ANNUAL REPORT 2016

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

Contents

Corporate Information

DIRECTORS

Executive Directors

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

Non-Executive Director

Mr. Tsang Sze Wai, Claudius

Independent Non-Executive Directors

Mr. Zhuang Xueyuan
Mr. Zhuang Weidong
Mr. Zeng Jianzhong

COMPANY SECRETARY

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

AUTHORISED REPRESENTATIVES

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

AUDIT COMMITTEE

Mr. Zhuang Xueyuan *(Chairman)*
Mr. Zhuang Weidong
Mr. Zeng Jianzhong

REMUNERATION COMMITTEE

Mr. Zhuang Xueyuan *(Chairman)*
Mr. Sin Ke
Mr. Zhuang Weidong

NOMINATION COMMITTEE

Mr. Sin Ke *(Chairman)*
Mr. Zhuang Weidong
Mr. Zeng Jianzhong

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Suites 2003–2004, 20/F, Tower One, Times Square
1 Matheson Street, Causeway Bay, Hong Kong

REGISTERED OFFICE

Clifton House, 75 Fort Street
P.O. Box 1350, Grand Cayman KY1-1108
Cayman Islands

AUDITOR

SHINEWING (HK) CPA Limited

LEGAL ADVISORS AS TO HONG KONG LAWS

Loong & Yeung

PRINCIPAL BANKERS

Agricultural Bank of China
Bank of China (H.K.)
Cathay United Bank (Taiwan)
Hang Seng Bank
Industrial and Commercial Bank of China (Asia)
The Hongkong and Shanghai Banking Corporation

SHARE REGISTRAR IN HONG KONG

Computershare Hong Kong Investor Services Limited
Shops 1712–1716, 17th Floor
Hopewell Centre
183 Queen's Road East
Wanchai
Hong Kong

SHARE REGISTRAR AND TRANSFER OFFICE IN CAYMAN ISLANDS

Estera Trust (Cayman) Limited
Clifton House, 75 Fort Street
P.O. Box 1350, Grand Cayman KY1-1108
Cayman Islands

COMPANY WEBSITE

www.tianyi.com.hk

Financial Summary

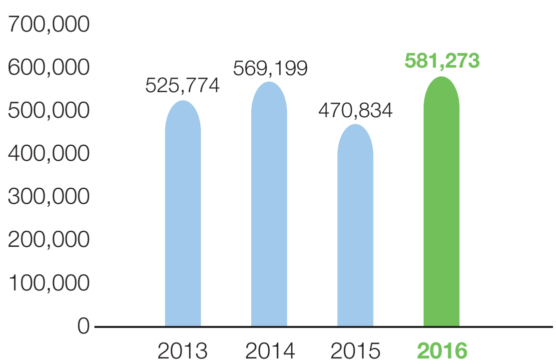
FOR THE YEAR ENDED 30 JUNE

FINANCIAL HIGHLIGHTS

	2016 RMB'000	2015 RMB'000	Change % (Approximately)
Consolidated statement of profit or loss and other comprehensive income			
Revenue	**581,273**	470,834	23.5%
Gross profit	**240,315**	170,198	41.2%
Gross profit margin	**41.3%**	36.1%	5.2pp
EBITDA	**130,465**	145,162	(10.1%)
Profit for the year	**62,870**	78,025	(19.4%)
Basic EPS (RMB cents)	**4.69**	5.80	(19.1%)
Proposed final dividend (HK cents per share)	**1.5**	–	N/A
Consolidated statement of financial position			
Total cash and bank deposits	**578,201**	612,922	(5.7%)
Inventories	**61,355**	69,344	(11.5%)
Trade receivables	**124,102**	78,590	57.9%
Bank loans	**575,656**	544,794	5.7%
Net assets value	**1,680,450**	1,645,701	2.1%

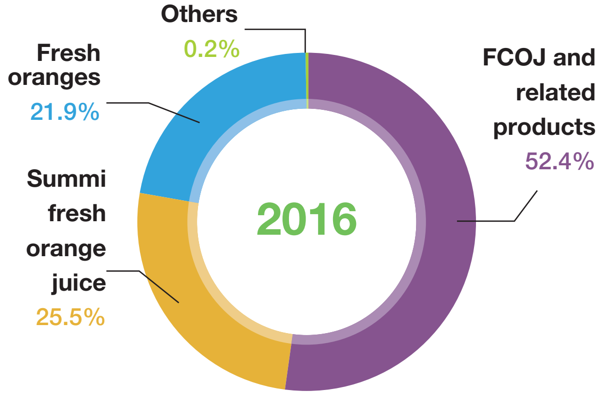
REVENUE

(RMB'000)



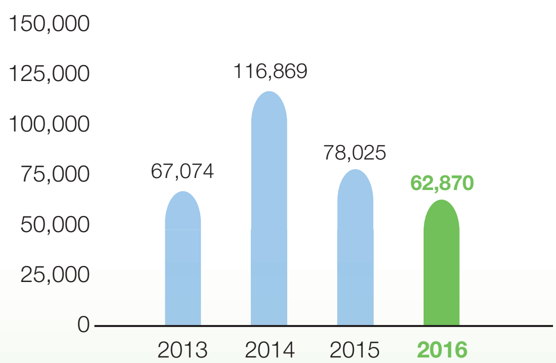
REVENUE BREAKDOWN

(Approximate percentage)



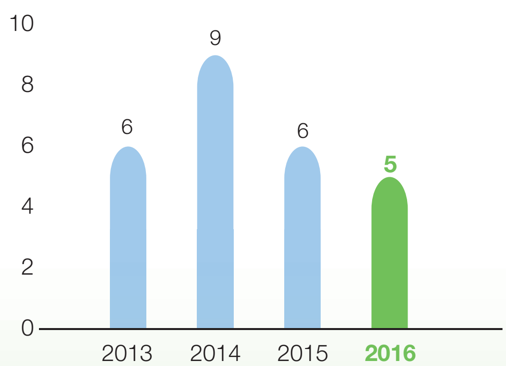
NET PROFIT

(RMB'000)



BASIC EPS

(RMB cents)



Chairman's Statement

I am very pleased to present to the shareholders (the "Shareholders") of Tianyi (Summi) Holdings Limited (the "Company") the annual report of the Company and its subsidiaries (collectively, the "Group") for the year ended 30 June 2016 (the "Reporting Period").

This year, the Group has continuously implemented the strategies of upgrade and transformation, and leveraged Summi fresh orange juice as a new driver for the business growth of the Group. Since the Group launched Summi fresh orange juice at the beginning of 2015, it has gained wide recognition from the retail market. Thanks to the Group's efforts in marketing, its sales network has steadily expanded and Summi fresh orange juice is now available at high-end supermarkets and convenience stores in the major cities in Mainland China and Hong Kong. The Group is confident that as Summi fresh orange juice gradually gains market recognition, the segment of Summi fresh orange juice will become a new source of profit growth of the Group.

On the other hand, as the futures price of international frozen concentrate orange juice ("FCOJ") stabilised during the Reporting Period, the sales of FCOJ and related products have experienced a slight rebound. Furthermore, I have noticed that the futures price of international FCOJ is recovering in recent months, the Group is optimistic about the sales of FCOJ and related products in the next year.

During the Reporting Period, the harvest volume of fresh orange of the Group remained stable, but the wholesale price of orange in the domestic market of China declined from the peak in last year, and in turn, the sales of orange decreased as compared with last year. The Group expects that as the orange trees in the plantations of 70,000 mu commenced operation by the end of 2016, the harvest volume of fresh oranges will increase in the coming year.

The net profit of the Group amounted to approximately RMB62,870,000, representing a decrease of approximately 19.4% as compared with the corresponding period of last year. The decrease in profit for the Reporting Period was due to the reason that in the previous financial year, there was an one-off gain on early redemption of convertibles bonds, which amounted to approximately RMB23,342,000. Excluding this one-off gain item, the Group managed to record an increase of approximately 15.0% in its operating profit as compared with the previous financial year.

The Group strived to generate continuous and stable return for the Shareholders. Therefore, the board (the "Board") of directors (the "Directors") of the Company recommended the payment of final dividend of HK$0.015 per share of the Company.

Looking forward, I am confident that green healthy drinks will be the future beverage development focus in China and the Group has been working hard towards this direction. By virtue of the Group's abundant experience and strength of over 20 years as well as its reputation in the industry over the years, I have full confidence in the business of Summi fresh orange juice and believe that our professional team will be able to succeed and build up a well-known brand name of fresh orange juice.

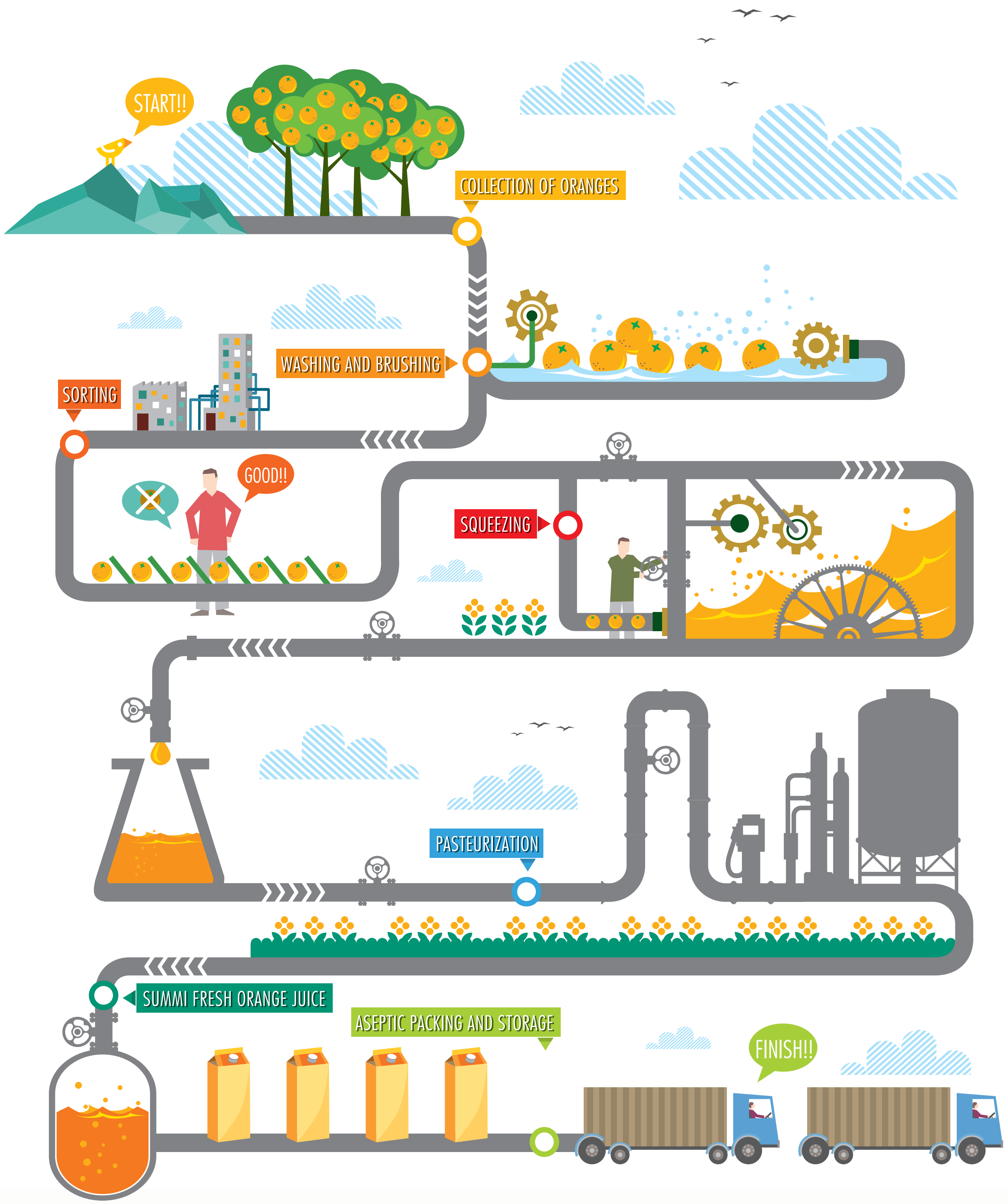
APPRECIATION

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

Sin Ke
Chairman

Hong Kong, 26 September 2016

Management Discussion and Analysis



Management Discussion and Analysis

BUSINESS REVIEW AND PROSPECT

The Group is principally engaged in manufacturing and selling of Summi fresh orange juice, FCOJ and its related products and fresh oranges. The Group has a total of five highly efficient production plants which are strategically located in China's major citrus growing areas (Chongqing, Fujian and Hunan). It adopts an integrated business model and is one of the few orange juice processors operating its own upstream orange farms. The Group expects that, as consumers gradually realise the nutritional value and positive effects of not-from-concentrate orange juice to health, Summi fresh orange juice, as one of the few orange juice brands in the market that is under strict management from the source, juicing to production management technology, is set to become a leading brand, which is a key step of achieving the Group's long-term strategy.

Management Discussion and Analysis

Breakdown of revenue by product for the years ended 30 June 2016 and 2015 are set out as follows:

	2016		2015	
	RMB'000	**percentage of total revenue**	RMB'000	percentage of total revenue
Summi fresh orange juice	**148,334**	**25.5%**	13,292	2.8%
FCOJ and related products	**304,497**	**52.4%**	280,044	59.5%
Fresh oranges	**127,200**	**21.9%**	146,069	31.0%
Other products	**1,242**	**0.2%**	31,429	6.7%
	581,273	**100.0%**	470,834	100.0%

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 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 and 7-11 convenience store 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 stabilise 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 spare no effort 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.

FCOJ and related products

Breakdown of revenue by products in respect of the FCOJ and related products for the years ended 30 June 2016 and 2015 are set out as follows:

	2016 **RMB'000**	2015 RMB'000
FCOJ	**181,259**	171,349
Orange Pulp	**122,506**	94,267
Orange Fibre	**732**	14,428
	304,497	280,044

The sales of the Group's FCOJ and related products included FCOJ, orange pulp and orange fibre. As the futures price of international FCOJ stabilised during the year, it is encouraging that the sales volume of the Group's FCOJ recorded a mild rebound as compared with last year, which was mainly attributable to the increase in sales volume from major clients. The Group expects that the demand of FCOJ will remain stable and generate a stable revenue for the Group. On the other side, the strong demand from the Group's major clients has been favourable to the sales of orange pulp, which increased by approximately 30.0% as compared with last year. During the year, the Group commenced the business of orange juice pulp exports, and has been actively identifying potential new clients in a bid to further enlarge the sales of orange pulp in the following year.

Sales volume of FCOJ and related products increased from approximately 27,350 tonnes for the last year to approximately 27,866 tonnes for the current financial year and the sales amounts increased by approximately 8.7% from approximately RMB280,044,000 for the last year to approximately RMB304,497,000 for the current year.

Fresh oranges

The Group operates approximately 146,000 mu (equivalent to approximately 97.3 km^2) of orange plantations with orange trees in Kaizhou, Chongqing, and the oranges harvested from these plantations are used for selling as premium fresh oranges or as raw materials for producing Summi fresh orange juice and FCOJ and related products by the Group according to their grades. During the Reporting Period, the harvest volume of the Group's own plantations in Chongqing remained stable and the sales of the fresh oranges amounted to approximately RMB127,200,000, representing a decrease of approximately 12.9% as compared with last year. With the orange trees in the plantations of nearly 70,000 mu which will reach their maturity in 2016 and the first lot of fresh oranges will be harvested by the end of 2016, the Group expects that the harvest volume of fresh oranges will increase in the financial year of 2017.

During the Reporting Period, the total volume of the fresh oranges harvested by the Group was approximately 126,780 tonnes, representing a slight decrease of approximately 6.3% as compared with approximately 135,357 tonnes for the last year and of which approximately 63,600 tonnes (2015: approximately 56,888 tonnes) of fresh oranges with superior quality were sold directly to local agricultural wholesalers. During the Reporting Period, the average selling price of premium fresh oranges was approximately RMB2,000 per tonne, representing a decrease of approximately 23.1% as compared with approximately RMB2,600 per tonne for the last year.

Other products

The Group's other products included orange residue, orange baking fillings and grapefruit juice processing. During the Reporting Period, sales of other products sharply decreased by approximately 96.0% from approximately RMB31,429,000 for the last year to approximately RMB1,242,000 in the current year.

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 years ended 30 June 2016 and 2015 are set out as follows:

	2016 Approximate tonnes	2015 Approximate tonnes
Output of fresh oranges from self-operated orange plantations		
– Fresh oranges for sale	**63,600**	56,888
– Producing Summi fresh orange juice	**23,443**	21,955
– Producing FCOJ and related products	**39,737**	56,514
	126,780	135,357
Purchases of fresh oranges for producing FCOJ and related products	**127,183**	112,984
Total consumption of fresh oranges	**253,963**	248,341

Gross profit

During the Reporting Period, the Group's gross profit increased by approximately 41.2% to approximately RMB240,315,000 as compared to approximately RMB170,198,000 for the last year. The gross profit margin of the Group increased to approximately 41.3% (2015: approximately 36.1%).

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

Gain from changes in fair value of biological assets less costs to sell represents the net increase of fair value of the oranges when the Group's oranges become mature and are harvested. During the Reporting Period, the Group's net gain from changes in fair value of biological assets was approximately RMB31,857,000 (2015: approximately RMB30,178,000).

Selling, distribution costs and administrative expenses

Selling and distribution costs of the Group are mainly comprised of marketing expenses such as costs of free tasting, promotion events costs and transportation costs. The selling and distribution costs increased from approximately RMB20,731,000 for the last year to approximately RMB98,543,000 for the Reporting Period. Substantial increase in selling and distribution costs was attributable to the marketing expenses of Summi fresh orange juice.

The Group's administrative expenses mainly included general office administrative expenses, salaries, amortisation, etc. The administrative expenses increased by approximately 1.3% from approximately RMB82,037,000 for the last year to approximately RMB83,108,000 for the Reporting Period.

Other operating expenses

During the Reporting Period, the Group's other operating expenses were approximately RMB12,712,000 (2015: approximately RMB1,619,000). The increased amount mainly comprised of the expenses for granting new share options to the employees during the Reporting Period.

Finance costs

During the Reporting Period, the Group's finance costs were approximately RMB22,570,000 (2015: approximately RMB32,733,000).

