



森美(集團)控股有限公司  
Summi (Group) Holdings Limited

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

**HEALTHY LIFE  
WITH SUMMI**   
INTERIM REPORT 2017/2018



# CONTENTS

- 2 Corporate Information
- 3 Financial Summary
- 4 Chairman's Statement
- 6 Management Discussion and Analysis
- 14 Other Information
- 20 Corporate Governance Report
- 23 Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income
- 24 Condensed Consolidated Statement of Financial Position
- 26 Condensed Consolidated Statement of Changes in Equity
- 28 Condensed Consolidated Statement of Cash Flows
- 29 Notes to the Condensed Consolidated Financial Statements



## 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

Room 1409, 14/F, Leighton Centre

77 Leighton Road, 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.)

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 2017 (UNAUDITED)

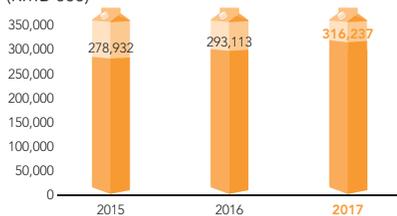
### FINANCIAL HIGHLIGHTS

	Six months ended		Change % (Approximate)
	31 December 2017	31 December 2016	
	RMB'000	RMB'000	
<b>Statement of profit or loss and other comprehensive income</b>			
Revenue	316,237	293,113	7.9%
Gross profit	115,650	114,496	1.0%
Gross profit margin	36.6%	39.1%	(2.5pp)
EBITDA	95,763	84,874	12.8%
Profit for the period	47,197	45,932	2.8%
Basic EPS (RMB cents)	3.50	3.41	2.6%

	As at		Change % (Approximate)
	31 December 2017	30 June 2017	
	RMB'000	RMB'000	
<b>Statement of financial position</b>			
Bank balances and cash	447,105	655,699	(31.8%)
Inventories	74,503	56,330	32.3%
Trade receivables	298,618	123,341	142.1%
Bank loans	896,563	931,870	(3.8%)
Net assets value ("NAV")	1,795,124	1,735,199	3.5%

### REVENUE

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



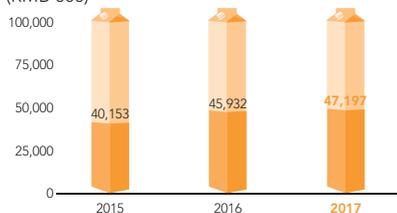
### REVENUE BREAKDOWN

FOR THE SIX MONTHS ENDED 31 DECEMBER  
(Approximate percentage)



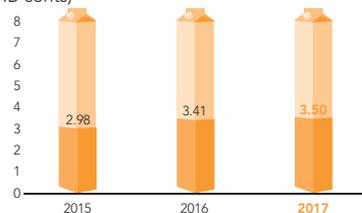
### NET PROFIT

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 Summi (Group) Holdings Limited (the "Company") the unaudited interim report of the Company and its subsidiaries (collectively, the "Group") for the six months ended 31 December 2017 (the "Reporting Period").

### REVIEW AND PROSPECTS

During the Reporting Period, the Group maintained steady performance and each of its business segment continued to perform well. Benefiting from the strong demand from major customers, the Group's orange pulp recorded a considerable amount of growth in both sales volume and pricing. On the other hand, Summi fresh orange juice continued to develop steadily. The Group will continue to consolidate the number of its sales points but will direct our efforts to increasing the average sales volume of sales points. The Group also started its operation of vending machines in June this year, and has progressively launched over 1,000 automatic vending machines in metro stations, high speed rail stations, airports, hospitals and other locations in major cities in the People's Republic of China (the "PRC") during the Reporting Period. Depending on the cost-effectiveness of the automatic vending machines, which includes their sales volumes and promotional effect, the Group will assess whether it would consider to further expand the automatic vending machine business.

Overall, the Group recorded a constant improvement in performance during the Reporting Period. The Group's revenue and gross profit was approximately RMB316,237,000 and RMB115,650,000 respectively, representing an increase of 7.9% and 1% over the corresponding period last year. The net profit for the Reporting Period was approximately RMB47,197,000, representing an increase of 2.8% over the corresponding period last year.

Looking forward, the Group is confident that, with the superior quality of Summi fresh orange juice, Summi fresh orange juice will be able to position itself as the top tier brand of fresh orange juice, while securing itself as the leading frozen concentrated orange juice ("FCOJ") producer in the PRC.

### INVESTOR RELATIONS

One of the main duties of the board (the "Board") of directors (the "Director(s)") of the Company is to maintain good communications with its Shareholders and potential investors. The Group's management paid visits to domestic and overseas prestigious institutional investors and private client investment advisors, as well as attended investor conferences, in order to provide the Shareholders and potential investors a thorough understanding of the Group's strategy and the latest business development. It is hoped that through such communication, the Company can enhance the transparency and strengthen the relationships with investors.

## CHAIRMAN'S STATEMENT

### APPRECIATION

On behalf of the Board, I would like to extend my sincere gratitude to every Shareholder, customer and business partner 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 a leading producer in the juice beverage industry in the PRC.

