



天溢(森美)控股有限公司  
**Tianyi (Summi) Holdings Limited**

(incorporated in the Cayman Islands with limited liability)  
Stock Code: 00756

INTERIM REPORT **2016/2017**



Drink Summi  
**Taste Fruity!**



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## CORPORATE INFORMATION

### DIRECTORS

#### Executive Directors

Mr. Sin Ke (*Chairman and  
Chief Executive Officer*)

Mr. San Kwan

#### Non-Executive Director

Mr. Tsang Sze Wai, Claudius

#### Independent Non-Executive Directors

Mr. Zhuang Xueyuan

Mr. Zhuang Weidong

Mr. Zeng Jianzhong

### COMPANY SECRETARY

Mr. Lee Kwok Lun *HKCPA (practising), ACCA*

### AUTHORISED REPRESENTATIVES

Mr. San Kwan

Mr. Lee Kwok Lun *HKCPA (practising), ACCA*

### AUDIT COMMITTEE

Mr. Zhuang Xueyuan (*Chairman*)

Mr. Zhuang Weidong

Mr. Zeng Jianzhong

### REMUNERATION COMMITTEE

Mr. Zhuang Xueyuan (*Chairman*)

Mr. Sin Ke

Mr. Zhuang Weidong

### NOMINATION COMMITTEE

Mr. Sin Ke (*Chairman*)

Mr. Zhuang Weidong

Mr. Zeng Jianzhong

### HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Suites 2003-2004, 20/F

Tower One, Times Square

1 Matheson Street, Causeway Bay

Hong Kong

### REGISTERED OFFICE

Clifton House, 75 Fort Street

P.O. Box 1350, Grand Cayman KY1-1108

Cayman Islands

### AUDITOR

SHINEWING (HK) CPA Limited

### LEGAL ADVISORS AS TO HONG KONG LAWS

Loong & Yeung

### PRINCIPAL BANKERS

Agricultural Bank of China

Bank of China (H.K.)

Cathay United Bank (Taiwan)

Hang Seng Bank

Industrial and Commercial Bank  
of China (Asia)

The Hongkong and Shanghai  
Banking Corporation

### SHARE REGISTRAR IN HONG KONG

Computershare Hong Kong Investor  
Services Limited

Shops 1712-1716, 17th Floor

Hopewell Centre

183 Queen's Road East

Wanchai

Hong Kong

### SHARE REGISTRAR AND TRANSFER OFFICE IN CAYMAN ISLANDS

Estera Trust (Cayman) Limited

Clifton House, 75 Fort Street

P.O. Box 1350, Grand Cayman KY1-1108

Cayman Islands

### COMPANY WEBSITE

[www.tianyi.com.hk](http://www.tianyi.com.hk)

## FINANCIAL SUMMARY

FOR THE SIX MONTHS ENDED 31 DECEMBER 2016 (UNAUDITED)

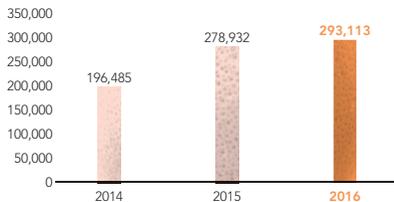
### FINANCIAL HIGHLIGHTS

	Six months ended		Change % (Approximate)
	31 December 2016 RMB'000	31 December 2015 RMB'000	
<b>Statement of profit or loss and other comprehensive income</b>			
Revenue	293,113	278,932	5.1%
Gross profit	114,496	100,282	14.2%
Gross profit margin	39.1%	36.0%	3.1pp
EBITDA	84,874	77,542	9.5%
Profit for the period	45,932	40,153	14.4%
Basic EPS (RMB cents)	3.41	2.98	14.4%

	As at		Change % (Approximate)
	31 December 2016 RMB'000	30 June 2016 RMB'000	
<b>Statement of financial position</b>			
Total cash and bank deposits	699,484	578,201	21.0%
Inventories	55,929	61,355	(8.8)%
Trade receivables	233,490	124,102	88.1%
Bank loans	913,438	575,656	58.7%
Net assets value ("NAV")	1,689,934	1,680,450	0.6%

### REVENUE

FOR THE SIX MONTHS ENDED 31 DECEMBER (RMB'000)



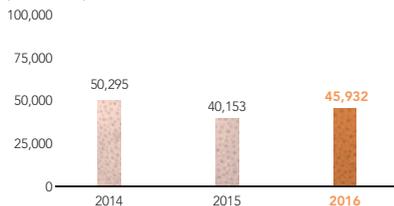
### REVENUE BREAKDOWN

FOR THE SIX MONTHS ENDED 31 DECEMBER (Approximate percentage)



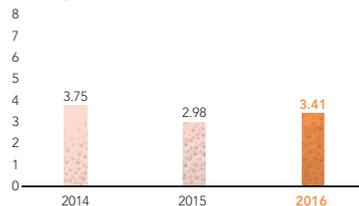
### NET PROFIT

FOR THE SIX MONTHS ENDED 31 DECEMBER (RMB'000)



### BASIC EPS

FOR THE SIX MONTHS ENDED 31 DECEMBER (RMB cents)



## CHAIRMAN'S STATEMENT

Dear Shareholders,

I am very pleased to present to the shareholders (the "Shareholder(s)") of Tianyi (Summi) Holdings Limited (the "Company") the unaudited interim report of the Company and its subsidiaries (collectively, the "Group") for the six months ended 31 December 2016 (the "Reporting Period").

### REVIEW AND PROSPECTS

During the Reporting Period, the Group managed to secure its leading position in the industry and continued to devote to expanding its core business. Each business segment performed stably, and the sales growth of Summi fresh orange juice was encouraging, achieving a double-digit growth. On the other hand, benefiting from the remarkable rebound of the futures price of international FCOJ during the Reporting Period, the Group's FCOJ recorded a better pricing and sales volume than last year.

During the Reporting Period, the Group recorded a constant improvement in performance. The Group's revenue and gross profit was approximately RMB293,113,000 and RMB114,496,000 respectively, representing an increase of 5.1% and 14.2% as compared with the corresponding period of last year. The net profit for the Reporting Period was approximately RMB45,932,000 (2015: RMB40,153,000), representing an increase of 14.4% as compared with the corresponding period of last year.

Looking forward, the Group is confident that, with the superior quality of Summi fresh orange juice, Summi fresh orange juice is able to position itself as the top-tier brand of fresh orange juice, while securing itself as the leading FCOJ producer in China.

### INVESTOR RELATIONS

One of the main duties of the Board is to maintain good communications with the Shareholders and potential investors. The Group's management paid visits to domestic and overseas prestigious institutional investors and private client investment advisors, as well as attached 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 by such communication, the Company can enhance the transparency and strengthen the relationships with investors.