Tax expenses and tax rate

The Group has been granted PRC enterprise income tax exemption for its orange juice processing business since 1 January 2011. As the Group has already been exempted from PRC enterprise income tax for its fresh orange cultivation and sales of fresh orange business, the Group has not been subject to any PRC enterprise income tax of its business since 1 January 2011. Most of the Group companies' business is exempted from the PRC enterprise income tax for the Reporting Period.

Net profit

During the Reporting Period, the Group's net profit decreased by approximately 19.4% to approximately RMB62,870,000 as compared to approximately RMB78,025,000 for the last year.

LIQUIDITY, FINANCIAL RESOURCES, GEARING AND CAPITAL STRUCTURE

Held-to-maturity investments

As at 30 June 2016, held-to-maturity investments amounted to approximately RMB17,137,000 (2015: approximately RMB15,993,000).

Liquidity

As at 30 June 2016, current assets amounted to approximately RMB942,103,000 (2015: approximately RMB791,382,000). Current liabilities were approximately RMB471,936,000 (2015: approximately RMB296,985,000).

Financial resources

As at 30 June 2016, the Group had cash and cash equivalents and pledged bank deposits of approximately RMB450,443,000 (2015: approximately RMB430,922,000) and approximately RMB127,758,000 (2015: approximately RMB182,000,000) respectively and total bank loans of approximately RMB575,656,000 (2015: approximately RMB544,794,000).

As at 30 June 2016, trade receivables were approximately RMB124,102,000 (2015: approximately RMB78,590,000) and inventories were approximately RMB61,355,000 (2015: approximately RMB69,344,000).

Gearing

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

	2016	2015
Quick ratio (x)	**1.7**	2.1
Current ratio (x)	**2.0**	2.7
Gearing ratio (note (a))	**34.3%**	33.1%

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

Capital structure

As at 30 June 2016, the total number of issued Shares was 1,347,860,727 shares. Based on the closing price of HK$0.86 per share as at 30 June 2016, the Company's market capitalisation as at 30 June 2016 was HK$1,159,160,225.22.

FOREIGN EXCHANGE EXPOSURE

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

PLEDGE OF ASSETS

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

	2016 RMB'000	2015 RMB'000
Held-to-maturity investment	**17,137**	15,993
Property, plant and equipment	**94,969**	106,977
Land use rights	**14,734**	15,105
Pledged bank deposits	**127,758**	182,000
	254,598	320,075

Management Discussion and Analysis

CONTINGENT LIABILITIES

As at 30 June 2016, the Group had no material contingent liabilities (2015: nil).

CAPITAL EXPENDITURE

During the Reporting Period, the Group's capital expenditure amounted to approximately RMB156,083,000 (2015: approximately RMB150,810,000) which was used for acquisition of properties, plants, equipment and lease prepayments for orange plantations in Chongqing.

ORANGE PLANTATIONS AND PLANTS

Orange plantations

The Group operates approximately 76,000 mu (equivalent to 50.67 km^2) of orange plantations with fruit trees and approximately 70,000 mu (equivalent to 46.67 km^2) of orange plantations under construction in Kaizhou, Chongqing. The Group expects that all of the plantations under construction will be duly operated at the end of 2016.

Management Discussion and Analysis

Productivity of self-operated orange plantations

	2016	2015
Area of self-operated orange plantations with matured fruit trees	**76,000 mu**	76,000 mu
Average output per mu	**1.7 tonnes**	1.8 tonnes
Area of self-operated orange plantations under construction	**70,000 mu**	70,000 mu
Total area of self-operated orange plantations	**146,000 mu**	146,000 mu

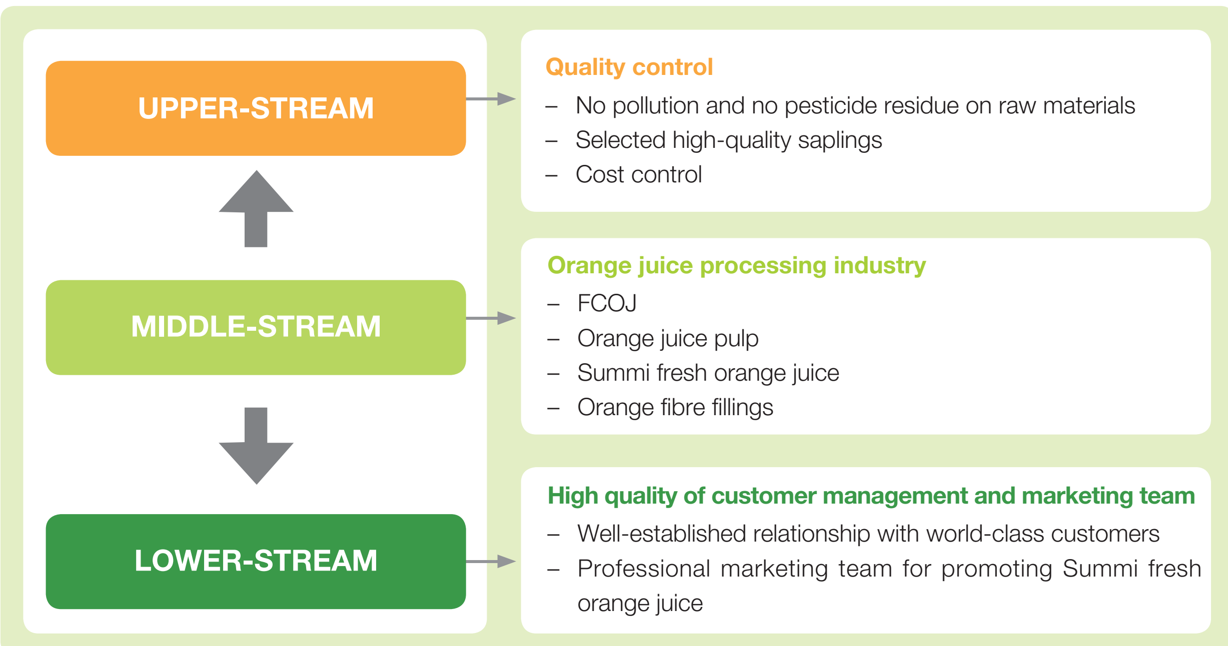
Production facility

The Group has a total of four highly efficient concentrate orange juice production plants and a Not-From-Concentrate orange juice production plant, which are strategically located in China's major citrus growing areas, namely 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 from the customers. The involved production process is closely based on the understanding by the Group in the design and manufacturing process including years of research and development 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 farms to enhance the value chain.



Management Discussion and Analysis

HUMAN RESOURCES AND REMUNERATION POLICY

As at 30 June 2016, the Group employed 964 employees (2015: 1,029 employees). The Group offered competitive remuneration package, discretionary bonuses and social insurance benefits to its employees. In addition, a share option scheme (the "Scheme") has been adopted on 7 June 2008 for, among others, the employees of the Group. The limit in respect of shares that may be issued pursuant to the exercise of all share options granted under the Scheme has been refreshed on 5 November 2012.

The remuneration to members of senior management of the Company (i.e. executive directors and senior management of the Company as disclosed in the section headed "Board of Directors and Senior Management" in this annual report) is within the following bands:

Remuneration Bands	Number of Senior Management
Nil to HK$1,000,000 (equivalent to nil to RMB832,000)	6
HK$1,000,001 to HK$1,500,000 (equivalent to RMB832,001 to RMB1,247,000)	2
HK$1,500,001 to HK$2,000,000 (equivalent to RMB1,247,001 to RMB1,664,000)	1
HK$2,000,001 to HK$2,500,000 (equivalent to RMB1,664,001 to RMB2,080,000)	1
HK$2,500,001 to HK$3,000,000 (equivalent to RMB2,080,001 to RMB2,496,000)	1

Board of Directors and Senior Management

DIRECTORS AND SENIOR MANAGEMENT

Executive Directors

Mr. Sin Ke (辛克), aged 55, is an executive Director, the chairman of the Board, chief executive officer of the Company and the president of the Company. Mr. Sin has been involved in managerial and supervisory role in the Group from its establishment in 1993. Through which, Mr. Sin has gained more than 20 years of experience in the frozen concentrated juice industry. From 1982 to 1993 he was involved in the sales, manufacturing and administration of beverage, health products and pharmaceutical products. He was appointed as the honorary chairman of the Fujian Sports United Association of Macau (澳門福建體育聯合會), the committee member of Hui'An Province Committee of the Chinese People's Political Consultative Conference (中國人民政治協商會議惠安縣委員會), the council member of the Beverage Industry Association of China (中國飲料工業協會), and the deputy chairman of the Fruit Trading Association of China (中國果品流通協會). Mr. Sin is the elder brother of Mr. San Kwan, another executive Director of the Company. Mr. Sin is also a member of the Remuneration Committee and the chairman of the Nomination Committee of the Company.

Mr. Sin is the director of Rich Anges Limited (裕佳有限公司), Sunshine Vocal Limited, Potel Limited (邦天有限公司), Manwell (China) Limited (萬華（中國）有限公司), Chongqing Shangguo Agriculture and Technology Co., Ltd (重慶尚果農業科技有限公司), Chongqing Tianbang Food Co., Limited (重慶天邦食品有限公司), Sanming Summi Food Co., Limited (三明森美食品有限公司) and Summi (Fujian) Food Co., Limited (森美（福建）食品有限公司) ("Summi (Fujian)"), all of which are wholly-owned subsidiaries of the Company.

Mr. Sin is also the director of Cheer Sky Limited (捷佳有限公司) ("Cheer Sky") and Key Wise Group Limited (建威集團有限公司) ("Key Wise"), all of which are companies having an interest in the shares of the Company.

Save as disclosed above, Mr. Sin did not hold any directorship in other public companies the securities of which are listed on any securities market in Hong Kong or overseas in the last three years or any other position in the Company and other members of the Group or other major appointments and professional qualifications.

Mr. San Kwan (辛軍), aged 48, is an executive Director of the Company. He joined the Group as a director of Summi (Fujian) in March 2005. He is responsible for assisting the chairman and the chief executive officer of the Company in supervising the management of the Company. Mr. San Kwan is the younger brother of Mr. Sin Ke. From 1994 to 2006 he was the vice general manager of a company in Quanzhou, Fujian and was responsible for sales and marketing activities. Through which, Mr. San Kwan has gained experience in business.

Mr. San is also the director of Chongqing Tianbang Food Co., Limited (重慶天邦食品有限公司) and Summi (Fujian), both of which are wholly-owned subsidiaries of the Company.

Save as disclosed above, Mr. San did not hold any directorship in other public companies the securities of which are listed on any securities market in Hong Kong or overseas in the last three years or any other position in the Company and other members of the Group or other major appointments and professional qualifications.

Board of Directors and Senior Management

Non-Executive Director

Mr. Tsang Sze Wai Claudius (曾思維), aged 38, has entered the financial services industry since 1998 and served various positions in Korean Development Bank and Chinachem Group. Mr. Tsang has also managed private equity projects in Hong Kong, China, Taiwan and the United States for Lehman Brothers. Mr. Tsang first joined Templeton Asset Management Limited in 2005 and rejoined in 2008, he was senior vice president and senior executive director, responsible for analyzing and evaluating opportunities for strategic equity investment in North Asia, including China, Hong Kong and Taiwan. Mr. Tsang is currently a non-executive Director of Real Nutriceutical Group Limited, a company listed in Hong Kong (Stock code: 2010). Mr. Tsang obtained his bachelor degree of engineering from The Chinese University of Hong Kong in 1998 and bachelor degree of law from Tsinghua University in 2006. He is also a holder of a Chartered Financial Analyst charter of the CFA Institute.

Templeton Asset Management Limited is the manager of Templeton Strategic Emerging Markets Fund IV, LDC, a shareholder of the Company which, as at the Latest Practicable Date, held 103,888,000 Shares, representing about 7.70% of the existing issued share capital of the Company.

Save as disclosed above, Mr. Tsang did not hold any directorship in other public companies the securities of which are listed on any securities market in Hong Kong or overseas in the last three years or any other position in the Company and other members of the Group or other major appointments and professional qualifications.

Independent Non-Executive Directors

Mr. Zeng Jianzhong (曾建中), aged 57, is an independent non-executive Director of the Company. He joined the Group in September 2011. Mr. Zeng has been a director and the deputy general manager of SVXM Pharma Inc. (博分(廈門)醫藥研發有限公司) since April 2007, responsible for general management. Mr. Zeng has about 7 years of experience in the food and beverage industry as a deputy general manager of Xiamen Luquan Industries General Co. Ltd. (廈門綠泉實業總公司) ("Xiamen Luquan") from October 2001 to March 2007, during which, he also acted as a director and/or a manager in various food and beverage companies including Swire Coca-Cola Beverages Xiamen Limited (廈門太古可口可樂飲料有限公司), Xiamen Huari Foods Industrial Ltd (廈門華日食品有限公司) and Xiamen Huarong Food Company Limited (廈門華榮食品有限公司), a subsidiary of Xiamen Luquan. Prior to those, he had worked in Xiamen Sanjuan Rihua Company Limited (廈門三圈日化有限公司) ("Xiamen Sanjuan"), a company principally engaged in household chemical products business for around 16 years. His last position at Xiamen Sanjuan and its subsidiary, Xiamen Xinsanyang Industrial Limited (廈門新三陽實業有限公司) was deputy general manager, and director and general manager respectively. Mr. Zeng graduated from University of Xiamen (廈門大學) majoring in electro chemistry in July 1982. In January 1997, he completed his postgraduate course in Business Administration in the Postgraduate College of Xiamen University. He also obtained a degree of master in Business Administration from the University of Northern Virginia in June 2003. Mr. Zeng is a member of both the Audit Committee and Nomination Committee of the Company.

Save as disclosed above, Mr. Zeng did not hold any directorship in other public companies the securities of which are listed on any securities market in Hong Kong or overseas in the last three years or any other position at the Company and other members of the Group or other major appointments and professional qualifications.

Mr. Zhuang Weidong (莊衛東), aged 48, is an independent non-executive Director of the Company. He joined the Group in 2008. Mr. Zhuang graduated from the Agricultural College, Fujian (福建農學院) in 1991 specializing in planting of fruit trees and has served as a senior orchard gardener in Quanzhou Agricultural Science Research Centre (泉州市農業科學研究所) since 2003. He has received the Third Prize in the Technology Advance Award of Quanzhou City (泉州市科學技術進步三等獎) and the Second Prize in the Technology Award of Fujian Province (福建省科學技術二等獎). Mr. Zhuang is a member of the Audit Committee, the Nomination Committee and the Remuneration Committee of the Company.

Save as disclosed above, Mr. Zhuang did not hold any directorship in other public companies the securities of which are listed on any securities market in Hong Kong or overseas in the last three years or any other position with the Company and other members of the Group or other major appointments and professional qualifications.

Mr. Zhuang Xueyuan (莊學遠), aged 53, is an independent non-executive Director of the Company. He joined the Group in 2008. Mr. Zhuang is a senior accountant accredited by the Assessing Panel of High Level Duties of Professional Accountants of Fujian Province (福建省會計專業人員高級職務評審委員會) in 2002. Mr. Zhuang had worked with Fujian Quanzhou Resources Group Company (福建泉州物資集團公司) from 1982 to 2000 where he had served as, among other roles, the accountant of the finance department in charge of the accounting issues of the company. Through which, Mr. Zhuang has gained about 18 years of experience in accounting and auditing. He has served as a manager and then as a director of State-owned Assets Investment Company Limited of Luo Jiang District of Quanzhou City (泉州市洛江區國有資產投資經營有限公司). He has also served as a director of Tang Xi Industrial Park Construction and Development Company Limited in Wan An Development Zone of Quanzhou City (泉州市萬安開發區塘西工業園建設開發有限公司), a supervisor of Luo Jiang Foreign Trade Company Limited (洛江區對外貿易有限公司) and a legal representative of He Shi Chemist at Luo Jiang District of Quanzhou City (泉州市洛江區河市醫藥店). Mr. Zhuang is a chairman of both Audit Committee and the Remuneration Committee of the Company.

Save as disclosed above, Mr. Zhuang did not hold any directorship in other public companies the securities of which are listed on any securities market in Hong Kong or overseas in the last three years or any other position at the Company and other members of the Group or other major appointments and professional qualifications.

Board of Directors and Senior Management

SENIOR MANAGEMENT

Mr. Hsu Mi-Chien (許彌堅), aged 55, is the Chief Operating Officer of the Company and a President of the Group's Summi fresh orange juice Division. He is responsible for the brand building, the market operations strategic management and market development of the Group's existing products and Summi fresh orange juice. He joined the Group in July 2014. Mr. Hsu graduated from Oxford College in Taipei Tamsui (Aletheia University) and received his bachelor degree in Business Administration Department of Tourism in 1985. After graduation, Mr. Hsu has served as senior sales management in two large trading companies (Tait & Co., Ltd. and EAC, East Asiatic Company) in Taiwan and American Mars Foods Co., Ltd., Taiwan Branch. He traveled to China for further career development, from 2003 to 2006, Mr. Hsu served as the Associate of sales and marketing department of the business sector in Southern, Central and Northern China in Ting Hisin International Group. He was responsible for optimisation of the execution of brand strategy and regional strategy, and also the enhancement of brand in the market share in Central China. During 2007 to 2009, Mr. Hsu has worked in Gold Hongye Paper (Suzhou Industrial Park) Co., Ltd. (金紅葉紙業(蘇州工業園區)有限公司) of Sinar Mas Group (APP) and Youge Biology Science and Technology Co., Ltd. as a general manager, director and other key positions. Mr. Hsu served as a general manager in South China Region and general manager Division of Drinks of Beijing Huiyuan Group Food & Beverage Co. From 2009 to 2013, and was responsible for new product development, brand building, marketing operations management and organisational planning strategy, reform and integration of the existing operators and regional improvement. From 2013 to June 2014, Mr. Hsu worked in Sugere Daily Chemicals Co., Ltd. as general manager of marketing centers, responsible for enhancement of marketing system and management of the company. He has been engaged in business management and marketing management related work since graduation and has gained more than 20 years of experience in this industry.

Save as disclosed above, Mr. Hsu did not hold any directorship in other public companies the securities of which are listed on any securities market in Hong Kong or overseas in the last three years or any other position at the Company and other members of the Group or other major appointments and professional qualifications.

Mr. San Wang (辛宏), aged 30, is the Deputy chief executive officer of the Company. Mr. San graduated from Fujian Huaqiao University majoring in Business Administration. He joined the Group in 2012 with the responsibility to assist the Chief Executive Officer in developing the Group's sales and marketing strategies and operations. He was appointed as the Deputy Chief Executive Officer of the Company in February 2016. He is the son of Mr. Sin Ke.

