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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 RESULTS ANNOUNCEMENT
FOR THE SIX MONTHS ENDED 31 DECEMBER 2015

FINANCIAL HIGHLIGHTS			
	Six months ended		
	31 December 2015 RMB'000 (Unaudited)	31 December 2014 RMB'000 (Unaudited)	Change % (Approximate)
Statement of profit or loss and other comprehensive income			
Revenue	278,932	196,485	42.0%
Gross profit	100,282	59,211	69.4%
Gross profit margin	36.0%	30.1%	5.9pp
EBITDA	77,542	84,375	(8.1)%
Profit for the period	40,153	50,295	(20.2)%
Basic EPS (RMB cents)	2.98	3.75	(20.5)%
	As at 31 December 2015 RMB'000 (Unaudited)	As at 30 June 2015 RMB'000 (Audited)	Change % (Approximate)
Statement of financial position			
Total cash and bank deposits	544,442	612,922	(11.2)%
Inventories	47,791	69,344	(31.1)%
Trade receivables	271,503	78,590	245.5%
Bank loans	528,063	544,794	(3.1)%
Net assets value ("NAV")	1,675,287	1,645,701	1.8%

The board (the “Board”) of directors (the “Directors”) of Tianyi (Summi) Holdings Limited (the “Company”) is pleased to present the unaudited condensed consolidated financial statements of the Company and its subsidiaries (collectively, the “Group”) for the six months ended 31 December 2015 (the “Reporting Period”). The unaudited condensed consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board (the “IASB”), and have been reviewed by the audit committee of the Company.

BUSINESS REVIEW AND PROSPECT

The Group is in the critical moment of business transformation. Since the launch of Summi fresh orange juice in March 2015, it has been well received by the market and the sales network of Summi fresh orange juice has now covered over thousands of high-end super-markets and convenience shops in major cities in China such as Beijing, Shanghai, Guangzhou, Shenzhen, Chongqing, Chengdu and Nanjing. In addition, in December 2015, the Group has established its sales points in some major super-markets in Hong Kong, which is the first step of the Group’s ambition to expand the sales network to overseas. The Group believes the new line of business would strengthen the Group’s long-term strategy of transformation from a beverage raw material supplier to a brand retail enterprise.

OPERATING PERFORMANCE

Revenue

Breakdown of revenue by product for the six months ended 31 December 2015 and 2014 are set out as follows:

	Six months ended 31 December (Unaudited)			
	2015		2014	
	<i>RMB’000</i>	<i>Approximate percentage of total revenue</i>	<i>RMB’000</i>	<i>Approximate percentage of total revenue</i>
FCOJ and related products	120,207	43.1%	96,213	49.0%
Summi fresh orange juice	66,868	24.0%	–	N/A
Fresh Oranges	91,090	32.7%	93,825	47.8%
Other products	767	0.2%	6,447	3.2%
	<u>278,932</u>	<u>100.0%</u>	<u>196,485</u>	<u>100.0%</u>

During the Reporting Period, the Group’s revenue increased from approximately RMB196,485,000 for the same period of last year to approximately RMB278,932,000 for the Reporting Period, representing an approximately 42% increase. The increase is attributable to the launch of Summi fresh orange juice and the improvement of sales of frozen concentrate orange juice (“FCOJ”) and related products.

FCOJ and related products

Breakdown of revenue by products within the FCOJ and related products segment for the six months ended 31 December 2015 and 2014 are set out as follows:

	Six months ended 31 December (Unaudited)	
	2015 RMB'000	2014 RMB'000
FCOJ	82,094	83,184
Orange pulp	37,064	11,549
Orange fibre	1,049	1,480
	<u>120,207</u>	<u>96,213</u>

The sales of the FCOJ and related products, including orange pulp and orange fibre, increased from approximately RMB96,213,000 for the same period of last year to approximately RMB120,207,000 for the Reporting Period. Sales of FCOJ remained stable during the Reporting Period. Sales of orange pulp increased by approximately 220.9% from approximately RMB11,549,000 for the same period of last year to approximately RMB37,064,000 for the Reporting Period. Sales of orange fibre decreased by approximately 29.1% from approximately RMB1,480,000 for the same period of last year to approximately RMB1,049,000 for the Reporting Period.

Summi fresh orange juice

The Group has officially launched Summi fresh orange juice to the retail market in China in March 2015. Summi fresh orange juice is an orange juice product that is freshly squeezed and does not contain any reconstituted concentrate juice, therefore it has higher nutrition value than that of the orange juice reconstituted from concentrate orange juice and retains the original flavor of orange juice. During the Reporting Period, sales of Summi fresh orange juice amounted to approximately RMB66,868,000 (2014: nil).