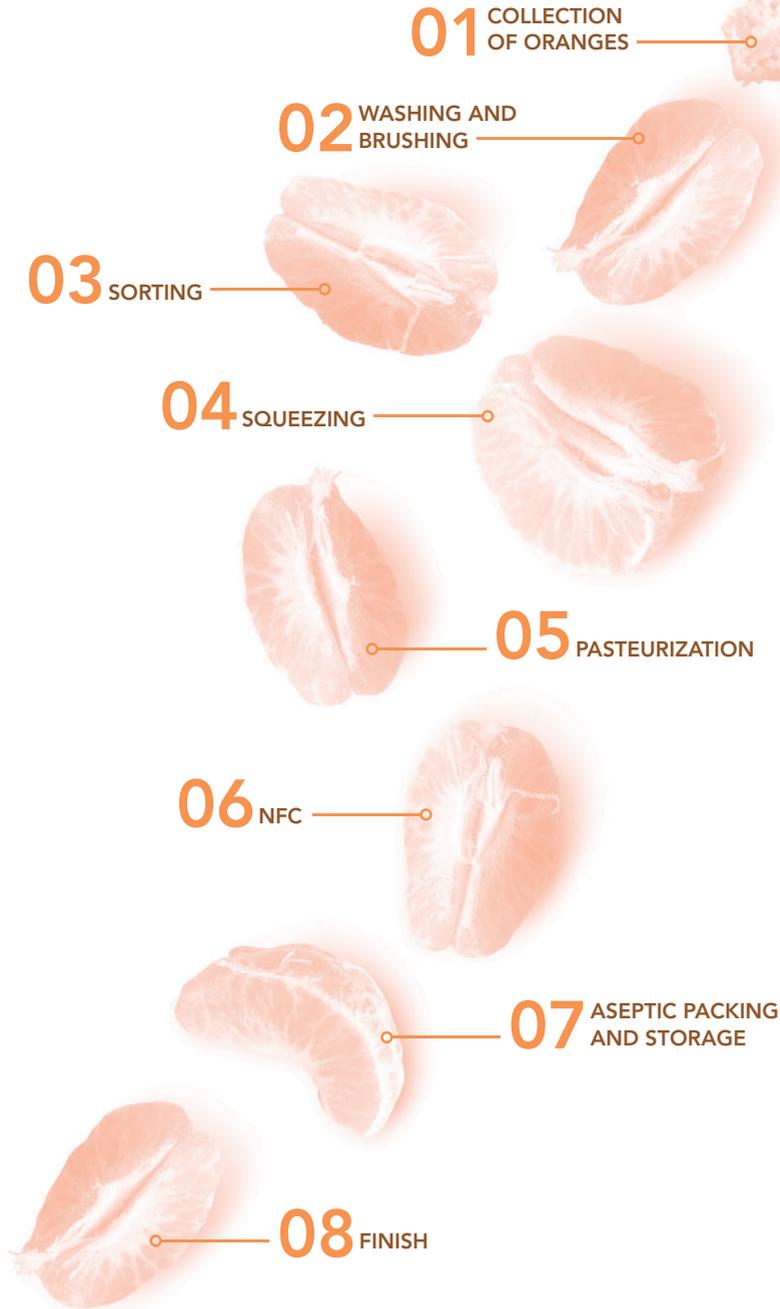
### APPRECIATION

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

**Sin Ke**  
Chairman

Hong Kong, 20 February 2017

# MANAGEMENT DISCUSSION AND ANALYSIS



CHAIRMAN'S STATEMENT

MANAGEMENT DISCUSSION AND ANALYSIS

OTHER INFORMATION AND CORPORATE GOVERNANCE

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS REVIEW AND PROSPECT

During the Reporting Period, the Group has been operating in a stable condition, and each main segment recorded a rise in terms of operation. During the Reporting Period, the futures prices of FCOJ have rebounded from a relatively low level. The Group had benefited from higher average sales prices and demands of FCOJ and related products. We believe that the FCOJ and related products segment will remain a significant source of revenue for the Group. On the other hand, the Group put lots of efforts in the promotion of Summi fresh orange which demonstrated healthy upsurge in sales during the Reporting Period. With the growing awareness of the nutritional value of not-from-concentrate fresh juice in China, we expect that the sales of Summi fresh orange juice will become a new growth engine of our operations.

### OPERATING PERFORMANCE

#### Revenue

Breakdown of revenue by segment for the six months ended 31 December 2016 and 2015 are set out as follows:

	Six months ended 31 December (Unaudited)			
	2016		2015	
	RMB'000	Approximate percentage of total revenue	RMB'000	Approximate percentage of total revenue
FCOJ and related products	137,983	47.1%	120,974	43.3%
Summi fresh orange juice	76,765	26.2%	66,868	24.0%
Fresh Oranges	78,365	26.7%	91,090	32.7%
	<b>293,113</b>	<b>100.0%</b>	278,932	100.0%

During the Reporting Period, driven by the rising demand of individual major customers for FCOJ and related products, the Group's revenue increased from approximately 278,932,000 for the same period of last year to approximately RMB293,113,000, representing an approximately 5.1% increase.

## MANAGEMENT DISCUSSION AND ANALYSIS

### FCOJ and related products

Breakdown of revenue by products within the FCOJ and related products segment for the six months ended 31 December 2016 and 2015 are set out as follows:

	Six months ended 31 December (Unaudited)	
	2016 RMB'000	2015 RMB'000
FCOJ	91,484	82,094
Orange pulp	45,658	37,064
Other products	841	1,816
	<b>137,983</b>	120,974

The sales of the FCOJ and related products increased from approximately RMB120,974,000 for the same period of last year to approximately RMB137,983,000 for the Reporting Period. Benefiting from the constant rebound of the futures price of international FCOJ during the Reporting Period, the sales price and volume of FCOJ recorded a growth. In particular, sales revenue of orange pulp increased by approximately 23.2% from approximately RMB37,064,000 for the same period of last year to approximately RMB45,658,000.

### Summi fresh orange juice

Since its launch to the market by the Group in March 2015, Summi fresh orange juice has been well received by the market and the sales network of Summi fresh orange juice has now covered over several thousands of high-end super-markets and convenience stores in major cities in China such as Beijing, Shanghai, Guangzhou, Shenzhen, Chongqing, Chengdu and Nanjing. In addition, the Group has established its sales points in Wellcome Supermarket, Eateast, 7-11 convenience store and Aeon Supermarket in Hong Kong step by step this year, which is the milestone of the Group's ambition to expand its sales network to overseas markets. The Group expects that the sales network would stabilize after a rapid growth last year. The next step of our strategy is to focus on enhancing the recognition of Summi fresh orange juice and building up the customers' long-term drinking habit of Summi fresh orange juice.

## MANAGEMENT DISCUSSION AND ANALYSIS

We put lots of efforts to enhance the recognition of Summi fresh orange juice and believe the best way to promote Summi fresh orange juice is offering free tasting to the customers to experience the quality of Summi fresh orange juice. Therefore, free tasting events have been organised by the Group continuously in major cities in Mainland China and Hong Kong during the year. Feedbacks from the public have been positive in the ongoing free tasting events on street. The Group estimated that, after our tireless devotion, several hundred thousand people have tried Summi fresh orange juice in our free tasting events during the year. On the other hand, we have also promoted Summi fresh orange juice among the public media appropriately with a view to enhancing the recognition of Summi fresh orange juice from different ways. The Group believes the new line of business would strengthen the Group's long-term strategy of transformation from a raw material producer to a retail brand enterprise.

### Sales of fresh oranges

Sales quantities of fresh oranges decreased from approximately 45,545 tonnes for the same period of last year to 32,652 tonnes for the Reporting Period. Therefore, sales of fresh oranges decreased by approximately 14.0% from approximately RMB91,090,000 for the same period of last year to approximately RMB78,365,000 for the Reporting Period. The decrease is due to the seasonal effects as the Group has not yet completed harvesting of all plantation as at 31 December 2016. Average selling prices of premium fresh oranges were higher compared with the last year, partly offset the effect of decreased sales volume (2016: approximately RMB2,400/tonne; 2015: approximately RMB2,000/tonne).

## MANAGEMENT DISCUSSION AND ANALYSIS

### Output of fresh oranges

The Group operates orange plantations and (i) the lower grade oranges are used as raw materials for producing FCOJ and related products; (ii) higher grade oranges are used as raw materials for producing Summi fresh orange juice; and (iii) the premium grade oranges are sold directly to the local agricultural wholesalers. In addition to using the self-operated plantations grown fresh oranges, the Group also purchases fresh oranges from independent third parties, mainly individual local farmers, to produce FCOJ and its related products. The volume of fresh oranges growing from the self-operated farms and the volume of purchased fresh oranges for the six months ended 31 December 2016 and 2015 are set out as follows:

	Six months ended 31 December (Unaudited)	
	2016 Approximate metric tonnes	2015 Approximate metric tonnes
Output of fresh oranges from self-operated orange plantations		
– Fresh oranges for sale	33,124	48,460
– Producing Summi fresh orange juice	4,722	–
– Producing FCOJ and related products	27,133	20,860
	<b>64,979</b>	69,320
Purchases of fresh oranges for producing FCOJ and related products	55,731	66,068
	<b>120,710</b>	135,388

### Gross Profit

During the Reporting Period, the Group's gross profit increased by approximately 14.2% to approximately RMB114,496,000 as compared to approximately RMB100,282,000 for the same period of last year. The gross profit margin of the Group increased to approximately 39.1% (31 December 2015: approximately 36.0%).

### Gain from changes in fair value of biological assets less costs to sell

During the Reporting Period, the Group's gain from changes in fair value of biological assets less costs to sell was approximately RMB33,091,000 (31 December 2015: approximately RMB35,926,000).

## MANAGEMENT DISCUSSION AND ANALYSIS

### Distribution Costs and Administrative Expenses

Distribution costs of the Group are mainly comprised of marketing expenses and transportation costs. The distribution costs significantly increased by approximately 30.9% from approximately RMB37,062,000 for the same period of last year to approximately RMB48,527,000 for the Reporting Period.

The Group's administrative expenses mainly included general office administrative expenses, salaries and amortisation. The administrative expenses decreased by approximately 11.1% from approximately RMB53,067,000 for the same period of last year to approximately RMB47,181,000 for the Reporting Period.

### Finance Costs

During the Reporting Period, the Group's finance costs were approximately RMB18,117,000 (31 December 2015: approximately RMB10,981,000).

### Net Profit

During the Reporting Period, the Group's net profit increased by approximately 14.4% to approximately RMB45,932,000 as compared to approximately RMB40,153,000 for the same period of last year.

### Interim Dividend

The Board has resolved not to declare any interim dividend for the six months ended 31 December 2016 (31 December 2015: Nil).

## LIQUIDITY, FINANCIAL RESOURCES, GEARING AND CAPITAL STRUCTURE

### Held-to-Maturity Investments

As at 31 December 2016, held-to-maturity investments amounted to approximately RMB17,859,000 (30 June 2016: approximately RMB17,137,000).