**Sin Ke**

*Chairman*

Hong Kong, 26 February 2018

# MANAGEMENT DISCUSSION AND ANALYSIS



## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS REVIEW AND PROSPECT

The Group's operations during the Reporting Period was stable, with operations of each major segment having experienced steady development. During the Reporting Period, notwithstanding a decrease in sales of frozen concentrated orange juice ("FCOJ"), performance of the Group's FCOJ and related products segment still outperformed the previous year due to vigorous demand in the carton orange juice market. We believe that the FCOJ and related products segment will continue to be the Group's main source of revenue. Further, the Group continued to promote Summi fresh orange juice, focusing on raising sales at individual sales points, and moderately increasing new selected sales points for expanding our sales network. The Group has also started to introduce Summi fresh orange juice automatic vending machines (the "Automatic Vending Machines") during the Reporting Period, placing over 1,000 Automatic Vending Machines in locations such as metro stations, high speed rail stations, airports and hospitals across major cities in the People's Republic of China (the "PRC"). As the nutritional value of non-concentrated, freshly squeezed fruit juice has been gradually recognized by consumers in the PRC, we expect that sales of Summi fresh orange juice will become a new driving force for our business.

### OPERATING PERFORMANCE

#### Revenue

Breakdown of revenue by segment for the six months ended 31 December 2017 and 2016 are set out as follows:

	Six months ended 31 December (Unaudited)			
	2017		2016	
	RMB'000	Approximate percentage of total revenue	RMB'000	Approximate percentage of total revenue
Summi fresh orange juice	<b>76,381</b>	<b>24.2%</b>	76,765	26.2%
FCOJ and related products	<b>153,691</b>	<b>48.6%</b>	137,983	47.1%
Fresh oranges	<b>86,165</b>	<b>27.2%</b>	78,365	26.7%
	<b>316,237</b>	<b>100.0%</b>	293,113	100.0%

## MANAGEMENT DISCUSSION AND ANALYSIS

During the Reporting Period, demand from individual major clients for FCOJ and related products remained robust, with the Group's revenue increasing by approximately 7.9% from approximately RMB293,113,000 over the same period last year to approximately RMB316,237,000.

### Summi fresh orange juice

During the Reporting Period, the Group has continued to implement a strategy of optimising the sales network of Summi fresh orange juice. The Company has successfully penetrated the Automatic Vending Machines into the metro and high speed rail stations across the PRC, using Automatic Vending Machines to sell the Company's high-end "Summi" 100% fresh orange juice. Since June 2017, the Company has been consistently promoting Summi fresh orange juice at Automatic Vending Machines in certain hospitals and maternal and child health centres in the PRC. The Company has set up Automatic Vending Machines in locations such as metro stations, high speed rail stations, airports and hospitals in major cities across the PRC. The Group anticipates that "Summi" 100% fresh orange juice can through the aforementioned channels further raise our brand profile.

During the Reporting Period, sales of Summi fresh orange juice decreased by 0.5% from approximately RMB76,765,000 over the same period last year to RMB76,381,000.

### FCOJ and related products

Breakdown of product revenue of the FCOJ and related products segment for the six months ended 31 December 2016 and 2017 is as follows:

	For the 6 months ended 31 December (unaudited)	
	2017 RMB'000	2016 RMB'000
FCOJ and related products	88,612	92,325
Orange pulp	65,079	45,658
	<b>153,691</b>	137,983

Sales of FCOJ and related products increased from approximately RMB137,983,000 over the same period last year to RMB153,691,000 in the Reporting Period. During the Reporting Period, international frozen orange juice futures prices have remained stable, same prices as compared with the previous year were recorded for the sale prices of FCOJ. Furthermore, sales revenue from orange pulp had increased by approximately 42.5% from approximately RMB45,658,000 to approximately RMB65,079,000.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Sales of fresh oranges

During the Reporting Period, the sales volume of fresh oranges increased from approximately 33,124 tonnes over the same period last year to 35,901 tonnes. As such, during the Reporting Period, sales of fresh oranges increased by approximately 10.0% from approximately RMB78,365,000 over the same period last year to approximately RMB86,165,000. The average selling price of premium fresh oranges remained the same over the previous year (2017: RMB2,400 per tonne; 2016: RMB2,400 per tonne).

### Output of fresh oranges

The Group operates orange plantations, and of the fresh oranges, (i) 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 fresh oranges grown on self-operated plantations, the Group also purchases fresh oranges from independent third parties, who are mainly individual local farmers, to produce FCOJ and related products. The volume of fresh oranges growing from self-operated plantations and the volume of purchased fresh oranges for the 6 months ended 31 December 2016 and 2017 are set out as follows:

	For the 6 months ended 31 December (unaudited)	
	2017 approximate tonnes	2016 approximate tonnes
Output of oranges from self-operated orange plantations		
– Fresh oranges for sale	<b>35,901</b>	33,124
– Producing Summi fresh orange juice	<b>4,193</b>	4,722
– Producing FCOJ and related products	<b>24,251</b>	27,133
	<b>64,345</b>	64,979
Purchase of fresh oranges for producing FCOJ and related products	<b>63,128</b>	55,731
Total consumption of fresh oranges	<b>127,473</b>	120,710

## MANAGEMENT DISCUSSION AND ANALYSIS

### Gross Profit

During the Reporting Period, the Group's gross profit was approximately RMB115,650,000, an approximate increase of 1.0% compared to approximately RMB114,496,000 over the same period last year. The Group's gross profit margin decreased to approximately 36.6% (31 December 2016: approximately 39.1%). The decrease in gross profit margin during the Reporting Period is due to rising market prices recorded for all categories of fresh oranges.