Sales of fresh oranges

Sales quantities of fresh oranges increased from 36,794 tonnes for the same period of last year to 45,545 tonnes for the Reporting Period. Nonetheless, Sales of fresh oranges slightly decreased by approximately 2.9% from approximately RMB93,825,000 for the same period of last year to approximately RMB91,090,000 for the Reporting Period, due to the decreased selling price of premium fresh oranges during the Reporting Period (2015: approximately RMB2,000/tonne; 2014: approximately RMB2,550/tonne).

Sales of other products

The Group's other products included orange residue and orange baking fillings. During the Reporting Period, sales of orange residue decreased by approximately 3.3% from approximately RMB793,000 for the same period of last year to approximately RMB767,000 for the Reporting Period. The Group did not have sales of orange baking fillings during the Reporting Period (2014: approximately RMB5,654,000).

Volume of 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 oranges, the Group also purchases oranges from independent third parties to produce FCOJ and its related products. The volume of oranges growing from the self-operated farms and the volume of purchased oranges for the six months ended 31 December 2015 and 2014 are set out as follows:

	Six months ended	
	31 December	
	2015	2014
	<i>Approximate</i>	<i>Approximate</i>
	<i>tonnes</i>	<i>tonnes</i>
Output of oranges from self-operated orange plantations		
– Fresh oranges for sale	48,460	39,092
– Producing FCOJ and related products	20,860	19,935
	69,320	59,027
Purchased oranges for producing FCOJ and related products	66,068	55,790
Total consumption of oranges	135,388	114,817

Gross Profit

During the Reporting Period, the Group's gross profit increased by approximately 69.4% to approximately RMB100,282,000 as compared to approximately RMB59,211,000 for the same period of last year. The gross profit margin of the Group increased to approximately 36.0% for the Reporting Period (31 December 2014: approximately 30.1%).

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 RMB35,926,000 (31 December 2014: approximately RMB41,070,000). The decrease is attributable to the decreased in selling prices of fresh oranges during the Reporting Period.

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 1,082.6% from approximately RMB3,134,000 for the same period of last year to approximately RMB37,062,000 for the Reporting Period.

The Group has launched Summi fresh orange juice in March 2015 and significant costs were incurred during the introduction of Summi fresh orange juice, including promotion expenses, advertising expenses, listing expenses and additional delivery costs, which caused the distribution expenses significantly increased in the Reporting Period.

The Group's administrative expenses mainly included general office administrative expenses, salaries and amortisation. The administrative expenses increased by approximately 5.3% from approximately RMB50,410,000 for the same period of last year to approximately RMB53,067,000 for the Reporting Period.

Finance Costs

During the Reporting Period, the Group's finance costs were approximately RMB10,981,000 (2014: approximately RMB14,957,000).

Net profit

During the Reporting Period, the Group's net profit decreased by approximately 20.2% to approximately RMB40,153,000 as compared to approximately RMB50,295,000 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 2015 (2014: Nil).

LIQUIDITY, FINANCIAL RESOURCES, GEARING AND CAPITAL STRUCTURE

Held-to-Maturity Investments

As at 31 December 2015, held-to-maturity investments amounted to approximately RMB16,819,000 (30 June 2015: approximately RMB15,993,000).

Liquidity

As at 31 December 2015, current assets amounted to approximately RMB1,036,678,000 (30 June 2015: approximately RM791,382,000). Current liabilities were approximately RMB481,243,000 (30 June 2015: approximately RMB296,985,000).

Financial Resources

As at 31 December 2015, the Group had total cash and cash equivalents of approximately RMB411,564,000 (30 June 2015: approximately RMB430,922,000); total bank loans of RMB528,063,000 (30 June 2015: RMB544,794,000).

As at 31 December 2015, the Group had trade receivables of approximately RMB271,503,000 (30 June 2015: approximately RMB78,590,000) and inventories of approximately RMB47,791,000 (30 June 2015: approximately RMB69,344,000). The higher trade receivables as compared to 30 June 2015 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 2014, trade receivables as at 31 December 2015 increased by approximately RMB88,620,000 (31 December 2015; RMB271,503,000; 31 December 2014: RMB182,883,000), which was consistent with increased revenue during the Reporting Period.

Gearing

As at 31 December 2015, the total bank loans amounted to approximately RMB528,063,000 (30 June 2015: approximately RMB544,794,000), of which RMB103,000,000 was secured by cash deposited in offshore bank account (30 June 2015: RMB170,000,000). As at 31 December 2015, the Group's proportion of the total bank loans denominated in Renminbi ("RMB") and foreign currencies were approximately 36% and approximately 64% respectively (30 June 2015: RMB approximately 45% and foreign currencies approximately 55%).