### Liquidity

As at 31 December 2016, current assets amounted to approximately RMB1,229,963,000 (30 June 2016: approximately RMB942,103,000). Current liabilities were approximately RMB433,883,000 (30 June 2016: approximately RMB471,936,000).

## MANAGEMENT DISCUSSION AND ANALYSIS

### Financial Resources

As at 31 December 2016, the Group had total cash and cash equivalents of approximately RMB699,484,000 (30 June 2016: approximately RMB578,201,000); total bank loans of RMB913,438,000 (30 June 2016: RMB575,656,000).

As at 31 December 2016, the Group had trade receivables of approximately RMB233,490,000 (30 June 2016: approximately RMB124,102,000) and inventories of approximately RMB55,929,000 (30 June 2016: approximately RMB61,355,000). The higher trade receivables as compared to 30 June 2016 as Group's operations, including sales of fresh oranges and FCOJ and related products, are highly concentrated from December to April in the following year and most sales were made during the peak season.

As compared to 31 December 2015, trade receivables as at 31 December 2016 decreased by approximately RMB38,013,000 (31 December 2016: RMB233,490,000; 31 December 2015: RMB271,503,000).

### Gearing

The Board's approach to manage the Group's 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.

	2016	2015
Quick ratio	2.7x	2.1x
Current ratio	2.8x	2.2x
Gearing ratio (note)	54.1%	31.5%

(note) Gearing ratio is defined as sum of bank loans over total equity.

### Capital Structure

As at 31 December 2016, the total number of issued shares of the Company (the "Shares") was 1,347,860,727 Shares. Based on the closing price of HK\$1.09 per Share as at 31 December 2016, the Company's market value as at 31 December 2016 was HK\$1,469,168,192.

## MANAGEMENT DISCUSSION AND ANALYSIS

### FOREIGN EXCHANGE EXPOSURE

The Group's operation is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to United States Dollar. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations. Moreover, the conversion of Renminbi is subject to rules and regulations of exchange control promulgated 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

As at 31 December 2016, the Group had pledged the following assets to banks to secure banking facilities granted to the Group:

	31 December 2016 RMB'000	30 June 2016 RMB'000
Held-to-maturity investment	17,859	17,137
Property, plant and equipment	89,062	94,969
Land use rights	14,548	14,734
Pledged bank deposits	189,971	127,758
	<b>311,440</b>	254,598

### CONTINGENT LIABILITIES

As at 31 December 2016, the Group had no material contingent liabilities (30 June 2016: nil).

### CAPITAL EXPENDITURE

During the Reporting Period, the Group's capital expenditure amounted to approximately RMB36,000 (2015: approximately RMB19,130,000) which was used for acquisition of properties, plants, equipment, land use rights and lease prepayments for orange plantations in Chongqing.

## MANAGEMENT DISCUSSION AND ANALYSIS



### Orange Plantations

The Group operates approximately 146,000 mu (equivalent to 97.34 km<sup>2</sup>) of orange plantations with matured fruit trees in Chongqing. The Group was awarded, in December 2016, a certificate of Sustainable Agriculture Guiding Principles ("SAGP") from a world leading beverage company for the orange plantation providing fresh oranges to produce frozen concentrate orange juice to the above-mentioned company. The accreditation signified that the Group's agricultural practice complies with the stringent requirement for maintaining sustainable supply of healthy agricultural ingredients, in an environmental-friendly manner, to the international beverage giant.

The Group is the only orange juice supplier in the world certified for compliance of SAGP stipulated by the beverage giant. The Group believes that such certification will enhance the long-term relationship with this major customer.

### PLANTS

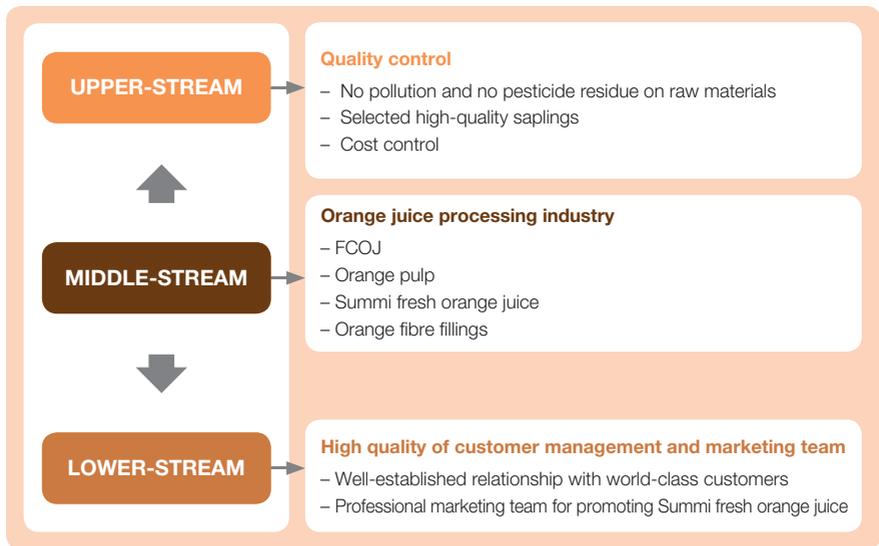
The Group has four highly efficient FCOJ production plants and a new Not-from-concentrate orange juice production plant, which are strategically located in China's major citrus growing areas, Chongqing, Fujian and Hunan, with advanced equipment imported from the US, Switzerland, Italy and Germany.

## MANAGEMENT DISCUSSION AND ANALYSIS

The Group has extensive experience in successfully handling the production demands of orange juice processing plants. The involved production process is closely based on the understanding gained by the Group in the design and manufacturing process including years of research and development efforts which have allowed the Group to come up with processing equipment that deliver processed orange juice with superior quality.

### Integrated business model

The Group adopts an integrated business model and is one of the few concentrate orange juice processors operating its own upstream orange plantations to enhance the value chain.



### HUMAN RESOURCES AND REMUNERATION POLICY

As at 31 December 2016, the Group employed 952 employees (31 December 2015: 982 employees). The Group offered competitive remuneration package, discretionary bonuses and social insurance benefits to its employees. In addition, a share option scheme (the "Scheme") has been adopted on 7 June 2008 for, among others, the employees of the Group. The limit in respect of shares that may be issued pursuant to the exercise of all share options granted under the Scheme has been refreshed on 5 November 2012.

## OTHER INFORMATION

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

As at 31 December 2016, interests and short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (chapter 571 of the Laws of Hong Kong) ("SFO")) held by the Directors and chief executives of the Company which have been notified to the Company and The Stock Exchange of Hong Kong Limited (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 Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") are as follows:

#### 1. Interests and short position in the shares of the Company ("Shares")

Name of Director	Capacity/Nature	Number of Shares held/ interested in	Approximate percentage of issued share capital of the Company
Mr. Sin Ke ("Mr. Sin")	(i) Interest of controlled corporation (Note 2)	572,712,145 (L)	42.49%
	(ii) Beneficial owner (Note 2)	15,688,000 (L)	1.16%
	(iii) Beneficial owner (Note 2)	4,000,000 (L)	0.30%
Mr. San Kwan	(i) Beneficial owner (Note 3)	8,000,000 (L)	0.59%
	(ii) Beneficial owner (Note 3)	2,000,000 (L)	0.15%

## OTHER INFORMATION

### INTERESTS AND SHORT POSITIONS OF THE DIRECTORS AND CHIEF EXECUTIVES IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS (Continued)

#### 2. Interests and short position in the underlying Shares

Name of Director	Capacity/Nature	Number of underlying Shares held/ interested in	Approximate percentage of issued share
Mr. Sin	Beneficial owner (Note 2)	103,888,000 (L)	7.71%

Notes:

1. The letters "L" denote a long position in the Shares/underlying Shares.
2. Mr. Sin was deemed (by virtue of the SFO) to be interested in 696,288,145 Shares. These shares were held in the following capacity:
  - (i) 572,712,145 Shares were held by Key Wise Group Limited ("Key Wise") which is a corporation controlled by Mr. Sin. Mr. Sin beneficially owned 51% interested in Cheer Sky Limited ("Cheer Sky") which beneficially owned 49% interest in Key Wise which in turn, held 572,712,145 Shares.
  - (ii) 15,688,000 Shares were held by Mr. Sin in a beneficial owner capacity.
  - (iii) The options to subscribe for 4,000,000 Shares were granted on 19 November 2015 under the share option scheme of the Company and were held by Mr. Sin in a beneficial owner capacity.
  - (iv) 103,888,000 Shares were held in a beneficial owner capacity. Mr. Sin was deemed to be interested in such 103,888,000 Shares as Mr. Sin shall not be liable to pay or shall be liable to pay a reduced amount of the relevant shortfall amount to Templeton Strategic Emerging Markets Fund IV, LDC if the Share price has increased to a prescribed price. For further details, please refer to the announcement of the Company dated 24 February 2014.
3. The 8,000,000 Shares were held in beneficial owner capacity and the options to subscribe for 2,000,000 Shares were granted on 19 November 2015 under the share option scheme of the Company and were held by Mr. San Kwan in a beneficial owner capacity.