He is the director of Summi (HK) Asia Limited, which is wholly-owned subsidiary of the Company.

Save as disclosed above, Mr. San did not hold any directorship in other public companies the securities of which are listed on any securities market in Hong Kong or overseas in the last three years or any other position with the Company and other members of the Group or other major appointments and professional qualifications.

Mr. Xu Min (許民), aged 48, is an engineer of the Group and is responsible for the production and technology of the Group. Mr. Xu joined the Group in July 2010. He graduated from Harbin Institute of Technology and obtained a bachelor degree in Engineering. From 1989 to 1996, he was engaged in gyropilot research at Sichuan Airlines Tianbu 7301 Research Centre (四川航空航天部7301研究所) and had been granted the title of Intermediate Engineer. From 1997 to 2000, he worked for Hainan Oasis Food Company Limited (海南綠州食品有限公司) as a deputy general manager and was in charge of processing and sales of tropical fruits. From 2000 to 2004, he worked as a factory deputy director in the Beijing Huiyuan Huairou Factory and was responsible for processing PET beverage. From 2004 to 2009, he worked for Zhejiang Huzhou Weiyuan Food and Beverage Company Limited (浙江湖州味源食品飲料有限公司) as an executive vice director and was responsible for processing and sales of fruits and vegetables such as carrot, lime, etc.

Save as disclosed above, Mr. Xu did not hold any directorship in other public companies the securities of which are listed on any securities market in Hong Kong or overseas in the last three years or any other position at the Company and other members of the Group or other major appointments and professional qualifications.

Mr. Ma Yu Heng (馬有恆), aged 46, is the executive vice president of the Company and is responsible for the corporate financing of the Company. He joined the Group in 2014. He graduated from Da-Yeh university, Taiwan and obtained a master degree in Business Administration. Before joining the Company, Mr. Ma had held a management position in Fubon Bank. He had worked in the banking industry for more than 20 years and has extensive experience in financial management and corporate finance.

Save as disclosed above, Mr. Ma did not hold any directorship in other public companies the securities of which are listed on any securities market in Hong Kong or overseas in the last three years or any other position at the Company and other members of the Group or other major appointments and professional qualifications.

Mr. Lee Kwok Lun, (李國麟), aged 33, is the financial controller and company secretary of the Company. He joined the Group and was appointed as the company secretary and the authorized representative of the Company in 2015. Mr. Lee is a practising member of Hong Kong Institute of Certified Public Accounts, member of the Association of Chartered Certified Accountants and member of The Taxation Institute of Hong Kong. Before joining the Company, Mr. Lee worked in KPMG as an audit manager. He has extensive experience in audit, accounting and financial management.

Save as disclosed above, Mr. Lee did not hold any directorship in other public companies the securities of which are listed on any securities market in Hong Kong or overseas in the last three years or any other position at the Company and other members of the Group or other major appointments and professional qualifications.

Report of the Directors

The Directors have pleasure in presenting their annual report together with the audited consolidated financial statements of the Group for the Reporting Period.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of its subsidiaries are set out in note 23 to the consolidated financial statements. There was no significant change in nature of the Group's activities during the Reporting Period.

BUSINESS REVIEW

Discussion and analysis of the principal activities of the Group are set out in business review section on pages 5 to 14. The analysis of the operations of the Group during the Reporting Period are set out in note 7 to the consolidated financial statements.

ENVIRONMENT POLICIES AND PERFORMANCE

The Group is committed to contributing to the sustainability of the environment and has implemented certain policies to minimise the impact on the environment from its business activities.

The Group strives for making continuous improvements by introducing more environmental friendly policies in our production facilities and offices to enhance energy efficiency, reduce consumption of resources and greenhouse gas emission. In respect of the Group's self-operated plantations, during the Reporting Period, the Group has implemented the sustainable agricultural guiding principles issued by one of the Group's major customers with a view to protecting soil, conserving water, and minimising greenhouse gas emissions to ensure our agricultural produce is sustainable.

COMPLIANCE WITH LAWS AND REGULATIONS

The Group's business is mainly conducted through the Company's subsidiaries in the PRC and the shares of the Company are listed on the Stock Exchange. As such, the establishment and operation of the Group is subject to the relevant laws and regulations in the PRC and Hong Kong. During the year ended 30 June 2016 and up to the date of this report, the Group's operation has been in compliance with all relevant laws and regulations in the PRC and Hong Kong in all material respects.

PRINCIPAL RISKS AND UNCERTAINTIES

Heavy reliance on the sale to a few of our customers

We do not have long-term contractual arrangements with our major customers. There is no assurance that our major customers will continue their business dealings with us or that the income generated from dealings with them will increase or be maintained in the future. Any cessation of, or substantial reduction in the volume of business with any of our major customers could adversely affect the financial performance or profitability and our prospects.

Natural disaster

Our business may be interrupted or otherwise affected by natural disasters, such as floods, drought, snow storm, and earthquakes that could cause material shortage in the supply of oranges, which are the key raw material for the production of our products, or damage our production facilities. The occurrence of natural disasters that interrupt or affect our business would have an adverse effect on our operating results.

Report of the Directors

Leasing of orange farms

All of our orange farms are leased by us. We face risks related to the breach of the orange farm leases by the farmer-households and the relevant villagers' committees. The lessor under any of the leases may act in breach of their obligations under the relevant lease agreement, or decide not to renew the lease upon the expiry of its terms. Though we have the right of first refusal to renew the leases, there is no guarantee that we can reach an agreement on the renewal of lease with the respective lessor. All of the orange farm leases provide that the lessor will have the right to terminate the lease should we fail to operate the orange farm in accordance with the respective orange farm lease, abandon the orange farms, cause damage to the chattels on the orange farms or fail to pay rents as they fall due. We have prepaid the rentals of all the leases and there has been no termination of any leases during the Reporting Period. Should the lessors terminate a lease with us without cause, we can only rely on general contract law principles to recover the balance of any prepayment made and to seek damages in compensation for the wrongful termination. Our operation may be adversely affected.

Compliance with PRC environmental protection regulations

We carry on business in an industry which is subject to PRC environmental protection law and regulations. Enterprises engaged in food production should comply with the law and regulations concerning environmental protection. If an enterprise fails to report or provide false information about the environmental pollution caused by it, it will receive a warning or be penalized. Failure to eliminate or control pollution within the required timeframe may result in the payment of a fee for excessive discharge; or imposition of a fine; or suspension or close down of the operation. We have been complying with the relevant PRC environmental protection law and regulations. Nevertheless, there can be no assurance that the PRC government will not change the existing law and regulations or make additional or stricter law and regulations on environmental protection, compliance of which may cause us to incur significant capital expenditures. There is no assurance that we will be able to comply with any such law and regulation as may be amended or promulgated in the future.

RESULTS AND DIVIDENDS

The results of the Group for the year ended 30 June 2016 are set out in the consolidated statement of profit or loss and other comprehensive income on page 43.

No interim dividend was paid or declared in respect of the Reporting Period (2015: nil).

The Board has recommended the declaration of a final dividend of HK$0.015 per ordinary share (2015: nil) for the Reporting Period subject to the approval of the Shareholders at the forthcoming annual general meeting of the Company.

SUMMARY OF FINANCIAL INFORMATION

A summary of the published results and assets and liabilities of the Group for the last five financial years is set out on page 116. This summary does not form part of the audited consolidated financial statements.

MAJOR CUSTOMERS AND SUPPLIERS

For the Reporting Period, the aggregate purchases attributable to the Group's largest supplier and the five largest suppliers in aggregate accounted for 8.1% and 15.7% respectively of the Group's total purchases during the year ended 30 June 2016. Revenue attributable to the Group's largest customer and the five largest customers in aggregate accounted for 21.9% and 66.0% respectively of the Group's total revenue during the Reporting Period.

None of the Directors or any of their associates or any Shareholders (which, to the best knowledge of the Directors, own more than 5% of the Company's issued share capital) had any interest in the Group's five largest customers and suppliers.

Report of the Directors

NON-CURRENT ASSETS

Property, plant and equipment

Details of movements during the Reporting Period in the property, plant and equipment of the Group are set out in note 17 to the consolidated financial statements.

Land use rights

Details of movements during the Reporting Period in land use rights of the Group are set out in note 18 to the consolidated financial statements.

Intangible assets

Details of movements during the Reporting Period in intangible assets of the Group are set out in note 21 to the consolidated financial statements.

SHARE CAPITAL

Details of movements in the share capital of the Company during the Reporting Period are set out in note 39 to the consolidated financial statements.

RESERVES

Details of movements in the reserves of the Group during the Reporting Period are set out in the consolidated statement of changes in equity on page 46.

As at 30 June 2016, the Company had reserves of approximately RMB342,782,000 (2015: approximately RMB372,074,000) available for distribution to the Shareholders.

DIRECTORS

The Directors during the Reporting Period and up to the date of this report were:

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

In accordance with Article 108(a) of the articles of association of the Company (the "Articles of Association"), at each annual general meeting, at least one-third of the Directors for the time being (or, if their number is not a multiple of three (3), the number nearest to but not less than one-third) shall retire from office by rotation provided that every Director shall be subject to retirement at an annual general meeting at least once every three years. Accordingly, Mr. Sin Ke and Mr. San Kwan will retire from office as Directors, being eligible, will offer themselves for re-election at the forthcoming annual general meeting of the Company.

Report of the Directors

Each of the independent non-executive Directors has made an annual confirmation of independence pursuant to Rule 3.13 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"). The Company considers that all the independent non-executive Directors meet the independence requirement set out in Rule 3.13 of the Listing Rules and are independent as at the date of this report.

BOARD OF DIRECTORS AND SENIOR MANAGEMENT

Biographical details of the Directors and senior management of the Group are set out on pages 15 to 19 of this annual report.

DIRECTORS' SERVICE CONTRACTS

Each of the executive Directors have entered into a service contract with the Company for a fixed term of 3 years unless terminated by not less than 3 months' notice in writing served by either party on the other.

Each of the independent non-executive Directors namely, Mr. Zhuang Xueyuan, Mr. Zhuang Weidong and Mr. Zeng Jianzhong has respectively entered into a service contract with the Company, unless terminated by not less than 3 months' notice in writing served by either party on the other. The contracts with Mr. Zhuang Xueyuan, Mr. Zhuang Weidong and Mr. Zeng Jianzhong are for a term of 2 years.

None of the Directors, including those to be re-elected at the forthcoming annual general meeting, has a service contract which is not determinable by the Company within one year without the payment of compensation (other than statutory compensation).

PERMITTED INDEMNITY PROVISION

The Articles of Association of the Company provides that the Directors, Managing Directors, alternate Directors, auditors, secretary and other officers for the time being of the Company acting in relation to any of the affairs of the Company shall be indemnified and secured harmless out of the assets of the Company from and against all actions, costs, charges, losses, damages and expenses which they or any of them shall or may incur or sustain by reason of any act done, concurred in or omitted in or about the execution of their duty or supposed duty in their respective offices. The Company has maintained appropriate Directors' liability insurance coverage for the Directors during the financial year ended 30 June 2016.

REMUNERATION POLICY

A remuneration committee of the Company (the "Remuneration Committee") has been set up for reviewing the Group's remuneration policy and structure for all remuneration of the Directors and senior management of the Group, having regard to the Group's operating results, individual performance and comparable market practices.

In order to attract and retain high quality talents to ensure smooth operation and cater for the Group's constant expansion, the Group offers competitive remuneration packages, with reference to market conditions and individual qualifications and experience.

During the Reporting Period, the employees' remuneration of the Group was approximately RMB103,523,000 (2015: approximately RMB86,576,000).

The Company has adopted a share option scheme as incentive to the Directors and eligible employees, details of the scheme are set out in the section headed "Share Option Scheme" below.

REMUNERATION OF DIRECTORS AND FIVE INDIVIDUALS WITH HIGHEST REMUNERATION

Details of the emoluments of the Directors and five individuals with highest remuneration are set out in notes 12 and 13 to the consolidated financial statements.

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 30 June 2016, interests and short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) ("SFO")) held by the Directors and chief executives of the Company which have been notified to the Company and the Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which were taken or deemed to have under such provisions of the SFO) or have been entered in the register maintained by the Company pursuant to section 352 of the SFO, or otherwise have been notified to the Company and the Stock Exchange pursuant to the Appendix 10 – Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") to the Listing Rules are as follows:

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

Name of Director and chief executive	Capacity/Nature	No. of Shares held/interested in	Approximate percentage of issued share capital of the Company
Mr. Sin Ke ("Mr. Sin")	Interest of controlled corporation *(Note 2)*	572,712,145 (L)	42.49%
	Beneficial owner *(Note 2)*	6,000,000 (L)	0.45%
	Beneficial owner *(Note 2)*	4,000,000 (L)	0.30%
Mr. San Kwan	Beneficial owner *(Note 3)*	8,000,000 (L)	0.59%
	Beneficial owner *(Note 3)*	2,000,000 (L)	0.15%

2. Interests and short position in the underlying Shares

Name of Director and chief executive	Capacity/Nature	No. of underlying Shares held/ interested in	Approximate percentage of issued share capital of the Company
Mr. Sin	Beneficial owner *(Note 2)*	103,888,000 (L)	7.71%

Notes:

1. The letters "L" denote a long position in the Shares/underlying Shares.

2. Mr. Sin was deemed (by virtue of the SFO) to be interested in 682,600,145 Shares. These shares were held in the following capacity:

   (i) 572,712,145 Shares were held by Key Wise which is a corporation controlled by Mr. Sin. Mr. Sin beneficially owned 51% interest in Cheer Sky which beneficially owned 49% interest in Key Wise which in turn, held 572,712,145 Shares.

   (ii) 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.

   (iii) The options to subscribe for 4,000,000 Shares were granted on 19 November 2015 under the share option scheme of the Company and were held by Mr. Sin in a beneficial owner capacity.

   (iv) 6,000,000 shares were held in the beneficial owner capacity.

3. Mr. San Kwan 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 Kwan in a beneficial owner capacity.

3. Long position in the ordinary shares of associated corporations

Name of Director	Name of the associated corporation	Capacity/Nature	No. of shares held	Percentage of interest
Mr. Sin	Key Wise	Interest of controlled corporation and interest of spouse	100,000	100%

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

Save as disclosed above, as at 30 June 2016, none of the Directors or chief executive of the Company had any interests or short positions in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would be required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, or which would be required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS IN SHARES AND UNDERLYING SHARES

As at 30 June 2016, as far as is known to the Directors, the following persons (not being a Director or chief executive of the Company) had interests or short positions in the Shares or underlying Shares which fell to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO:

Interests and short position in the Shares and underlying Shares

Name of Shareholder	Capacity/Nature	No. of Shares/ underlying Shares held/ interested in	Approximate percentage of issued share capital of the Company
Key Wise	Beneficial owner	572,712,145 (L)	42.49%
Cheer Sky	Interest of controlled corporation *(Note 2)*	572,712,145 (L)	42.49%
Ms. Hong Man Na	Interest of controlled corporation and interest of spouse *(Notes 3 & 4)*	682,600,145 (L)	50.64%
Templeton Strategic Emerging Markets Fund Iv, LDC ("Templeton")	(i) Beneficial owner (ii) Beneficial owner	103,888,000 (L) 103,888,000 (S)	7.71% 7.71%
Templeton Asset Management Limited	Investment manager *(Note 5)*	103,888,000 (L)	7.71%

Notes:

1. The letters "L" denote a long position and "S" denotes short position in the Shares/underlying Shares.

2. Cheer Sky beneficially owned 49% interest in Key Wise and Key Wise held 559,712,145 Shares. Therefore, Cheer Sky was deemed, or taken to be, interested in the 572,712,145 Shares held by Key Wise by virtue of the SFO.

3. Ms. Hong Man Na beneficially owned 51% interest in Key Wise. Mr. Sin was deemed to be interested in 103,888,000 Shares which held by Templeton as Mr. Sin shall not be liable to pay or shall be liable to pay a reduced amount of the relevant shortfall amount to Templeton if the Share price has increased to a prescribed price. Ms. Hong Man Na is the spouse of Mr. Sin. Therefore, Ms. Hong Man Na was deemed, or taken to be, interested in the 572,712,145 Shares held by Key Wise and the undertake of 103,888,000 Shares by Mr. Sin by virtue of the SFO.

4. Mr. Sin beneficially held 6,000,000 shares. Ms. Hong Man Na is the spouse of Mr. Sin. Therefore, Ms. Hong Man Na was deemed, or taken to be, interested in the 6,000,000 Shares held by Mr. Sin by virtue of the SFO.

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

5. As known to the Directors after making reasonable enquiries, as at 30 June 2016, Templeton Asset Management Limited is the investment manager of Templeton which in turn, held 103,888,000 Shares. Therefore, Templeton Asset Management Limited was deemed, or taken to be, interested in the 103,888,000 Shares held by Templeton by virtue of the SFO.

Save as disclosed above, and as at 30 June 2016, the Directors were not aware of any persons (who were not Directors or chief executive of the Company) who had an interest or short position in the Shares or underlying Shares which would 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' INTERESTS IN CONTRACTS

Save as disclosed in note 44 to the consolidated financial statements, no contracts of significance in relation to the Group's business to which the Company or any of its subsidiaries was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the Reporting Period.

MANAGEMENT CONTRACTS

No contracts concerning the management or administration of the whole or any substantial part of the business of the Company were entered into or existed during the Reporting Period.

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.

CONNECTED TRANSACTIONS, CONTINUING CONNECTED TRANSACTIONS AND RELATED PARTIES TRANSACTIONS

Connected transactions

During the Reporting Period, the Group had not entered into any connected transaction which is not exempt under Chapter 14A of the Listing Rules.

Continuing connected transactions

During the Reporting Period, the Group had not entered into any continuing connected transaction which is not exempt under Chapter 14A of the Listing Rules.

Related parties transactions

The material related party transactions in relation to the key management compensation as disclosed in Note 44 to the consolidated financial statements in this annual report are connected transactions exempt from reporting, announcement and independent shareholders' approval requirements pursuant to Rule 14A.95 of the Listing Rules.

Save as disclosed above, the Directors considered that those material related party transactions disclosed in note 43 to the financial statements did not fall or were exempted under the definition of "connected transactions" or "continuing connected transactions" (as the case may be) in Chapter 14A of the Listing Rules which requires compliance with any of the reporting, announcement or independent shareholders' approval requirements under the Listing Rules.