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.

	31 December 2015	30 June 2015
Quick ratio (x)	2.1	2.4
Current ratio (x)	2.2	2.7
Gearing ratio (<i>note (a)</i>)	31.5%	33.1%

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

Capital Structure

As at 31 December 2015, the total number of issued shares of the Company (the “Shares”) was 1,347,860,727 Shares. Based on the closing price of HK\$1.40 per Share as at 31 December 2015, the Company’s market value as at 31 December 2015 was HK\$1,887,005,018.

FOREIGN EXCHANGE EXPOSURE

The Group’s sales and purchases were dominated in RMB. As such, the Group has limited exposure to any significant foreign currency exchange risks. The Board does not expect any material impact on the Group’s operations caused by any foreign currency fluctuations. No financial instruments were employed by the Group for hedging purpose during the Reporting Period.

PLEDGE OF ASSETS

As at 31 December 2015, the Group had pledged the following assets to banks to secure banking facilities granted to the Group:

	31 December 2015 RMB’000 (Unaudited)	30 June 2015 RMB’000 (Audited)
Held-to-maturity investments	16,819	15,993
Property, plant and equipment	82,522	86,395
Land use rights	12,959	15,105
Pledged bank deposits	132,878	182,000
	<u>245,178</u>	<u>299,493</u>

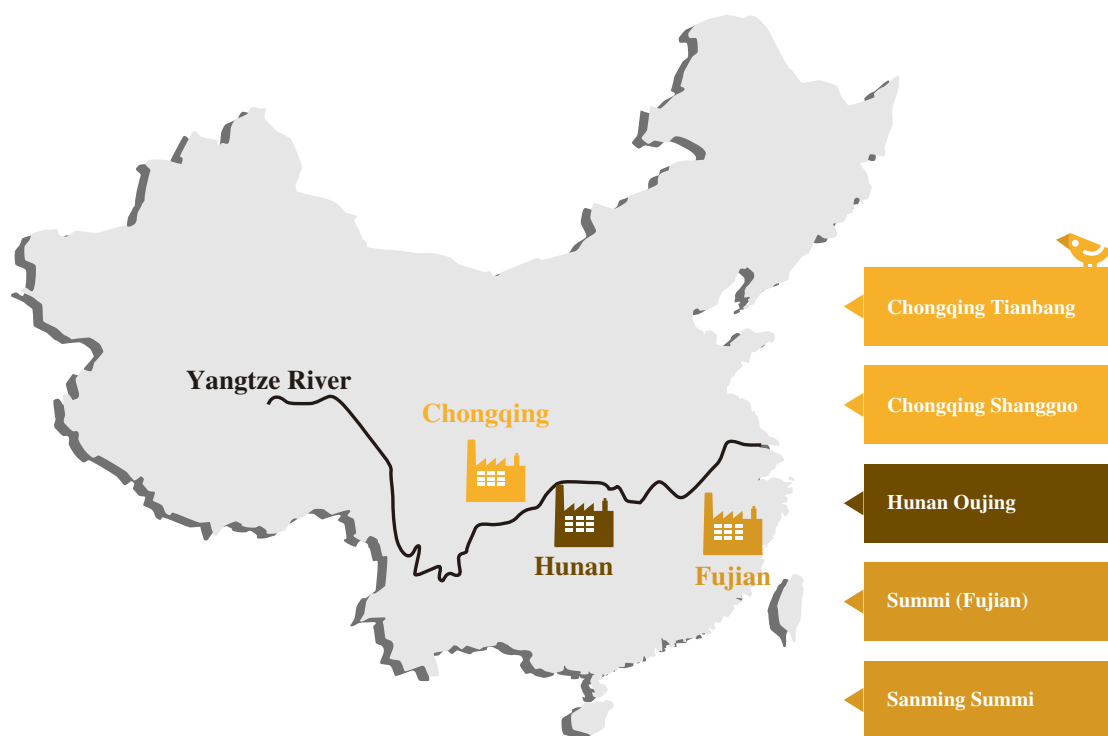
CONTINGENT LIABILITIES

As at 31 December 2015, the Group had no material contingent liabilities (30 June 2015: nil).

CAPITAL EXPENDITURE

During the Reporting Period, the Group’s capital expenditure amounted to approximately RMB19,130,000 (30 June 2015: approximately RMB150,810,000) which was used for acquisition of properties, plants, equipment, land use rights and lease prepayments for orange plantations in Chongqing.