### 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 RMB46,949,000 (31 December 2016: approximately RMB33,091,000).

### Distribution costs and administrative expenses

The Group's distribution costs mainly included marketing expenses and transportation costs. Distribution costs decreased by approximately 10.0% from approximately RMB48,527,000 over the same period last year to approximately RMB43,658,000 during the Reporting Period.

The Group's administrative expenses mainly included general office administrative expenses, salaries, amortisation, etc. Administrative expenses slightly increased from approximately RMB47,181,000 over the last year to approximately RMB47,228,000 during the Reporting Period.

### Finance costs

During the Reporting Period, the Group's finance costs were approximately RMB28,662,000 (31 December 2016: approximately RMB18,117,000).

### Net profit

During the Reporting Period, the Group's net profit was approximately RMB47,197,000, an increase of approximately 2.8% compared to approximately RMB45,932,000 over the same period last year.

### Interim dividend

The Board has resolved not to announce any interim dividend for the six months ended 31 December 2017 (31 December 2016: nil).

## MANAGEMENT DISCUSSION AND ANALYSIS

### LIQUIDITY, FINANCIAL RESOURCES, GEARING AND CAPITAL STRUCTURE

#### Held-to-Maturity Investments

As at 31 December 2017, held-to-maturity investment amounted to approximately RMB16,666,000 (30 June 2017: approximately RMB17,372,000).

#### Liquidity

As at 31 December 2017, current assets amounted to approximately RMB1,231,953,000 (30 June 2017: approximately RMB1,268,271,000); current liabilities amounted to approximately RMB593,103,000 (30 June 2017: approximately RMB393,859,000).

#### Financial Resources

As at 31 December 2017, the Group had cash and cash equivalents and pledged bank deposits of approximately RMB447,105,000 (30 June 2017: approximately RMB655,699,000) and approximately RMB174,937,000 (30 June 2017: approximately RMB201,238,000) respectively, as well as total bank loans of approximately RMB896,563,000 (30 June 2017: approximately RMB931,870,000).

As at 31 December 2017, the Group's trade receivables amounted to approximately RMB298,618,000 (30 June 2017: approximately RMB123,341,000), and inventory amounted to approximately RMB74,503,000 (30 June 2017: approximately RMB56,330,000). The Group's higher trade receivables compared to 30 June 2017 is attributable to the Group's operation (including sales of fresh oranges and FCOJ and related products) being highly concentrated from December of each year to April of the following year while the large part of our sales occur during the peak season of operation.

Compared to 31 December 2016, trade receivables as at 31 December 2017 increased by approximately RMB65,128,000 (31 December 2017: RMB298,618,000; 31 December 2016: RMB233,490,000).

#### Gearing

The Board's approach to manage our 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.

	2017	2016
Quick ratio (x)	<b>2.0</b>	2.7
Current ratio (x)	<b>2.1</b>	2.8
Gearing ratio ( <i>note</i> )	<b>50.9%</b>	54.1%

(Note) Gearing ratio is defined as sum of bank loans and corporate bonds over total equity.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Capital Structure

As at 31 December 2017, the total number of issued shares of the Company (the "Shares") was 1,347,860,727 Shares. Based on the closing price of HK\$0.90 per Share as at 31 December 2017, the Company's market capitalisation was HK\$1,213,074,654.3.

### FOREIGN EXCHANGE EXPOSURE

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

### PLEDGE OF ASSETS

As at 31 December 2017, the Group had pledged the following assets to banks to secure banking facilities granted to the Group:

	31 December 2017 RMB'000	30 June 2017 RMB'000
Held-to-maturity investment	16,666	17,372
Property, plant and equipment	50,229	57,078
Land use rights	9,397	9,523
Pledged bank deposits	174,937	201,238
	<b>251,229</b>	285,211

### CONTINGENT LIABILITIES

As at 31 December 2017, the Group had no material contingent liabilities (30 June 2017: nil).

### CAPITAL EXPENDITURE

During the Reporting Period, the Group's capital expenditure amounted to approximately RMB31,120,000 (2016: approximately RMB36,000) which was used for acquisition of property, plant and equipment, and land use rights for the orange plantation in Chongqing.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Orange Plantations

The Group currently operates a fruit-bearing orange plantation of approximately 146,000 mu (equivalent to approximately 97.34 km<sup>2</sup>) in Chongqing. In December 2016, the Group's orange plantation was awarded a certificate of Sustainable Agriculture Guiding Principles ("SAGP") from a leading global beverage company to provide to the aforementioned company fresh oranges required for the production of FCOJ. The accreditation signifies that the Group's agricultural practice complies with the stringent requirements set out by this international beverage giant for sustainable provision of healthy agricultural products in an environmental-friendly manner.

The Group is the only orange juice supplier in the world certified for compliance of SAGP stipulated by the aforementioned beverage giant. The Group believes that such accreditation will strengthen our long-term relationship with this major client.

### PLANTS

The Group owns four highly-efficient FCOJ production plants and one brand new plant for the production of orange juice not from concentrate, strategically located in China's major citrus growing areas (namely Chongqing, Fujian and Hunan). All plants are equipped with advanced flowline production equipment imported from the United States, Switzerland, Italy and Germany.

