122,129
Corporate and other unallocated assets			11,126
Total assets			133,255
Segment liabilities	207,429	27,521	234,950
Corporate and other unallocated liabilities			150,848
Total liabilities			385,798

Notes to the Consolidated Financial Statements

For the year ended 30 June 2024

6. OPERATING SEGMENTS INFORMATION *(Continued)*

Segment assets and liabilities *(Continued)*

The accounting policies of the operating segments are identical to the Group's accounting policies as described in note 4(b). Segment results represent the profit earned by (loss from) each segment without allocation of certain central administration costs, other operating expense, director's remuneration, certain other income and finance costs. This is the measure reported to the chief operating decision maker for the purpose of resource allocation and performance assessment.

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

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

Inter-segment sales are charged at prevailing market rates.



Notes to the Consolidated Financial Statements

For the year ended 30 June 2024

6. OPERATING SEGMENTS INFORMATION *(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 2023				
Amounts included in the measure of segment profit or loss or segment assets:				
Depreciation	4,959	12,222	138	17,319
Additions to non-current assets (Reversal of) impairment losses recognised in respect of:	3,044	514	–	3,558
– Inventories	(5,863)	2,129	–	(3,734)
Amounts regularly provided to the chief operating decision marker but not included in the measure of segment profit or loss or segment assets:				
Bank interest income	2	1	–	3
Losses on disposals of property, plant and equipment and right-of-use assets	3	–	–	3
Finance costs	–	–	29,055	29,055
For the year ended 30 June 2024				
Amounts included in the measure of segment profit or loss or segment assets:				
Depreciation	4,218	12,518	28	16,764
Additions to non-current assets (Reversal of) impairment losses recognised in respect of:	1,168	1,566	89	2,823
– Inventories	(2,530)	(6,179)	–	(8,709)
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	–	7	–	7
Losses on disposals of property, plant and equipment and right-of-use assets	12	–	–	12
Losses on derecognition of right-of-use assets and lease liabilities	–	–	66	66
Finance costs	–	–	19,606	19,606

Notes to the Consolidated Financial Statements

For the year ended 30 June 2024

6. OPERATING SEGMENTS INFORMATION *(Continued)*

Geographical information

The Group's operations are mainly located in Hong Kong and Mainland China.

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

	2024 RMB'000	2023 RMB'000
Revenue		
Mainland China	79,471	19,669
Hong Kong	1,173	1,697
	80,644	21,366

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

	2024 RMB'000	2023 RMB'000
Non-current assets		
Mainland China	82,009	96,825
Hong Kong	779	661
	82,788	97,486



Notes to the Consolidated Financial Statements

For the year ended 30 June 2024

6. OPERATING SEGMENTS INFORMATION *(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:

	2024 RMB'000	2023 RMB'000
Customer A ¹	23,819	–
Customer B ¹	12,053	–
Customer C ¹	10,558	–
Customer D ¹	8,635	–
Customer E ²	–	8,948
Customer F ³	–	3,861
Customer G ⁴	–	2,071

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

² 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. The current year revenue did not contribute over 10% of the total revenue of the Group.

³ Revenue from Production and Sale of Summi Fresh Orange Juice and Other Products Business segment. The current year revenue did not contribute over 10% of the total revenue of the Group.

⁴ Revenue from Production and Sale of FCOJ and Other Related Products Business segment. The current year 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 2024

7. REVENUE

(a) Disaggregation of revenue from contracts with customers

During the year ended 30 June 2024, the Group is mainly engaged in the production and sale of FCOJ and other related products and Summi Fresh Orange Juice and other products.

(i) The Group derives revenue from transfer of goods and services by category of types of goods, sale channel/type of customers

	FCOJ and other related products RMB'000	Summi Fresh Orange Juice and other products RMB'000	Total RMB'000
For the year ended 30 June 2023			
Revenue from contracts with customers within the scope of IFRS 15			
<i>Types of goods</i>			
– FCOJ	5,339	–	5,339
– Summi Fresh Orange Juice	–	14,330	14,330
– Summi brand products	–	1,697	1,697
Total	5,339	16,027	21,366
<i>Sales channel/type of customers:</i>			
– Food and beverages manufacturers	5,339	–	5,339
– Retail	–	15,038	15,038
– Restaurants	–	989	989
	5,339	16,027	21,366
For the year ended 30 June 2024			
Revenue from contracts with customers within the scope of IFRS 15			
<i>Types of goods</i>			
– FCOJ	65,613	–	65,613
– Summi Fresh Orange Juice	–	14,482	14,482
– Summi brand products	–	549	549
Total	65,613	15,031	80,644
<i>Sales channel/type of customers:</i>			
– Food and beverages manufacturers	65,613	–	65,613
– Retail	–	14,481	14,481
– Restaurants	–	550	550
	65,613	15,031	80,644

Notes to the Consolidated Financial Statements

For the year ended 30 June 2024

7. REVENUE (Continued)

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

(ii) The Group derives revenue from transfer of goods and services by timing of revenue recognition

	FCOJ and other related products RMB'000	Summi Fresh Orange Juice and other products RMB'000	Total RMB'000
<i>For the year ended 30 June 2023</i>			
Revenue from contracts with customers within the scope of IFRS 15			
<i>Timing of revenue recognition:</i>			
– A point in time	5,339	16,027	21,366
<i>For the year ended 30 June 2024</i>			
Revenue from contracts with customers within the scope of IFRS 15			
<i>Timing of revenue recognition:</i>			
– A point in time	65,613	15,031	80,644

Notes to the Consolidated Financial Statements

For the year ended 30 June 2024

7. REVENUE *(Continued)*

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

(iii) The Group derives revenue from the transfer of goods and services by geographical markets

	FCOJ and other related products RMB'000	Summi Fresh Orange Juice and other products RMB'000	Total RMB'000
For the year ended 30 June 2023			
Revenue from contracts with customers within the scope of IFRS 15			
<i>Geographical markets</i>			
– Mainland China	5,339	14,330	19,669
– Hong Kong	–	1,697	1,697
	5,339	16,027	21,366
For the year ended 30 June 2024			
Revenue from contracts with customers within the scope of IFRS 15			
<i>Geographical markets</i>			
– Mainland China	65,613	13,858	79,471
– Hong Kong	–	1,173	1,173
	65,613	15,031	80,644

Notes to the Consolidated Financial Statements

For the year ended 30 June 2024

7. REVENUE *(Continued)* (b) Contract balances

		As at 30 June		As at
		2024 RMB'000	2023 RMB'000	1 July 2022 RMB'000
Trade receivables	20	4,315	1,018	4,351
Less: Impairments		–	–	–
		4,315	1,018	4,351
Contract liabilities	23	6,654	2,595	–

Information about the Group's trade receivables and contract liabilities are set out in notes 20 and 23, respectively.

(c) Performance obligations for contracts with customers and revenue recognition policies

The Group is mainly engaged in the production and sale of FCOJ and other related products and Summi Fresh Orange Juice and other products.

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and when specific criteria have been met for each of the Group's activities.

The Group recognises revenue when the significant risks and rewards of ownership of any goods and services have been transferred, and the Group's performance obligations for contracts with customers and revenue and other income recognition policies are as follows:

(i) 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.

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

Notes to the Consolidated Financial Statements

For the year ended 30 June 2024

7. REVENUE *(Continued)*

(c) Performance obligations for contracts with customers and revenue recognition policies *(Continued)*

(ii) **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.

Revenue from trading of Summi Fresh Orange Juice and other products are recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the products.

(iii) **Interest income**

Interest income is accrued on a time basis on the principal outstanding at the applicable interest rate.

(d) **Transaction price allocated to remaining performance obligation**

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.