ORANGE PLANTATIONS AND PRODUCTION FACILITY



Orange Plantations

The Group operates approximately 76,000 mu (equivalent to 50.67 km²) of orange plantations with matured fruit trees and approximately 70,000 mu (equivalent to 46.67 km²) of plantations under construction in Chongqing. The Group expects that all of the plantations under construction will be duly operated at the end of 2016.

Productivity of orange plantations

	Six months ended 31 December	
	2015	2014
Area of self-operated plantations with fruit trees	76,000 mu	76,000 mu
Average output per mu	0.9 tonnes	0.8 tonnes
Area of self-operated plantations under construction	70,000 mu	70,000 mu
Total area of self-operated plantations	<u>146,000 mu</u>	<u>146,000 mu</u>

Production facility

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.

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 orange juice processors operating its own upstream orange plantations to enhance the value chain.



HUMAN RESOURCES AND REMUNERATION POLICY

As at 31 December 2015, the Group employed 982 employees (31 December 2014: 1,012 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 Scheme limit in respect of the grant of options to subscribe for shares in the share capital of the Company has been refreshed on 5 November 2012.

The unaudited financial information for the six months ended 31 December 2015 together with the comparative figures for the corresponding periods in 2014 were as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 31 December 2015

		Six months ended	
		31 December	
		2015	2014
	<i>Notes</i>	RMB'000	RMB'000
		(unaudited)	(unaudited)
Revenue	2	278,932	196,485
Cost of sales		(178,650)	(137,274)
Gross profit		100,282	59,211
Gain from changes in fair value of biological assets less costs to sell		35,926	41,070
Other revenue	3	4,287	3,876
Gain on early redemption of convertible bonds	14	–	16,313
Distribution costs		(37,062)	(3,134)
Administrative expenses		(53,067)	(50,410)
Other operating income (expenses)		12	(2,119)
Profit from operations		50,378	64,807
Finance costs	4	(10,981)	(14,957)
Profit before tax	5	39,397	49,850
Income tax credit	6	756	445
Profit for the period attributable to owners of the Company		40,153	50,295
Other comprehensive income for the period			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		(3,953)	10,482
Total comprehensive income for the period attributable to owners of the Company		36,200	60,777
Earnings per share	8		
– Basic (<i>RMB cents</i>)		2.98	3.75
– Diluted (<i>RMB cents</i>)		2.98	3.71

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2015

		As at 31 December 2015 <i>RMB'000</i> (unaudited)	As at 30 June 2015 <i>RMB'000</i> (audited)
Non-current assets			
Property, plant and equipment		406,714	427,117
Land use rights		23,377	23,655
Lease prepayments for orange plantations		763,405	747,997
Goodwill		56,696	56,696
Intangible assets		46,508	51,009
Held-to-maturity investments	9	16,819	15,993
Pledged bank deposits	11	–	170,000
		1,313,519	1,492,467
Current assets			
Inventories		47,791	69,344
Biological assets		84,104	95,831
Lease prepayments for orange plantations		86,172	84,432
Trade receivables	10	271,503	78,590
Other receivables, deposits and prepayments		2,666	20,263
Pledged bank deposits	11	132,878	12,000
Cash and cash equivalents		411,564	430,922
		1,036,678	791,382
Current liabilities			
Trade payables	12	34,204	12,063
Other payables and accruals		90,326	56,186
Bank loans	13	356,713	228,254
Income tax payable		–	482
		481,243	296,985
Net current assets		555,435	494,397
Total assets less current liabilities		1,868,954	1,986,864

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (*Continued*)
As at 31 December 2015

		As at 31 December 2015 RMB'000 (unaudited)	As at 30 June 2015 RMB'000 (audited)
	<i>Notes</i>		
Non-current liabilities			
Bank loans	<i>13</i>	171,350	316,540
Deferred income		9,440	10,620
Deferred tax liabilities		12,877	14,003
		<u>193,667</u>	<u>341,163</u>
Net assets		<u>1,675,287</u>	<u>1,645,701</u>
Capital and reserves			
Share capital		11,610	11,610
Reserves		1,663,677	1,634,091
Total equity		<u>1,675,287</u>	<u>1,645,701</u>

1. 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 2015 are the same as those followed in the preparation of the Group’s annual financial statements for the year ended 30 June 2015.

In the current interim period, the Group has adopted the following new and revised IFRS issued by the IASB.