## OTHER INFORMATION

### INTERESTS AND SHORT POSITIONS OF THE DIRECTORS AND CHIEF EXECUTIVES IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS (Continued)

#### 3. Long position in the ordinary shares of associated corporations

Name of Director	Name of the associated corporation	Capacity/Nature	Number of Shares held/ interested in	Approximate percentage of issued share
Mr. Sin	Key Wise	Interest of controlled corporation and interest of spouse (Note)	100,000	100%

Note: Mr. Sin beneficially owned 51% interest in Cheer Sky which beneficially owned 49% interest in Key Wise. Ms. Hong Man Na, the spouse of Mr. Sin, beneficially owned 51% interest in Key Wise. Therefore, Mr. Sin was deemed, or taken to be, interested in all the shares in Key Wise which were owned by Cheer Sky and Ms. Hong Man Na under the SFO.

Save as disclosed above, as at 31 December 2016, none of the Directors or chief executive of the Company had any interests or short positions in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would be required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, or which would be required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

## OTHER INFORMATION

### INTERESTS AND SHORT POSITIONS OF THE DIRECTORS AND CHIEF EXECUTIVES IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS (Continued)

As at 31 December 2016, 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 fall 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 Director	Capacity/Nature	Number of Shares held/ interested in	Approximate percentage of issued share
Key Wise	Beneficial owner	572,712,145 (L)	42.49%
Cheer Sky	Interest of controlled corporation (Note 2)	572,712,145 (L)	42.49%
Ms. Hong Man Na	Interest of controlled corporation and interest of spouse (Note 3)	696,288,145 (L)	51.66%
Templeton Strategic Emerging Markets Fund IV, LDC ("Templeton")	(i) Beneficial owner	103,888,000 (L)	7.71%
	(ii) Beneficial owner	103,888,000 (S)	7.71%
Templeton Asset Management Limited	Investment manager (Note 4)	103,888,000 (L)	7.71%

## OTHER INFORMATION

### INTERESTS AND SHORT POSITIONS OF THE DIRECTORS AND CHIEF EXECUTIVES IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS (Continued)

#### Interests and short position in the Shares and underlying Shares (Continued)

Notes:

1. The letters "L" denote a long position and "S" denotes short position in the Shares/ underlying Shares.
2. Cheer Sky beneficially owned 49% interest in Key Wise and Key Wise held 572,712,145 Shares. Therefore, Cheer Sky was deemed, or taken to be, interested in the 572,712,145 Shares held by Key Wise by virtue of the SFO.
3. Ms. Hong Man Na beneficially owned 51% interest in Key Wise. Mr. Sin was deemed to be interested in 103,888,000 Shares which held by Templeton as Mr. Sin shall not be liable to pay or shall be liable to pay a reduced amount of the relevant shortfall amount to Templeton if the Share price has increased to a prescribed price. Ms. Hong Man Na is the spouse of Mr. Sin. Therefore, Ms. Hong Man Na was deemed, or taken to be, interested in the 572,712,145 Shares held by Key Wise and the undertake of 103,888,000 Shares by Mr. Sin by virtue of the SFO.

Mr. Sin beneficially held 15,688,000 shares. Ms. Hong Man Na is the spouse of Mr. Sin. Therefore, Ms. Hong Man Na was deemed, or taken to be, interested in the 15,688,000 Shares held by Mr. Sin by virtue of the SFO.

The options to subscribe for 4,000,000 Shares were granted to Mr. Sin on 19 November 2015 under the share option scheme of the Company and were held by Mr. Sin in a beneficial owner capacity. Therefore, Ms. Hong Man Na was deemed, or taken to be, interested in the options to subscribe for 4,000,000 Shares held by Mr. Sin by virtue of the SFO.

4. As known to the Directors after making reasonable enquiries, as at 31 December 2016, Templeton Asset Management Limited is the investment manager of Templeton which in turn, held 103,888,000 Shares. Therefore, Templeton Asset Management Limited was deemed, or taken to be, interested in the 103,888,000 Shares held by Templeton by virtue of the SFO.

Save as disclosed above, as at 31 December 2016, the Directors were not aware of any persons (who were not Directors or chief executive of the Company) 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' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Apart from the details as disclosed under the heading "Interests and short positions of the Directors and chief executives in Shares, underlying Shares and debentures of the Company and its associated corporations" above, at no time during the Reporting Period there were rights to acquire benefits by means of the acquisition of Shares in or debentures of the Company granted to any Director or their respective spouse or children under 18 years of age, or were any such rights exercised by them; or was the Company and any of its subsidiaries a party to any arrangement to enable the directors, or their respective spouse or children under 18 years of age, to acquire such rights in any other body corporate.

## OTHER INFORMATION

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

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

### SHARE OPTION SCHEME

The status of the share options under the Scheme during the Reporting Period is as follows:

Category of participants	As at 1 July 2016	Granted during the Reporting Period	Exercised during the Reporting Period	Cancelled/ Lapsed during the Reporting Period	As at 31 December 2016	Date of grant of share options	Exercise period of share options	Exercise price of share options	Share price of the Company as at the date of grant of share options*
<b>Director</b>									
Mr. Sin	4,000,000	-	-	-	4,000,000	19 November 2015	5 years from the date of grant	1.112	1.100
Mr. San Kwan	2,000,000	-	-	-	2,000,000	19 November 2015	5 years from the date of grant	1.112	1.100
<b>Other qualified participants**</b>	48,000,000	-	-	-	48,000,000	19 November 2015	5 years from the date of grant	1.112	1.100
<b>Total</b>	54,000,000	-	-	-	54,000,000	19 November 2015	5 years from the date of grant	1.112	1.100

\* The share price of the Company as at the date of the grant of the share options was the closing price as quoted on the Stock Exchange of the trading day immediately prior to the date of the grant of the share options.

\*\* Other qualified participants of the Group being granted share options under the Scheme, all of them are not Directors, chief executive or substantial Shareholders or their respective associates.

## OTHER INFORMATION

### SHARE OPTION SCHEME (Continued)

The following table lists the vesting period of the share options granted on 19 November 2015 under the Scheme:

	Name	Number of share options	0-12 months	13-24 months
Directors	Mr. Sin	4,000,000	50%	50%
	Mr. San Kwan	2,000,000	50%	50%
Other qualified participants		48,000,000	50%	50%
		54,000,000		

For further information of the share options, please refer to note 23 to the consolidated financial statements.

## CORPORATE GOVERNANCE REPORT

The Board recognises the importance of good corporate governance practices in safeguarding the interest of the Shareholders. The Company commits to achieving and maintaining high standard of corporate governance, the principle of which serves to uphold transparency, accountability and independence in all aspects of business and endeavors to ensure that affairs are conducted in accordance with applicable laws and regulations. The corporate governance practices adopted by the Company are in compliance with the principles of the Corporate Governance Code (the "Code") contained in Appendix 14 to the Listing Rules.

### THE BOARD

The Board comprises two executive Directors, one non-executive Director and three independent non-executive Directors. The Board will periodically review the Company's current corporate governance practices and procedures and will maintain and further enhance the standard of corporate governance practices of the Company, in order to ensure it is in line with international and local best practices.

### REMUNERATION COMMITTEE

The Company established the Remuneration Committee which comprises one executive Director and two independent non-executive Directors. The roles and functions of the Remuneration Committee include consulting the Chairman of the Board about their remuneration proposals for other executive Directors, making recommendation 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 websites of the Stock Exchange and the Company.

### NOMINATION COMMITTEE

The Company established the Nomination Committee which comprises one executive Director and two independent non-executive Directors. The roles and functions of the Nomination Committee include reviewing the structure, size, composition and diversity (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 websites of the Stock Exchange and the Company.

### AUDIT COMMITTEE

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

## CORPORATE GOVERNANCE REPORT

The Audit Committee had reviewed with management of the Group the accounting principles and practices adopted by the Group and discussed the auditing, risk management, internal control systems and financial reporting matters including the review of the interim results and the interim report of the Group for the six months ended 31 December 2016.

### COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Board has reviewed the Company's corporate governance practices and is satisfied that the Company's corporate governance practices have complied with the code provisions set out in the Code throughout the six months ended 31 December 2016, except for deviation mentioned below:

#### Code Provision A.2.1

Under the Code Provision A.2.1, the roles of chairman and chief executive should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and the chief executive should be clearly established and set out in writing.

Mr. Sin Ke is currently the chairman of the Board and the chief executive officer of the Company. The Board considers that this structure will not impair the balance of power and authority between the Board and the management of the Company. The balance of power and authority is ensured by the operations of the Board, which comprises experienced and high caliber individuals and meets regularly to discuss issues relating to the operations of the Company. The Board will review the management structure regularly and consider separating the roles of the chairman and chief executive officer if and when appropriate.