Notes to the Consolidated Financial Statements

For the year ended 30 June 2024

8. OTHER INCOME AND EXPENSES, NET

	Notes	2024 RMB'000	2023 RMB'000
Bank interest income		7	3
Government grants			
– Hong Kong	(a)	212	324
– PRC	(b)	1,537	2,370
Losses on disposals of property, plant and equipment and right-of-use assets		(12)	(3)
Losses on written off of property, plant and equipment		–	(170)
Losses on derecognition of right-of-use assets and lease liabilities		(66)	–
Losses on disposals of financial assets at FVTPL		(2,199)	–
Fair value changes of financial assets at FVTPL		(24)	–
Reversal of provision for other tax payables		–	12,950
Written back of trade and other payables		–	2,753
Waiver of interest payable (see note 23(b))		10,264	–
Overprovision of sale commissions and accrual charges		–	4,758
Gain on deregistration of a subsidiary		–	7
Others		706	6,902
		10,425	29,894

Notes:

- (a) During the year ended 30 June 2024, the Group recognised government grants of RMB212,000 of which RMB90,000 relates to SME Export Marketing Fund and RMB122,000 relates to the Technology Voucher Programme provided by the Hong Kong Government (2023: RMB324,000 in respect of Covid-19-related subsidies, of which RMB300,000 relates to Employment Support Scheme, RMB21,000 relates to SME Export Marketing Fund and RMB2,000 relates to Anti-epidemic Fund provided by the Hong Kong Government).
- (b) During the year ended 30 June 2024, governments grant of approximately RMB1,537,000 (2023: RMB2,370,000) was recognised as other income for the year as there was no unfulfilled condition or contingencies relating to this subsidy.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2024

9. FINANCE COSTS

	2024 RMB'000	2023 RMB'000
Interest and default interest expenses on corporate bonds	3,422	16,168
Interest and default interest expenses on bank and other borrowings	16,149	12,830
Interest on lease liabilities	35	57
	19,606	29,055

10. LOSS BEFORE TAX

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

	2024 RMB'000	2023 RMB'000
Staff costs, including Directors' and Chief Executive Officer's remuneration		
– Wages, salaries and other benefits	5,114	6,601
– Performance related bonuses	195	149
– Contributions to defined contribution plans	501	660
	5,810	7,410
Cost of inventories recognised as an expense, including:	59,396	14,758
– Reversal of impairment losses recognised in respect of inventories	(8,709)	(3,734)
Depreciation on:		
– Property, plant and equipment	15,719	16,434
– Right-of-use assets	1,045	885
	16,764	17,319
Others:		
Auditor's remuneration	1,110	1,071
Foreign exchange gains and losses, net	31	345
Short-term leases expenses	614	760

Notes to the Consolidated Financial Statements

For the year ended 30 June 2024

11. INCOME TAX

	2024 RMB'000	2023 RMB'000
Current income tax	–	–
Deferred income tax	–	–
	–	–

Pursuant to the rules and regulations of the Cayman Islands and BVI, the Group is not subject to any income tax in the Cayman Islands and BVI for both years.

On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the "Bill") which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day. Under the two-tiered profits tax rates regime, the first HK\$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK\$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%. No provision has been made for Hong Kong Profits Tax as there are no assessable profits generated for both years.

The provision for PRC Enterprise Income Tax ("EIT") is based on the respective applicable rates on the estimated assessable profit of the Company's subsidiaries in the PRC as determined in accordance with the relevant income tax rules and regulations of the PRC for both years. The applicable income tax rate for the rest of the Group's operating subsidiaries in the PRC is 25% for both years. No provision has been made for PRC EIT as there are no assessable profits generated for both years.

Income tax for the Group's Malaysia operations is calculated at the rate of 24% on the estimated assessable profit derived from Malaysia for both years. No provision has been made for Malaysia income tax as there are no assessable profits generated for both years.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2024

11. INCOME TAX (Continued)

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:

	2024 RMB'000	2023 RMB'000
Loss before tax	(24,550)	(26,998)
Tax at the domestic income tax rate	(4,260)	(3,910)
Tax effect of non-deductible expenses	6,121	5,503
Tax effect of non-taxable income	(2,672)	(5,504)
Tax effect of tax losses not recognised	811	3,911
Income tax credit	–	–

At 30 June 2024, the Group has unused tax losses of approximately RMB74,220,000 (2023: RMB68,072,000) 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.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2024

12. DIRECTORS' AND CHIEF EXECUTIVE OFFICER'S EMOLUMENTS

The remuneration paid or payable to the Directors and Chief Executive Officer of the Company were as follows:

	Other emoluments [#]					Total
	Fee*	Wages, salaries and other benefits	Discretionary bonuses and performance incentive payments	Contributions to defined contribution plans	Other emoluments	
For the year ended 30 June 2023						
Executive Directors						
Wu Shaohao	-	-	-	-	-	-
Wu Liantao (note (i) below)	-	-	-	-	-	-
Independent Non-executive Directors						
Chung Wing Yee (note (ii) below)	123	-	-	-	-	123
Zhong Shuirong (note (iii) below)	64	-	-	-	-	64
Ma Yu-heng (note (iv) below)	80	-	-	-	-	80
Yang Xuping (note (v) below)	29	-	-	-	-	29
Cheng King Yip (note (vi) below)	31	-	-	-	-	31
Yim Hong Cheuk, Foster (note (vii) below)	30	-	-	-	-	30
Kway Sai Hing (note (viii) below)	9	-	-	-	-	9
Ma Chi Kin (note (viii) below)	9	-	-	-	-	9
Chen Ying (note (viii) below)	-	-	-	-	-	-
Non-executive Director						
Tsang Ho Yin (note (ix) below)	41	-	-	-	-	41
Chief Executive Officer						
Chen Xiang Yu (note (x) below)	-	-	-	-	-	-
	416	-	-	-	-	416
For the year ended 30 June 2024						
Executive Directors						
Wu Shaohao	888	-	-	-	-	888
Wu Liantao (note (i) below)	-	-	-	-	-	-
Independent Non-executive Directors						
Chung Wing Yee (note (ii) below)	139	-	-	-	-	139
Zhong Shuirong (note (iii) below)	89	-	-	-	-	89
Ma Yu-heng (note (iv) below)	83	-	-	-	-	83
Yang Xuping (note (v) below)	90	-	-	-	-	90
Chief Executive Officer						
Chen Xiang Yu (note (x) below)	-	-	-	-	-	-
	1,289	-	-	-	-	1,289

Notes to the Consolidated Financial Statements

For the year ended 30 June 2024

12. DIRECTORS' AND CHIEF EXECUTIVE OFFICER'S EMOLUMENTS *(Continued)*

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

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

Notes:

- (i) Resigned as the Chief Executive Officer of the Company with effect from 16 May 2023.
- (ii) Appointed as Independent Non-executive Director with effect from 11 July 2022.
- (iii) Appointed as Independent Non-executive Directors with effect from 30 September 2022.
- (iv) Appointed and resigned as Independent Non-executive Directors with effect from 30 September 2022 and 4 July 2024 respectively.
- (v) Appointed as Independent Non-executive Director with effect from 6 March 2023.
- (vi) Appointed and resigned as Independent Non-executive Director with effect from 20 July 2022 and 29 September 2022 respectively.
- (vii) Appointed and resigned as Independent Non-executive Director with effect from 20 July 2022 and 28 September 2022 respectively.
- (viii) Resigned as Independent Non-executive Directors with effect from 8 July 2022.
- (ix) Appointed and resigned as Non-executive Director with effect from 20 July 2022 and 29 September 2022 respectively.
- (x) Appointed as the Chief Executive Officer of the Company with effect from 16 May 2023.

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 2024 and 30 June 2023.

During the years ended 30 June 2024 and 30 June 2023, no remuneration was paid by the Group to the Directors 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.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2024

13. FIVE HIGHEST PAID EMPLOYEES

The five highest paid individuals in the Group for year include one (2023: nil) individual whose emoluments are reflected in the analysis presented in note 12. The emoluments of the remaining four individuals (2023: five individuals) are set out below:

	2024 RMB'000	2023 RMB'000
Salaries, allowances and benefits in kind	2,450	1,778
Discretionary bonuses and performance incentive payments	133	67
Contribution to defined contribution plans	12	62
	2,595	1,907

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

	2024 No. of employees	2023 No. of employees
Nil to HK\$1,000,000 (equivalent to Nil to RMB925,000) (2023: equivalent to Nil to RMB921,000)	4	5

During the years ended 30 June 2024 and 30 June 2023, 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.