Amendments to IAS 19	Defined Benefit Plans: Employee Contribution
Amendments to IFRSs	Annual Improvements to IFRS 2010–2012 Cycle
Amendments to IFRSs	Annual Improvements to IFRS 2011–2013 Cycle

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 ²
IFRS 15	Revenue from Contracts with Customers ²
Amendments to IFRS 11	Accounting for Acquisitions of Interests in Joint Operations ¹
Amendments to IAS 1	Disclosure Initiative ¹
Amendments to IAS 16 and IAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation ¹
Amendments to IAS 16 and IAS 41	Agriculture: Bearer Plants ¹
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 10, IFRS 12 and IAS 28	Investment Entities: Applying the Consolidation Exception ¹
Amendments to IFRSs	Annual Improvements to IFRSs 2012–2014 Cycle ¹

¹ Effective for annual periods beginning on or after 1 January 2016, with earlier application permitted.

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

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.

2. 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 other related products
3. Production and sale of Summi fresh orange juice

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

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

	Plantation and sale of agricultural produce <i>RMB'000</i>	Production and sale of FCOJ and other related products <i>RMB'000</i>	Production and sale of Summi fresh orange juice <i>RMB'000</i>	Consolidated <i>RMB'000</i>
Six months ended 31 December 2014				
(unaudited)				
Segment revenue				
Sales to external customers	93,825	102,660	–	196,485
Intersegment sales	11,961	36,300	–	48,261
Segment revenue	<u>105,786</u>	<u>138,960</u>	<u>–</u>	<u>244,746</u>
Elimination				<u>(48,261)</u>
Consolidated revenue				<u>196,485</u>
Segment results	<u>50,822</u>	<u>15,871</u>	<u>–</u>	66,693
Unallocated gains				19,010
Corporate and other unallocated expenses				(20,896)
Finance costs				<u>(14,957)</u>
Profit before tax				<u>49,850</u>
As at 31 December 2014				
(unaudited)				
Assets and liabilities				
Segment assets	<u>1,002,481</u>	<u>739,807</u>	<u>–</u>	1,742,288
Corporate and other unallocated assets				<u>564,445</u>
Total assets				<u>2,306,733</u>
Segment liabilities	<u>10,790</u>	<u>121,523</u>	<u>–</u>	132,313
Corporate and other unallocated liabilities				<u>556,399</u>
Total liabilities				<u>688,712</u>

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, gain on early redemption of convertible bonds 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.

Other segment information

	Six months ended 31 December 2015 (unaudited)				
	Plantation and sale of agricultural produce <i>RMB'000</i>	Production and sale of FCOJ and other related products <i>RMB'000</i>	Production and sale of Summi fresh orange juice <i>RMB'000</i>	Unallocated <i>RMB'000</i>	Consolidated <i>RMB'000</i>
Amounts included in the measure of segment profits or segment assets:					
Depreciation and amortisation (<i>note 1</i>)	–	16,852	10,141	171	27,164
Additions to non-current assets (<i>note 2</i>)	–	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)
Amounts regularly provided to the chief operating decision maker but not included in the measure of segment profits or segment assets:					
Bank interest income	–	–	–	(1,172)	(1,172)
Interest income from pledged bank deposits	–	–	–	(433)	(433)
Interest income from held-to-maturity investments	–	–	–	(399)	(399)
Finance costs	–	–	–	10,981	10,981
Income tax credit	–	–	–	(756)	(756)
	<u>–</u>	<u>–</u>	<u>–</u>	<u>(756)</u>	<u>(756)</u>

Six months ended 31 December 2014 (unaudited)

	Plantation and sale of agricultural produce <i>RMB'000</i>	Production and sale of FCOJ and other related products <i>RMB'000</i>	Production and sale of Summi fresh orange juice <i>RMB'000</i>	Unallocated <i>RMB'000</i>	Consolidated <i>RMB'000</i>
Amounts included in the measure of segment profits or segment assets:					
Depreciation and amortisation (<i>note 1</i>)	–	19,468	–	101	19,569
Additions to non-current assets (<i>note 2</i>)	–	87,219	–	1,158	88,377
Write-off of property, plant and equipment	–	8,418	–	–	8,418
Gain from changes in fair value of biological assets less costs to sell	(41,070)	–	–	–	(41,070)
Gain on early redemption of convertible bonds	–	–	–	(16,313)	(16,313)
Government grants	–	(1,180)	–	–	(1,180)
Amounts regularly provided to the chief operating decision maker but not included in the measure of segment profits or segment assets:					
Bank interest income	–	–	–	(1,113)	(1,113)
Interest income from pledged bank deposits	–	–	–	(409)	(409)
Interest income from held-to-maturity investments	–	–	–	(478)	(478)
Finance costs	–	–	–	14,957	14,957
Income tax credit	–	–	–	(445)	(445)

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 investments.