### CODE OF CONDUCT REGARDING DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding Directors' securities transactions on terms no less exacting than the required standard set out in the Model Code. Specific enquiry has been made of all the Directors and the Directors have confirmed that they had complied with such the required standard set out in the Model Code and code of conduct during the Reporting Period.

On behalf of the Board

**Sin Ke**  
Chairman

20 February 2017

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

FOR THE SIX MONTHS ENDED 31 DECEMBER 2016

	Notes	Six months ended 31 December	
		2016 RMB'000 (unaudited)	2015 RMB'000 (unaudited)
Revenue	4	293,113	278,932
Cost of sales	15	(178,617)	(178,650)
<b>Gross profit</b>		<b>114,496</b>	<b>100,282</b>
Gain from changes in fair value of biological assets less costs to sell	16	33,091	35,926
Other revenue	4	12,004	4,287
Distribution costs		(48,527)	(37,062)
Administrative expenses		(47,181)	(53,067)
Other operating expenses		-	12
<b>Profit from operations</b>		<b>63,883</b>	<b>50,378</b>
Finance costs	5	(18,117)	(10,981)
<b>Profit before tax</b>	6	<b>45,766</b>	<b>39,397</b>
Income tax credit	7	166	756
<b>Profit for the period attributable to owners of the Company</b>		<b>45,932</b>	<b>40,153</b>
<b>Other comprehensive expense for the period</b>			
<b>Item that may be reclassified subsequently to profit or loss:</b>			
Exchange differences arising on translation of foreign operations		(22,038)	(3,953)
<b>Total comprehensive income for the period attributable to owners of the Company</b>		<b>23,894</b>	<b>36,200</b>
<b>Earnings per share</b>	9		
- Basic (RMB cents)		3.41	2.98
- Diluted (RMB cents)		3.41	2.98

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2016

	Notes	As at 31 December 2016 RMB'000 (unaudited)	As at 30 June 2016 RMB'000 (audited)
<b>Non-current assets</b>			
Property, plant and equipment	10	364,473	386,033
Land use rights	11	22,822	23,100
Lease prepayments for orange plantations		952,005	829,759
Goodwill	12	56,696	56,696
Intangible assets	13	44,258	46,508
Held-to-maturity investment	14	17,859	17,137
Pledged bank deposits	18	6,429	6,169
		<b>1,464,542</b>	<b>1,365,402</b>
<b>Current assets</b>			
Inventories	15	55,929	61,355
Biological assets	16	129,087	97,712
Lease prepayments for orange plantations		100,051	77,012
Trade receivables	17	233,490	124,102
Other receivables, deposits and prepayments		18,351	9,890
Pledged bank deposits	18	183,542	121,589
Cash and cash equivalents	19	509,513	450,443
		<b>1,229,963</b>	<b>942,103</b>
<b>Current liabilities</b>			
Trade payables	20	43,752	8,274
Other payables and accruals		27,987	21,931
Bank loans	21	362,144	441,674
Income tax payable		–	57
		<b>433,883</b>	<b>471,936</b>
<b>Net current assets</b>		<b>796,080</b>	<b>470,167</b>
<b>Total assets less current liabilities</b>		<b>2,260,622</b>	<b>1,835,569</b>

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2016

		As at 31 December 2016 RMB'000 (unaudited)	As at 30 June 2016 RMB'000 (audited)
	<i>Notes</i>		
<b>Non-current liabilities</b>			
Bank loans	21	551,294	133,982
Deferred income	22	7,080	8,260
Deferred tax liabilities	25	12,314	12,877
		570,688	155,119
<b>Net assets</b>		1,689,934	1,680,450
<b>Capital and reserves</b>			
Share capital	26	11,610	11,610
Reserves	27	1,678,324	1,668,840
		1,689,934	1,680,450
<b>Total equity</b>		1,689,934	1,680,450

# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 31 DECEMBER 2016

	Attributable to owners of the Company							
	Share capital RMB'000	Share premium RMB'000	Capital reserve RMB'000	Share award reserves RMB'000	Statutory reserves RMB'000	Exchange reserve RMB'000	Retained profits RMB'000	Total RMB'000
At 1 July 2015 (audited)	11,610	488,413	42,643	-	38,810	470	1,063,755	1,645,701
Profit for the period	-	-	-	-	-	-	40,153	40,153
Other comprehensive expense for the period								
– Exchange differences arising on translation of foreign operations	-	-	-	-	-	(3,953)	-	(3,953)
Total comprehensive income for the period	-	-	-	-	-	(3,953)	40,153	36,200
Recognition of equity-settled share-based payments	-	-	466	-	-	-	-	466
Purchase of shares under the share award scheme	-	-	-	(7,080)	-	-	-	(7,080)
At 31 December 2015 (unaudited)	11,610	488,413	43,109	(7,080)	38,810	(3,483)	1,103,908	1,675,287

# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 31 DECEMBER 2016

	Attributable to owners of the Company							
	Share capital RMB'000	Share premium RMB'000	Capital reserve RMB'000	Share award reserves RMB'000	Statutory reserves RMB'000	Exchange reserve RMB'000	Retained profits RMB'000	Total RMB'000
At 1 July 2016 (audited)	11,610	488,413	48,079	(13,816)	38,810	(19,271)	1,126,625	1,680,450
Profit for the period	-	-	-	-	-	-	45,932	45,932
Other comprehensive expense for the year								
– Exchange differences arising on translation of foreign operations	-	-	-	-	-	(22,038)	-	(22,038)
Total comprehensive income for the period	-	-	-	-	-	(22,038)	45,932	23,894
Recognition of equity-settled share-based payments	-	-	4,077	-	-	-	-	4,077
Dividends paid	-	-	-	-	-	-	(17,616)	(17,616)
Purchase of shares under the share award scheme	-	-	-	(871)	-	-	-	(871)
At 31 December 2016 (unaudited)	11,610	488,413	52,156	(14,687)	38,810	(41,309)	1,154,941	1,689,934

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 31 DECEMBER 2016

	Six months ended 31 December	
	2016 RMB'000 (unaudited)	2015 RMB'000 (unaudited)
<b>Cash used in operations</b>	<b>(159,986)</b>	(28,610)
Income tax paid	(454)	(852)
<b>NET CASH USED IN OPERATING ACTIVITIES</b>	<b>(160,440)</b>	(29,462)
<b>NET CASH (USED) IN FROM INVESTING ACTIVITIES</b>	<b>(62,246)</b>	49,434
<b>NET CASH FROM (USED IN) FINANCING ACTIVITIES</b>	<b>297,630</b>	(38,340)
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>74,944</b>	(18,368)
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD</b>	<b>450,443</b>	430,922
Effect of foreign exchange rate changes	(15,874)	(990)
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD, represented by bank balances and cash</b>	<b>509,513</b>	411,564

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 DECEMBER 2016

## 1. GENERAL

TianyI (Summi) 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”). The addresses of the registered office and principal place of business of the Company are disclosed in the “Corporate Information” section to the Interim Report. In the opinion of the directors of the Company (the “Directors”), its parent and ultimate holding company is Key Wise Group Limited, a company incorporated in the British Virgin Islands (the “BVI”).

The Company and its subsidiaries (collectively referred to as the “Group”) are principally engaged in cultivation and selling of fresh oranges, production and sale of frozen concentrated orange juice (“FCOJ”) and its related products and production and sale of Summi fresh orange juice.

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 consider that it is appropriate to present the unaudited condensed consolidated financial statements in RMB.

## 2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

The unaudited condensed consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board (the “IASB”). In addition, the unaudited condensed consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange.

The unaudited condensed consolidated financial statements have been prepared on the historical cost basis except for biological assets and financial instruments that are measured at fair value. Historical cost is generally based on the fair value of the consideration given in exchange for goods.

The accounting policies and methods of computation used in the unaudited condensed consolidated financial statements for the six months ended 31 December 2016 are the same as those followed in the preparation of the Group’s annual financial statements for the year ended 30 June 2016.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 DECEMBER 2016

### 2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

(Continued)

In the current interim period, the Group has adopted a number of new and revised IFRS issued by the IASB and assessed that the adoption of these new and revised IFRSs in the current year has had no material impact on the Group's financial performance and positions for the current interim period and/or on the disclosures set out in these unaudited condensed consolidated financial statements.

The Group has not early adopted the following new and revised IFRSs that have been issued but are not yet effective.

IFRS 9	Financial instruments <sup>2</sup>
IFRS 15	Revenue from Contracts with Customers (and the related Clarifications) <sup>2</sup>
IFRS 16	Leases <sup>3</sup>
Amendments to IFRS 2	Classification and Measurement of Share-based Payment Transactions <sup>2</sup>
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>4</sup>
Amendments to IAS 7	Disclosure Initiative <sup>1</sup>
Amendments to IAS 12	Recognition of Deferred Tax Assets for Unrealised Losses <sup>1</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2017, with earlier application permitted.