14. DIVIDENDS

The Directors do not recommend the payment of any dividend for the years ended 30 June 2024 and 30 June 2023, nor has any dividend been proposed since the end of the reporting period.

Notes to the Consolidated Financial Statements

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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:

	2024 RMB'000	2023 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	(24,545)	(26,989)

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

	2024	2023 (Restated)
<i>Number of shares</i>		
Weighted average number of ordinary shares for the purpose of basic loss per share	(7.98)	(11.83)

The weighted average number of ordinary shares for the purpose of basic and diluted loss for the year ended 30 June 2024 has been adjusted for the Subscription of New Shares for the year ended 30 June 2024 and details of which are set out in note 26(a).

As described in note 26(b), on 22 February 2024, an ordinary resolution passed at the extraordinary general meeting of the Company for the share consolidation of every 10 ordinary shares into 1 consolidated share, which was effective on 22 February 2024 (i.e. the "Share Consolidation", as described in note 26(b)). The weighted average numbers of ordinary shares in issue for the purpose of calculating basic and diluted loss per share for the years ended 30 June 2024 and 30 June 2023 have been retrospectively adjusted on the assumption that the Share Consolidation had been effective since 1 July 2022.

No diluted earnings per share for both years 2024 and 2023 were presented as there were no potential ordinary shares in issue for both years 2024 and 2023.

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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 2022	188,409	269,410	2,060	1,167	2,959	464,005
Additions	-	3,044	-	-	-	3,044
Transfers from (to) construction in progress	-	2,789	170	-	(2,959)	-
Disposals	-	(120)	-	-	-	(120)
Written-off	-	-	(1,017)	(437)	-	(1,454)
Exchange realignment	-	-	47	19	-	66
At 30 June 2023	188,409	275,123	1,260	749	-	465,541
Additions	-	1,098	-	97	1,018	2,213
Disposals	-	(180)	-	(252)	-	(432)
Written-off	-	-	(364)	-	-	(364)
Exchange realignment	-	-	18	12	-	30
At 30 June 2024	188,409	276,041	914	606	1,018	466,988
Accumulated depreciation and impairment						
At 1 July 2022	143,619	225,574	1,985	926	-	372,104
Provided for the year	3,927	12,414	74	19	-	16,434
Eliminated on disposals	-	(114)	-	-	-	(114)
Elimination on written-off	-	-	(847)	(437)	-	(1,284)
Exchange realignment	-	-	48	19	-	67
At 30 June 2023	147,546	237,874	1,260	527	-	387,207
Provided for the year	3,927	11,713	8	71	-	15,719
Eliminated on disposals	-	(144)	-	(240)	-	(384)
Elimination on written-off	-	-	(364)	-	-	(364)
Exchange realignment	-	-	10	10	-	20
At 30 June 2024	151,473	249,443	914	368	-	402,198
Carrying amounts						
At 30 June 2024	36,936	26,598	-	238	1,018	64,790
At 30 June 2023	40,863	37,249	-	222	-	78,334

Notes to the Consolidated Financial Statements

For the year ended 30 June 2024

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 2024, the Group has not obtained the building ownership certificate for buildings with carrying value of approximately RMB1,892,000 (2023: RMB2,196,000) 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 2024, the carrying value of the Group's property, plant and equipment of approximately RMB52,917,000 (2023: RMB51,853,000) was pledged as security for the Group's borrowings and details of which are set out in note 24.

Impairment assessment

In determining the recoverable amounts of the relevant property, discussion of impairment assessment processes and result had been held between management and the independent professional valuer to establish the appropriate impairment assessment techniques and inputs to the model as at the reporting date. The fair value measurement hierarchy of such impairment assessment of the properties requires certain significant unobservable inputs which is within Level 3 of the fair value hierarchy.

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.



Notes to the Consolidated Financial Statements

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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)	Relationship of unobservable inputs to the assessment
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 RMB823 to RMB1,240 per square meter ("sqm") (2023: RMB800 to RMB1,400 per sqm).	An increase in the transaction prices would result in an increase in recoverable amount measurement of the buildings, and vice versa.
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 RMB1,165 to RMB1,508 per sqm (2023: RMB1,200 to RMB1,600 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 RMB1,473 to RMB1,578 per sqm (2023: RMB1,100 to RMB2,300 per sqm)	

Notes to the Consolidated Financial Statements

For the year ended 30 June 2024

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

Impairment assessment *(Continued)*

Based on the above valuation, in view of the recoverable amounts of the property, plant and equipment are higher than their carrying amounts and thus, no further impairment losses were recognised for the years ended 30 June 2024 and 30 June 2023.

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

17. LEASES

(i) Right-of-use assets

	Leasehold lands RMB'000	Leased properties RMB'000	Total RMB'000
Carrying amounts			
At 30 June 2024	17,291	707	17,998
Carrying amounts			
At 30 June 2023	18,497	655	19,152
		2024 RMB'000	2023 RMB'000
Depreciation		1,045	885
Total cash outflow for leases		609	399
Additions to right-of-use assets		–	514
Short-term leases expenses		614	760
Lease modification – extension		610	–
Losses on derecognition of right-of-use assets and lease liabilities		66	–

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 2024, the carrying value of the Group's right-of-use assets of approximately RMB11,652,000 (2023: RMB11,975,000) was pledged as security for the banking facilities granted to the Group as set out in note 24.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2024

17. LEASES *(Continued)*

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

During the year ended 30 June 2024, the Group derecognised a lease contract for a leasehold land in PRC. The derecognition resulted in loss of approximately RMB66,000, which is the net effect of derecognition of the carrying amount of right-of-use assets of approximately RMB719,000, offsetting the corresponding lease liability of approximately RMB653,000 (2023: nil).

During the year ended 30 June 2024, the Group renewed a lease contract for an office premise in Hong Kong, amounting to approximately RMB610,000. The renewal of existing lease contract is accounted as lease modification.

The Group regularly entered into short-term leases for staff quarters and warehouse. As at 30 June 2024 and 30 June 2023, the portfolio of short-term leases is similar to the portfolio of short-term leases to which the short-term lease expense disclosed above.

Impairment assessment

In determining the recoverable amounts of the relevant leasehold lands, discussion of impairment assessment processes and result had been held between management and the independent professional valuer to establish the appropriate impairment assessment techniques and inputs to the model as at the reporting date. The fair value measurement hierarchy of such impairment assessment of the leasehold lands requires certain significant unobservable inputs which is within Level 3 of the fair value hierarchy.

The recoverable amounts of certain leasehold lands 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 properties.

When value-in-use calculations are undertaken in determining the recoverable amount of the leasehold lands, management shall 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.

Notes to the Consolidated Financial Statements

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17. LEASES (Continued)

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

Impairment assessment (Continued)

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)	Relationship of unobservable inputs to the assessment
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 RMB128 to RMB147 per sqm (2023: RMB120 to RMB150 per sqm)	An increase in the transaction prices would result in an increase in recoverable amount measurement of the leasehold lands, and vice versa.
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 RMB70 to RMB73 per sqm (2023: RMB50 to RMB90 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 RMB188 to RMB196 per sqm (2023: RMB180 to RMB210 per sqm)	
One leasehold land located in Hunan HuaiHua Chenzhou	Value-in-use calculation	<ul style="list-style-type: none"> – 2023: Discount rate of 16% – 2023: The cash flows beyond five years period are extrapolated using a steady annual growth rate of 3% at end of each year 	A decrease in discount rate would result in an increase in recoverable amount measurement of the leasehold lands, and vice versa.

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17. LEASES (Continued)

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

Impairment assessment (Continued)

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 years ended 30 June 2024 and 30 June 2023.

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

(ii) Lease liabilities

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

	2024 RMB'000	2023 RMB'000
Amount analysed as:		
– Non-current	197	898
– Current	525	436
	722	1,334

Amount payables under lease liabilities:

	2024 RMB'000	2023 RMB'000
Within one year	525	436
Within a period of more than two years but not more than five years	197	415
More than five years	–	483
	722	1,334
Less: Amount due for settlement with 12 months shown under current liabilities	(525)	(436)
Amount due for settlement after 12 months shown under non-current liabilities	197	898

As at 30 June 2024, lease obligations that are denominated in Hong Kong dollars are of approximately RMB722,000 (2023: RMB914,000).