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:

	Six months ended	
	31 December	
	2015	2014
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Sales of FCOJ	120,207	96,213
Sales of Summi fresh orange juice	66,868	–
Sales of fresh oranges	91,090	93,825
Sales of other products	767	6,447
	278,932	196,485

Information about major customers

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

	Six months ended	
	31 December	
	2015	2014
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Customer A ¹	91,090	93,825
Customer B ²	33,685	28,801
Customer C ²	29,289	33,250
Customer D ²	27,927	N/A ³

¹ Revenue from plantation and sale of agricultural produce segment.

² Revenue from production and sale of FCOJ and other related products segment.

³ The corresponding revenue did not contribute over 10% of the total external sales of the Group.

3. REVENUE AND OTHER REVENUE

Revenue represents the revenue arising on the sales of fresh oranges, FCOJ and other related products and Summi fresh orange juice.

An analysis of other revenue is as follows:

	Six months ended 31 December	
	2015	2014
	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(unaudited)
Bank interest income	2,004	2,000
Government grants	1,180	1,180
Others	1,103	696
	<u>4,287</u>	<u>3,876</u>

4. FINANCE COSTS

	Six months ended 31 December	
	2015	2014
	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(unaudited)
Imputed interest expenses on convertible bonds (<i>note 14</i>)	–	6,209
Interest expenses on bank loans	10,981	8,748
	<u>10,981</u>	<u>14,957</u>

5. PROFIT BEFORE TAX

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

	Six months ended 31 December	
	2015	2014
	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(unaudited)
Staff costs, including Directors' and chief executive's remuneration		
Wages, salaries and other benefits	41,368	36,899
Contributions to defined contribution plans	4,094	5,119
	<u>45,462</u>	<u>42,018</u>
Amortisation of land use rights	278	348
Amortisation of intangible assets	4,501	4,201
Depreciation of property, plant and equipment	22,385	15,019
Operating lease charges in respect of rented premises	31,056	30,063
Net foreign exchange loss	6,149	–

6. INCOME TAX CREDIT

	Six months ended 31 December	
	2015	2014
	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(unaudited)
Current tax – PRC Enterprise Income Tax (“EIT”)		
Provision for the period	(370)	(605)
Deferred tax		
Reversal of temporary differences	<u>1,126</u>	<u>1,050</u>
Income tax credit	<u>756</u>	<u>445</u>

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 periods ended 31 December 2015 and 2014.

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 periods.

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 six months ended 31 December 2015 and 2014.

7. DIVIDEND

The Board does not recommend the payment of an interim dividend in respect of the six months ended 31 December 2015 (31 December 2014: nil).

8. 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

	Six months ended 31 December	
	2015	2014
Weighted average number of ordinary shares for the purpose of basic earnings per share	1,347,860,727	1,339,740,179
Effect of deemed issue of shares under the Company's share option scheme for nil consideration	–	16,844,037
	<u>1,347,860,727</u>	<u>1,356,584,216</u>
Weighted average number of ordinary shares for the purpose of diluted earnings per share	<u>1,347,860,727</u>	<u>1,356,584,216</u>

9. HELD-TO-MATURITY INVESTMENTS

Held-to-maturity investments comprised:

	As at 31 December 2015 RMB'000 (unaudited)	As at 30 June 2015 RMB'000 (audited)
Debt securities, unlisted	<u>16,819</u>	<u>15,993</u>

The Group's held-to-maturity investments represented debt securities that were issued by a financial institution in Macau, and carried fixed interest at 6% per annum (As at 30 June 2015: 6%), payable semi-annually, and would mature on 30 October 2023. At 31 December 2015, the carrying value of the Group's debt securities of approximately RMB16,819,000 (As at 30 June 2015: RMB15,993,000) were pledged as security for the banking facilities granted to the Group.

10. TRADE RECEIVABLES

The Group allowed a credit period ranging from 28 to 90 days (30 June 2015: 28 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:

	As at 31 December 2015 RMB'000 (unaudited)	As at 30 June 2015 RMB'000 (audited)
Neither past due nor impaired	<u>271,503</u>	<u>78,590</u>

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.

11. PLEDGED BANK DEPOSITS

	<i>Notes</i>	As at 31 December 2015 RMB'000 (unaudited)	As at 30 June 2015 RMB'000 (audited)
Pledged bank deposits			
Pledged to secure an interest-bearing bank loan		132,878	182,000
Less: Current portion of pledged bank deposits	(a)	<u>(132,878)</u>	<u>(12,000)</u>
Non-current portion of pledged bank deposits	(b)	<u>–</u>	<u>170,000</u>

Notes:

- (a) As at 31 December 2015, short-term deposit of approximately RMB12,000,000 was pledged by one of the Group's PRC subsidiary to secure interest-bearing loan of approximately RMB12,000,000 for one of the Group's PRC subsidiary. As the loan would mature in the year ending 31 December 2016, the bank deposits were classified as current assets as at 31 December 2015.