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2018, with earlier application permitted.

<sup>3</sup> Effective for annual periods beginning on or after 1 January 2019, with earlier application permitted.

<sup>4</sup> Effective for annual periods beginning on or after a date to be determined.

The directors of the Company anticipate that the application of the new or revised standards will have no material impact on the results and the financial position of the Group.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 DECEMBER 2016

## 3. SEGMENT INFORMATION

The Group determines its operating segments based on the information reported to the chief operating decision maker, being the most 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's reportable and operating segments are as follows:

1. Plantation and sale of agricultural produce
2. Production and sale of FCOJ and related products
3. Production and sale of Summi fresh orange juice

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 DECEMBER 2016

### 3. SEGMENT INFORMATION (Continued)

The following is an analysis of the Group's revenue by reportable and operating segment.

	Plantation and sale of agricultural produce RMB'000	Production and sale of FCOJ and related products RMB'000	Production and sale of Summi fresh orange juice RMB'000	Consolidated RMB'000
<b>Period ended 31 December 2016</b>				
<b>Segment revenue</b>				
Sales to external customers	78,365	137,983	76,765	293,113
Intersegment sales	37,756	–	–	37,756
Segment revenue	116,121	137,983	76,765	330,869
Elimination				(37,756)
Consolidated revenue				293,113
<b>Segment results</b>				
Unallocated gains				6,770
Corporate and other unallocated expenses				(8,444)
Finance costs				(18,117)
Profit before tax				45,766
<b>As at 31 December 2016</b>				
<b>Assets and liabilities</b>				
Segment assets	1,289,641	662,843	399,292	2,351,776
Corporate and other unallocated assets				342,729
Total assets				2,694,505
Segment liabilities	16,593	29,940	26,365	72,898
Corporate and other unallocated liabilities				931,673
Total liabilities				1,004,571

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 DECEMBER 2016

## 3. SEGMENT INFORMATION (Continued)

	Plantation and sale of agricultural produce RMB'000	Production and sale of FCOJ and related products RMB'000	Production and sale of Summi fresh orange juice RMB'000	Consolidated RMB'000
<b>Period ended 31 December 2015</b>				
<b>Segment revenue</b>				
Sales to external customers	91,090	120,974	66,868	278,932
Intersegment sales	39,340	–	–	39,340
Segment revenue	130,430	120,974	66,868	318,272
Elimination				(39,340)
Consolidated revenue				278,932
<b>Segment results</b>	34,897	25,550	2,560	63,007
Unallocated gains				663
Corporate and other unallocated expenses				(13,292)
Finance costs				(10,981)
Profit before tax				39,397
<b>As at 31 December 2015</b>				
<b>Assets and liabilities</b>				
Segment assets	1,056,383	501,566	327,224	1,885,173
Corporate and other unallocated assets				465,024
Total assets				2,350,197
Segment liabilities	8,237	83,285	39,301	130,823
Corporate and other unallocated liabilities				544,087
Total liabilities				674,910

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 DECEMBER 2016

### 3. SEGMENT INFORMATION (Continued)

The accounting policies of the operating segments are identical to the Group's accounting policies. Segment results represent the results from each segment without allocation of central administration costs, director's remuneration, certain other revenue 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 held-to-maturity investments, pledged bank deposits, cash and cash equivalents, certain property, plant and equipment and other receivables which were managed in a centralised manner.
- (b) all liabilities are allocated to operating segments other than bank loans, convertible bonds, income tax payable, deferred tax liabilities and certain other payables which were managed in a centralised manner.

Inter-segment sales are charged at prevailing market rates.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 DECEMBER 2016

## 3. SEGMENT INFORMATION (Continued)

### Other segment information

Period ended 31 December 2016 (unaudited)	Plantation and sale of agricultural produce RMB'000	Production and sale of FCOJ and other related products RMB'000	Production and sale of Summi fresh orange juice RMB'000	Unallocated RMB'000	Consolidated RMB'000
<b>Amounts included in the measure of segment profits or segment assets:</b>					
Depreciation and amortisation (note 1)	-	12,890	7,956	145	20,991
Additions to non-current assets (note 2)	-	36	-	-	36
Gain from changes in fair value of biological assets less costs to sell	(33,091)	-	-	-	(33,091)
Government grants	-	(3,380)	-	-	(3,380)
Unrealised gains on derivative instruments	-	-	-	(6,227)	(6,227)
<b>Amounts regularly provided to the chief operating decision maker but not included in the measure of segment profits or segment assets:</b>					
Bank interest income	-	-	-	(1,013)	(1,013)
Interest income from pledged bank deposits	-	-	-	(405)	(405)
Interest income from held-to-maturity investment	-	-	-	-	(436)
Equity-settled share-based payment expenses	-	-	-	4,077	4,077
Finance costs	-	-	-	18,117	18,117
Income tax credit	-	-	-	(166)	(166)

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 DECEMBER 2016

## 3. SEGMENT INFORMATION (Continued) Other segment information (Continued)

Period ended 31 December 2015	Plantation and sale of agricultural produce RMB'000	Production and sale of FCOJ and other related products RMB'000	Production and sale of Summi fresh orange juice RMB'000	Unallocated RMB'000	Consolidated RMB'000
<b>Amounts included in the measure of segment profits or segment assets:</b>					
Depreciation and amortisation (note 1)	-	16,852	10,141	171	27,164
Additions to non-current assets (note 2)	-	1,982	-	-	1,982
Gain from changes in fair value of biological assets less costs to sell	(35,926)	-	-	-	(35,926)
Government grants	-	(1,180)	-	-	(1,180)
<b>Amounts regularly provided to the chief operating decision maker but not included in the measure of segment profits or segment assets:</b>					
Bank interest income	-	-	-	(1,172)	(1,172)
Interest income from pledged bank deposits	-	-	-	(433)	(433)
Interest income from held-to-maturity investment	-	-	-	(399)	(399)
Equity-settled share-based payment expenses	-	-	-	466	466
Finance costs	-	-	-	10,981	10,981
Income tax credit	-	-	-	(756)	(756)

Note 1: Amount excluded amortisation of lease prepayments for orange plantations.

Note 2: Amount included property, plant and equipment, intangible assets and land use rights and excluded additions to lease prepayments for orange plantations, pledged bank deposits and held-to-maturity investment.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 DECEMBER 2016

### 3. SEGMENT INFORMATION (Continued)

#### Other segment information (Continued)

##### Geographical information

In view of the fact that the Group's operations and non-current assets are mainly located in the PRC (country of domicile), no geographical information about the Group's revenue from external customers and non-current assets are presented.

##### Revenue from major products

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

	2016 RMB'000	2015 RMB'000
Sales of FCOJ	137,983	120,974
Sales of Summi fresh orange juice	76,765	66,868
Sales of fresh oranges	78,365	91,090
	<b>293,113</b>	<b>278,932</b>

##### Information about major customers

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

	2016 RMB'000	2015 RMB'000
Customer A <sup>1</sup>	78,365	91,090
Customer B <sup>2</sup>	52,364	33,685
Customer C <sup>2</sup>	35,248	27,927
Customer D <sup>2,3</sup>	N/A	29,289

<sup>1</sup> Revenue from plantation and sale of agricultural produce segment.

<sup>2</sup> Revenue from production and sale of FCOJ and related products segment.

<sup>3</sup> The corresponding revenue did not contribute over 10% of total revenue of the Company of respective year.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 DECEMBER 2016

### 4. REVENUE AND OTHER REVENUE

	2016 RMB'000	2015 RMB'000
Bank interest income	1,854	2,004
Government grants	3,380	1,180
Unrealised gains on derivative instruments	6,227	–
Others	543	1,103
	<b>12,004</b>	<b>4,287</b>

### 5. FINANCE COSTS

	2016 RMB'000	2015 RMB'000
Interest expenses on other payables	278	–
Interest expenses on bank loans	17,839	10,981
	<b>18,117</b>	<b>10,981</b>

### 6. PROFIT BEFORE TAX

The Group's profit before tax has been arrived at after charging:

	2016 RMB'000	2015 RMB'000
Staff costs, including Directors' and chief executive's remuneration		
Wages, salaries and other benefits	42,191	41,368
Contributions to defined contribution plans	4,177	4,094
Equity-settled share-based payment expenses	4,077	466
	<b>50,445</b>	<b>45,928</b>
Amortisation of land use rights	278	278
Amortisation of intangible assets	2,250	4,501
Depreciation of property, plant and equipment	18,463	22,385
Net foreign exchange loss	–	6,149

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 DECEMBER 2016

## 7. INCOME TAX CREDIT

	2016 RMB'000	2015 RMB'000
<b>Current tax - PRC Enterprise Income Tax ("EIT")</b>		
Provision for the year	(959)	(370)
<b>Deferred tax</b>		
Reversal of temporary differences (note 36)	1,125	1,126
Income tax credit	166	756

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

No provision has been made for Hong Kong Profits Tax as the Group did not have assessable profits subject to Hong Kong Profits Tax for both years.