During the year ended 30 June 2023, the Group entered into a new lease in respect of leasehold properties and recognised lease liabilities of approximately RMB514,000. During the year ended 30 June 2024, the Group did not enter into new lease in respect of leasehold properties.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2024

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(b). 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 the recoverable amounts of the assets for impairment assessment were determined based on the market approach which uses prices and other relevant information generated by market comparable transactions involving comparable assets, adjusted for differences in the nature of the assets. These valuations 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.

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 2024, 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 PAL Advisory Limited ("PAL"), 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, no impairment loss was recognised in respect of the Group's property, plant and equipment and right-of-use assets for the year ended 30 June 2024 (2023: nil).



Notes to the Consolidated Financial Statements

For the year ended 30 June 2024

19. INVENTORIES

	2024 RMB'000	2023 RMB'000
FCOJ	31,811	11,735
Summi fresh orange juice	5,464	4,233
Consumables and packing materials	1,692	1,583
Others	2,191	2,323
	41,158	19,874
Less: Impairments	(4,542)	(13,255)
	36,616	6,619

20. TRADE AND OTHER RECEIVABLES

	Notes	2024 RMB'000	2023 RMB'000
Trade receivables	(a)	4,315	1,018
Less: Impairments		–	–
		4,315	1,018
Others:			
– Security deposit	(b)	8	3,127
– Tender deposit	(c)	–	6,325
– Deposit related to claim from a former employee (see note 29)		935	927
– Rental deposits		141	139
– Other deposits		1,285	776
– Prepayments		1,482	160
		3,851	11,454
Less: Impairments	(d)	–	–
		3,851	11,454
Total trade and other receivables		8,166	12,472

Notes to the Consolidated Financial Statements

For the year ended 30 June 2024

20. TRADE AND OTHER RECEIVABLES (Continued)

Notes:

(a) Trade receivables

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

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

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

	2024 RMB'000	2023 RMB'000
0 to 30 days	3,679	371
31 to 60 days	202	58
61 to 90 days	86	300
Over 90 days	348	289
	4,315	1,018

For the years ended 30 June 2024 and 30 June 2023, 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 both years.

(b) Security deposit

As explained in note 24(a), the Company is required to maintain a security deposit of approximately RMB8,000 (2023: RMB3,127,000) with the Agent in accordance with the Loan Restructuring Agreement and the Deed (as defined in note 24(a)). 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 ended 30 June 2024, principal repayment on Syndicated Loan amounting to approximately RMB3,110,000 (2023: RMB2,480,000) were settled through direct offset with deposit with security agent.

As at 30 June 2024 and 30 June 2023, in view of the Syndicated Loan was classified as current liabilities of the Company and thus, the security deposit was also classified as current assets of the Company thereon.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2024

20. TRADE AND OTHER RECEIVABLES (Continued)

Notes: (Continued)

(c) Tender deposit

The amount represented outstanding balance for a tender deposit which was paid in order to participate in the bidding of the Target Land in prior years.

As at 30 June 2023, the outstanding balance was RMB6,325,000 and the amount was fully refunded during the year ended 30 June 2024.

(d) Impairment assessments

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. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2024 RMB'000	2023 RMB'000
Financial assets measured at FVTPL:		
– Commodity futures in PRC	889	–

In the opinion of the Directors, the Company's investments were classified as financial assets at FVTPL.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2024

22. CASH AND CASH EQUIVALENTS

	2024 RMB'000	2023 RMB'000
Cash and cash equivalents	4,796	5,030

Bank balances carry interest at market rates which range from 0.001% to 0.5% (2023: 0.001% to 0.4%) 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 2024, the bank and cash balances of the Group denominated in RMB amounting to approximately RMB1,630,000 (2023: RMB1,191,000) 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.

23. TRADE AND OTHER PAYABLES

	Notes	2024 RMB'000	2023 RMB'000
Trade payables	(a)	2,186	378
Payables for acquisition of property, plant and equipment		827	294
Other tax payables		640	2,310
Accrued staff costs		2,490	1,607
Interest payables	(b)	12,820	16,570
Amounts due to a director and related companies, net	(c)	92,021	44,226
Amount due to an independent third party	(d)	6,204	–
Contract liabilities	(e)	6,654	2,595
Provision for litigation (see note 29)		2,355	2,337
Other payables and accruals		6,987	3,158
		133,184	73,475



Notes to the Consolidated Financial Statements

For the year ended 30 June 2024

23. TRADE AND OTHER PAYABLES (Continued)

Notes:

(a) Trade payables

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

	2024 RMB'000	2023 RMB'000
0 – 90 days	1,808	137
Over 365 days	378	241
	2,186	378

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 (2023: 90 to 150 days).

(b) Interest payables

Interest payable represents the accrued interest and default interest on bank and other borrowings and corporate bonds.

On 1 July 2023, the Group entered into an agreement with an individual lender and pursuant to which, the lender agreed to waive the accrued interest payable amounting to approximately RMB10,264,000 and the amount was credited to profit or loss for the year and details of which are set out in notes 8 and 24(c).

(c) Amounts due to a director and related companies, net

The amounts represent the amounts due to Mr. Wu, the Executive Director and Controlling Party of the Company and related companies that are owned by Mr. Wu, which are unsecured, interest-free and repayable on demand.

During the year ended 30 June 2024, the following are significant movements of the "amounts due to a director and related companies, net":

- (i) During the year ended 30 June 2024, the Company recognised sales of goods to related companies held by Mr. Wu amounting to approximately RMB3,490,000 (2023: RMB8,948,000) (see note 33) and the amount was credited to the "amounts due to a director and related companies, net". As at 30 June 2024, the outstanding trade receivables with these related companies of Mr. Wu amounting to approximately RMB19,202,000 (2023: RMB15,712,000) which are in trade nature with the aging over 90 days.
- (ii) During the year ended 30 June 2024, Mr. Wu settled the outstanding consideration for the Subscription Shares of approximately RMB69,824,000 through the setting off the amount with the "amounts due to a director and related companies, net" and details of which are set out in note 26(a).
- (iii) During the year ended 30 June 2024, Mr. Wu settled the outstanding corporate bonds due to him amounting to approximately RMB99,069,000 with the "amounts due to a director and related companies, net" and details of which are set out in note 25(b).

(d) Amount due to an independent third party

The amount is unsecured, interest-free, and repayable on demand.

(e) Contract liabilities

As at 30 June 2024 and 30 June 2023, the Company's contract liabilities represent the advances received from customers regarding the provision of goods regarding sales income.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2024

24. BORROWINGS

	Notes	2024 RMB'000	2023 RMB'000
Bank borrowings			
– Syndicated Loan	(a)	92,079	97,926
– PRC bank loans	(b)	61,450	49,279
Other borrowings			
– Individuals	(c)	57,907	59,383
		211,436	206,588
The carrying amounts of borrowings repayable based on scheduled repayment dates set out in the loan agreements:			
Within one year or on demand		191,897	73,845
Within a period of more than one year but not exceeding two years		19,539	90,448
Within a period of more than two years but not exceeding five years		–	42,295
		211,436	206,588
Less: The carrying amounts of borrowings repayable based on scheduled repayment dates set out in the loan agreements and also those amounts become immediately due and payable due to breach of loan agreements and/or contain a repayment on demand clause and/or repayable within one year or on demand which are shown under current liabilities		(211,436)	(183,621)
Amounts shown under non-current liabilities		–	22,967
Analysed as:			
Secured		173,529	164,705
Unsecured		37,907	41,833
		211,436	206,588
Analysed as:			
Fixed-rate borrowings		57,907	59,383
Variable-rate borrowings		153,529	147,205
		211,436	206,588
Borrowings held by			
PRC companies		116,366	105,779
Non-PRC companies		95,070	100,809
		211,436	206,588

Notes to the Consolidated Financial Statements

For the year ended 30 June 2024

24. BORROWINGS (Continued)

Notes:

(a) Bank borrowings – Syndicated Loan

Regarding the Loan Restructuring Agreement dated 23 October 2023, the Company, the Syndicated 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 amounting to approximately RMB8,000 (2023: RMB3,127,000) will be released to the Company over three years from the effective date of the Loan Restructuring Agreement (see note 20(b)).