As at 31 December 2015, short-term deposits of approximately RMB13,878,000 were pledged by the Group, to secure interest-bearing loans of approximately RMB62,042,000 for the Group. As both of the loans would mature in the year ending 31 December 2016, the bank deposits were classified as current assets as at 31 December 2015.

- (b) As at 31 December 2015, a three-year term deposit of approximately RMB107,000,000 was pledged by one of the Company's subsidiaries in Hong Kong to secure interest-bearing long-term bank loans with an aggregate amount of approximately RMB103,000,000. As the whole sum of deposits would mature in the year ending 31 December 2016 upon the repayment of these long-term bank loans, the pledged deposits were classified as current assets as at 31 December 2015.
- (c) The pledged bank deposits carried fixed interest rates ranging from 0.05% to 0.39% (As at 30 June 2015: 0.05% to 0.39%) per annum.

12. 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 2015: 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.

	As at 31 December 2015 RMB'000 (unaudited)	As at 30 June 2015 RMB'000 (audited)
Due within 3 months or on demand	<u>34,204</u>	<u>12,063</u>

13. BANK LOANS

	As at 31 December 2015 <i>RMB'000</i> (unaudited)	As at 30 June 2015 <i>RMB'000</i> (audited)
Carrying amount repayable (based on scheduled repayment dates set out in the loan agreement):		
Within one year	356,713	228,254
After one year but within two years	171,350	207,920
After two years but within five years	–	108,620
	<u>528,063</u>	<u>544,794</u>
Less: Amounts shown under current liabilities	<u>(356,713)</u>	<u>(228,254)</u>
Amounts shown under non-current liabilities	<u>171,350</u>	<u>316,540</u>
Secured	270,724	262,733
Unsecured	<u>257,339</u>	<u>282,061</u>
	<u>528,063</u>	<u>544,794</u>
Fixed-rate borrowings	160,949	262,733
Variable-rate borrowings	<u>367,114</u>	<u>282,061</u>
	<u>528,063</u>	<u>544,794</u>
Bank loans held by:		
PRC companies	187,940	246,740
Non-PRC companies	<u>340,123</u>	<u>298,054</u>
	<u>528,063</u>	<u>544,794</u>

As at 31 December 2015, included in the Group's unsecured bank loans was a three-year term loan facility in an aggregate sum of USD35,000,000 (equivalent to approximately RMB217,240,000) ("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 upon the 24th and 30th months from the borrowing date, the remaining 50% of the principal will be repaid at maturity date on 13 October 2017. Details of the Credit Facility I were set out in the announcement issued by the Company on 14 October 2014.

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:

	As at 31 December 2015	As at 30 June 2015
Fixed-rate bank loans	2.89%–7.84%	2.89%–7.84%
Variable-rate bank loans	3.28%–4.54%	3.28%–4.54%

At 31 December 2015, bank loans were secured by certain assets of the Group. In addition, at 31 December 2015 and 30 June 2015, certain bank loans were guaranteed by a director, Mr. Sin Ke.

14. CONVERTIBLE BONDS

In May 2012, the Company issued HK\$ settled convertible bonds with 3.5% coupon per annum due 2015 in the aggregate principal amount of HK\$232,800,000 (the "2012 CB") to an independent third party. The issue of the 2012 CB was completed on 18 May 2012.

The principal terms of the 2012 CB are as follows:

(i) Optional conversion

Each bond will, at the option of the bondholder, be convertible (unless previously redeemed, converted or purchased and cancelled) on or after 18 May 2012 up to and including 12 May 2015 into fully paid ordinary shares of the Company (the "Shares") with a par value of HK\$0.01 each at a conversion price of HK\$1.89 per share. A total of 123,174,603 Shares will be allotted and issued upon full conversion of the 2012 CB at the conversion price with HK\$ principal amount of the 2012 CB.

(ii) Redemption at maturity

Unless previously redeemed, converted, or purchased and cancelled, the 2012 CB will be redeemed on 18 May 2015 at an amount equal to their HK\$ principal amount multiplied by 137.5938%.

(iii) Redemption at the option of the bondholder

The Company will, at the option of the bondholder, redeem all or some of the 2012 CB at their HK\$ principal amount multiplied by 137.5938% when there is a change of control of the Company, or when the Shares cease to be listed or admitted to trade on the Stock Exchange.