The Group possesses rich experience and can successfully manage the production demands of orange juice processing plants. The design of production flow is a result of the Group's understanding of design and manufacturing processes and years of research and development effort, so that the Group can make optimal use of production equipment to manufacture processed orange juice of excellent quality.

### INTEGRATED OPERATION MODEL

The Group adopts an integrated operation model, enhancing our value chain, and is one of the few concentrated orange juice producers in the PRC involved in upstream operations of self-operated orange plantations.

### HUMAN RESOURCES AND REMUNERATION POLICY

As at 31 December 2017, the Group had 912 employees (2016: 952 employees). The Group offers excellent remuneration, 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 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 2017, 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 (the "Shares")

Name of Director	Capacity/Nature	Number of Shares held/interested in	Approximate percentage of issued share
Mr. Sin Ke ("Mr. Sin")	(i) Interest of controlled corporation ( <i>Note 2</i> )	595,148,145 (L)	44.16%
	(ii) Beneficial owner ( <i>Note 2</i> )	15,688,000 (L)	1.16%
	(iii) Beneficial owner ( <i>Note 2</i> )	4,000,000 (L)	0.30%
Mr. San Kwan ("Mr. San")	(i) Beneficial owner ( <i>Note 3</i> )	8,000,000 (L)	0.59%
	(ii) Beneficial owner ( <i>Note 3</i> )	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 Shares held/ interested in	Approximate percentage of issued share
Mr. Sin	Beneficial owner ( <i>Note 2</i> )	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 718,724,145 Shares. These shares were held in the following capacity:
  - (i) 595,148,145 Shares were held by Key Wise Group Limited ("Key Wise") which is a corporation controlled by Mr. Sin. Mr. Sin beneficially owned 51% interest in Cheer Sky Limited ("Cheer Sky") which beneficially owned 49% interest in Key Wise which in turn, held 595,148,145 Shares.
  - (ii) 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.
  - (iii) 15,688,000 Shares 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. Mr. San was deemed (by virtue of the SFO) to be interested in 8,000,000 Shares, which were held in the 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 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 <i>(Note)</i>	100,000	100%

*Notes:* Mr. Sin beneficially owned 51% interest in Cheer Sky which beneficially owned 49% interest in Key Wise. Ms. Hong Man Na ("Ms. Hong"), 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 under the SFO.

Save as disclosed above, as at 31 December 2017, 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.

As at 31 December 2017, as far as is known to the Directors, the following persons (not being a Director or chief executive of the Company) had interests or short positions in the Shares or underlying Shares which fell to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO:

## 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

Name of Director	Capacity/Nature	Number of Shares held/ interested in	Approximate percentage of issued share
Key Wise	Beneficial owner	595,148,145 (L)	44.16%
Cheer Sky	Interest of controlled corporation ( <i>Note 2</i> )	595,148,145 (L)	44.16%
Ms. Hong	Interest of controlled corporation and interest of spouse ( <i>Note 3 &amp; 4</i> )	614,836,145 (L)	45.62%
CITIC Securities Company Limited ("CITIC Securities")	Beneficial owner ( <i>Note 5</i> )	68,915,200 (L) 111,987,200 (S)	5.11% 8.31%

*Notes:*

- The letters "L" denote a long position and "S" denotes short position in the Shares/underlying Shares.
- Cheer Sky beneficially owned 49% interest in Key Wise and Key Wise held 595,148,145 Shares. Therefore, Cheer Sky was deemed, or taken to be, interested in the 595,148,145 Shares held by Key Wise by virtue of the SFO.
- Mr. Sin beneficially held 15,688,000 shares. Ms. Hong is the spouse of Mr. Sin. Therefore, Ms. Hong 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 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.

- As known to the Directors after making reasonable enquiries, as at 31 December 2017, 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.

## 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: (Continued)

5. CSI Capital Management Limited ("CSI Capital") is wholly owned by CITIC CLSA Global Markets Holdings Limited ("CITIC CLSA"); CITIC CLSA is wholly owned by CLSA B.V.; CLSA B.V. is wholly owned by CITIC Securities International Company Limited ("CITIC International"), which is wholly owned by CITIC Securities. Therefore, each of CSI Capital, CITIC CLSA, CLSA B.V., CITIC International is deemed to be interested in the 68,915,200 Shares held by CITIC Securities.

Save as disclosed above, and as at 31 December 2017, 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 fell 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 were rights to acquire benefits by means of the acquisition of Shares in or debentures of the Company granted to any Director or their respective spouse or children under 18 years of age, or were any such rights exercised by them; or was the Company and any of its subsidiaries a party to any arrangement to enable the directors, or their respective spouse or children under 18 years of age, to acquire such rights in any other body corporate.

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

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

## OTHER INFORMATION

### 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 2017	Granted during the Reporting Period	Exercised during the Reporting Period	Cancelled/ Lapsed during the Reporting Period	As at 31 December 2017	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*
Director Mr. Sin	4,000,000	-	-	-	4,000,000	19 November 2015	5 years from the date of grant	1.112	1.100
Mr. San	2,000,000	-	-	-	2,000,000	19 November 2015	5 years from the date of grant	1.112	1.100
Other qualified participants**	48,000,000	-	-	-	48,000,000	19 November 2015	5 years from the date of grant	1.112	1.100
Total	54,000,000	-	-	-	54,000,000				

\* 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.

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 (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 (the "Chairman") 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 (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 a 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.