Pursuant to the clauses of the Loan Restructuring Agreement, the Syndicated Loan Banks are eligible to request the Group to repay the Syndicated Loan immediately if the Group is unable to meet certain financial conditions as set out in the Loan Restructuring Agreement.

In view of the Syndicated Loan contains a repayment on demand clause and thus, the Syndicated Loan was classified as current liabilities as at 30 June 2023.

During the year ended 30 June 2024, the Group’s Syndicated Loan amounting to approximately RMB92,079,000 was default due to the events of late or overdue payment of the principal and/or interest in accordance with the clauses of the loan agreements, which, as a consequence, the amount would be immediately repayable if and when requested by the lenders. Accordingly, as at 30 June 2024, the entire amount of the Group’s Syndicated Loan amounting to approximately RMB92,079,000 was classified as current liabilities.

(b) Bank borrowings – PRC bank loans

As at 30 June 2024, RMB61,450,000 contains a repayment on demand clause and thus, the PRC bank loans were classified as current liabilities.

(c) Other borrowings – individuals

As at 30 June 2024, out of the Group’s individual other borrowings, the individual other borrowings due to a lender (the “Lender”) amounting to approximately RMB20,000,000 (2023: RMB20,000,000) was secured by assets of the Group.

As at 30 June 2023, the individual other borrowings due to the Lender borne interest at a rate of 0%-15% which would be due on or before December 2028.

During the year ended 30 June 2024, the Company entered into an agreement with the Lender and pursuant to which, the Lender agreed to waive interest payable amounting to approximately RMB10,264,000 and thus, the amount was credited to profit or loss for the year (see note 8). Subsequently, such individual other borrowings due to the Lender are interest-free and repayable on demand.

As at 30 June 2024, the remaining individual other borrowings of approximately RMB37,907,000 (2023: RMB29,383,000) bears interest at rates ranging from 2.5% to 15%, are unsecured and repayable on demand.

(d) Others

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

	2024 RMB'000	2023 RMB'000
US\$	92,079	97,926

Notes to the Consolidated Financial Statements

For the year ended 30 June 2024

24. BORROWINGS (Continued)

Notes: (Continued)

(d) Others (Continued)

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:

	2024	2023
Variable-rate bank borrowings	3.65%-9.21%	2.89%-8.55%
Fixed-rate other borrowings	0.00%-15.00%	0.00%-15.00%

25. CORPORATE BONDS

	2024 RMB'000	2023 RMB'000
Carrying amounts of corporate bonds repayable based on scheduled repayment dates set out in the bonds agreements:		
Within one year	18,657	114,785
After two years but within five years	21,799	22,971
	40,456	137,756
Less: The carrying amounts of corporate bonds repayable based on scheduled repayment dates set out in the bonds agreements and amounts become immediately due and payable due to breach of bonds agreements which are shown under current liabilities	(40,456)	(114,785)
Amounts shown under non-current liabilities	–	22,971
Analysed as:		
– Current liabilities	40,456	114,785
– Non-current liabilities	–	22,971
	40,456	137,756

The aggregate carrying amounts of the corporate bonds were of approximately RMB40,456,000 (2023: RMB137,756,000), representing the corporate bonds issued to third parties and Controlling Shareholder amounting to RMB40,456,000 (2023: RMB39,462,000) and RMB nil (2023: RMB98,294,000), respectively.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2024

25. CORPORATE BONDS (Continued)

Details of the corporate bonds are as follows:

	Par value HK\$'000	Issue date	Maturity date	Duration	2024 Issue amount HK\$'000	2023 Issue amount HK\$'000
(a) Corporate bonds issued to third parties (note (a) below)						
Bond I (note (i) below)						
	4,000	11 August 2016	11 February 2024	7.5 years	4,000	4,000
	2,000	18 August 2016	18 February 2024	7.5 years	2,000	2,000
	1,000	26 August 2016	26 February 2024	7.5 years	1,000	1,000
	2,000	12 August 2016	12 February 2024	7.5 years	2,000	2,000
	3,000	6 October 2016	6 April 2024	7.5 years	3,000	3,000
	2,000	29 November 2016	29 May 2024	7.5 years	2,000	2,000
	2,000	29 November 2016	29 May 2024	7.5 years	2,000	2,000
	2,000	29 November 2016	29 May 2024	7.5 years	2,000	2,000
	18,000				18,000	18,000
Bond III (note (ii) below)						
	2,000	12 December 2017	11 June 2025	7.5 years	2,000	2,000
	1,000	29 December 2017	28 June 2025	7.5 years	1,000	1,000
	2,000	22 March 2018	21 September 2025	7.5 years	2,000	2,000
	3,000	9 April 2018	8 October 2025	7.5 years	3,000	3,000
	2,000	18 April 2018	17 October 2025	7.5 years	2,000	2,000
	3,000	1 June 2018	30 November 2025	7.5 years	3,000	3,000
	1,000	7 June 2018	6 December 2025	7.5 years	1,000	1,000
	14,000				14,000	14,000
Bond IV (note (iii) below)						
	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
	4,000				–	4,000
Bond V (note (ii) below)						
	10,000	11 January 2018	10 January 2026	8 years	10,000	10,000
Bond VI (note (iv) below)						
	2,000	20 August 2018	19 February 2026	7.5 years	2,000	2,000
Sub-total	48,000				44,000	48,000
(b) Corporate bonds issued to Controlling Shareholder (the "Bond VII") (note (b) below)						
Bond VII (note (v) below)						
	106,000	28 February 2023	27 February 2024	1 year	–	106,000
Total	154,000				44,000	154,000

Notes to the Consolidated Financial Statements

For the year ended 30 June 2024

25. CORPORATE BONDS (Continued)

Notes:

- (i) Bond I was issued during the year ended 30 June 2017.
- (ii) Bond III and Bond V were issued during the year ended 30 June 2018.
- (iii) Bond IV were issued during the year ended 30 June 2018 and were fully repaid during the year ended 30 June 2023.
- (iv) Bond VI was issued during the year ended 30 June 2019.
- (v) Bond VII was issued during the year ended 30 June 2020 and fully settled during the year ended 30 June 2024 as set out in note 23(c).

Notes:

(a) 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\$43,286,000 (equivalent to approximately RMB40,456,000) (2023: HK\$42,556,000 (equivalent to approximately RMB39,462,000)). 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% (2023: 7.15%) per annum.

Pursuant to the clauses of the corporate bond 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 bond agreements.

During the year ended 30 June 2024, the Group's corporate bonds amounting to approximately RMB40,456,000 was default due to the events of late or overdue payment of the principal and/or interest in accordance with the clauses of corporate bond agreements, which, as a consequence, the amount would be immediately repayable if and when requested by the lenders. Accordingly, as at 30 June 2024, the entire amount of the corporate bonds to third parties amounting to approximately RMB40,456,000 was classified as current liabilities.

(b) Corporate bonds issued to Controlling Shareholder (i.e. the "Bond VII")

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

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 original maturity date of the Bond VII was 28 February 2023. In September 2023, the Company entered into a supplementary agreement with Mr. Wu and pursuant to which the maturity date of the Bond VII was extended to 27 February 2024.

Notes to the Consolidated Financial Statements

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25. CORPORATE BONDS (Continued)

Notes: (Continued)

(b) Corporate bonds issued to Controlling Shareholder (i.e. the "Bond VII") (Continued)

As at 1 July 2023, the outstanding balance was HK\$106,000,000 (equivalent to approximately RMB98,294,000). During the year, the outstanding Bond VII of approximately RMB99,069,000 was fully settled through the setting off the amount with the "amounts due to a director and related companies, net" and details of which are set out in note 23(c).