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

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

DIRECTORS' INTERESTS IN A COMPETING BUSINESS

During the Reporting Period, the Directors were not aware of any business or interest of the Directors or any substantial Shareholders (as defined under the Listing Rules) and their respective associates that had competed or might compete with the business of the Group and any other conflicts of interests which any such person had or might have with the Group.

SECURED BANK LOANS

Particulars of secured bank loans the Group as at 30 June 2016 are set out in note 32 to the consolidated financial statements.

RETIREMENT SCHEMES

Particulars of the retirement schemes and contributions to defined contribution plans of the Group are set out in notes 11 and 37 to the consolidated financial statements.

CODE OF CONDUCT REGARDING DIRECTORS' SECURITIES TRANSACTIONS

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

SHARE OPTION SCHEME

In order to attract and retain the eligible persons, to provide additional incentive to them and to promote the success of the business of the Group, the Company conditionally adopted a share option scheme (the "Scheme") on 7 June 2008 whereby the Board are authorised, at their absolute discretion and subject to the terms of the Scheme, to grant options to subscribe the Shares to, inter alia, any employees (full-time or part-time), directors, consultants, advisers, distributors, contractors, suppliers, agents, customers, business partners or service providers of the Group or any substantial Shareholder. The Scheme became unconditional on 10 July 2008 and shall be valid and effective for a period of ten years commencing on 7 June 2008, subject to the early termination provisions contained in the Scheme. The Scheme limit in respect of the grant of options to subscribe for Shares in the share capital of the Company under the Scheme has been refreshed by a resolution passed at the annual general meeting of the Company held on 5 November 2012.

An offer for the grant of options must be accepted within 7 days inclusive of the day on which such offer was made. The amount payable by each grantee of options to the Company on acceptance of the offer for the grant of options is HK$1.00. The subscription price of a Share in respect of any particular option granted under the Scheme shall be a price at the discretion of the Board, provided that it shall be at the highest of: (i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date of grant of the options; (ii) the average of the closing prices of the Shares as stated in the Stock Exchange's daily quotations sheets for the 5 business days immediately preceding the date of grant of the options; and (iii) the nominal value of the Shares on the date of grant of the options.

The Company shall be entitled to issue options, provided that the total number of Shares which may be issued upon exercise of all outstanding options to be granted under the Scheme and any other share option scheme of the Company does not exceed 10% of the Shares in issue on the date when the Scheme was refreshed by a resolution passed at the annual general meeting of the Company held on 5 November 2012. For details of the said refreshment of scheme limit, please refer to the circular and the announcement of the Company dated 25 September 2012 and 5 November 2012 respectively. The Company may at any time refresh such limit, subject to in compliance with the Listing Rules, provided that the total number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Scheme and any other share option scheme of the Company does not exceed 30% of the Shares in issue from time to time. The total number of Shares issued and to be issued upon exercise of options granted to any grantee (including both exercised and outstanding options) under the Scheme, in any 12-month period up to the date of grant shall not exceed 1% of the Shares in issue.

An option may be exercised at any time during a period which shall not exceed ten years from the date of grant subject to the provisions of early termination under the Scheme. There is no minimum period for which an option must be held before it can be exercised under the Scheme.

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

Category of participants	As at 1 July 2015	Granted during the Reporting Period	Exercised during the Reporting Period	Cancelled/ Lapsed during the Reporting Period	As at 30 June 2016	Date of grant of share options	Exercise period of share options	Exercise price of share options HK$	Share price of the Company as at the date of grant of share options* HK$
Director/ Chief executive									
Mr. Sin	–	4,000,000	–	–	4,000,000	19 November 2015	5 years from the date of grant	1.112	1.100
Mr. San Kwan	–	2,000,000	–	–	2,000,000	19 November 2015	5 years from the date of grant	1.112	1.100
Others 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 35 to the consolidated financial statements.

Report of the Directors

SHARE AWARD SCHEME

On 11 September 2015, the Company adopted the share award scheme (the "Share Award Scheme") under which the board of directors may, from time to time, award the Shares (the "Awarded Shares") to selected participants (including, without limitation, any Directors) of the Company or of any subsidiary (the "Selected Participant") pursuant to the terms of the trust deed of the Share Award Scheme. The Share Award Scheme shall be valid and effective for a period of ten years commencing on the adoption date.

The number of Awarded Shares permitted to be awarded under the Share Award Scheme throughout the duration of the Share Award Scheme is limited to 10% of the issued share capital of the Company as at the adoption date. The maximum aggregate number of Awarded Shares which may be awarded to a Selected Participant shall not exceed 1% of the issued share capital of the Company as at the adoption date.

Up to the date of this annual report, no Awarded Shares have been granted by the Board. Details of the Share Award Scheme are set out in the announcement issued by the Company on 11 September 2015.

PUBLIC FLOAT

From information publicly available to the Company and within the knowledge of the Directors, at least 25% of the Company's total issued share capital are held by the public at all times during the Reporting Period and up to the date of this annual report.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Articles of Association and the laws of Cayman Islands, which would oblige the Company to offer new Shares on a pro-rata basis to existing Shareholders.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

The Company is committed to maintaining high standards of corporate governance. Save as disclosed in the Corporate Governance Report of this annual report, the Company has complied with all the applicable provisions as set out in the Code on Corporate Governance Code – Appendix 14 to the Listing Rules in the Reporting Period. Information on the Company's corporate governance practices is set out in the Corporate Governance Report on pages 32 to 40 of this annual report.

CHANGE OF COMPANY NAME

On 12 November 2015, a special resolution was passed by the Shareholders to approve the change of English name of the Company from "China Tianyi Holdings Limited" to "Tianyi (Summi) Holdings Limited" and the Chinese name of the Company from "中國天溢控股有限公司" to "天溢（森美）控股有限公司" (the "Change of Company Name"). The Certificate of Incorporation on Change of Company Name was issued by the Registrar of Companies in the Cayman Islands on 23 November 2015 regarding the Change of Company Name with effect from 12 November 2015. The Certificate of Registration of Change of Corporate Name of Non-Hong Kong Company was issued by the Registrar of Companies in Hong Kong on 18 December 2015 certifying that the new name of the Company has been registered in Hong Kong. Following the Change of Company Name, the stock short name of the Company for trading in the Shares on the Stock Exchange has been changed from "CHI TIANYI HOLD" to "TIANYI SUMMI" in English and from "中國天溢控股" to "天溢森美" in Chinese with effect from 8 January 2016.

Report of the Directors

CREDIT FACILITY AGREEMENT AND SUBSISTING SPECIFIC PERFORMANCE OBLIGATIONS ON CONTROLLING SHAREHOLDER

On 8 August 2016, the Company (as borrower), certain of its subsidiaries which are not incorporated in the People's Republic of China (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 will be an event of default under the Facility Agreement if Mr. Sin and his family 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 contact or otherwise; or (ii) Mr. Sin is not, or ceases to be the chairman and president of the Company and/or does not, or cease to, have legal capacity to execute, deliver and perform his obligations under the Facility Agreement.

As at the date of this report, 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.

CLOSURE OF REGISTER OF MEMBERS

(A) Entitlement to Attend and Vote at the AGM

For determining the Shareholders' eligibility to attend and vote at the forthcoming annual general meeting to be held on 11 November 2016 (Friday) (the "AGM"), the register of members of the Company will be closed from 7 November 2016 (Monday) to 11 November 2016 (Friday), both days inclusive, during which period no transfer of Shares will be registered. The record date will be 11 November 2016 (Friday). In order to qualify for attending and voting at the AGM, all transfers of Shares accompanied by the relevant share certificates and transfer forms must be lodged with the Company's Hong Kong Share Registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong before 4:30 p.m. on 4 November 2016 (Friday).

(B) Entitlement to the Proposed Final Dividend

For determining entitlement to the proposed final dividend (if approved at the AGM), the register of members of the Company will be closed from 17 November 2016 (Thursday) to 18 November 2016 (Friday), both days inclusive. The record date will be 18 November 2016 (Friday). In order to qualify for the entitlement of the proposed final dividend, all transfer documents accompanied by the relevant share certificates must be lodged for registration with the Company's Hong Kong Share Registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong before 4:30 p.m. on 16 November 2016 (Wednesday). If the resolution for approving the proposed final dividend is passed at the AGM, the proposed final dividend will be payable on 1 December 2016 (Thursday).

AUDITORS

SHINEWING (HK) CPA Limited shall retire in the forthcoming annual general meeting and, being eligible, will offer themselves for re-appointment. A resolution for the re-appointment of SHINEWING (HK) CPA Limited as auditors of the Company will be proposed at the forthcoming annual general meeting.

On behalf of the Board

Sin Ke
Chairman

Hong Kong, 26 September 2016

Corporate Governance Report

The Board recognises the importance of good corporate governance practices in safeguarding the interest of the shareholders of the Company (the "Shareholders"). The Company is committed to achieving and maintaining high standards of corporate governance, the principles of which serve to uphold transparency, accountability and independence in all aspects of business and endeavours to ensure that affairs are conducted in accordance with applicable laws and regulations.

CORPORATE GOVERNANCE PRACTICES

The Group's corporate governance practices are based on the Corporate Governance Code (the "Code") – as set out in Appendix 14 to the Listing Rules. Save as disclosed herein below, the Company has, throughout the Reporting Period, complied with all the relevant code provisions and, where applicable, the recommended best practices as set out in the Code.

The Board periodically reviews the Company's current corporate practices and procedures and 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 and optimise the interests of the Shareholders, investors, employees, business partners and the community as a whole.

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 as set out in Appendix 10 to the Listing Rules. Specific enquiry has been made to all the Directors and all the Directors have confirmed that they had complied with the Model Code and such code of conduct during the Reporting Period.

THE BOARD OF DIRECTORS

Composition of the Board

The Board has a balance of skills and experience required for the Group's business. The Board includes a balanced composition of executive, non-executive and independent non-executive Directors so that independent judgment can be effectively exercised.

The Board currently comprises two executive Directors, a non-executive Director and three independent non-executive Directors. During the Reporting Period and up to the date of this report, the Directors were:

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

Corporate Governance Report

The brief biographical details of and relationship between the existing Directors are set out in the section headed "Board of Directors and Senior Management" on pages 15 to 19. Save as disclosed under the section headed "Board of Directors and Senior Management", there is no financial, business, family or other material or relevant relationships between Board members.

During the Reporting Period, the Board maintained a high level of independence, with more than one-third of the Board comprised of independent non-executive Directors, who had exercised independent judgement. The independent non-executive Directors are expressly identified in all corporate communications whenever the names of the Directors are disclosed.

The Company has received from each independent non-executive Director an annual confirmation of his independence pursuant to the independence guidelines set out in Rule 3.13 of the Listing Rules. The Company considers all independent non-executive Directors satisfied the Listing Rules requirement of independence.

Board Meetings

The Board meets regularly. In addition to regular meetings, it meets as and when warranted by particular circumstances. During the Reporting Period, eighteen Board meetings were held. The Directors attended the meetings in person or by telephone in accordance with the Articles of Association.

A record of the Directors' attendance at the Board meetings and general meetings of the Company held during the Reporting Period are set out as follows:

	Attendance/ Number of Board meetings	Attendance/ Number of general meetings
Executive Directors		
Mr. Sin Ke *(Chairman)*	17/18	1/1
Mr. San Kwan	18/18	0/1
Non-executive Director		
Mr. Tsang Szi Wai, Claudius	3/18	1/1
Independent Non-Executive Directors		
Mr. Zhuang Xueyuan	3/18	0/1
Mr. Zhuang Weidong	3/18	0/1
Mr. Zeng Jianzhong	3/18	0/1

The company secretary, chief financial executive and other selected members from the Company also attended the annual general meeting (the "AGM") together with our external auditor, SHINEWING (HK) CPA Limited to answer any question from the Shareholders. All Directors treasure the opportunity to canvass the views of the Shareholders in AGMs held annually.

Board Responsibilities and Delegation

The Board is responsible for leadership and control of the Group and is collectively responsible for promoting the success of the Group by directing and supervising the Group's affairs. The Board focuses on formulating the Group's overall strategies, authorising the annual development plan and budget; monitoring financial and operating performance; reviewing the effectiveness of the internal control system; supervising and managing management's performance and determining the corporate governance policy of the Group. The Board delegates the day-to-day management, administration and operation of the Group to management. The delegated functions are reviewed by the Board periodically to ensure that the needs of the Group are accommodated. The Board gives clear directions to the management as to the matters that must be approved by the Board before decisions are made on behalf of the Group.

During the Reporting Period, the Board has reviewed and discussed the corporate governance policy of the Group and is satisfied with the effectiveness of the corporate governance policy.

Appointment, Re-election and Removal of Directors

The Company has established the Nomination Committee on 7 June 2008. The Nomination Committee has from time to time identified individuals suitably qualified to become Board members and make recommendations to the Board. The main consideration in selecting candidates for directorships is whether their characters, qualifications and experience are appropriate for the businesses of the Group.

Each of Mr. Zhuang Xueyuan, Mr. Zhuang Weidong and Mr. Zeng Jianzhong has entered into a service contract for a term of 2 years which may be terminated by either party giving to the other party at least 3 months' prior written notice.

In accordance with Article 108(a) of the Articles of Association, at each annual general meeting, at least one-third of the Directors for the time being (or, if their number is not a multiple of three (3), the number nearest to but not less than one-third) shall retire from office by rotation provided that every director shall be subject to retirement at an annual general meeting at least once every three years. The Directors to retire in every year shall be those appointed by the Board during the Reporting Period and those who have been the longest in office since their last election or re-election. Accordingly, Mr. Sin Ke and Mr. San Kwan will retire from office as Directors, being eligible, will offer themselves for re-election at the forthcoming annual general meeting of the Company.

Insurance of the Directors and Officers

The Company has bought liability insurance for Directors and officers in respect of legal action against the Directors and officers which is in compliance with code provision A.1.8 of the Code.

Induction and Continuous Professional Development

Newly appointed Directors will receive guideline and reference materials to enable them to familiarise with the Group's business operations and the Board's policies.

The Company is committed to arranging and funding suitable training to all Directors for their continuous professional development. Each Director is briefed and updated from time to time to ensure that he is fully aware of his responsibilities under the Listing Rules and applicable legal and regulatory requirements and the governance policies of the Group. All the Directors also understand the importance of continuous professional development and are committed to participating any suitable training to develop and refresh their knowledge and skills.

According to the records provided by the Directors, a summary of training received by the Directors during the Reporting Period is set out below:

Name of Directors	Type of continuous Professional development programmes *(Notes)*
Executive Directors	
Mr. Sin Ke *(Chairman)*	1,2
Mr. San Kwan	1,2
Non-executive Director	
Mr. Tsang Sze Wai, Claudius	1,2
Independent Non-executive Directors	
Mr. Zhuang Xueyuan	1,2
Mr. Zhuang Weidong	1,2
Mr. Zeng Jianzhong	1,2

Notes:

1 Attend internal training

2 Attend workshop/seminars/conference/continuing development programme

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

The roles of the chairman of the Board and the Chief Executive Officer are performed by the same individual, namely Mr. Sin Ke, which is a non-compliance to the Code Provision A.2.1 of the Corporate Governance Code (the "CG Code") contained in Appendix 14 to the Listing Rules. However, 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 roles of the Chairman and the Chief Executive Officer are defined clearly and set out in writing to ensure their accountability and responsibility with respect to the management of the Company. The Chairman is responsible for providing leadership to, and overseeing, the functioning of the Board and seeking to ensure that all Directors are properly briefed on issues arising at the Board meetings and that they receive, in a timely manner, adequate and reliable information. The Chief Executive Officer is responsible for managing the business of the Group and leading the management team to implement strategies and objectives adopted by the Board.

BOARD DIVERSITY POLICY

Under code provision A.5.6 of the CG Code, the nomination committee (or the board) should have a policy concerning diversity of board members, and should disclose the policy or a summary of the policy in the Corporate Governance Report. During the Reporting Period, the Board has adopted a board diversity policy (the "Board Diversity Policy") with effect from 16 July 2013 and approved the amendments to the terms of reference of the Nomination Committee of the Company to align the board diversity.

Selection of candidates will be based on a range of diversity criteria, including but not limited to skills, knowledge, gender, age, ethnicity, cultural and educational background, professional experience, length of services and other qualities of candidates. Appointments of the Board will be made on meritocracy and candidates will be considered against objective criteria, with due regard for the benefits of the diversity on the Board. During the Reporting Period, no addition member was appointed to the Board.

BOARD COMMITTEES

Remuneration Committee

The Remuneration Committee of the Company comprises one executive Director and two independent non-executive Directors. The roles and functions of the Remuneration Committee include consulting 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 website of the Stock Exchange and the Company.

During the Reporting Period, the Remuneration Committee, among others, has reviewed the Group's remuneration policy and the terms of the executive Directors' service contracts, made recommendation to the Board on the policy for the remuneration of non-executive Directors, independent non-executive Director and Chief Executive Officer, assessed performance of non-executive Directors, independent non-executive Directors and Chief Executive Officer and approved the terms of independent non-executive Director's service contracts.

Four meetings were held during the Reporting Period and the attendance by each committee member is set out below:

Members of Remuneration Committee	Attendance/ Number of meetings
Mr. Zhuang Xueyuan *(Chairman)*	3/4
Mr. Sin Ke	2/4
Mr. Zhuang Weidong	4/4

Nomination Committee

The Nomination Committee of the Company comprises one executive Director and two independent non-executive Directors. The roles and functions of the Nomination Committee include reviewing the structure, size and composition (including the skills, knowledge and experience) of the Board, identifying individuals suitably qualified to become Board member and assessing the independence of independent non-executive Directors. The Nomination Committee is established with specific terms of reference which deal clearly with the committee's authority and duties and is available on the website of the Stock Exchange and the Company.

During the Reporting Period, the Nomination Committee has reviewed the existing structure, composition and diversity of the Board and assessed the independence of the independent non-executive Directors. The Nomination Committee has also reviewed objectives set for implementing the Board Diversity Policy.

Two meetings were held during the Reporting Period and the attendance by each committee member is set out below:

Members of Nomination Committee	Attendance/ Number of meetings
Mr. Sin Ke *(Chairman)*	2/2
Mr. Zhuang Weidong	2/2
Mr. Zeng Jianzhong	2/2

Audit Committee

The Audit Committee currently consists of 3 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.