## CORPORATE GOVERNANCE REPORT

### AUDIT COMMITTEE

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

The Audit Committee had reviewed with management the accounting principles and practices adopted by the Group and discussed auditing, risk management, internal controls and financial reporting matters including a review of the interim report and the interim results of the Group for the six months ended 31 December 2017.

### 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 2017, except for the 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 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.

## CORPORATE GOVERNANCE REPORT

### 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 Appendix 10 – Model Code for Securities Transactions by Directors of Listed Issuers (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*

26 February 2018

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

FOR THE SIX MONTHS ENDED 31 DECEMBER 2017

	Notes	Six months ended 31 December	
		2017 RMB'000 (unaudited)	2016 RMB'000 (unaudited)
Revenue	3	316,237	293,113
Cost of sales		(200,587)	(178,617)
<b>Gross profit</b>		<b>115,650</b>	114,496
Gain from changes in fair value of biological assets less costs to sell		46,949	33,091
Other revenue	4	3,679	12,004
Distribution costs		(43,658)	(48,527)
Administrative expenses		(47,228)	(47,181)
<b>Profit from operations</b>		<b>75,392</b>	63,883
Finance costs	5	(28,662)	(18,117)
<b>Profit before tax</b>	6	<b>46,730</b>	45,766
Income tax credit	7	467	166
<b>Profit for the period attributable to owners of the Company</b>		<b>47,197</b>	45,932
<b>Other comprehensive income (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		26,030	(22,038)
<b>Total comprehensive income for the period attributable to owners of the Company</b>		<b>73,227</b>	23,894
<b>Earnings per share</b>			
– Basic (RMB cents)	9	3.50	3.41
– Diluted (RMB cents)		3.50	3.41

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2017

	<i>Notes</i>	As at 31 December 2017 RMB'000 (Unaudited)	As at 30 June 2017 RMB'000 (Audited)
<b>Non-current assets</b>			
Property, plant and equipment	10	329,608	318,578
Land use rights	11	22,056	22,545
Lease prepayments for orange plantations		1,066,575	977,012
Goodwill	12	56,696	56,696
Intangible assets	13	39,757	42,007
Held-to-maturity investment	14	16,666	17,372
Derivative financial instrument		12,138	12,652
Deposit paid for acquisition of property, plant and equipment		29,520	9,840
Pledged bank deposits	18	13,855	14,442
		<b>1,586,871</b>	1,471,144
<b>Current assets</b>			
Inventories	15	74,503	56,330
Biological assets	16	135,155	99,310
Lease prepayments for orange plantations		112,221	111,362
Trade receivables	17	298,618	123,341
Other receivables, deposits and prepayments		3,269	35,433
Pledged bank deposits	18	161,082	186,796
Cash and cash equivalents	19	447,105	655,699
		<b>1,231,953</b>	1,268,271
<b>Current liabilities</b>			
Trade payables	20	63,542	16,130
Other payables and accruals		30,664	22,939
Bank loans	21	498,453	354,708
Income tax payable		444	82
		<b>593,103</b>	393,859
<b>Net current assets</b>		<b>638,850</b>	874,412
<b>Total assets less current liabilities</b>		<b>2,225,721</b>	2,345,556

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2017

	<i>Notes</i>	As at 31 December 2017 RMB'000 (Unaudited)	As at 30 June 2017 RMB'000 (Audited)
<b>Non-current liabilities</b>			
Bank loans	21	398,110	577,162
Corporate bonds		16,578	15,544
Deferred income	22	4,720	5,900
Deferred tax liabilities	25	11,189	11,751
		<b>430,597</b>	610,357
<b>Net assets</b>		<b>1,795,124</b>	1,735,199
<b>Capital and reserves</b>			
Share capital	26	11,610	11,610
Reserves	27	1,783,514	1,723,589
<b>Total equity</b>		<b>1,795,124</b>	1,735,199

# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 31 DECEMBER 2017

	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 period								
– Exchange differences arising on translation of foreign operations	-	-	-	-	-	(22,038)	-	(22,038)
Total comprehensive (expense) 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	11,610	488,413	52,156	(14,687)	38,810	(41,309)	1,154,941	1,689,934

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 31 DECEMBER 2017

	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 2017 (audited)	11,610	470,797	57,003	(14,672)	38,810	(22,457)	1,194,108	1,735,199
Profit for the period	-	-	-	-	-	-	47,197	47,197
Other comprehensive income for the period								
– Exchange differences arising on translation of foreign operations	-	-	-	-	-	26,030	-	26,030
Total comprehensive income for the period	-	-	-	-	-	26,030	47,197	73,227
Recognition of equity-settled share-based payments	-	-	3,824	-	-	-	-	3,824
Dividends paid	-	(17,126)	-	-	-	-	-	(17,126)
At 31 December 2017	11,610	453,671	60,827	(14,672)	38,810	3,573	1,241,305	1,795,124

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 31 DECEMBER 2017

	Six months ended 31 December	
	2017 RMB'000 (unaudited)	2016 RMB'000 (unaudited)
Cash used in operations	(133,035)	(159,986)
Income tax refund (paid)	267	(454)
<b>NET CASH USED IN OPERATING ACTIVITIES</b>	<b>(132,768)</b>	<b>(160,440)</b>
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(23,256)</b>	<b>(62,246)</b>
<b>NET CASH (USED IN) FROM FINANCING ACTIVITIES</b>	<b>(55,724)</b>	<b>297,630</b>
<b>NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(211,748)</b>	<b>74,944</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD</b>	<b>655,699</b>	<b>450,443</b>
Effect of foreign exchange rate changes	3,154	(15,874)
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD, represented by bank balances and cash</b>	<b>447,105</b>	<b>509,513</b>