The movements of the corporate bonds issued to the Controlling Shareholder for the years ended 30 June 2024 and 30 June 30 June 2023 are as follows:

	Bond VII RMB'000
Balance as at 1 July 2022	77,716
Effective interest expenses	13,284
Exchange difference	7,294
Balance as at 30 June 2023 and 1 July 2023	98,294
Settled through the setting off the amount with the "amounts due to a director and related companies, net" (see note 23(c))	(99,069)
Exchange difference	775
Balance as at 30 June 2024	–

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26. SHARE CAPITAL OF THE COMPANY

	Number of shares	Share capital	
		HK\$'000	RMB'000
Authorised			
As at 1 July 2022, 30 June 2023 and 1 July 2023 (ordinary share at HK\$0.01 per share)	3,000,000,000	30,000	26,376
Increase in Authorised Share Capital (note (a) below)	2,000,000,000	20,000	18,600
Share Consolidation (note (b) below)	(4,500,000,000)	–	–
As at 30 June 2024 (ordinary share at HK\$0.1 per share)	500,000,000	50,000	44,976

	Number of shares	Share capital	
		HK\$'000	RMB'000
Issued and fully paid			
As at 1 July 2022, 30 June 2023 and 1 July 2023 (ordinary share at HK\$0.01 per share)	2,282,082,652	22,821	19,341
Subscription of New Shares (note (a) below)	1,123,500,000	11,235	10,501
Share Consolidation (note (b) below)	(3,065,024,387)	–	–
As at 30 June 2024 (ordinary share at HK\$0.1 per share)	340,558,265	34,056	29,842

Notes:

(a) Subscription of New Shares and Increase in Authorised Share Capital

Pursuant to the announcement of the Company dated 10 July 2023, on 10 July 2023, the Company entered into the subscription agreement (the "Subscription Agreement") with the subscriber (the "Subscriber"), pursuant to which the Subscriber has conditionally agreed to subscribe for and the Company has conditionally agreed to allot and issue 1,123,500,000 subscription shares (the "Subscription Shares") at the subscription price (the "Subscription Price") of HK\$0.067 per Subscription Share to the Subscriber (the "Subscription of New Shares"). The Subscription of New Shares is subject to various conditions set forth in the Subscription Agreement.

As at 10 July 2023, the Subscriber is an investment holding company incorporated in British Virgin Islands with limited liability, which is wholly owned by Mr. Wu, the Controlling Party. The Subscriber is the controlling shareholder which beneficially owns 1,309,881,110 Shares, representing 57.40% of the issued share capital of the Company, and hence a connected person of the Company under the Listing Rules.

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26. SHARE CAPITAL OF THE COMPANY *(Continued)*

Notes: *(Continued)*

(a) Subscription of New Shares and Increase in Authorised Share Capital *(Continued)*

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

- (i) a discount of approximately 9.46% to the closing price of HK\$0.074 per share as quoted on the Stock Exchange on 10 July 2023, being the "Last Trading Day";
- (ii) a discount of approximately 9.46% to the average closing price of approximately HK\$0.074 per share as quoted on the Stock Exchange for the last five (5) trading days up to and including the Last Trading Day;
- (iii) a discount of approximately 9.70% to the average closing price of approximately HK\$0.0742 per share as quoted on the Stock Exchange for the last ten (10) trading days up to and including the Last Trading Day;
- (iv) a discount of approximately 9.46% to the closing price of HK\$0.074 per share as quoted on the Stock Exchange on the Latest Practicable Date; and
- (v) a theoretical dilution effect represented by a discount of approximately 3.12%, calculated based on the theoretical diluted price of approximately HK\$0.0717 per share to the theoretical benchmarked price of HK\$0.074 per Share (taking into account the higher of (a) the closing price of the shares as quoted on the Stock Exchange on the Last Trading Day; and (b) the average of the closing prices of the shares as quoted on the Stock Exchange for the previous five consecutive trading days prior to the date of 10 July 2023).

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

Pursuant to the announcement of the Company dated 24 July 2023, the Board proposed to increase the authorised share capital of the Company from HK\$30,000,000 divided into 3,000,000,000 shares of HK\$0.01 each to HK\$50,000,000 divided into 5,000,000,000 shares of HK\$0.01 each by the creation of an additional 2,000,000,000 new unissued shares (the "Increase in Authorised Share Capital").

As at 24 July 2023, the authorised share capital of the Company was HK\$30,000,000 divided into 3,000,000,000 shares of HK\$0.01 each, of which 2,282,082,652 shares have been allotted and issued as fully paid or credited as fully paid.

Pursuant to the ordinary resolutions passed in the extraordinary general meeting of the Company on 19 September 2023, the Subscription Agreement and the transactions contemplated thereunder and Increase in Authorised Share Capital were approved by the shareholders of the Company.

Pursuant to the Company's announcement dated 16 October 2023, all the conditions precedent set out in the Subscription Agreement had been fulfilled and the Completion took place on 16 October 2023. Upon the Completion, 1,123,500,000 Subscription Shares have been issued to the Subscriber at the Subscription Price of HK\$0.067 per Subscription Share.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2024

26. SHARE CAPITAL OF THE COMPANY *(Continued)*

Notes: *(Continued)*

(a) Subscription of New Shares and Increase in Authorised Share Capital *(Continued)*

The aggregate gross proceeds and net proceeds of the Subscription Shares, after the deduction of related fees and expenses, amounting to approximately HK\$75,274,500 (equivalent to approximately RMB70,349,000) and HK\$74,710,000 (equivalent to approximately RMB69,824,000), respectively.

The new issued of shares shall rank pari passu with the existing shares in all respects.

Details of the above are set out in the Company's announcements dated 10 July 2023, 24 July 2023, 19 September 2023, 6 October 2023 and 16 October 2023 and the circular of the Company dated 31 August 2023.

During the year ended 30 June 2024, the Controlling Party settled the Subscription Shares of approximately RMB69,824,000 through the setting off the amount with the "amounts due to a director and related companies, net" and details of which are set out in note 23(c).

(b) Share Consolidation

Pursuant to the Company's announcement dated 12 January 2024, the Board proposed that every ten (10) existing shares in the issued and unissued share capital of the Company be consolidated into one (1) consolidated share (the "Consolidated Share"). As at 12 January 2024, there are 3,405,582,652 existing shares in issue which are fully paid or credited as fully paid. Assuming no further Shares would be issued from 12 January 2024 up to the date of the extraordinary general meeting of the Company to be convened to approve, among other things, the proposed Share Consolidation, upon the Share Consolidation becoming effective, there would be 340,558,265 Consolidated Shares in issue which are fully paid or credited as fully paid. The authorised share capital of the Company will remain at HK\$50,000,000 but will be divided into 500,000,000 Consolidated Shares of HK\$0.1 each.

Pursuant to an ordinary resolution passed in the extraordinary general meeting of the Company on 22 February 2024, the Share Consolidation was approved by the shareholders of the Company.

Details of the above are set out in the Company's announcements dated 12 January 2024, 25 January 2024 and 22 February 2024 and the circular of the Company dated 2 February 2024.

27. SHARE AWARD SCHEME

On 11 September 2015, the Company adopted the share award scheme (the "Share Award 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 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.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2024

27. SHARE AWARD SCHEME *(Continued)*

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 Share Award Scheme only.

The Share Award Scheme does not specify a minimum vesting period. The Board may, at its discretion, determine the vesting conditions or periods for the share award to be vested. The relevant Awarded Shares shall not vest in the relevant selected participants in the following circumstances: (i) a selected participant ceases to be an eligible participant; (ii) the subsidiary by which a selected participant is employed ceases to be a subsidiary of the Company (or of a member of the Group); (iii) any of the vesting conditions upon an award to the relevant selected participant as determined by the Board under the Share Award Scheme were not fulfilled; or (iv) an order for the winding-up of the Company is made or a resolution is passed for the voluntary winding up of the Company (otherwise than for the purposes of, and followed by, an amalgamation and reconstruction in such circumstances that substantially the whole of the undertaking, assets and liabilities of the Company pass to successor company).

No payment by the selected participant is required for acceptance of the share award granted under the Share Award Scheme.

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 Share Award Scheme shall be exercised by the independent trustee who shall abstain from voting.