The provision for PRC EIT is based on the respective applicable rates on the estimated assessable income 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.

With effect from 1 January 2011, the Company's subsidiaries which are responsible for orange juice production are exempt from EIT on profits from orange juice production, pursuant to Cai Shui [2008] No. 149 issued by the Ministry of Finance of the PRC. Accordingly, from 1 January 2011, certain subsidiaries of the Group in the PRC (i.e. cultivation and selling of self-cultivated fresh oranges and orange juice production) are exempt from EIT, subject to annual review by the local PRC tax authority of the Company's subsidiaries and any future changes in the relevant tax exemption policies or regulations.

The applicable income tax rate for the rest of the Group's operating subsidiaries in the PRC is 25% for the period ended 31 December 2016.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 DECEMBER 2016

### 8. DIVIDEND

The Board does not recommend the payment of an interim dividend in respect of the six months ended 31 December 2016 (31 December 2015: nil).

### 9. EARNINGS PER SHARE

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

#### Number of shares

	2016	2015
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share	<b>1,347,860,727</b>	1,347,860,727

### 10. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 31 December 2016, the Group acquired items of plant and machinery with costs of approximately RMB36,000. There are no significant acquisitions and disposals during the six months ended 31 December 2016.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 DECEMBER 2016

## 11. LAND USE RIGHTS

	RMB'000
<b>COST</b>	
At 1 July 2016 (audited) and 31 December 2016 (unaudited)	27,041
<b>ACCUMULATED AMORTISATION</b>	
At 1 July 2016 (audited)	3,941
Provided for the period	278
At 31 December 2016 (unaudited)	4,219
<b>CARRYING VALUES</b>	
At 31 December 2016 (unaudited)	22,822
At 30 June 2016 (audited)	23,100

All the Group's land use rights relate to lands located in the PRC are held under medium-term lease.

At 31 December 2016, the carrying value of the Group's land use rights of approximately RMB14,548,000 (30 June 2016: RMB14,734,000) were pledged as security for the banking facilities granted to the Group.

## 12. GOODWILL

	RMB'000
<b>COST AND CARRYING VALUE</b>	
At 1 July 2015, 30 June 2016 and 31 December 2016	56,696

On 9 November 2011, the Group acquired entire equity interests in Global One Management Limited ("Global One") and its subsidiaries (collectively referred as the "Global One Group"), and goodwill of approximately RMB56,696,000 was recognised upon acquisition.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 DECEMBER 2016

### 13. INTANGIBLE ASSETS

	Customer list RMB'000	Customer relationship RMB'000	Total RMB'000
<b>COST</b>			
At 1 July 2016 (audited) and 31 December 2016 (unaudited)	82,390	43,660	126,050
<b>ACCUMULATED AMORTISATION AND IMPAIRMENT</b>			
At 1 July 2016 (audited)	35,882	43,660	79,542
Provided for the period	2,250	–	2,250
At 31 December 2016 (unaudited)	38,132	43,660	81,792
<b>CARRYING VALUES</b>			
At 31 December 2016 (unaudited)	44,258	–	44,258
At 30 June 2016 (audited)	46,508	–	46,508

Customer list and customer relationship had a finite useful life and were amortised on a straight-line basis over 15 years.

### 14. HELD-TO-MATURITY INVESTMENT

Held-to-maturity investment comprised:

	31 December 2016 RMB'000 (Unaudited)	30 June 2016 RMB'000 (Audited)
Debt securities, unlisted	17,859	17,137

The Group's held-to-maturity investment represented debt security that was issued by financial institution in Macau, and carried fixed interest at 6% per annum (30 June 2016: 6%), payable semi-annually, and would mature on 30 October 2023. At 31 December 2016, the carrying value of the Group's debt securities of approximately RMB17,859,000 (30 June 2016: RMB17,137,000) were pledged as security for the banking facilities granted to the Group.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 DECEMBER 2016

### 15. INVENTORIES

	31 December 2016 RMB'000 (Unaudited)	30 June 2016 RMB'000 (Audited)
Consumables and packing materials	1,155	984
Summi fresh orange juice	29,740	37,617
FCOJ	25,034	22,754
	<b>55,929</b>	<b>61,355</b>

The amount of inventories recognised as an expense and included in profit or loss is as follows:

	31 December 2016 RMB'000 (Unaudited)	30 June 2016 RMB'000 (Audited)
Carrying amount of inventories sold	177,485	337,446
Write-off of inventories	1,132	3,512
	<b>178,617</b>	<b>340,958</b>

### 16. BIOLOGICAL ASSETS

Movements in biological assets, representing oranges before harvest, are summarised as follows:

	31 December 2016 RMB'000 (Unaudited)	30 June 2016 RMB'000 (Audited)
At the beginning of the period/year	97,712	95,831
Increase due to cultivation	107,953	173,604
Gain from changes in fair value less cost to sell (note a)	33,091	31,857
Harvested oranges transferred to inventories	(109,669)	(203,580)
	<b>129,087</b>	<b>97,712</b>

At the end of the period/year (note b)

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 DECEMBER 2016

### 16. BIOLOGICAL ASSETS (Continued)

Notes:

- (a) The Directors measured the fair value of oranges at harvest based on market prices as at or close to the harvest dates.
- (b) All oranges were harvested annually and harvest season was commenced shortly before the calendar year end with the duration of five months. The Directors considered that there was no active market for the oranges before harvest at the end of the reporting period. The present value of expected cash flows was not considered a reliable measure of their fair value due to the need for, and use of, subjective assumptions including weather condition, natural disaster and effectiveness of agricultural chemicals. As such, the Directors considered that the fair value of biological assets at the end of the reporting period could not be measured reliably and no reliable alternative estimates existed to determine fair value. Therefore, biological assets continued to be stated at cost as at 31 December 2016 and 30 June 2016.

The carrying value of biological assets as at 30 June 2016 and 2015 represented cultivation costs incurred including fertilisers, pesticides, labour costs and orange farm rental costs.

### 17. TRADE RECEIVABLES

The Group allowed a credit period ranging from 30 to 90 days (30 June 2016: 30 to 90 days) to its trade customers from the date of billing.

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

	31 December 2016 RMB'000 (Unaudited)	30 June 2016 RMB'000 (Audited)
Neither past due nor impaired	<b>233,490</b>	124,102

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

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

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 DECEMBER 2016

### 18. PLEDGED BANK DEPOSITS

		31 December 2016 RMB'000 (Unaudited)	30 June 2016 RMB'000 (Audited)
	<i>Notes</i>		
Pledged bank deposits to secure an interest-bearing bank loan		<b>189,971</b>	127,758
		<b>189,971</b>	127,758
Less: Current portion of pledged bank deposits	(a)	<b>(183,542)</b>	(121,589)
Non-current portion of pledged bank deposits	(b)	<b>6,429</b>	6,169

Notes:

The pledged bank deposits carried fixed interest rates ranging from 0.3% to 1% (30 June 2016: 0.3% to 1%) per annum.

### 19. CASH AND CASH EQUIVALENTS

	31 December 2016 RMB'000 (Unaudited)	30 June 2016 RMB'000 (Audited)
Bank balances and cash	<b>509,513</b>	450,443

At 31 December 2016, bank balances and cash of the Group denominated in RMB amounted to approximately RMB391,011,000 (30 June 2016: RMB434,846,000). The RMB is not freely convertible into other currencies. However, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB to other currencies in respect of approved transactions through banks authorised to conduct foreign exchange business. The bank balances carried interest at market rates ranging from 0.001% to 0.39% (30 June 2016: 0.001% to 0.35%) per annum.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 DECEMBER 2016

### 20. TRADE PAYABLES

The Group had financial risk management policies in place to ensure all payables are settled within the credit timeframe. The average credit period on purchase of goods was 90 days or on demand (30 June 2016: 90 days or on demand).