During the Reporting Period, the Audit Committee has discussed and reviewed the interim and final results of the Group and certain other businesses. The effectiveness of the Company's internal control was also discussed at the meetings. The Audit Committee has also reviewed with management the accounting principles and practices adopted by the Group and discussed internal controls and financial reporting matters including a review of the interim report, the annual report, the interim result of the Group and the final result of the Group for the Reporting Period. In the opinion of the Audit Committee, there were no material uncertainties relating to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. There was no disagreement between the Board and the Audit Committee regarding the selection, appointment, resignation or dismissal of the external auditors.

Two meetings were held during the year and the attendance by each committee member is set out below:

Members of Audit Committee	Attendance/ Number of meetings
Mr. Zhuang Xueyuan *(Chairman)*	1/2
Mr. Zhuang Weidong	2/2
Mr. Zeng Jianzhong	2/2

INTERNAL CONTROL

The Board is committed to manage business risks and to maintain a proper and effective system of internal control to safeguard the Shareholders' investments and the Group's assets. The Board, through the Audit Committee, has conducted annual review of the effectiveness of the Group's system of internal control covering all controls, including financial, operational and compliance controls, and risk management processes. The Board was satisfied that the Group has fully complied with the CG Code in respect of internal controls during the Reporting Period.

AUDITOR'S REMUNERATION

The Group's external auditor is SHINEWING (HK) CPA Limited. The remuneration paid or payable to the external auditor of the Group for the Reporting Period comprised fees for audit services of HK$1,400,000 (equivalent to approximately RMB1,164,000) (2015: HK$1,350,000 (equivalent to approximately RMB1,080,000)).

During the Reporting Period, there was no non-audit service provided by SHINEWING (HK) CPA Limited.

DIRECTORS' AND AUDITOR'S RESPONSIBILITIES FOR FINANCIAL STATEMENTS

All Directors acknowledged their responsibilities for preparing the financial statements for the Reporting Period. The auditor of the Company acknowledged its reporting responsibilities in the auditor's report on the financial statements for the Reporting Period. The Directors were not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern. Accordingly, the Directors have prepared the financial statements on a going-concern basis.

COMPANY SECRETARY

The company secretary is a full time employee of the Company and has day-to-day knowledge of the Company's affairs. The company secretary reports to the Chairman and is responsible for advising the Board on corporate governance matters and facilitating communication between Board members, the Shareholders and management of the Company. During the Reporting Period, the company secretary undertook more than 15 hours of relevant professional training. The biography of the company secretary is set out in the section "Board of Directors and Senior Management" on pages 15 to 19 of this annual report.

THE SHAREHOLDERS' RIGHTS

Convening an Extraordinary Meeting by Shareholders

Pursuant to Article 64 of the Articles of Association, extraordinary general meetings shall be convened on the requisition of one or more Shareholders holding, at the date of deposit of the requisition, not less than one-tenth of the paid up capital of the Company having the right of voting at general meetings. Such requisition shall be made in writing to the Board or the Secretary for the purpose of requiring an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition. Such meeting shall be held within 2 months after the deposit of such requisition. If the Board fails to convene such meeting within 21 days of such deposit, the requisitionist(s) himself (themselves) may do so in the same manner.

Procedures for Putting Forward Proposals at General Meetings by Shareholders

Shareholders are requested to follow Article 64 of the Articles of Association for including a resolution at an extraordinary general meeting. The requirements and procedures are set out above in the paragraph headed "Convening an Extraordinary Meeting by Shareholders".

Pursuant to Article 113 of the Articles of Association, no person (other than a retiring Director) shall be eligible for election to the office of Director at any general meeting unless a notice in writing of the intention to propose that person for election as a Director and notice in writing by that person of his willingness to be elected shall have been lodged at the Head Office or at the Registration Office no earlier than the day after the dispatch of the notice of the general meeting appointed for such election and end no later than 7 days prior to the date of such general meeting and the minimum length of the period during which such notices to the Company may be given will be at least 7 days.

Tel No.: (852) 3163 1000
Fax No.: (852) 3163 1122

Company Secretarial Department and Investor Relations Department of the Company handle both telephone and written enquiries from Shareholders from time to time. Shareholders' enquiries and concerns will be forwarded to the Board and/or relevant Board Committees of the Company, where appropriate, to answer the Shareholders' questions.

The procedures for Shareholders to propose a person for election as a Director is posted on the website of the Company.

Communication with Shareholders

Information of the Group is delivered to the Shareholders through a number of channels, which include annual report, interim report, announcements and circulars at the corporate website (http://www.tianyi.com.hk/). The latest information of the Group together with the published documents are also available on the Company's website.

Shareholders may at any time send their enquiries and concerns to the Board in writing through the Investor Relations Department of the Company whose contact details are as follows:

Tianyi (Summi) Holdings Limited
Suite 2003 –2004, 20/F,
Tower One, Times Square,
1 Matheson Street, Causeway Bay,
Hong Kong
Email: adminhk@hksummi.com

INVESTOR RELATIONS

Constitutional Documents

During the Reporting Period, the Company did not make any changes to the Memorandum and Articles of Association, and the current version of which is available on the websites of the Stock Exchange and the Company.

CORPORATE GOVERNANCE ENHANCEMENT

Enhancing corporate governance is not simply a matter of applying and complying with the Code but also about promoting and developing an ethical and healthy corporate culture. The Company will continue to review and, where appropriate, improve the current practices on the basis of the experience, regulatory changes and developments. Any views and suggestions from the Shareholders to promote and improve the transparency are also welcomed.

On behalf of the Board

Sin Ke
Chairman

Hong Kong, 26 September 2016

Independent Auditor's Report

信永中和
ShineWing

SHINEWING (HK) CPA Limited
43/F., Lee Garden One
33 Hysan Avenue
Causeway Bay, Hong Kong

TO THE MEMBERS OF TIANYI (SUMMI) HOLDINGS LIMITED (FORMERLY KNOWN AS CHINA TIANYI HOLDINGS LIMITED)
(Incorporated in the Cayman Islands with limited liability)

We have audited the consolidated financial statements of Tianyi (Summi) Holdings Limited (formerly known as China Tianyi Holdings Limited) (the "Company") and its subsidiaries set out on pages 43 to 115, which comprise the consolidated statement of financial position as at 30 June 2016, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independent Auditor's Report

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Company and its subsidiaries as at 30 June 2016, and of their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

SHINEWING (HK) CPA Limited
Certified Public Accountants
Pang Wai Hang
Practising Certificate Number: P05044

Hong Kong
26 September 2016

Consolidated Statement of Profit or Loss and Other Comprehensive Income

FOR THE YEAR ENDED 30 JUNE 2016

	NOTES	2016 RMB'000	2015 RMB'000
Revenue	7	**581,273**	470,834
Cost of sales		**(340,958)**	(300,636)
Gross profit		**240,315**	170,198
Gain from changes in fair value of biological assets less costs to sell	25	**31,857**	30,178
Other revenue	8	**7,065**	6,018
Gain on early redemption of convertible bonds	33	**–**	23,342
Selling and distribution expenses		**(98,543)**	(20,731)
Administrative expenses		**(83,108)**	(82,037)
Impairment loss on intangible assets	21	**–**	(18,414)
Other operating expenses	9	**(12,712)**	(1,619)
Profit from operations		**84,874**	106,935
Finance costs	10	**(22,570)**	(32,733)
Profit before tax	11	**62,304**	74,202
Income tax credit	14	**566**	3,823
Profit for the year attributable to owners of the Company		**62,870**	78,025
Other comprehensive (expense) income for the year			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		**(19,741)**	9
Total comprehensive income for the year attributable to owners of the Company		**43,129**	78,034
Earnings per share	16		
– Basic (RMB cents)		**4.69**	5.80
– Diluted (RMB cents)		**4.69**	5.68

Consolidated Statement of Financial Position

AS AT 30 JUNE 2016

	NOTES	2016 RMB'000	2015 RMB'000
Non-current assets			
Property, plant and equipment	17	**386,033**	427,117
Land use rights	18	**23,100**	23,655
Lease prepayments for orange plantations	19	**829,759**	747,997
Goodwill	20	**56,696**	56,696
Intangible assets	21	**46,508**	51,009
Held-to-maturity investment	22	**17,137**	15,993
Pledged bank deposits	28	**6,169**	170,000
		1,365,402	1,492,467
Current assets			
Inventories	24	**61,355**	69,344
Biological assets	25	**97,712**	95,831
Lease prepayments for orange plantations	19	**77,012**	84,432
Trade receivables	26	**124,102**	78,590
Other receivables, deposits and prepayments	27	**9,890**	20,263
Pledged bank deposits	28	**121,589**	12,000
Cash and cash equivalents	29	**450,443**	430,922
		942,103	791,382
Current liabilities			
Trade payables	30	**8,274**	12,063
Other payables and accruals	31	**21,931**	56,186
Bank loans	32	**441,674**	228,254
Income tax payable		**57**	482
		471,936	296,985
Net current assets		**470,167**	494,397
Total assets less current liabilities		**1,835,569**	1,986,864

Consolidated Statement of Financial Position

AS AT 30 JUNE 2016

	NOTES	2016 RMB'000	2015 RMB'000
Non-current liabilities			
Bank loans	*32*	**133,982**	316,540
Deferred income	*34*	**8,260**	10,620
Deferred tax liabilities	*38*	**12,877**	14,003
		155,119	341,163
Net assets		**1,680,450**	1,645,701
Capital and reserves			
Share capital	*39*	**11,610**	11,610
Reserves	*40*	**1,668,840**	1,634,091
Total equity		**1,680,450**	1,645,701

The consolidated financial statements on pages 43 to 115 were approved and authorised for issue by the board of directors on 26 September 2016 and are signed on its behalf by:

Sin Ke
Director

San Kwan
Director

Consolidated Statement of Changes in Equity

FOR THE YEAR ENDED 30 JUNE 2016

	Attributable to owners of the Company							
	Share capital RMB'000	Share premium RMB'000 *(Note 40(a))*	Capital reserve RMB'000 *(Note 40(b))*	Shares held under the share award scheme RMB'000 *(Note 40(e))*	Statutory reserves RMB'000 *(Note 40(c))*	Exchange reserve RMB'000 *(Note 40(d))*	Retained profits RMB'000	Total RMB'000
At 1 July 2014	11,520	478,644	65,997	–	38,810	461	966,206	1,561,638
Profit for the year	–	–	–	–	–	–	78,025	78,025
Other comprehensive income for the year								
– Exchange differences arising on translation of foreign operations	–	–	–	–	–	9	–	9
Total comprehensive income for the year	–	–	–	–	–	9	78,025	78,034
Shares issued under share option scheme *(note 39(a))*	90	9,769	(3,080)	–	–	–	–	6,779
Share options lapsed *(note 35)*	–	–	(8,800)	–	–	–	8,800	–
Early redemption of convertible bonds *(note 33)*	–	–	(750)	–	–	–	–	(750)
Transfer to retained earnings upon early redemption of convertible bonds *(note 33)*	–	–	(10,724)	–	–	–	10,724	–
At 30 June 2015 and 1 July 2015	11,610	488,413	42,643	–	38,810	470	1,063,755	1,645,701
Profit for the year	–	–	–	–	–	–	62,870	62,870
Other comprehensive expense for the year								
– Exchange differences arising on translation of foreign operations	–	–	–	–	–	(19,741)	–	(19,741)
Total comprehensive (expense) income for the year	–	–	–	–	–	(19,741)	62,870	43,129
Recognition of equity-settled share-based payments *(note 35)*	–	–	5,436	–	–	–	–	5,436
Purchase of shares under the share award scheme *(note 36)*	–	–	–	(13,816)	–	–	–	(13,816)
At 30 June 2016	11,610	488,413	48,079	(13,816)	38,810	(19,271)	1,126,625	1,680,450

Consolidated Statement of Cash Flows

FOR THE YEAR ENDED 30 JUNE 2016

	2016 RMB'000	2015 RMB'000
OPERATING ACTIVITIES		
Profit before tax	**62,304**	74,202
Adjustments for:		
Gain from changes in fair value of biological assets less costs to sell	**(31,857)**	(30,178)
Depreciation of property, plant and equipment	**40,535**	31,548
Amortisation of land use rights	**555**	555
Government grants	**(3,680)**	(2,360)
Amortisation of intangible assets	**4,501**	6,124
Impairment loss on intangible assets	**–**	18,414
Write-off of other receivables	**–**	114
Write-off of inventories	**3,512**	8,800
Loss on disposal of property, plant and equipment	**6**	489
Write-off of property, plant and equipment	**995**	977
Finance costs	**22,570**	32,733
Equity-settled share-based payment expenses	**5,436**	–
Bank interest income	**(1,725)**	(1,529)
Gain on early redemption of convertible bonds	**–**	(23,342)
Interest income from pledged bank deposits	**(414)**	(866)
Interest income from held-to-maturity investment	**(998)**	(798)
Operating cash flows before movements in working capital	**101,740**	114,883
Decrease (increase) in inventories	**4,477**	(47,158)
Decrease in biological assets	**29,976**	24,832
Increase in lease prepayments for orange plantations	**(74,342)**	(2,734)
Increase in trade receivables	**(45,512)**	(40,385)
Decrease (increase) in other receivables, deposits and prepayments	**14,196**	(13,686)
(Decrease) increase in trade payables	**(3,789)**	1,887
Increase in other payables and accruals	**4,138**	3,850
Cash generated from operations	**30,884**	41,489
Income tax paid	**(985)**	(1,915)
NET CASH FROM OPERATING ACTIVITIES	**29,899**	39,574
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	**(36,966)**	(28,916)
Placement of pledged bank deposits	**(20,158)**	(12,000)
Increase in advances	**(5,730)**	(2,398)
Interest income received from pledged bank deposits	**12**	206
Proceeds from disposal of property, plant and equipment	**27**	490
Interest income received from held-to-maturity investment	**998**	958
Bank interest income received	**1,725**	1,529
Settlement of advances	**2,398**	18,412
Withdrawal of pledged bank deposits	**74,400**	30,787
NET CASH FROM INVESTING ACTIVITIES	**16,706**	9,068

Consolidated Statement of Cash Flows

FOR THE YEAR ENDED 30 JUNE 2016

	2016 RMB'000	2015 RMB'000
FINANCING ACTIVITIES		
New bank loans raised	**121,977**	384,220
Advance from a director	**9,685**	–
Government grants received	**1,320**	–
Proceeds from issue of shares under share option scheme	**–**	6,779
Redemption of convertible bonds	**–**	(216,513)
Repayments to a director	**(9,528)**	–
Purchase of shares under the share award scheme	**(13,816)**	–
Interest paid	**(24,604)**	(22,124)
Repayments of bank loans	**(112,440)**	(251,422)
NET CASH USED IN FINANCING ACTIVITIES	**(27,406)**	(99,060)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**19,199**	(50,418)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	**430,922**	481,652
Effect of foreign exchange rate changes	**322**	(312)
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR, represented by bank balances and cash	**450,443**	430,922

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 30 JUNE 2016

1. GENERAL

Tianyi (Summi) Holdings Limited (formerly known as China Tianyi Holdings Limited) (the "Company") was incorporated in the Cayman Islands as an exempted company with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The addresses of the registered office and principal place of business of the Company are disclosed in the "Corporate Information" section to the annual 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").

Pursuant to a special resolution passed at the extraordinary general meeting held on 12 November 2015, the English name of the Company was changed from "China Tianyi Holdings Limited" to "Tianyi (Summi) Holdings Limited" and the Chinese name of the Company was changed from "中國天溢控股有限公司" to "天溢（森美）控股有限公司". The "Certificate of Incorporation on Change of Name" was issued by the Registrar of Company in the Cayman Islands on 18 December 2015.

The Company and its subsidiaries (hereinafter collectively referred to as the "Group") are principally engaged in plantation and sale of agricultural produce, production and sale of frozen concentrated orange juice ("FCOJ") and other related products and production and sale of Summi 100% freshly squeezed orange juice ("Summi fresh orange juice") (formerly known as "Summi NFCOJ").

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 consolidated financial statements in RMB.

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs")

New and revised IFRSs issued but not yet effective

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[3]
IFRS 15	Revenue from Contracts with Customers[3]
IFRS 16	Leases[5]
Amendments to IFRSs	Annual Improvements to IFRSs 2012–2014 Cycle[1]
Amendments to IAS 1	Disclosure Initiative[1]
Amendments to IAS 7	Disclosure Initiative[2]
Amendments to IAS 12	Recognition of Deferred Tax Assets for Unrealised Losses[2]
Amendments to IAS 16 and IAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation[1]
Amendments to IAS 16 and IAS 41	Agriculture: Bearer Plants[1]
Amendments to IAS 27	Equity Method in Separate Financial Statements[1]
Amendments to IFRS 2	Classification and Measurement of Share-based Payment Transactions[3]
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]
Amendments to IFRS 10, IFRS 12 and IAS 28	Investment Entities: Applying the Consolidation Exception[1]
Amendments to IFRS 11	Accounting for Acquisitions of Interests in Joint Operations[1]
Amendments to IFRS 15	Clarification to IFRS 15[3]

1 Effective for annual periods beginning on or after 1 January 2016.
2 Effective for annual periods beginning on or after 1 January 2017.
3 Effective for annual periods beginning on or after 1 January 2018.
4 Effective date not yet been determined.
5 Effective for annual periods beginning on or after 1 January 2019.

The Directors anticipate that, except as described below, the application of the other new and revised IFRSs will have no material impact on the results and the financial position of the Group.

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs") *(Continued)*

New and revised IFRSs in issued but not yet effective *(Continued)*

IFRS 9 (2014) Financial Instruments

IFRS 9 issued in 2009 introduces new requirements for the classification and measurement of financial assets. IFRS 9 was amended in 2010 and includes the requirements for the classification and measurement of financial liabilities and for derecognition. In 2013, IFRS 9 was further amended to bring into effect a substantial overhaul of hedge accounting that will allow entities to better reflect their risk management activities in the financial statements. A finalised version of IFRS 9 was issued in 2014 to incorporate all the requirements of IFRS 9 that were issued in previous years with limited amendments to the classification and measurement by introducing a "fair value through other comprehensive income" ("FVTOCI") measurement category for certain financial assets. The finalised version of IFRS 9 also introduces an "expected credit loss" model for impairment assessments.