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 DECEMBER 2017

## 1. GENERAL

Summi (Group) Holdings Limited (the "Company") (formerly known as Tianyi (Summi) Holdings Limited) 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 2017 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 30 June 2017.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 DECEMBER 2017

### 2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES (Continued)

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

Amendments to IAS 7	Disclosure Initiative
Amendments to IAS 12	Recognition of Deferred Tax Assets for unrealised losses
Amendments to IFRS 12	As part of the Annual Improvements to IFRSs 2014–2016 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 (2014)	Financial Instruments <sup>1</sup>
IFRS 15	Revenue from Contracts and the related Amendments <sup>1</sup>
IFRS 16	Leases <sup>2</sup>
IFRIC – int. 22	Foreign Currency Transactions and Advance Consideration <sup>1</sup>
IFRIC – int. 23	Uncertainty over Income Tax Treatments <sup>2</sup>
Amendments to IFRS 2	Classification and Measurement of Share-based Payment Transactions <sup>1</sup>
Amendments to IFRS 4	Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts <sup>1</sup>
Amendments to IFRS 9	Prepayment Features with Negative Compensation <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>3</sup>
Amendments to IAS 40	Transfers of Investment Property <sup>1</sup>
Amendments to IAS 28	As part of the Annual Improvements to IASs 2014–2016 Cycle <sup>2</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2018.

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2019.

<sup>3</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 2017

### 3. REVENUE AND 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

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 DECEMBER 2017

### 3. REVENUE AND 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 2017</b>				
<b>Segment revenue</b>				
Sales to external customers	86,165	153,691	76,381	316,237
Intersegment sales	34,315	-	-	34,315
Segment revenue	120,480	153,691	76,381	350,552
Elimination				(34,315)
Consolidated revenue				316,237
<b>Segment results</b>				
Unallocated gains				-
Corporate and other unallocated expenses				(11,177)
Finance costs				(28,662)
Profit before tax				46,730
<b>As at 31 December 2017</b>				
<b>Assets and liabilities</b>				
Segment assets	1,289,280	597,569	264,331	2,151,180
Corporate and other unallocated assets				667,644
Total assets				2,818,824
Segment liabilities	13,739	42,858	2,058	58,655
Corporate and other unallocated liabilities				965,045
Total liabilities				1,023,700

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 DECEMBER 2017

## 3. REVENUE AND 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 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>	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
<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 2017

### 3. REVENUE AND 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.

Intersegment sales are charged at prevailing market rates.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 DECEMBER 2017

### 3. REVENUE AND SEGMENT INFORMATION (Continued)

#### Other segment information

Period ended 31 December 2017	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 ( <i>note 1</i> )	-	12,610	8,886	57	21,553
Additions to non-current assets ( <i>note 2</i> )	-	-	31,120	-	31,120
Write-off of inventories	3,586	-	-	-	3,586
Gain from changes in fair value of biological assets less costs to sell	(46,949)	-	-	-	(46,949)
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>					
Interest income	-	-	-	(2,499)	(2,499)
Equity-settled share-based payment expenses	-	-	-	3,824	3,824
Finance costs	-	-	-	28,662	28,662
Income tax credit	-	-	-	(467)	(467)

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 DECEMBER 2017

### 3. REVENUE AND SEGMENT INFORMATION (Continued)

#### Other segment information (Continued)

Period ended 31 December 2016	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	Unallocated RMB'000	Consolidated RMB'000
<b>Amounts included in the measure of segment profits or segment assets:</b>					
Depreciation and amortisation ( <i>note 1</i> )	-	12,890	7,956	145	20,991
Additions to non-current assets ( <i>note 2</i> )	-	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>					
Interest income	-	-	-	(1,854)	(1,854)
Equity-settled share-based payment expenses	-	-	-	4,077	4,077
Finance costs	-	-	-	18,117	18,117
Income tax credit	-	-	-	(166)	(166)

*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 2017

### 3. REVENUE AND 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:

	2017 RMB'000	2016 RMB'000
Sales of FCOJ and related products	<b>153,691</b>	137,983
Sales of Summi fresh orange juice	<b>76,381</b>	76,765
Sales of fresh oranges	<b>86,165</b>	78,365
	<b>316,237</b>	293,113

##### *Information about major customers*

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

	2017 RMB'000	2016 RMB'000
Customer A <sup>1</sup>	<b>86,165</b>	78,365
Customer B <sup>2</sup>	<b>68,822</b>	52,364
Customer C <sup>2,3</sup>	<b>39,892</b>	35,248

<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> Revenue from production and sale of Summi fresh orange juice segment.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 DECEMBER 2017

### 4. OTHER REVENUE

	2017 RMB'000	2016 RMB'000
Interest income	2,499	1,854
Government grants	1,180	3,380
Unrealised gains on derivative instruments	-	6,227
Others	-	543
	<b>3,679</b>	12,004

### 5. FINANCE COSTS

	2017 RMB'000	2016 RMB'000
Interest expenses on Corporate bonds	646	278
Interest expenses on bank loans	28,016	17,839
	<b>28,662</b>	18,117