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

	31 December 2016 RMB'000 (Unaudited)	30 June 2016 RMB'000 (Audited)
Due within 3 months or on demand	<b>43,752</b>	8,274

### 21. BANK LOANS

	31 December 2016 RMB'000 (Unaudited)	30 June 2016 RMB'000 (Audited)
Carrying amount repayable (based on scheduled repayment dates set out in the loan agreement):		
Within one year	<b>362,144</b>	441,674
After one year but within two years	<b>547,874</b>	126,842
After two years but within five years	<b>3,420</b>	7,140
	<b>913,438</b>	575,656
Less: Amounts shown under current liabilities	<b>(362,144)</b>	(441,674)
Amounts shown under non-current liabilities	<b>551,294</b>	133,982
	31 December 2016 RMB'000 (Unaudited)	30 June 2016 RMB'000 (Audited)
Secured	<b>313,079</b>	237,247
Unsecured	<b>600,359</b>	338,409
	<b>913,438</b>	575,656

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 DECEMBER 2016

### 21. BANK LOANS (Continued)

	31 December 2016 RMB'000 (Unaudited)	30 June 2016 RMB'000 (Audited)
Fixed-rate bank borrowings	198,034	197,377
Variable-rate bank borrowings	715,404	378,279
	<b>913,438</b>	575,656

	31 December 2016 RMB'000 (Unaudited)	30 June 2016 RMB'000 (Audited)
Bank loans held by:		
PRC companies	217,000	203,143
Non-PRC companies	696,438	372,513
	<b>913,438</b>	575,656

As at 31 December 2016, included in the Group's unsecured bank loans was a three-year term loan facility in an aggregate sum of US\$80,000,000 (equivalent to approximately RMB553,598,000) ("Credit Facility I") for the purpose of production scale expansion. The Credit Facility I was jointly guaranteed by Mr. Sin Ke and the companies incorporated or invested by the Company outside the PRC. According to the repayment terms, 25% of the principal will be repaid in August 2018 and February 2019 respectively; the remaining 50% of the principal will be repaid at maturity date on 8 August 2019 and was classified as non-current liabilities as at 30 June 2016.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 DECEMBER 2016

### 21. BANK LOANS (Continued)

At the end of the reporting period, the effective interest rates (which are also equal to contracted interest rates) on the Group's interest-bearing bank loans are as follows:

	31 December 2016 (Unaudited)	30 June 2016 (Audited)
Fixed-rate bank loans	<b>2.39% – 8.05%</b>	2.39% – 8.05%
Variable-rate bank loans	<b>2.83% – 5.68%</b>	2.65% – 5.00%

At 31 December 2016, certain bank loans were secured by (i) pledged bank deposits; (ii) certain property, plant and equipments and land use rights; and (iii) held-to-maturity investment of the Group respectively. In addition, at 31 December 2016 and 30 June 2016, certain bank loans were guaranteed by a director, Mr. Sin Ke.

### 22. DEFERRED INCOME

Deferred income represented local government grant received for supporting the Group's investment in a concentrated fruit juice production plant. The grant was recognised as other revenue over the estimated useful lives of the production plant assets.

	RMB'000
At 1 July 2016 (audited)	8,260
Amortised during the period	<u>(1,180)</u>
At 31 December 2016 (unaudited)	<u>7,080</u>

The Group received discretionary grants from various PRC government authorities in recognition of the Group's contribution to the development of the local agricultural industry and investment in a concentrated fruit juice production plant in Chongqing. These government grants were not recurring in nature and were not only available to the Group. There was no assurance that the Group would receive these government grants in the future.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 DECEMBER 2016

### 23. EQUITY-SETTLED SHARE-BASED PAYMENTS

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

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

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

On 18 November 2008, the Company granted 39,000,000 share options with a subscription price of HK\$0.75 per share to certain qualified participants, all of whom were full-time employees of the Group.

On 11 October 2009, the Company granted 10,000,000 share options with a subscription price of HK\$0.90 per share to an employee of the Group.

On 4 January 2013, the Company granted 62,400,000 share options with a subscription price of HK\$1.15 per share to certain qualified participants.

On 21 March 2013, the Company granted 57,200,000 share options with a subscription price of HK\$1.03 per share to certain qualified participants.

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

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 DECEMBER 2016

### 23. EQUITY-SETTLED SHARE-BASED PAYMENTS (Continued)

The terms and conditions of the grants are as follows:

Date of options granted to the employees of the Group	Number of options	Exercise price	Vesting condition and exercisable percentage condition	Up to %	Expiry date of the share options
18 November 2008 ("2008 Option")	39,000,000	HK\$0.75	1 year from grant date	31.3	17 November 2018
			2 years from grant date	31.3	
			3 years from grant date	37.4	
11 October 2009 ("2009 Option")	10,000,000	HK\$0.90	On the grant date	30.0	10 October 2019
			1 year from grant date	30.0	
			2 years from grant date	40.0	
4 January 2013 ("2013 Option 1")	62,400,000	HK\$1.15	On the grant date	100	3 January 2014
21 March 2013 ("2013 Option 2")	57,200,000	HK\$1.03	On the grant date	100	20 March 2015
19 November 2015 ("2015 Option")	54,000,000	HK\$1.11	1 year from grant date	50.0	18 November 2020
			2 years from grant date	50.0	
Total options granted	<u>222,600,000</u>				

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 DECEMBER 2016

### 23. EQUITY-SETTLED SHARE-BASED PAYMENTS (Continued)

The following table discloses movements of the Company's share options held by Directors and employees for the period ended 31 December 2016:

Option type	Outstanding at 1/7/2016	Granted during the year	Exercised during the year	Outstanding at 31/12/2016
2015 Option	54,000,000	-	-	54,000,000
Exercisable at the end of the year	-			-
Weighted average exercise price	HK\$1.11	N/A	N/A	HK\$1.11

### 24. RETIREMENT BENEFITS PLANS

The Group operated the MPF Scheme for all qualifying employees in Hong Kong. The assets of the Scheme were 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, of which the contribution was matched by employees and subject to a cap of HK\$1,250 from June 2012 to May 2014 and HK\$1,500 thereafter per employee.

The employees of the Group's subsidiaries in the PRC are members of a state-managed retirement benefit scheme operated by the government of the PRC. The subsidiaries are required to contribute 5% to 13% 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.

The total expense recognised in profit or loss of approximately RMB4,077,000 (2015: RMB466,000) represents contributions payable to these schemes by the Group in respect of the current reporting period.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 DECEMBER 2016

### 25. DEFERRED TAX LIABILITIES

The movements in deferred tax liabilities of the Group during the year were as follows:

	Intangible assets RMB'000	Undistributed retained profits of PRC subsidiaries RMB'000	Total RMB'000
As at 1 July 2016 (audited)	11,627	1,250	12,877
Credited to profit or loss	(563)	–	(563)
At 31 December 2016 (unaudited)	11,064	1,250	12,314

Pursuant to the EIT Law, 10% withholding tax is levied on foreign investors (5% for foreign investors registered in Hong Kong provided they meet certain criteria) in respect of dividend distributions arising from a foreign investment enterprise's profit earned after 1 January 2008. At 31 December 2016, the Directors believed that should the Group determine to distribute profits of the Group's PRC subsidiaries in the foreseeable future, the Group will be able to obtain the approval for the preferential withholding tax of 5% in relation to the dividend income.

At 31 December 2016, deferred tax liabilities of RMB1,250,000 (30 June 2016: RMB1,250,000) have been recognised in respect of the tax that would be payable on the portion of the retained profits of the Group's PRC subsidiaries which the Directors expect to be distributed by them in the foreseeable future, based on the assumption that the approval for the 5% preferential withholding tax rate will be obtained.

However, deferred tax liabilities associated with undistributed earnings of subsidiaries amounting to approximately RMB1,497,212,000 (30 June 2016: RMB1,497,212,000) have not been recognised as at 31 December 2016, as the Company controls the dividend policy of the Group's PRC subsidiaries and the Directors consider it probable that a portion of the undistributed profits earned by the Group's PRC subsidiaries as at 31 December 2016 and 30 June 2016 will not be distributed in the foreseeable future.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 DECEMBER 2016

## 26. SHARE CAPITAL

	Number of shares	Amount HK\$'000	Amount RMB'000
Ordinary shares of HK\$0.01 each			
Authorised:			
As at 1 July 2016 and 31 December 2016	3,000,000,000	30,000	26,376
Issued and fully paid:			
As 1 July 2016 and 31 December 2016	1,347,860,727	13,479	11,610

All of the shares issued by the Company rank pari passu in all respects with other shares in issue.

## 27. RESERVES

### (a) Share premium

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

### (b) 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.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 DECEMBER 2016

### 27. RESERVES (Continued)

#### (b) Statutory reserves (Continued)

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.

#### (c) Exchange reserve

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

### 28. PLEDGE OF ASSETS

At the end of the reporting period, the Group had pledged the following assets to banks to secure banking facilities granted to the Group:

	31 December 2016 RMB'000 (Unaudited)	30 June 2016 RMB'000 (Audited)
Held-to-maturity investment	17,859	17,137
Property, plant and equipment	89,062	94,969
Land use rights	14,548	14,734
Pledged bank deposits	189,971	127,758
	<b>311,440</b>	254,598

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 DECEMBER 2016

### 29. OPERATING LEASE ARRANGEMENTS

The Group leases certain of its offices and orange plantations under operating lease arrangements. Leases are held for one to fifteen years.

At the end of the reporting period, the Group had commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:

	31 December 2016 RMB'000 (Unaudited)	30 June 2016 RMB'000 (Audited)
Within one year	<b>123,538</b>	124,070
In the second to fifth years, inclusive	<b>196,027</b>	197,103
	<b>319,565</b>	321,173