As at 30 June 2024 and 30 June 2023, the Company did not have any outstanding shares held under Share Award Scheme.

28. 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 31% 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 years ended 30 June 2024 and 30 June 2023, 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 RMB501,000 (2023: RMB660,000) represents contributions payable to these plans by the Group at rates specified in the rules of the plans.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2024

29. 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 approximately HK\$2,520,000 (equivalent of approximately RMB2,355,000 (2023: RMB2,337,000) (see note 23) and the Group has already paid a deposit of approximately RMB935,000 (2023: RMB927,000) to the Hong Kong government and made a full provision of approximately RMB1,000,000 (2023: RMB1,000,000) 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 consolidated 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.

30. 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 borrowings 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.

31. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	2024 RMB'000	2023 RMB'000
Financial assets		
Financial assets at amortised cost	11,480	17,342
Financial assets at fair value through profit or loss	889	–
Financial liabilities		
Financial liabilities at amortised cost	379,144	416,558

Notes to the Consolidated Financial Statements

For the year ended 30 June 2024

31. FINANCIAL INSTRUMENTS *(Continued)*

(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

(i) 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.

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

	Assets		Liabilities	
	2024 RMB'000	2023 RMB'000	2024 RMB'000	2023 RMB'000
US\$	176	189	95,070	97,926

Notes to the Consolidated Financial Statements

For the year ended 30 June 2024

31. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and polices (Continued)

Market risk (Continued)

(i) Currency risk (Continued)

Sensitivity analysis

The following table details the Group's sensitivity to increase and decrease in RMB against the relevant foreign currency. The increase or decrease in the foreign exchange rates in US\$ 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
As at 30 June 2023		
US\$	1	816
	(1)	(816)
As at 30 June 2024		
US\$	(0.2)	158
	0.2	(158)

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.

(ii) 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.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2024

31. FINANCIAL INSTRUMENTS *(Continued)*

(b) Financial risk management objectives and policies *(Continued)*

Market risk *(Continued)*

(ii) *Interest risk (Continued)*

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 (2023: 100 basis points) in interest rates, with all other variables held constant, would decrease/increase (2023: decrease/increase) the Group's profit after tax and retained profits by approximately RMB1,170,000 (2023: RMB776,000) 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 (2023: 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 2024.

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 2024 and 30 June 2023, 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.

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 PRC, which accounted for 91% (2023: 48%) of the total trade receivable as at 30 June 2024.

The Group has concentration of credit risk as 68% (2023: 35%) and 97% (2023: 87%) of the total trade receivables was due from the Group's largest customer and the five largest customers respectively.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2024

31. FINANCIAL INSTRUMENTS *(Continued)*

(b) Financial risk management objectives and policies *(Continued)*

Credit risk *(Continued)*

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

Despite uncertainties mentioned in note 2, 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 2024. 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 2024. Accordingly, the Directors are satisfied that it is appropriate to prepare the consolidated financial statements on a going concern basis.

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.

Specifically, for borrowing which contain a repayment on demand clause which can be exercised at the lender's sole discretion, the analysis shows the cash outflow based on the earliest period in which the entity can be required to pay, that is if the lenders were to invoke their unconditional rights to call the loans with immediate effect.

As described in notes 24 and 25, in view of the default for certain borrowings and corporate bonds, the Group reclassified certain of its borrowings or corporate bonds to "less than 1 year or on demand" as at 30 June 2024.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2024

31. FINANCIAL INSTRUMENTS *(Continued)*

(b) Financial risk management objectives and policies *(Continued)*

Liquidity risk *(Continued)*

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 is 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 2023 (Restated)						
Trade and other payables	70,880	–	–	–	70,880	70,880
Borrowings	220,337	–	–	–	220,337	206,588
Lease liabilities	171	589	217	1,393	2,370	1,334
Corporate bonds	98,294	31,511	12,180	–	141,985	137,756
	389,682	32,100	12,397	1,393	435,572	416,558
At 30 June 2024						
Trade and other payables	126,530	–	–	–	126,530	126,530
Borrowings	235,926	–	–	–	235,926	211,436
Lease liabilities	567	203	–	–	770	722
Corporate bonds	44,740	–	–	–	44,740	40,456
	407,763	203	–	–	407,966	379,144

Notes to the Consolidated Financial Statements

For the year ended 30 June 2024

31. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and polices (Continued)

Liquidity risk (Continued)

The table below analyses the bank and other borrowings and corporate bond with a repayment on demand clause based on agreed repayment schedules set out in the loan agreements, except for those defaulted which are presented as less than 1 year. The amounts include interest payments computed using contractual rates.

	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 2023						
Borrowings	193,375	23,880	3,082	–	220,337	206,588
Corporate bonds	98,294	31,511	12,180	–	141,985	137,756
	291,669	55,391	15,262	–	362,322	344,344
At 30 June 2024						
Borrowings (note below)	224,841	550	10,535	–	235,926	211,436
Corporate bonds (note below)	21,104	23,636	–	–	44,740	40,456
	245,945	24,186	10,535	–	280,666	251,892

Note: As at 30 June 2024, in view of the default of the Group's borrowings and corporate bonds, certain of the Group's borrowings and corporate bonds with the original maturity date "Between 1 and 2 years" were reclassified to "Less than 1 year or on demand" in the consolidated financial statements.

Fair value measurement of financial instruments

The fair values of financial assets and financial liabilities are determined as follows:

- the fair value of financial assets with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market price; and
- the fair values of other financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2024

31. FINANCIAL INSTRUMENTS *(Continued)*

(b) Financial risk management objectives and policies *(Continued)*

Liquidity risk *(Continued)*

Fair value measurement of financial instruments (Continued)

IFRS 13 requires disclosures for financial instruments that are measured at fair value by level of the following fair value measurement hierarchy:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: 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 for the asset or liability that are not based on observable market data.

Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis

The following table provides an analysis of financial instruments carried at fair value by level of fair value hierarchy:

	Notes	Fair value RMB'000	Fair value measurement categorised into		
			Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000
As at 30 June 2024					
Recurring fair value measurement					
Financial assets at FVTPL	21				
– Commodity Futures in PRC		889	889	–	–
		889	889	–	–

Notes to the Consolidated Financial Statements

For the year ended 30 June 2024

31. FINANCIAL INSTRUMENTS (Continued)

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

The Group did not have any financial assets at FVTPL as at 30 June 2023.

The following table provides information of the valuation technique, key inputs and the correlation of key unobservable input to the fair value measurement of financial instruments carried at fair value:

Item	2024 RMB'000	2023 RMB'000	Fair value hierarchy	Valuation technique and key inputs	Effect on fair value for increase of inputs
Commodity Futures in PRC	889	N/A	Level 1	Quoted bid-prices in an active market	N/A

During the year ended 30 June 2024, there were no transfer between Level 1 and Level 2.

Fair values of financial instruments carried at other than fair value

The carrying amounts of the Group's other financial instruments carried at amortised cost are not materially different from their fair value as at 30 June 2024 and 30 June 2023.



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32. 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.