Key requirements of IFRS 9 (2014) are described as follows:

- All recognised financial assets that are within the scope of IAS 39 Financial Instruments: Recognition and Measurement to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured at FVTOCI. All other debt investments and equity investments are measured at their fair values at the end of subsequent reporting periods. In addition, under IFRS 9 (2014), entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, IFRS 9 (2014) requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value of financial liabilities attributable to changes in the financial liabilities' credit risk are not subsequently reclassified to profit or loss. Under IAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss was presented in profit or loss.

- In the aspect of impairment assessments, the impairment requirements relating to the accounting for an entity's expected credit losses on its financial assets and commitments to extend credit were added. Those requirements eliminate the threshold that was in IAS 39 for the recognition of credit losses. Under the impairment approach in IFRS 9 (2014) it is no longer necessary for a credit event to have occurred before credit losses are recognised. Instead, expected credit losses and changes in those expected credit losses should always be accounted for. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition and, consequently, more timely information is provided about expected credit losses.

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs") *(Continued)*

New and revised IFRSs issued but not yet effective *(Continued)*

IFRS 9 (2014) Financial Instruments (Continued)

IFRS 9 (2014) introduces a new model which is more closely aligns hedge accounting with risk management activities undertaken by companies when hedging their financial and non-financial risk exposures. As a principle-based approach, IFRS 9 (2014) looks at whether a risk component can be identified and measured and does not distinguish between financial items and non-financial items. The new model also enables an entity to use information produced internally for risk management purposes as a basis for hedge accounting. Under IAS 39, it is necessary to exhibit eligibility and compliance with the requirements in IAS 39 using metrics that are designed solely for accounting purposes. The new model also includes eligibility criteria but these are based on an economic assessment of the strength of the hedging relationship. This can be determined using risk management data. This should reduce the costs of implementation compared with those for IAS 39 hedge accounting because it reduces the amount of analysis that is required to be undertaken only for accounting purposes.

IFRS 9 (2014) will become effective for annual periods beginning on or after 1 January 2018 with early application permitted.

The Directors anticipate that the adoption of IFRS 9 (2014) in the future may have significant impact on amounts reported in respect of the Group's financial assets and financial liabilities.

However, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

Amendments to IAS 16 and IAS 38 Clarification of Acceptable Methods of Depreciation and Amortisation

The amendments to IAS 16 prohibit the use of revenue-based depreciation methods for property, plant and equipment under IAS 16. The amendments to IAS 38 introduce a rebuttable presumption that the use of revenue-based amortisation methods for intangible assets is inappropriate. This presumption can be rebutted only in the following limited circumstances:

i) when the intangible asset is expressed as a measure of revenue;

ii) when a high correlation between revenue and the consumption of the economic benefits of the intangible assets could be demonstrated.

The amendments to IAS 16 and IAS 38 will become effective for financial statements with annual periods beginning on or after 1 January 2016. Earlier application is permitted. The amendments should be applied prospectively.

As the Group uses straight-line method for depreciation of property, plant and equipment and for amortisation of intangible assets, the Directors do not anticipate that the application of the amendments to IAS 16 and IAS 38 will have a material impact on the Group's consolidated financial statements.

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs") *(Continued)*

New and revised IFRSs issued but not yet effective *(Continued)*

IFRS 15 Revenue from Contracts with Customers

The core principle of IFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Thus, IFRS 15 introduces a model that applies to contracts with customers, featuring a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognised. The five steps are as follows:

i) Identify the contract with the customer;

ii) Identify the performance obligations in the contract;

iii) Determine the transaction price;

iv) Allocate the transaction price to the performance obligations; and

v) Recognise revenue when (or as) the entity satisfies a performance obligation.

IFRS 15 also introduces extensive qualitative and quantitative disclosure requirements which aim to enable users of the financial statements to understand the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers.

IFRS 15 will supersede the current revenue recognition guidance including IAS 18 Revenue, IAS 11 Construction Contracts and the related interpretations when it becomes effective.

IFRS 15 will become effective for annual periods beginning on or after 1 January 2018 with early application permitted. The Directors anticipate that the application of IFRS 15 in the future may have a material impact on the amounts reported and disclosures made in the Group's consolidated financial statements. However, it is not practicable to provide a reasonable estimate of the effect of IFRS 15 until the Group performs a detailed review.

IFRS 16 Leases

IFRS 16 provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements of both lessors and lessees.

In respect of the lessee accounting, the standard introduces a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases with the lease term of more than 12 months, unless the underlying asset has a low value.

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs") *(Continued)*

New and revised IFRSs issued but not yet effective *(Continued)*

IFRS 16 Leases (Continued)

At the commencement date of the lease, the lessee is required to recognise a right-of-use asset at cost, which consists of the amount of the initial measurement of the lease liability, plus any lease payments made to the lessor at or before the commencement date less any lease incentives received, the initial estimate of restoration costs and any initial direct costs incurred by the lessee. A lease liability is initially recognised at the present value of the lease payments that are not paid at that date.

Subsequently, the right-of-use asset is measured at cost less any accumulated depreciation and any accumulated impairment losses, and adjusted for any remeasurement of the lease liability. Lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payment made, and remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments. Depreciation and impairment expenses, if any, on the right-of-use asset will be charged to profit or loss following the requirements of IAS 16 Property, Plant and Equipment, while interest accrual on lease liability will be charged to profit or loss.

In respect of the lessor accounting, IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

IFRS 16 will supersede the current lease standards including IAS 17 Leases and the related interpretations when it becomes effective.

IFRS 16 will be effective for annual periods beginning on or after 1 January 2019 with early application permitted provided that the entity has applied IFRS 15 Revenue from Contracts with Customers at or before the date of initial application of IFRS 16. The Directors are in the process of assessing their impact on the consolidated financial statements of these requirements. However, it is not practicable to provide a reasonable estimate of the effect until the Group performs a detailed review.

Annual Improvement to IFRSs 2012–2014 Cycle

The Annual Improvements to IFRSs 2012-2014 Cycle include a number of amendments to various IFRSs, which are recognised below.

The amendments to IFRS 5 clarify that changing from one of the disposal methods (i.e. disposal through sale or disposal through distribution to owners) to the other should not be considered to be a new plan of disposal, rather it is a continuation of the original plan. There is therefore no interruption of the application of the requirements in IFRS 5. Besides, the amendments also clarify that changing the disposal method does not change the date of classification.

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs") *(Continued)*

New and revised IFRSs issued but not yet effective *(Continued)*

Annual Improvement to IFRSs 2012–2014 Cycle (Continued)

The amendments to IFRS 7 clarify that a servicing contract that includes a fee can constitute continuing involvement in a financial asset. An entity must assess the nature of the fee and arrangement against the guidance for continuing involvement in IFRS 7 in order to assess whether the additional disclosures for any continuing involvement in a transferred asset that is derecognised in its entirety are required. Besides, the amendments to IFRS 7 also clarify that disclosures in relation to offsetting financial assets and financial liabilities are not required in the condensed interim financial report, unless the disclosures provide a significant update to the information reported in the most recent annual report.

The amendments to IAS 19 clarify that the market depth of high quality corporate bonds is assessed based on the currency in which the obligation is denominated, rather than the country where the obligation is located. When there is no deep market for high quality corporate bonds in that currency, government bond rates must be used.

IAS 34 requires entities to disclose information in the notes to the interim financial statements 'if not disclosed elsewhere in the interim financial report'. The amendments to IAS 34 clarify that the required interim disclosures must either be in the interim financial statements or incorporated by cross-reference between the interim financial statements and wherever they are included within the greater interim financial report. The other information within the interim financial report must be available to users on the same terms as the interim financial statements and at the same time. If users do not have access to the other information in this manner, then the interim financial report is incomplete.

The Directors do not anticipate that the application of the amendments included in the Annual Improvements to IFRSs 2012-2014 Cycle will have a material effect on the Group's consolidated financial statements.

Amendments to IAS 16 and IAS 41 Agriculture: Bearer Plants

The amendments to IAS 16 and IAS 41 define bearer plants. Biological assets that meet the definition of bearer plants are no longer accounted for under IAS 41, but under IAS 16 instead. The produce growing on bearer plants continues to be accounted for in accordance with IAS 41.

The amendments to IAS 16 and IAS 41 will become effective for financial statements with annual periods beginning on or after 1 January 2016. Earlier application is permitted. The amendments should be applied retrospectively.

As the Group's biological assets do not meet the definition of bearer plants, the Directors do not anticipate that the application of the amendments included in the Amendments to IAS 16 and IAS 41 Agriculture: Bearer Plants will have a material effect on the Group's consolidated financial statements.

Amendments to IAS 1 Disclosure Initiative

The amendments clarify that companies should use professional judgement in determining what information as well as where and in what order information is presented in the financial statements. Specifically, an entity should decide, taking into consideration all relevant facts and circumstances, how it aggregates information in the financial statements, which include the notes. An entity does not require to provide a specific disclosure required by a IFRS if the information resulting from that disclosure is not material. This is the case even if the IFRS contain a list of specific requirements or describe them as minimum requirements.

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs") *(Continued)*

New and revised IFRSs issued but not yet effective *(Continued)*

Amendments to IAS 1 Disclosure Initiative (Continued)

Besides, the amendments provide some additional requirements for presenting additional line items, headings and subtotals when their presentation is relevant to an understanding of the entity's financial position and financial performance respectively. Entities, in which they have investments in associates or joint ventures, are required to present the share of other comprehensive income of associates and joint ventures accounted for using the equity method, separated into the share of items that (i) will not be reclassified subsequently to profit or loss; and (ii) will be reclassified subsequently to profit or loss when specific conditions are met.

Furthermore, the amendments clarify that:

(i) an entity should consider the effect on the understandability and comparability of its financial statements when determining the order of the notes; and

(ii) significant accounting policies are not required to be disclosed in one note, but instead can be included with related information in other notes.

The amendments will become effective for financial statements with annual periods beginning on or after 1 January 2016. Earlier application is permitted.

The Directors do not anticipate that the application of Amendments to IAS 1 in the future may have a material impact on the disclosures made in the Group's consolidated financial statements.

Amendments to IAS 7 Disclosure Initiative

The amendments to IAS 7 introduce an additional disclosure that will enable users of financial statements to evaluate changes in liabilities arising from financing activities. Such amendment is aimed to explore how financial statement disclosure can be improved.

The Directors do not anticipate that the application of Amendments to IAS 7 in the future may have a material impact on the disclosures made in the Group's consolidated financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with IFRSs issued by the IASB. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis except for biological assets that are measured at fair values, as explained in the accounting policies set out below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants in the principal (or most advantageous) market at the measurement date under current market conditions (i.e. an exit price) regardless of whether that price is directly observable or estimated using another valuation technique. Details of fair value measurement are explained in the accounting policies set out below.

The principal accounting policies are set out below.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (i.e. its subsidiaries). If a subsidiary prepares its financial statements using accounting policies other than those adopted in the consolidated financial statements for like transactions and events in similar circumstances, appropriate adjustments are made to that subsidiary's financial statements in preparing the consolidated financial statements to ensure conformity with the group's accounting policies.

Control is achieved where the Group has: (i) the power over the investee; (ii) exposure, or rights, to variable returns from its involvement with the investee; and (iii) the ability to use its power over the investee to affect the amount of the Group's returns. When the Group has less than a majority of the voting rights of an investee, power over the investee may be obtained through: (i) a contractual arrangement with other vote holders; (ii) rights arising from other contractual arrangements; (iii) the Group's voting rights and potential voting rights; or (iv) a combination of the above, based on all relevant facts and circumstances.

The Company reassess whether it controls an investee if facts and circumstances indicate that there are changes to one or more of these elements of control stated above.

Consolidation of a subsidiary begins when the Group obtains control of the subsidiary and cease when the Group loses control of the subsidiary.

Income and expenses of subsidiaries are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income of subsidiaries are attributed to the owners of the Company. Total comprehensive income of subsidiaries is attributed to the owners of the Company.

All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the Group are eliminated in full on consolidation.

Goodwill

Goodwill arising from a business combination is carried at cost less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually or more frequently when there is indication that the unit may be impaired. For goodwill arising on an acquisition in a reporting period, the cash-generating unit to which goodwill has been allocated is tested for impairment before the end of that reporting period. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit on a pro rata basis based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable for goods sold in the normal course of business, net of sales rebates and sales related taxes.

Revenue from the sale of goods is recognised when the goods are delivered and titles have passed, at which time all the following conditions are satisfied:

- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Group; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Property, plant and equipment

Property, plant and equipment including buildings held for use in the production or supply of goods or for administrative purposes, other than construction in progress, are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Depreciation is recognised so as to allocate the cost of items of property, plant and equipment, other than construction in progress, less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Construction in progress includes property, plant and equipment in the course of construction for production or administrative purposes. Construction in progress is carried at cost less any recognised impairment loss. Costs include professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Construction in progress is classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Leasing

Leases are classified as finance leases whenever the terms of the leases transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Leasehold land and building

When a lease includes both land and building elements, the Group assesses the classification of each element as a finance or an operating lease separately based on the assessment as to whether substantially all the risks and rewards incidental to ownership of each element have been transferred to the Group, unless it is clear that both elements are operating leases in which case the entire lease is classified as an operating lease.

Specifically, the minimum lease payments (including any lump-sum upfront payments) are allocated between the land and the building elements in proportion to the relative fair values of the leasehold interests in the land element and building element of the lease at the inception of the lease.

To the extent the allocation of the lease payments can be made reliably, interest in leasehold land that is accounted for as an operating lease is presented as land use rights in the consolidated statement of financial position and is amortised over the lease term on a straight-line basis. When the lease payments cannot be allocated reliably between the land and building elements, the entire lease is generally classified as a finance lease and accounted for as property, plant and equipment.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in the respective functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchanges prevailing at the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. RMB) using exchange rates prevailing at the end of each reporting period. Income and expenses items are translated at the average exchange rates for the year. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of exchange reserve.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the year in which they are incurred.

Biological assets

Biological assets comprise oranges before harvested in leased orange farms and are classified as current assets due to short harvesting period.

Biological assets are stated at fair value less costs to sell from initial measurement up to the point of harvest, except where fair value cannot be measured reliably due to unavailability of market-determined prices and no reliable alternative estimates exist to determine fair value in which case the assets are held at cost less impairment losses (if any). Once the fair value becomes reliably measurable, the biological assets are measured at fair value less costs to sell. Where assets are held at fair value, changes in fair value are taken to the consolidated statement of profit or loss and other comprehensive income. Costs to sell include all costs that would be necessary to sell the assets, excluding costs necessary to get the assets to market.

After harvesting, oranges are transferred to inventories as agricultural produce at their deemed cost which is fair value at the point of harvest less costs to sell. Fair value at the point of harvest is based on the selling prices for similar oranges prevailing in the market as at or close to the harvest dates.

Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised as deferred income in the consolidated statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

Retirement benefit costs

Payments to defined contribution schemes including state-managed retirement benefit schemes and the Mandatory Provident Fund Scheme (the "MPF Scheme") are recognised as an expense when employees have rendered service entitling them to the contributions.

Short-term employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on the taxable profit for the year. Taxable profit differs from "profit before tax" as reported in the consolidated statement of profit or loss and other comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary difference to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax are recognised in profit or loss.

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination are recognised separately from goodwill and are initially recognised at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination with finite useful lives are carried at costs less accumulated amortisation and any accumulated impairment losses (see the accounting policy in respect of impairment losses on tangible and intangible assets below). Amortisation for intangible assets with finite useful lives is provided on a straight-line basis over their estimated useful lives. The estimated useful lives and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined on a weighted average method. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

Financial instruments

Financial assets and financial liabilities are recognised in the consolidated statement of financial position when a group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

Financial assets

The Group's financial assets comprise held-to-maturity investment and loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

Interest income is recognised on an effective interest basis for debt instruments.

Held-to-maturity investment

Held-to-maturity investment is non-derivative financial asset with fixed or determinable payment and fixed maturity date that the Group's management has the positive intention and ability to hold to maturity.

The Group designated the investment in debt security as held-to-maturity investment because the debt security has fixed payment and maturity date and the Group has the positive intention and ability to hold to maturity. Subsequent to initial recognition, held-to-maturity investment is measured at amortised cost using the effective interest method, less any identified impairment loss (see accounting policy on impairment of financial assets below).

Interest income is recognised by applying the effective interest rate, except for short-term receivables when the effect of discounting is immaterial.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial assets (Continued)

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including trade receivables, other receivables and deposits, pledged bank deposits and cash and cash equivalents) are measured at amortised cost using the effective interest method, less any identified impairment losses (see accounting policy on impairment of financial assets below).

Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been affected.

Objective evidence of impairment could include:

– significant financial difficulty of the issuer or counterparty; or

– breach of contract, such as default or delinquency in interest or principal payments; or

– it becoming probable that the borrower will enter into bankruptcy or financial re-organisation; or

– disappearance of an active market for that financial asset because of financial difficulties.

For certain categories of financial asset, such as trade and other receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period, observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade and other receivables, where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss. When trade and other receivables are considered uncollectible, they are written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial liabilities and equity instruments

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

The Group's financial liabilities are classified into other financial liabilities.

<u>Other financial liabilities</u>

Other financial liabilities including trade payables, other payables and accruals and bank loans are subsequently measured at amortised cost, using the effective interest method.

<u>Effective interest method</u>

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest expense is recognised on an effective interest basis.

<u>Equity instruments</u>

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

Convertible bonds

Convertible bonds issued by the Group that contain both the liability and conversion option components are classified separately into respective items on initial recognition in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument. Conversion option that will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments is classified as an equity instrument.

On initial recognition, the fair value of the liability component is determined using the prevailing market interest of similar non-convertible debts. The difference between the gross proceeds of the issue of the convertible bonds and the fair value assigned to the liability component, representing the conversion option for the holder to convert the bonds into equity, is included in equity (capital reserve).

In subsequent periods, the liability component of the convertible bonds is carried at amortised cost using the effective interest method. The equity component, representing the option to convert the liability component into ordinary shares of the Company, will remain in capital reserve until the embedded option is exercised in which case the balance stated in capital reserve will be transferred to retained profits. Where the option remains unexercised at the expiry date, the balance stated in capital reserve will be released to retained profits. No gain or loss is recognised in profit or loss upon conversion or expiration of the conversion option.

