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 2016

FINANCIAL HIGHLIGHTS

	Six months ended		
	31 December 2016	31 December 2015	Change %
	RMB'000	*RMB'000*	(Approximate)
Statement of profit or loss and other comprehensive income			
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 31 December 2016	As at 30 June 2016	Change %
	RMB'000	*RMB'000*	(Approximate)
Statement of financial position			
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%

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 2016 (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

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 demostrated 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%
	293,113	**100.0%**	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.

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	2015
	RMB'000	*RMB'000*
FCOJ	**91,484**	82,094
Orange pulp	**45,658**	37,064
Other products	**841**	1,816
	137,983	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.

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).

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	2015
	Approximate metric tonnes	*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
	64,979	69,320
Purchases of fresh oranges for producing FCOJ and related products	**55,731**	66,068
Total consumption of fresh oranges	**120,710**	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).

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).

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.

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	30 June 2016
	RMB'000	*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
	311,440	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.

Orange Plantations

The Group operates approximately 146,000 mu (equivalent to 97.34 km^2) 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.

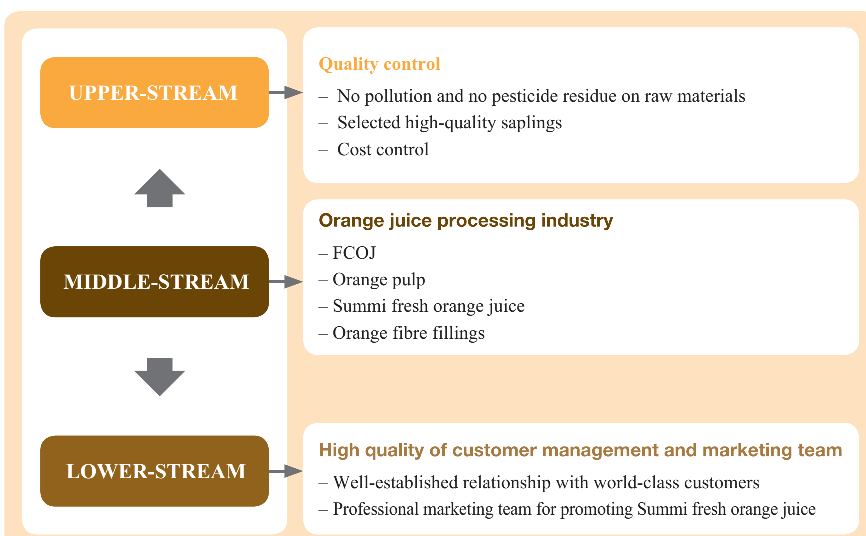
PLANTS

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.

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 op of all share options granted under the Scheme has been refreshed on 5 November 2012.

The unaudited financial information for the six months ended 31 December 2016 together with the comparative figures for the corresponding periods in 2015 were as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 31 December 2016

		Six months ended 31 December	
		2016	2015
	Notes	***RMB'000***	*RMB'000*
		(unaudited)	(unaudited)
Revenue	*3*	**293,113**	278,932
Cost of sales		**(178,617)**	(178,650)
Gross profit		**114,496**	100,282
Gain from changes in fair value of biological assets less costs to sell		**33,091**	35,926
Other revenue	*3*	**12,004**	4,287
Distribution costs		**(48,527)**	(37,062)
Administrative expenses		**(47,181)**	(53,067)
Other operating expenses		**–**	12
Profit from operations		**63,883**	50,378
Finance costs	*4*	**(18,117)**	(10,981)
Profit before tax	*5*	**45,766**	39,397
Income tax credit	*6*	**166**	756
Profit for the period attributable to owners of the Company		**45,932**	40,153
Other comprehensive expense for the period			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		**(22,038)**	(3,953)
Total comprehensive income for the period attributable to owners of the Company		**23,894**	36,200
Earnings per share	*8*		
– 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)
Non-current assets			
Property, plant and equipment		**364,473**	386,033
Land use rights		**22,822**	23,100
Lease prepayments for orange plantations		**952,005**	829,759
Goodwill		**56,696**	56,696
Intangible assets		**44,258**	46,508
Held-to-maturity investment	*9*	**17,859**	17,137
Pledged bank deposits	*11*	**6,429**	6,169
		1,464,542	1,365,402
Current assets			
Inventories		**55,929**	61,355
Biological assets		**129,087**	97,712
Lease prepayments for orange plantations		**100,051**	77,012
Trade receivables	*10*	**233,490**	124,102
Other receivables, deposits and prepayments		**18,351**	9,890
Pledged bank deposits	*11*	**183,542**	121,589
Cash and cash equivalents		**509,513**	450,443
		1,229,963	942,103
Current liabilities			
Trade payables	*12*	**43,752**	8,274
Other payables and accruals		**27,987**	21,931
Bank loans	*13*	**362,144**	441,674
Income tax payable		**–**	57
		433,883	471,936
Net current assets		**796,080**	470,167
Total assets less current liabilities		**2,260,622**	1,835,569