	At beginning of the year RMB'000	Financing cash flows RMB'000	Non-cash changes							At end of the year RMB'000	
			Finance costs incurred RMB'000	New lease entered RMB'000	Lease modification – extension RMB'000	Derecognition of lease liabilities RMB'000	Setting off of corporate bonds RMB'000	Foreign exchange movements RMB'000	Subscription Shares RMB'000		Others RMB'000
Year ended 30 June 2023											
Interest payables (note 23)	17,481	(9,882)	12,830	-	-	-	-	108	-	(3,967)	16,570
Amounts due to a director and related companies (note 23)	55,322	(11,206)	-	-	-	-	-	110	-	-	44,226
Lease liabilities (note 17)	1,095	(399)	57	514	-	-	-	67	-	-	1,334
Borrowings (note 24)	183,264	17,585	-	-	-	-	-	8,219	-	(2,480)	206,588
Corporate bonds (note 25)	116,702	(4,413)	16,168	-	-	-	-	9,299	-	-	137,756
	373,864	(8,315)	29,055	514	-	-	-	17,803	-	(6,447)	406,474
Year ended 30 June 2024											
Interest payables (note 23)	16,570	(12,508)	19,571	-	-	-	-	(549)	-	(10,264)	12,820
Amounts due to a director and related companies (note 23)	44,226	23,945	-	-	-	-	99,069	(172)	(69,824)	(5,223)	92,021
Amount due to an independent third party (note 23)	-	6,204	-	-	-	-	-	-	-	-	6,204
Lease liabilities (note 17)	1,334	(609)	35	-	610	(653)	-	5	-	-	722
Borrowings (note 24)	206,588	7,322	-	-	-	-	-	636	-	(3,110)	211,436
Corporate bonds (note 25)	137,756	-	-	-	-	-	(99,069)	1,769	-	-	40,456
	406,474	24,354	19,606	-	610	(653)	-	1,689	(69,824)	(18,597)	363,659

33. 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:

	2024 RMB'000	2023 RMB'000
Sales of goods to related companies held by directors (note below)	3,490	8,948
Interest payable to Controlling shareholder on corporate bonds	-	13,284

Note: Mr. Wu Shaohao, a director of the Company is a director of these related companies.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2024

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

(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 2024 and 30 June 2023.

(iii) Compensation of key management personnel:

	2024 RMB'000	2023 RMB'000
Wages, salaries and other benefits	2,450	2,194
Discretionary bonuses and performance incentive payments	133	67
Contribution to defined contribution plans	12	62
	2,595	2,323

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

(iv) Guarantee for bank borrowings

As at 30 June 2024, Mr. Wu and a related company which was 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 approximately RMB92,079,000 (2023: RMB97,926,000) (see note 24).

34. 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:

	2024 RMB'000	2023 RMB'000
Property, plant and equipment	52,917	51,853
Right-of-use assets	11,652	11,975
	64,569	63,828

Save as the pledged assets disclosed above, the issued shares of certain subsidiaries of the Company (see note 36) of the Company were also pledged to secure borrowings of the Group as at 30 June 2024 and 30 June 2023.

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35. 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.

36. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY

General information of subsidiaries

Details of the subsidiaries directly and indirectly held by the Company at 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
				2024 %	2023 %	
Directly held by the Company						
Sunshine Vocal Limited (note (a) below)	Ordinary shares	The BVI	US\$100,000	100	100	Investment holding
Rich Anges Limited (note (a) below)	Ordinary shares	The BVI	US\$1	100	100	Investment holding
Rui Er Summi Hong Kong (note (a) below)	Ordinary shares	Hong Kong	HK\$10,000	100	100	Inactive
Indirectly held by the Company						
Potel Limited (note (a) below)	Ordinary shares	Hong Kong	HK\$1	100	100	Investment holding
Manwell (China) Limited (note (a) below)	Ordinary shares	Hong Kong	HK\$1	100	100	Investment holding
Global One Management Limited	Ordinary shares	The BVI	US\$1	100	100	Investment holding
Summi (HK) Asia Limited (note (a) 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 (note (a) 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 (note (a) below)	Contributed capital	The PRC	RMB10 million	100	100	Manufacturing and selling of FCOJ in the PRC
重慶天邦食品有限公司 Chongqing Tianbang Food Co. Limited (notes (a) and (b) below)	Contributed capital	The PRC	HK\$80 million	100	100	Manufacturing and selling of FCOJ in the PRC

Notes to the Consolidated Financial Statements

For the year ended 30 June 2024

36. 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
				2024	2023	
				%	%	
懷化歐勁果業有限公司 Huaihua Oujin Fruit Co., Ltd (notes (a) and (b) 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 (a) and (b) below)	Contributed capital	The PRC	RMB35 million	100	100	Manufacturing and selling of Summi fresh orange juice in the PRC
Rui Er Summi BVI Ltd (note (a) below)	Ordinary shares	The BVI	US\$50,000	100	100	Investment holding
Summi (Malaysia) Trading Sdn. Bhd.	Registered capital	Malaysia	Malaysia Ringgit 10,000	100	100	Sale of food and beverage products in Malaysia
郴州森美橙園投資發展有限公司 Chenzhou Summi Chengyuan Investment Development Company Limited (notes (a) and (b) below)	Contributed capital	The PRC	(note (c) below)	100	100	Manufacturing and selling of Summi fresh orange juice in the PRC
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 (d) below)	100	100	Investment holding
上海橙譯酒業有限責任公司 Shanghai Orange Translation Wine Co., Ltd. (note (b) below)	Registered capital	The PRC	(note (e) below)	100	100	Investment holding



Notes to the Consolidated Financial Statements

For the year ended 30 June 2024

36. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY *(Continued)*

General information of subsidiaries *(Continued)*

Notes:

- a. The issued shares of these subsidiaries of the Company were pledged to secure the Syndicated Loan under the Master Facility Deed of the Group as at 30 June 2024 and 30 June 2023.
- b. Companies incorporated as private limited liability companies in the PRC.
- c. 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.
- d. 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.
- e. 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.

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

The table below shows details of a non-wholly-owned subsidiary 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	
		2024	2023	2024	2023	2024	2023
				RMB'000	RMB'000	RMB'000	RMB'000
Shenyang Summi Real Estate	The PRC	51%	51%	(5)	(9)	(181)	(176)

Notes to the Consolidated Financial Statements

For the year ended 30 June 2024

37. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY

	2024 RMB'000	2023 RMB'000
Non-current assets		
Interests in subsidiaries	–*	–*
Property, plant and equipment	71	6
Current assets		
Other receivables	1,123	4,232
Cash and cash equivalents	2,527	2,539
	3,650	6,771
Current liabilities		
Other payables	9,003	7,199
Borrowings	95,070	100,893
Amounts due to director	29,725	–
Amounts due to subsidiaries	166,184	146,184
Corporate bonds	40,456	114,785
	340,438	369,061
Net current liabilities	(336,788)	(362,290)
Total assets less current liabilities	(336,717)	(362,284)
Non-current liability		
Corporate bonds	–	22,971
Net liabilities	(336,717)	(385,255)
Capital and reserves		
Share capital	29,842	19,341
Reserves	(366,559)	(404,596)
Deficiency of shareholders' equity	(336,717)	(385,255)

* Less than RMB1,000

Notes to the Consolidated Financial Statements

For the year ended 30 June 2024

37. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY

(Continued)

The movements of the Company's reserves during the years ended 30 June 2024 and 30 June 2023 are as follows:

	Share premium RMB'000	Capital reserve RMB'000	Exchange reserve RMB'000	Accumulated losses RMB'000	Total RMB'000
As at 1 July 2022	557,185	34,078	35,800	(974,075)	(347,012)
Loss for the year	–	–	–	(27,927)	(27,927)
Other comprehensive expense for the year					
– Exchange differences arising on translation of foreign operations	–	–	(29,657)	–	(29,657)
Total comprehensive expense for the year	–	–	(29,657)	(27,927)	(57,584)
As at 30 June 2023	557,185	34,078	6,143	(1,002,002)	(404,596)
Loss for the year	–	–	–	(18,547)	(18,547)
Other comprehensive expense for the year					
– Exchange differences arising on translation of foreign operations	–	–	(2,739)	–	(2,739)
Total comprehensive expense for the year	–	–	(2,739)	(18,547)	(21,286)
Subscription of New Shares (note 26(a))	59,323	–	–	–	59,323
As at 30 June 2024	616,508	34,078	3,404	(1,020,549)	(366,559)

Five Years Financial Summary

For the year ended 30 June 2024

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 2024 RMB'000	Year ended 30 June 2023 RMB'000	Year ended 30 June 2022 RMB'000	Year ended 30 June 2021 RMB'000	Year ended 30 June 2020 RMB'000
Revenue	80,644	21,366	30,172	111,168	50,993
(Loss) profit for the year	(24,550)	(26,998)	(39,816)	(48,518)	315,416

Assets and liabilities

	As at 30 June				
	2024 RMB'000	2023 RMB'000	2022 RMB'000	2021 RMB'000	2020 RMB'000
Total assets	133,255	121,607	143,913	177,284	190,346
Total liabilities	385,798	419,153	401,908	414,027	521,253