Transaction costs that relate to the issue of the convertible bonds are allocated to the liability and equity components in proportion to the allocation of the gross proceeds. Transaction costs relating to the equity component are charged directly to equity. Transaction costs relating to the liability component are included in the carrying amount of the liability portion and amortised over the period of the convertible bonds using the effective interest method.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Derecognition

A financial asset is derecognised only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

A financial liability is derecognised when, and only when, the Group's obligations are discharged, cancelled or expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Equity-settled share-based payments

The fair value of services received determined by reference to the fair value of share options granted at date of grant is (i) expensed on a straight-line basis over the vesting period or (ii) recognised as an expense in full at the grant date when the share options granted vest immediately, with a corresponding increase in equity (capital reserve).

At the end of the reporting period, the Group revises its estimates of the number of options that are expected to ultimately vest. The impact of the revision of the original estimates during the vesting period, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to capital reserve.

When share options are exercised, the amount previously recognised in capital reserve will be transferred to share premium. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in capital reserve will be transferred to retained profits.

Shares held under the share award scheme

Own equity instruments which are reacquired (shares held under the share award scheme) are recognised at cost and deducted from equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments. Any difference between the carrying amount and the consideration is recognised in equity. The number of shares held by the trustee under the share award scheme would be eliminated against the corresponding amount of share capital issued in the calculation of the earnings per share for profit attributable to owners of the Company.

Cash and cash equivalents

Cash and cash equivalents in the consolidated statement of financial position comprise cash on hand and at banks, including short-term deposits, which have an original maturity within three months or less and are not restricted as to use.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and short-term deposits as defined above.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Impairment losses on tangible and intangible assets (other than impairment of goodwill set out in accounting policy in respect of goodwill above)

At the end of the reporting period, the Group reviews the carrying amounts of its tangible and intangible assets with finite useful lives to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or a cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies which are described in note 3, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets, liabilities, revenue and expenses reported and disclosures made in the consolidated financial statements. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying accounting policies

The following are the critical judgements, apart from those involving estimations (see below), that the Directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised and disclosures made in the consolidated financial statements.

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

Critical judgements in applying accounting policies *(Continued)*

Legal title of buildings

Despite the Group had paid the full purchase consideration for the buildings, formal titles of certain of the Group's rights to the use of the buildings were not yet granted from the relevant government authorities as stated in note 17. In the opinion of the Directors, the absence of formal title to these buildings does not impair the value of the relevant properties to the Group.

Held-to-maturity investment

The Directors have reviewed the Group's held-to-maturity investment in the light of its capital maintenance and liquidity requirements and have confirmed the Group's positive intention and ability to hold the asset to maturity. The carrying amount of the held-to-maturity investment is approximately RMB17,137,000 (2015: RMB15,993,000). Details of these assets are set out in note 22.

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value-in-use of the cash generating units to which goodwill has been allocated. The value-in-use calculation requires the Group to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate the present value. Where the actual future cash flows are less than expected, a material impairment loss may arise. As at 30 June 2016, the carrying amount of goodwill was approximately RMB56,696,000 (2015: RMB56,696,000). During the years ended 30 June 2016 and 2015, no impairment loss was provided. Details of the recoverable amount calculation are disclosed in note 20.

Amortisation and estimated impairment of intangible assets

The Directors determine the estimated useful lives and related amortisation charges for intangible assets (customer list and customer relationship). This estimate is based on the estimated churn periods of the customer base and experience in similar business. The Directors will increase the amortisation charge where useful lives are less than previously estimated lives.

Customer list and customer relationships are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The recoverable amounts of customer list and customer relationship have been determined based on the value-in-use calculations and business relationship. The value-in-use calculation requires the Group to estimate the future cash flows expected to arise from the intangible assets (customer list) and a suitable discount rate in order to calculate the present value. Where the actual future cash flows are less than expected, a material impairment loss may arise.

For customer relationship, as the business relationship has been ended during the year ended 30 June 2015 and the Directors considered that no revenue will be generated from the customer relationship, the customer relationship has been fully impaired during the year ended 30 June 2015.

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

Key sources of estimation uncertainty *(Continued)*

Amortisation and estimated impairment of intangible assets (Continued)

As at 30 June 2016, the carrying amount of intangible assets was approximately RMB46,508,000, net of accumulated impairment loss of approximately RMB46,507,000 (2015: RMB51,009,000, net of accumulated impairment loss of approximately RMB46,507,000). During the year ended 30 June 2015, an impairment loss of approximately RMB18,414,000 (2016: nil) was recognised. Details of the recoverable amount calculation are disclosed in note 21.

Depreciation of property, plant and equipment

Property, plant and equipment are depreciated on a straight-line basis over the estimated useful lives of the assets, after taking into account the estimated residual values. The management reviews the estimated useful lives and the residual values of the assets regularly in order to determine the amount of depreciation expense to be recorded during any reporting period. The determination of the useful lives and the residual values are based on the historical experience with similar assets and taking into account anticipated technological changes. The depreciation expense for future periods is adjusted if there are significant changes from previous estimates.

Depreciation of property, plant and equipment was approximately RMB40,535,000 (2015: RMB31,548,000) for the year ended 30 June 2016 was recognised in the consolidated statement of profit or loss and other comprehensive income.

Net realisable value of inventories

The management of the Group reviews the inventories listing on a product-by-product basis at the end of the reporting period. The management estimates the net realisable value for such items based primarily on the latest invoice prices and current market conditions and the historical experience of manufacturing and selling products of similar nature. As at 30 June 2016, the carrying amount of inventories was approximately RMB61,355,000 (2015: RMB69,344,000). During the years ended 30 June 2016 and 2015, no allowance for inventories was provided.

Impairment of trade receivables

When there is objective evidence of impairment loss, the Group takes into consideration the estimation of future cash flows. The amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). Where the actual future cash flows are less than expected, a material impairment loss may arise. As at 30 June 2016, the carrying amount of trade receivables was approximately RMB124,102,000 (2015: RMB78,590,000). During the years ended 30 June 2016 and 2015, no impairment loss was provided.

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

Key sources of estimation uncertainty *(Continued)*

Estimated impairment of property, plant and equipment

Determining whether property, plant and equipment are impaired requires an estimation of the recoverable amount of the property, plant and equipment. Such estimation is based on certain assumptions, which are subject to uncertainty and might materially differ from the actual results. As at 30 June 2016, the carrying amount of property, plant and equipment was approximately RMB386,033,000 (2015: RMB427,117,000). During the years ended 30 June 2016 and 2015, no impairment loss was provided.

Fair value of biological assets and agricultural produce

The Group's biological assets, representing oranges before harvest, are measured at cost from initial recognition unless fair value can be reliably measured.

All oranges are harvested shortly before the calendar year end. At the end of each reporting period, only little biological transformation for the following year's harvest has taken place and therefore biological assets are stated at cost as the Directors consider that their fair value cannot be measured reliably and no reliable alternative estimates exist to determine the fair value.

In addition, for the reasons set out in note 25, the Directors consider that there is no active market for the biological assets at the end of June each year and their fair value cannot be measured reliably and no reliable alternative estimates exist to determine fair value. Therefore, the biological assets at the end of June continue to be stated at cost less impairment losses (if any).

Once the fair value of the Group's biological assets becomes reliably measurable, they are then measured at their fair value less costs to sell.

The Group's agricultural produce, representing mature oranges ready for harvest, are measured at fair value less costs to sell at the point of harvest and transferred to inventories. The Directors are of the view that there is no quoted price in the market and the fair value is therefore determined based on the most recent market price as at or close to the harvest dates in the local area. As at 30 June 2016, the carrying amount of biological assets was approximately RMB97,712,000 (2015: RMB95,831,000).

Equity-settled share-based payment expenses

The valuation of the fair value of the share options granted requires an estimation in determining the expected volatility of the share price, the dividends expected on the shares, the risk-free interest rate during the life of the options and the number of share options that are expected to vest. Where the outcome of the number of options that are vested in different, such difference will impact the consolidated statement of profit or loss and other comprehensive income in the subsequent remaining vesting period of the relevant share options.

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

Key sources of estimation uncertainty *(Continued)*

Income tax

The Group operates in the agricultural industry in the PRC, in which income tax exemptions are granted to certain subsidiaries of the Group. There are certain agricultural transactions and calculations for which the ultimate tax determination may be uncertain. The Group recognises income tax expense and related liabilities for anticipated tax issues based on estimates that current tax exemption will be granted to the Group on an ongoing basis. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

5. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through pricing products commensurately with the level of risk and securing access to finance at a reasonable cost. The overall strategy of the Group remains unchanged from prior year.

The capital structure of the Group consists of net debts, which includes bank loans, net of cash and cash equivalents and equity attributable to owners of the Company, comprising issued share capital and reserves.

The Directors review the capital structure on a semi-annual basis. As part of this review, the Directors consider the cost of capital and the risks associated with each class of capital. Based on recommendations of the Directors, the Group will balance its overall capital structure through the issue of new shares as well as the issue of new debts or the redemption of existing debts.

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements, except for the debt covenant requirement of the loan agreements entered into.

6. FINANCIAL RISK MANAGEMENT

a. Categories of financial instruments

The carrying amounts of the Group's financial assets and financial liabilities as recognised at 30 June 2016 and 2015 were categorised as follows:

	2016 **RMB'000**	2015 RMB'000
Financial assets		
Held-to-maturity investment	**17,137**	15,993
Loans and receivables (including cash and cash equivalents)	**710,749**	697,100
Financial liabilities		
Financial liabilities at amortised cost	**596,452**	606,292

6. FINANCIAL RISK MANAGEMENT *(Continued)*

b. Financial risk management objectives and policies

The Group's major financial instruments include trade receivables, other receivables and deposits, pledged bank deposits, cash and cash equivalents, trade payables, other payables and accruals and bank loans. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

Foreign currency risk

The functional currencies of certain subsidiaries are HK$ or RMB.

The companies of the Group mainly operated in their local jurisdiction with most of the transactions settled in their functional currencies of the operations and did not have significant exposure to risk resulting from changes in foreign currency exchange rates. However, certain bank loans, bank balances and pledged bank deposits of the Group are denominated in currencies other than the functional currency of the respective subsidiaries which expose the Group to currency risk. The Group currently does not have a foreign currency hedging policy. However, the management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

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

	Liabilities		Assets	
	2016	2015	**2016**	2015
	RMB'000	RMB'000	**RMB'000**	RMB'000
United States dollar ("US$")	**312,533**	242,079	**26,257**	1,010
RMB	**–**	–	**108,135**	170,172
	312,533	242,079	**134,392**	171,182

As HK$ is pegged to US$, the Group considers that the currency risk arising from transactions denominated in US$ is insignificant.

6. FINANCIAL RISK MANAGEMENT *(Continued)*

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

Market risk (Continued)

Sensitivity analysis

The Group is mainly exposed to RMB.

The following table details the Group's sensitivity to a 5% (2015: 5%) increase and decrease in HK$ against RMB. 5% (2015: 5%) is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items, and adjusts their translation at the end of the reporting period for a 5% (2015: 5%) change in foreign currency rates.

A positive number below indicates a decrease in post-tax profit where HK$ strengthen 5% (2015: 5%) against RMB. For a 5% (2015: 5%) weakening of HK$ against RMB, there would be an equal and opposite impact on the profit and the balances below would be negative.

	RMB	
	2016	2015
	RMB'000	RMB'000
Profit or loss	**4,515**	7,105

Interest rate risk

The Group is exposed to fair value interest rate risk in relation to fixed-rate pledged bank deposits (note 28) and fixed-rate bank loans (note 32).

The Group is also exposed to cash flow interest rate risk in relation to variable-rate bank balances (note 29) and variable-rate bank loans (note 32). It is the Group's policy to keep certain of its bank loans at floating rate of interests so as to minimise the fair value interest rate risk.

The Group's exposures to interest rates on financial liabilities are detailed in the liquidity risk management section of this note. The Group currently does not have an interest rate hedging policy. However, the management monitors interest rate exposure and will consider other necessary actions when significant interest rate exposure is anticipated.

Sensitivity analysis

It is estimated that a general increase/decrease of 100 basis points (2015: 100 basis points) in interest rates, with all other variables held constant, would increase/decrease (2015: increase/decrease) the Group's profit after tax and retained profits by approximately RMB541,000 (2015: RMB1,116,000) for the year. This is mainly attributable to the Group's exposure to interest rates on its variable-rate bank loans and bank balances.

The sensitivity analysis above has been determined based on the exposure to interest rates for non-derivative instruments at the end of the reporting period. The analysis is prepared assuming the financial instruments outstanding at the end of the reporting period were outstanding for the whole year. The 100 basis points (2015: 100 basis points) increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates. The analysis is performed on the same basis for the year ended 30 June 2015.

6. FINANCIAL RISK MANAGEMENT *(Continued)*

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

Credit risk

As at 30 June 2016 and 2015, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties is arising from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position.

The Group's credit risk is primarily attributable to trade and other receivables. Management has a credit policy in place and the exposures to the credit risk are monitored on an ongoing basis.

In respect of trade and other receivables, individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customers as well as pertaining to the economic environment in which the customers operate. Trade receivables are due within the credit period from the date of billing. Normally, the Group does not obtain collateral from customers.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. At 30 June 2016, 47% (2015: 69%) of the total trade receivables was due from the Group's five largest customers. The Group's concentration of credit risk by geographical locations is mainly in the PRC, which accounted for 99% (2015: 100%) of the total trade receivables at the end of the reporting period.

The credit risk on the Group's liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies.

Liquidity risk

In the management of the liquidity risk, the Group regularly monitors its liquidity requirements and its compliance with lending covenants and ensure that it maintains sufficient reserves of cash to meet is liquidity requirements in the short and long term.

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The maturity dates for the non-derivative financial liabilities are based on the agreed repayment dates. The table includes both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curves at the end of the reporting period.

	Less than 1 year or on demand RMB'000	Between 1 and 2 years RMB'000	Between 2 and 3 years RMB'000	Total undiscounted cash flows RMB'000	Carrying amount RMB'000
At 30 June 2016					
Trade payables	8,274	–	–	8,274	8,274
Other payables and accruals	12,522	–	–	12,522	12,522
Bank loans	453,068	128,908	7,825	589,801	575,656
	473,864	128,908	7,825	610,597	596,452

6. FINANCIAL RISK MANAGEMENT *(Continued)*

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

Liquidity risk (Continued)

	Less than 1 year or on demand RMB'000	Between 1 and 2 years RMB'000	Between 2 and 3 years RMB'000	Total undiscounted cash flows RMB'000	Carrying amount RMB'000
At 30 June 2015					
Trade payables	12,063	–	–	12,063	12,063
Other payables and accruals	49,435	–	–	49,435	49,435
Bank loans	237,425	219,891	111,059	568,375	544,794
	298,923	219,891	111,059	629,873	606,292

Business risk

The Group's revenue depends significantly on the ability to harvest oranges at adequate levels. The ability to harvest oranges in the Group's leased orange farms and the growth of the oranges may be affected by unfavourable local weather conditions and natural disasters. Weather conditions such as floods, droughts, cyclones and windstorms and natural disasters such as earthquakes, fire, disease, insect infestation and pests are examples of such events. The occurrence of severe weather conditions or natural disasters may diminish the supply of oranges available for harvesting in the Group's leased orange farms, which in turn may have a material adverse effect on the Group's ability to produce the products in sufficient quantities and quality. The Group has procedures in place aimed at monitoring and mitigating exposures to diseases, including regular farms inspections and pesticide prevention.

The Group has certain concentration risk of sales to its current major customers. The Group's revenue from the largest and the five largest customers amounted to approximately RMB127,200,000 (2015: RMB146,069,000) and RMB383,647,000 (2015: RMB396,866,000), which accounted for approximately 22% (2015: 31%) and 66% (2015: 84%) of the Group's total revenue for the year ended 30 June 2016 and 30 June 2015 respectively. The Group has no long-term contractual arrangement with these customers and there is no assurance that these major customers will continue their business dealings with the Group or that the revenue generated from dealing with these customers will increase or be maintained in the future. In the event that these customers ceased to purchase products from the Group and the Group could not secure orders from other customers, the Group's turnover and profitability would be adversely affected.

The Group is exposed to financial risks arising from changes in prices of oranges, concentrated orange juice, Summi fresh orange juice and the change in cost and supply of fertiliser and pesticides, all of which are determined by constantly changing market forces of supply and demand, and other factors. The other factors include environmental regulations, weather conditions and diseases. The Group has little or no control over these conditions and factors. The Directors manage the risk by operating in several major plantation areas so as to reduce the concentration of sources of oranges.

6. FINANCIAL RISK MANAGEMENT *(Continued)*

c. Fair value measurements of financial instruments

The Directors consider that the carrying amounts of current financial assets and liabilities recorded at amortised cost in the consolidated statement of financial position approximate to their fair values due to their immediate or short-term maturities.

The Directors consider that the carrying amounts of non-current portion of pledged bank deposits and bank loans as set out in notes 28 and 32 respectively approximate to their fair values due to the discounting effect is insignificant.

7. REVENUE AND SEGMENT INFORMATION

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

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

7. REVENUE AND SEGMENT INFORMATION *(Continued)*

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

	Plantation and sale of agricultural produce RMB'000	Production and sale of FCOJ and other related products RMB'000	Production and sale of Summi fresh orange juice RMB'000	Total RMB'000
Year ended 30 June 2016				
Segment revenue				
Sales to external customers	127,200	305,739	148,334	581,273
Intersegment sales	72,024	5,511	–	77,535
Segment revenue	199,224	311,250	148,334	658,808
Elimination				(77,535)
Consolidated revenue				581,273
Segment results	23,689	97,303	(16,980)	104,012
Unallocated gains				3,385
Corporate and other unallocated expenses				(22,523)
Finance costs				(22,570)
Profit before tax				62,304
As at 30 June 2016				
Assets and liabilities				
Segment assets	1,004,548	363,859	335,393	1,703,800
Corporate and other unallocated assets				603,705
Total assets				2,307,505
Segment liabilities	7,228	20,344	6,675	34,247
Corporate and other unallocated liabilities				592,808
Total liabilities				627,055

7. REVENUE AND SEGMENT INFORMATION *(Continued)*

	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	Total RMB'000
Year ended 30 June 2015				
Segment revenue				
Sales to external customers	146,069	311,473	13,292	470,834
Intersegment sales	41,421	893	–	42,314
Segment revenue	187,490	312,366	13,292	513,148
Elimination				(42,314)
Consolidated revenue				470,834
Segment results	20,419	86,547	(4,776)	102,190
Unallocated gains				3,658
Gain on early redemption of convertible bonds				23,342
Corporate and other unallocated expenses				(22,255)
Finance costs				(32,733)
Profit before tax				74,202
As at 30 June 2015				
Assets and liabilities				
Segment assets	928,323	410,823	313,398	1,652,544
Corporate and other unallocated assets				631,305
Total assets				2,283,849
Segment liabilities	10,638	25,674	38,762	75,074
Corporate and other unallocated liabilities				563,074
Total liabilities				638,148

7. REVENUE AND SEGMENT INFORMATION *(Continued)*

The accounting policies of the operating segments are identical to the Group's accounting policies as described in note 3. Segment results represent the profit earned by/(loss from) each segment without allocation of central administration costs, director's remuneration, certain other revenue, gain on early redemption of convertible bonds and finance costs. This is the measure reported to the chief operating decision maker for the purpose of resource allocation and performance assessment.