	Note	As at 31 December 2016 RMB'000 (unaudited)	As at 30 June 2016 RMB'000 (audited)
Non-current liabilities			
Bank loans	*13*	**551,294**	133,982
Deferred income		**7,080**	8,260
Deferred tax liabilities		**12,314**	12,877
		570,688	155,119
Net assets		**1,689,934**	1,680,450
Capital and reserves			
Share capital		**11,610**	11,610
Reserves		**1,678,324**	1,668,840
Total equity		**1,689,934**	1,680,450

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 2016 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 30 June 2016.

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

1 Effective for annual periods beginning on or after 1 January 2017, with earlier application permitted.
2 Effective for annual periods beginning on or after 1 January 2018, with earlier application permitted.
3 Effective for annual periods beginning on or after 1 January 2019, with earlier application permitted.
4 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.

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 related products

3. Production and sale of Summi fresh orange juice

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*
Period ended 31 December 2016				
Segment revenue				
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**
Segment results	**29,889**	**44,743**	**(9,075)**	**65,557**
Unallocated gains				**6,770**
Corporate and other unallocated expenses				**(8,444)**
Finance costs				**(18,117)**
Profit before tax				**45,766**
As at 31 December 2016				
Assets and liabilities				
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**

	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*
Period ended 31 December 2015				
Segment revenue				
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
Segment results	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
As at 31 December 2015				
Assets and liabilities				
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

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.

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*
Amounts included in the measure of segment profits or segment assets:					
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)
Amounts regularly provided to the chief operating decision maker but not included in the measure of segment profits or segment assets:					
Bank interest income	–	–	–	(1,013)	(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)

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*
Amounts included in the measure of segment profits or segment assets:					
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)
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 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.

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	2015
	RMB'000	*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
	293,113	278,932

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

1 Revenue from plantation and sale of agricultural produce segment.

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

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

3. 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
	12,004	4,287

4. FINANCE COSTS

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

5. 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
	50,445	45,928
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

6. INCOME TAX CREDIT

	2016	2015
	RMB'000	*RMB'000*
Current tax - PRC Enterprise Income Tax ("EIT")		
Provision for the year	**(959)**	(370)
Deferred tax		
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.

7. 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).

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

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

9. HELD-TO-MATURITY INVESTMENT

Held-to-maturity investment comprised:

	31 December 2016	30 June 2016
	RMB'000	*RMB'000*
	(Unaudited)	(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.

10. 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	30 June 2016
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Neither past due nor impaired	**233,490**	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.

11. PLEDGED BANK DEPOSITS

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

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 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	**43,752**	8,274

13. 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	**362,144**	441,674
After one year but within two years	**547,874**	126,842
After two years but within five years	**3,420**	7,140
	913,438	575,656
Less: Amounts shown under current liabilities	**(362,144)**	(441,674)
Amounts shown under non-current liabilities	**551,294**	133,982

	31 December 2016 RMB'000 (Unaudited)	30 June 2016 RMB'000 (Audited)
Secured	**313,079**	237,247
Unsecured	**600,359**	338,409
	913,438	575,656

	31 December 2016 RMB'000 (Unaudited)	30 June 2016 RMB'000 (Audited)
Fixed-rate borrowings	**198,034**	197,377
Variable-rate borrowings	**715,404**	378,279
	913,438	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
	913,438	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.

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	**2.39% – 8.05%**	2.39% – 8.05%
Variable-rate bank loans	**2.83% – 5.68%**	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.

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 8 August 2016, 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 USD80,000,000.

Pursuant to the Facility Agreement, it would be an event of default under the Facility Agreement if 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 8 August 2016.

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 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.

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 2016.

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

Hong Kong, 20 February 2017

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.