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 DECEMBER 2017

### 6. PROFIT BEFORE TAX

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

	2017 RMB'000	2016 RMB'000
Staff costs, including Directors' and chief executive's remuneration		
Wages, salaries and other benefits	<b>42,410</b>	42,191
Contributions to defined contribution plans	<b>4,877</b>	4,177
Equity-settled share-based payment expenses	<b>3,824</b>	4,077
	<b>51,111</b>	50,445
Amortisation of land use rights	<b>489</b>	278
Amortisation of intangible assets	<b>2,250</b>	2,250
Depreciation of property, plant and equipment	<b>18,814</b>	18,463

### 7. INCOME TAX CREDIT

	2017 RMB'000	2016 RMB'000
<b>Current tax – PRC Enterprise Income Tax ("EIT")</b>		
Provision for the year	<b>(95)</b>	(959)
<b>Deferred tax</b>		
Reversal of temporary differences (note 25)	<b>562</b>	1,125
Income tax credit	<b>467</b>	166

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.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 DECEMBER 2017

### 7. INCOME TAX CREDIT (Continued)

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 years ended 30 June 2017 and 2016.

### 8. DIVIDEND

The Board does not recommend the payment of an interim dividend in respect of the six months ended 31 December 2017 (31 December 2016: 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

	2017	2016
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share	1,347,860,727	1,347,860,727

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 DECEMBER 2017

### 10. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 31 December 2017, the Group acquired items of plant and machinery with costs of approximately RMB31,120,000. There are no significant acquisitions and disposals during the six months ended 31 December 2017.

### 11. LAND USE RIGHTS

	RMB'000
<b>COST</b>	
At 1 July 2017 (audited) and 31 December 2017 (unaudited)	27,041
<b>ACCUMULATED AMORTISATION</b>	
At 1 July 2017 (audited)	4,496
Provided for the period	489
At 31 December 2017 (unaudited)	4,985
<b>CARRYING VALUES</b>	
At 31 December 2017 (unaudited)	<b>22,056</b>
At 30 June 2017 (audited)	22,545

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

At 31 December 2017, the carrying value of the Group's land use rights of approximately RMB 9,397,000 (30 June 2017: RMB9,523,000) 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 2017

### 12. GOODWILL

RMB'000

#### COST AND CARRYING VALUE

At 1 July 2016, 30 June 2017 and 31 December 2017 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.

### 13. INTANGIBLE ASSETS

	Customer list RMB'000	Customer relationship RMB'000	Total RMB'000
<b>COST</b>			
At 1 July 2017 (audited) and 31 December 2017 (unaudited)	82,390	43,660	126,050
<b>ACCUMULATED AMORTISATION AND IMPAIRMENT</b>			
At 1 July 2017 (audited)	40,383	43,660	84,043
Provided for the period	2,250	–	2,250
At 31 December 2017 (unaudited)	42,633	43,660	86,293
<b>CARRYING VALUES</b>			
At 31 December 2017 (unaudited)	39,757	–	39,757
At 30 June 2017 (audited)	42,007	–	42,007

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

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 DECEMBER 2017

### 14. HELD-TO-MATURITY INVESTMENT

Held-to-maturity investment comprised:

	31 December 2017 RMB'000 (Unaudited)	30 June 2017 RMB'000 (Audited)
Debt securities, unlisted	<b>16,666</b>	17,372

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 2017: 6%), payable semi-annually, and would mature on 30 October 2023. At 31 December 2017, the carrying value of the Group's debt securities of approximately RMB16,666,000 (30 June 2017: RMB17,372,000) were pledged as security for the banking facilities granted to the Group.

### 15. INVENTORIES

	31 December 2017 RMB'000 (Unaudited)	30 June 2017 RMB'000 (Audited)
Consumables and packing materials	<b>16,862</b>	6,666
Summi fresh orange juice	<b>21,183</b>	38,020
FCOJ	<b>36,458</b>	11,644
	<b>74,503</b>	56,330

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 DECEMBER 2017

### 15. INVENTORIES (Continued)

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

	31 December 2017 RMB'000 (Unaudited)	30 June 2017 RMB'000 (Audited)
Carrying amount of inventories sold	197,001	389,195
Write-off of inventories	3,586	2,712
Cost of inventories recognised as cost of sales	200,587	391,907

### 16. BIOLOGICAL ASSETS

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

	31 December 2017 RMB'000 (Unaudited)	30 June 2017 RMB'000 (Audited)
At the beginning of the period/year	99,310	97,712
Increase due to cultivation	105,554	172,672
Gain from changes in fair value less cost to sell (note a)	46,949	67,908
Harvested oranges transferred to inventories	(116,658)	(238,982)
At the end of the period/year (note b)	135,155	99,310

Notes:

- (a) The Directors measured the fair value of oranges at harvest based on market prices as at or close to the harvest dates.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 DECEMBER 2017

### 16. BIOLOGICAL ASSETS (Continued)

Notes: (Continued)

- (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 2017 and 30 June 2017.