As the functional currency of the Company is HK\$, the conversion of the 2012 CB will be settled by exchange of a fixed amount of cash in HK\$ with a fixed number of the Company's equity instruments. In accordance with the requirements of IAS 39 Financial Instruments – Recognition and Measurement, the 2012 CB contract needs to be separated into a liability component consisting of the straight debt element of the 2012 CB, a number of embedded financial derivatives consisting of redemption options, and an equity component representing the conversion options of the bondholders to convert the 2012 CB into equity. The proceeds received from the issue of the 2012 CB have been split as follows:

- (i) Liability component represents the fair value of the contractually determined stream of cash flows discounted at the prevailing market interest rate applicable to instruments of comparable credit status and providing substantially the same cash flows, on the same terms, but without the embedded derivatives and the conversion features. The interest charged for the period is calculated by applying an effective interest rate of 16.79% to the liability component since the 2012 CB were issued.
- (ii) Embedded derivatives comprise the fair value of the bondholder's redemption options.
- (iii) Equity component represents the conversion options, which is determined by deducting the fair value of the liability component and financial derivatives from the proceeds of issue of the compound financial instrument as a whole.

The fair value of the liability component of the 2012 CB was calculated using the Discounted Cash Flow model by Avista Valuation Advisory Limited. The major inputs used in the model as at 18 May 2012 were as follows:

	Liability component of the Company
Stock price	HK\$1.33
Exercise price	HK\$1.89
Risk-free rate	0.43%
Expected life	3 years
Volatility	61.34%

Any changes in the major inputs used in the model will result in changes in the fair value of the liability component. The variables and assumptions used in calculating the fair value of the liability component are based on the Directors' best estimates.

The Directors considered the possibility of the occurrence of the events of change of control and delisting was nil and the fair value of the bondholder's redemption options was nil as at 18 May 2012, 30 June 2013 and 30 June 2014.

On 6 November 2014, the Company, Mr. Sin Ke and the bondholder entered into an agreement in relation to the early redemption of the 2012 CB. A total redemption amount of HK\$274,448,000 (equivalent to approximately RMB216,513,000) was agreed to retire all outstanding principal and accrued but unpaid interest borne under the 2012 CB. The Company has fully redeemed the convertible bonds on 12 November 2014.

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.

FACILITY AGREEMENT AND SUBSISTING SPECIFIC PERFORMANCE OBLIGATIONS ON CONTROLLING SHAREHOLDER

On 14 October 2014, the Company (as borrower), six of its non-PRC incorporated subsidiaries (as corporate guarantors) and Mr. Sin (as individual guarantor) entered into a facility agreement (the "Facility Agreement") with several financial institutions (as lender), relating to a term facility up to an amount of USD35,000,000.

Pursuant to the Facility Agreement, it would be an event of default under the Facility Agreement if (i) Mr. Sin and his family (defined as his spouse, children, step-children, parents, grandparents, and the trustees of any trust of which Mr. Sin or any of his family interests is a beneficiary or, in the case of a discretionary trust, is (to his knowledge) a discretionary object) acting in concert do not, or cease to beneficially own (directly or indirectly) 30% or more of the issued voting equity share capital of the Company or do not, or cease to exercise the power to direct the Company's policies and management, whether by contract or otherwise.

As at the date of this announcement, the terms of the Facility Agreement and the aforesaid specific performance obligations imposed thereunder are duly complied with. Details of the Facility Agreement and the specific performance obligations imposed are set out in the announcement of the Company dated 14 October 2014.

SHARE OPTIONS SCHEME

Pursuant to the Scheme adopted by the Company on 7 June 2008 and refreshed at the annual general meeting held on 5 November 2012, the Board was authorised to grant the share options to qualified participants. After the refreshment of the Scheme, the Company granted 54,000,000 share options with a subscription price of HK\$1.112 per share to certain qualified participants on 19 November 2015.

CORPORATE GOVERNANCE PRACTICES

The Board recognises the importance of good corporate governance practices in safeguarding the interest of the shareholders of the Company. The Company commits to achieving and maintaining high standard of corporate governance, the principle 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. The corporate governance practices adopted by the Company is in compliance with the principles of the Corporate Governance Code (the "Code") contained in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

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 2015, 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.

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.

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 2015.

By Order of the Board
Tianyi (Summi) Holdings Limited
Sin Ke
Chairman

Hong Kong, 23 February 2016

As at the date of this announcement, the Board comprises: Mr. SIN Ke and Mr. SAN Kwan as executive Directors; Mr. TSANG Sze Wai Claudius as non-executive Director; and Mr. ZENG Jianzhong, Mr. ZHUANG Weidong and Mr. ZHUANG Xueyuan as independent non-executive Directors.