The carrying value of biological assets as at 30 June 2017 and 2016 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 2017: 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 2017 RMB'000 (Unaudited)	30 June 2017 RMB'000 (Audited)
Neither past due nor impaired	<b>298,618</b>	123,341

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 2017

### 18. PLEDGED BANK DEPOSITS

	31 December 2017 RMB'000 (Unaudited)	30 June 2017 RMB'000 (Audited)
Pledged bank deposits to secure an interest-bearing bank loan	<b>174,937</b>	201,238
Less: Current portion of pledged bank deposits	<b>(161,082)</b>	(186,796)
Non-current portion of pledged bank deposits	<b>13,855</b>	14,442

*Notes:*

The pledged bank deposits carried fixed interest rates ranging from 0.23% to 1.25% (30 June 2017: 0.23% to 1.25%) per annum.

### 19. CASH AND CASH EQUIVALENTS

	31 December 2017 RMB'000 (Unaudited)	30 June 2017 RMB'000 (Audited)
Bank balances and cash	<b>447,105</b>	655,699

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 DECEMBER 2017

### 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 2017: 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 2017 RMB'000 (Unaudited)	30 June 2017 RMB'000 (Audited)
Due within 3 months or on demand	<b>63,542</b>	16,130

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 DECEMBER 2017

### 21. BANK LOANS

	31 December 2017 RMB'000 (Unaudited)	30 June 2017 RMB'000 (Audited)
Carrying amount repayable (based on scheduled repayment dates set out in the loan agreement):		
Within one year	<b>498,453</b>	305,708
After one year but within two years	<b>398,110</b>	360,078
After two years but within five years	–	266,084
	<b>896,563</b>	931,870
Carrying amount of bank loan that is not repayable within one year from the end of the reporting period but contains a repayable on demand clause	–	49,000
Carrying amount repayable within one year	<b>498,453</b>	305,708
Amounts shown under current liabilities	<b>498,453</b>	354,708
Amounts shown under non-current liabilities	<b>398,110</b>	577,162
	<b>896,563</b>	931,870

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 DECEMBER 2017

### 21. BANK LOANS (Continued)

	31 December 2017 RMB'000 (Unaudited)	30 June 2017 RMB'000 (Audited)
Secured	<b>382,408</b>	363,886
Unsecured	<b>514,155</b>	567,984
	<b>896,563</b>	931,870

	31 December 2017 RMB'000 (Unaudited)	30 June 2017 RMB'000 (Audited)
Fixed-rate borrowings	<b>102,000</b>	240,712
Variable-rate borrowings	<b>794,563</b>	691,158
	<b>896,563</b>	931,870

	31 December 2017 RMB'000 (Unaudited)	30 June 2017 RMB'000 (Audited)
Bank loans held by:		
PRC companies	<b>202,000</b>	223,340
Non-PRC companies	<b>694,563</b>	708,530
	<b>896,563</b>	931,870

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 DECEMBER 2017

### 21. BANK LOANS (Continued)

As at 31 December 2017, 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 RMB520,912,000) ("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 2017.

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 2017 (Unaudited)	30 June 2017 (Audited)
Fixed-rate bank loans	<b>3.62% – 5.71%</b>	3.62% – 5.71%
Variable-rate bank loans	<b>2.88% – 4.96%</b>	2.63% – 4.71%

At 31 December 2017, certain bank loans were secured by (i) pledged bank deposits; (ii) certain property, plant and land use rights; and (iii) held-to-maturity investment of the Group respectively. In addition, at 31 December 2017 and 30 June 2017, 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 2017 (audited)	5,900
Amortised during the period	<u>(1,180)</u>
At 30 December 2017 (unaudited)	<u>4,720</u>

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 DECEMBER 2017

### 22. DEFERRED INCOME (Continued)

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.

### 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.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 DECEMBER 2017

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

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.

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 2017

### 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 year ended 31 December 2017:

Option type	Outstanding at 1/7/2017	Granted during the period	Exercised during the period	Outstanding at 31/12/2017
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 RMB3,824,000 (2016: RMB4,077,000) 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 2017

### 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 2017 (audited)	10,501	1,250	11,751
Credited to profit or loss	(562)	–	(562)
At 31 December 2017 (unaudited)	9,939	1,250	11,189

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 2017, 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 2017, deferred tax liabilities of RMB1,250,000 (30 June 2017: 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 RMB1,627,241,000 (30 June 2017: RMB1,602,039,000) have not been recognised as at 31 December 2017, 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 2017 and 30 June 2017 will not be distributed in the foreseeable future.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 DECEMBER 2017

### 26. SHARE CAPITAL

	Number of shares	Amount HK\$'000	Amount RMB'000
Ordinary shares of HK\$0.01 each			
Authorised:			
As at 1 July 2017 and 31 December 2017	3,000,000,000	30,000	26,376
Issued and fully paid:			
As 1 July 2017 and 31 December 2017	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.

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.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 DECEMBER 2017

### 27. RESERVES (Continued)

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

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

As at 31 December 2017, the Group had pledged the following assets to banks to secure banking facilities granted to the Group:

	31 December 2017 RMB'000	30 June 2017 RMB'000
Held-to-maturity investment	16,666	17,372
Property, plant and equipment	50,229	57,078
Land use rights	9,397	9,523
Pledged bank deposits	174,937	201,238
	<b>251,229</b>	285,211

### 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 2017 RMB'000 (Unaudited)	30 June 2017 RMB'000 (Audited)
Within one year	118,200	123,653
In the second to fifth years, inclusive	199,870	196,455
After fifth years	–	245,910
	<b>318,070</b>	566,018