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

(a) all assets are allocated to operating segments other than held-to-maturity investment, 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, 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

	Year ended 30 June 2016				
	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	Total RMB'000
Amounts included in the measure of segment profits or segment assets:					
Depreciation and amortisation *(note 1)*	–	28,627	16,752	212	45,591
Additions to non-current assets *(note 2)*	–	16	430	–	446
Loss on disposal of property, plant and equipment	–	6	–	–	6
Loss on disposal of scrap materials	–	–	6,275	–	6,275
Write-off of property, plant and equipment	–	–	995	–	995
Write-off of inventories	3,512	–	–	–	3,512
Gain from changes in fair value of biological assets less costs to sell	(31,857)	–	–	–	(31,857)
Amounts regularly provided to the chief operating decision maker but not included in the measure of segment profits or segment assets:					
Bank interest income	–	–	–	(1,725)	(1,725)
Interest income from pledged bank deposits	–	–	–	(414)	(414)
Interest income from held-to-maturity investment	–	–	–	(998)	(998)
Finance costs	–	–	–	22,570	22,570
Income tax credit	–	–	–	(566)	(566)

7. REVENUE AND SEGMENT INFORMATION *(Continued)*

Other segment information *(Continued)*

	Year ended 30 June 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	Total RMB'000
Amounts included in the measure of segment profits or segment assets:					
Depreciation and amortisation *(note 1)*	–	30,371	7,685	171	38,227
Additions to non-current assets *(note 2)*	–	9,497	56,529	321	66,347
Impairment loss on intangible assets	–	18,414	–	–	18,414
Loss on disposal of property, plant and equipment	–	489	–	–	489
Write-off of property, plant and equipment	–	977	–	–	977
Write-off of inventories	8,800	–	–	–	8,800
Gain from changes in fair value of biological assets less costs to sell	(30,178)	–	–	–	(30,178)
Amounts regularly provided to the chief operating decision maker but not included in the measure of segment profits or segment assets:					
Bank interest income	–	–	–	(1,529)	(1,529)
Interest income from pledged bank deposits	–	–	–	(866)	(866)
Interest income from held-to-maturity investment	–	–	–	(798)	(798)
Write-off of other receivables	–	–	–	114	114
Finance costs	–	–	–	32,733	32,733
Income tax credit	–	–	–	(3,823)	(3,823)

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.

7. 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:

	2016 RMB'000	2015 RMB'000
Sales of FCOJ and related products	**304,497**	280,044
Sales of Summi fresh orange juice	**148,334**	13,292
Sales of fresh oranges	**127,200**	146,069
Sales of other products	**1,242**	31,429
	581,273	470,834

Information about major customers

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

	2016 RMB'000	2015 RMB'000
Customer A[1]	**127,200**	146,069
Customer B[2]	**89,429**	80,378
Customer C[2, 3]	**70,185**	70,550
Customer D[2]	**N/A[4]**	50,620
Customer E[2]	**63,832**	49,249

1 Revenue from plantation and sale of agricultural produce segment.

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

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

4 The corresponding revenue did not contribute over 10% of total revenue of the Group.

8. OTHER REVENUE

	2016 RMB'000	2015 RMB'000
Bank interest income	**1,725**	1,529
Government grants *(notes a and b)*	**3,680**	2,360
Interest income from pledged bank deposits	**414**	866
Interest income from held-to-maturity investment	**998**	798
Others	**248**	465
	7,065	6,018

Notes:

(a) During the year ended 30 June 2016, government grant of approximately RMB1,320,000 (2015: nil) was granted in respect of FCOJ production, which immediately recognised as other revenue for the year as there is no unfulfilled condition or contingencies relating to this subsidy.

(b) Government grant of RMB2,360,000 (2015: RMB2,360,000) was deferred income amortised during the year, which was granted in respect of supporting the Group's investment in a FCOJ production plant (note 34).

9. OTHER OPERATING EXPENSES

	2016 RMB'000	2015 RMB'000
Loss on disposal of scrap materials	**6,275**	–
Equity-settled share-based payment expenses	**5,436**	–
Loss on disposal of property, plant and equipment	**6**	489
Write-off of property, plant and equipment	**995**	977
Write-off of other receivables	**–**	114
Others	**–**	39
	12,712	1,619

10. FINANCE COSTS

	2016 RMB'000	2015 RMB'000
Imputed interest expenses on convertible bonds *(note 33)*	**–**	12,556
Interest expenses on bank loans	**22,570**	20,177
	22,570	32,733

11. 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	**89,063**	78,843
Contributions to defined contribution plans	**9,024**	7,733
Equity-settled share-based payment expenses	**5,436**	–
	103,523	86,576
Amortisation of land use rights	**555**	555
Amortisation of intangible assets	**4,501**	6,124
Depreciation of property, plant and equipment	**40,535**	31,548
Operating lease charges in respect of rented premises	**83,037**	83,208
Less: operating lease capitalised in biological assets	**(34,090)**	(34,520)
	48,947	48,688
Auditor's remuneration	**1,184**	1,085
Net foreign exchange loss	**77**	1,170
Amount of inventories recognised as an expense	**340,958**	300,636
Write-off of inventories recognised in cost of sales	**3,512**	8,800

12. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION

The remuneration paid or payable to each of the six (2015: six) directors and one (2015: one) chief executive were as follows:

	For the year ended 30 June 2016				
	Director's fee RMB'000	Wages, salaries, and other benefits RMB'000	Contributions to defined contribution plans RMB'000	Equity-settled share-based payment expenses RMB'000	Total RMB'000
Emoluments paid or receivable in respect of a person's services as a director, whether of the Company or its subsidiary undertaking					
Executive Directors					
Mr. Sin Ke *(note (i))*	1,598	–	15	403	2,016
Mr. San Kwan	1,299	720	15	201	2,235
Independent Non-executive Directors					
Mr. Zhuang Xueyuan	48	–	–	–	48
Mr. Zhuang Weidong	48	–	–	–	48
Mr. Zeng Jianzhong	48	–	–	–	48
Non-executive Director					
Mr. Tsang Sze Wai, Claudius *(note (ii))*	48	–	–	–	48
	3,089	720	30	604	4,443

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

	For the year ended 30 June 2015				
	Director's fee RMB'000	Wages, salaries, and other benefits RMB'000	Discretionary bonuses RMB'000	Contributions to defined contribution plans RMB'000	Total RMB'000
Emoluments paid or receivable in respect of a person's services as a director, whether of the Company or its subsidiary undertaking					
Executive Directors					
Mr. Sin Ke *(note (i))*	1,558	–	–	14	1,572
Mr. San Kwan	1,366	720	–	14	2,100
Independent Non-executive Directors					
Mr. Zhuang Xueyuan	48	–	–	–	48
Mr. Zhuang Weidong	48	–	–	–	48
Mr. Zeng Jianzhong	48	–	–	–	48
Non-executive Director					
Mr. Tsang Sze Wai, Claudius *(note (ii))*	31	–	–	–	31
Chief Executive					
Mr. Liao Yuang-whang *(note (iii))*	–	886	148	7	1,041
	3,099	1,606	148	35	4,888

Notes:

(i) Mr. Sin Ke was appointed as chief executive on 1 December 2014 and his emoluments disclosed above include those for services rendered by him as the chief executive.

(ii) Mr. Tsang Sze Wai, Claudius was appointed as non-executive director on 10 November 2014.

(iii) Mr. Liao Yuang-whang was resigned as chief executive on 1 December 2014.

There was no arrangement under which a director or the chief executive waived or agreed to waive any remuneration during the years ended 30 June 2016 and 2015.

During the years ended 30 June 2016 and 2015, no remuneration was paid by the Group to the Directors and the chief executive as an inducement to join or upon joining the Group or as compensation for loss of office.

The remunerations of Directors and the chief executive were determined by the remuneration committee having regard to the performance of individuals and market trends. During the year ended 30 June 2015, the chief executive received bonus as an appreciation to his past service rendered to the Company.

13. FIVE HIGHEST PAID EMPLOYEES' REMUNERATION

The five highest paid employees during the year ended 30 June 2016 included two Directors (2015: two Directors and a former chief executive). Details of whose remuneration are set out in note 12 above. The remuneration of the remaining three (2015: two) highest paid employees is set out below:

	2016 RMB'000	2015 RMB'000
Wages, salaries and other benefits	2,022	1,410
Contributions to defined contribution plans	15	6
Equity-settled share-based payment expenses	1,711	–
	3,748	1,416

The remuneration is within the following bands:

	Number of employees 2016	2015
Nil to HK$1,000,000 (equivalent to nil to RMB832,000) (2015: equivalent to nil to RMB798,000)	–	1
HK$1,000,001 to HK$1,500,000 (equivalent to RMB832,001 to RMB1,247,000) (2015: equivalent to RMB798,001 to RMB1,200,000)	2	1
HK$1,500,001 to HK$2,000,000 (equivalent to RMB1,247,001 to RMB1,664,000) (2015: equivalent to RMB1,200,001 to RMB1,596,000)	1	–

During the years ended 30 June 2016 and 2015, no remuneration was paid by the Group to the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office.

14. INCOME TAX CREDIT

	2016 RMB'000	2015 RMB'000
Current tax – PRC Enterprise Income Tax ("EIT")		
Provision for the year	560	2,311
Deferred tax		
Reversal of temporary differences *(note 38)*	(1,126)	(6,134)
Income tax credit	(566)	(3,823)

14. INCOME TAX CREDIT *(Continued)*

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 for both years.

Hong Kong Profits Tax is calculated at 16.5% on the estimated assessable profits for both years. No provision has been made for Hong Kong Profits Tax as there are no assessable profits generated 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 both years.

The income tax credit for the year can be reconciled to the profit before tax per the consolidated statement of profit or loss and other comprehensive income as follows:

	2016 RMB'000	2015 RMB'000
Profit before tax	**62,304**	74,202
Tax at the statutory tax rate (25%)	**15,576**	18,551
Tax effect of non-deductible expenses	**15,878**	12,873
Tax effect of non-taxable income	**(236)**	(4,164)
Tax effect of different tax rates of subsidiaries operating in other jurisdictions	**3,154**	1,478
Tax effect of tax exemptions granted to subsidiaries in the PRC	**(37,567)**	(33,325)
Tax effect of tax losses not recognised	**2,629**	764
Income tax credit	**(566)**	(3,823)

15. DIVIDEND

No dividend was paid or proposed during the year ended 30 June 2016 (2015: nil). Subsequent to the end of the reporting period, a final dividend of HK$0.015 per share in respect of the year ended 30 June 2016 has been proposed by the Directors and is subject to approval by the shareholders in the forthcoming annual general meeting.

16. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share attributable to the owners of the Company is based on the following data:

Earnings

	2016 RMB'000	2015 RMB'000
Earnings for the purpose of basic and diluted earnings per share (Profit for the year attributable to owners of the Company)	**62,870**	78,025

Number of shares

	2016	2015
Weighted average number of ordinary shares in issue less shares held under the share award scheme *(note 36)* for the purpose of basic earnings per share	**1,340,392,069**	1,345,393,330
Effect of deemed issue of shares under the Company's share option scheme for nil consideration	**–**	29,095,494
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**1,340,392,069**	1,374,488,824

The diluted earnings per share for the year ended 30 June 2016 is the same as basic earnings per share. The computation of diluted earnings per share for the year ended 30 June 2016 does not assume the exercise of the Company's options because the exercise price of those options was higher than the average market price for shares.

17. PROPERTY, PLANT AND EQUIPMENT

	Buildings	Plant and machinery	Furniture, fittings and equipment	Motor vehicles	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
COST						
At 1 July 2014	114,869	165,367	2,206	7,430	206,079	495,951
Additions	6,610	9,689	2,295	450	47,303	66,347
Transfer from construction in progress	123,853	94,665	–	–	(218,518)	–
Disposals	–	(1,235)	–	(810)	–	(2,045)
Write-offs	(204)	(3,475)	(228)	(11)	–	(3,918)
At 30 June 2015 and 1 July 2015	245,128	265,011	4,273	7,059	34,864	556,335
Additions	140	16	169	121	–	446
Transfer from construction in progress	–	6,850	–	–	(6,850)	–
Disposals	–	–	(72)	(104)	–	(176)
Write-offs	–	(995)	–	–	–	(995)
Exchange realignment	–	–	40	28	–	68
At 30 June 2016	245,268	270,882	4,410	7,104	28,014	555,678
ACCUMULATED DEPRECIATION						
At 1 July 2014	23,705	73,467	1,417	3,088	–	101,677
Provided for the year	9,328	20,663	597	960	–	31,548
Eliminated on disposals	–	(447)	–	(619)	–	(1,066)
Eliminated on write-offs	(47)	(2,688)	(197)	(9)	–	(2,941)
At 30 June 2015 and 1 July 2015	32,986	90,995	1,817	3,420	–	129,218
Provided for the year	12,610	26,136	839	950	–	40,535
Eliminated on disposals	–	–	(69)	(74)	–	(143)
Exchange realignment	–	–	19	16	–	35
At 30 June 2016	45,596	117,131	2,606	4,312	–	169,645
CARRYING VALUES						
At 30 June 2016	199,672	153,751	1,804	2,792	28,014	386,033
At 30 June 2015	212,142	174,016	2,456	3,639	34,864	427,117

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

The above items of property, plant and equipment, except for construction in progress, are depreciated at the following rates per annum on a straight-line basis:

Buildings	2.5% to 6.67%
Plant and machinery	5% to 20%
Furniture, fittings and equipment	20% to 33%
Motor vehicles	10% to 20%

At 30 June 2016, the carrying values of the Group's buildings located in the PRC amounted to approximately RMB199,672,000 (2015: RMB212,142,000). All the buildings situated on lands which are held under medium-term lease.

At 30 June 2016, the Group has not obtained the building ownership certificate for buildings with carrying values of approximately RMB4,368,000 (2015: RMB4,680,000) from the relevant PRC government authorities. In the opinion of the Directors, the absence of formal title to these properties does not impair their values to the Group as the Group has paid in full purchase consideration of these buildings and the probability of being evicted on the ground of an absence of formal title is remote.

At 30 June 2016, the carrying value of the Group's property, plant and equipment of approximately RMB94,969,000 (2015: RMB106,977,000) was pledged as security for the banking facilities granted to the Group.

18. LAND USE RIGHTS

	RMB'000
COST	
At 1 July 2014, 30 June 2015 and 30 June 2016	27,041
ACCUMULATED AMORTISATION	
At 1 July 2014	2,831
Provided for the year	555
At 30 June 2015 and 1 July 2015	3,386
Provided for the year	555
At 30 June 2016	3,941
CARRYING VALUES	
At 30 June 2016	23,100
At 30 June 2015	23,655

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

At 30 June 2016, the carrying value of the Group's land use rights of approximately RMB14,734,000 (2015: RMB15,105,000) were pledged as security for the banking facilities granted to the Group.

19. LEASE PREPAYMENTS FOR ORANGE PLANTATIONS

	2016 RMB'000	2015 RMB'000
At the beginning of the financial year	**832,429**	829,695
Additions	**155,637**	84,463
Amortisation	**(81,295)**	(81,729)
At the end of the financial year	**906,771**	832,429
Analysed for reporting purposes as:		
Current portion	**77,012**	84,432
Non-current portion	**829,759**	747,997
	906,771	832,429

Lease prepayments for orange plantations represent long-term rentals under operating leases for orange farms in the PRC.

20. GOODWILL

	RMB'000
COST AND CARRYING VALUE	
At 1 July 2014, 30 June 2015 and 30 June 2016	56,696

On 9 November 2011, the Group acquired entire equity interests in Global One Management Limited ("Global One") and its subsidiaries (collectively referred as the "Global One Group"), and goodwill of approximately RMB56,696,000 was recognised and had been allocated to production and sale of FCOJ and other related products segment upon acquisition.

Impairment test on goodwill

The Directors conducted impairment review on goodwill attributable to Global One Group at 30 June 2016 by reference to a valuation report issued by Grant Sherman Appraisal Limited ("Grant Sherman"), an independent qualified professional valuer not connected with the Group, who has among its staff members of the Hong Kong Institute of Surveyors. The recoverable amount of Global One Group has been determined by reference to value in use calculations. The calculation uses cash flow projections based on financial budgets approved by management covering a five-year period, and at a discount rate of approximately 15% per annum (2015: 15% per annum). The cash flows beyond the five-year period are extrapolated using 3% (2015: 3%) average growth rate. These average growth rates are based on the relevant industry growth rates forecasts and do not exceed the long-term average growth rate for the relevant industry. Other key assumptions for the value in use calculations relate to the estimation of cash inflows/outflows including budgeted sales and gross margin, such estimation is based on the past experience and management's expectations for the market development. The Directors believe that any reasonably possible change in any of these assumptions would not cause the carrying amount of the CGU to exceed its recoverable amount.

21. INTANGIBLE ASSETS

	Customer list RMB'000	Customer relationship RMB'000	Total RMB'000
COST			
At 1 July 2014, 30 June 2015 and 2016	82,390	43,660	126,050
ACCUMULATED AMORTISATION AND IMPAIRMENT			
As at 1 July 2014	14,648	35,855	50,503
Provided for the year	5,493	631	6,124
Impairment loss recognised	11,240	7,174	18,414
At 30 June 2015 and 1 July 2015	31,381	43,660	75,041
Provided for the year	4,501	–	4,501
At 30 June 2016	35,882	43,660	79,542
CARRYING VALUES			
At 30 June 2016	46,508	–	46,508
At 30 June 2015	51,009	–	51,009

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

21. INTANGIBLE ASSETS *(Continued)*

As at 30 June 2016 and 2015, the management assessed the recoverable amount of the intangible assets with reference to a valuation report issued by Grant Sherman. The recoverable amount of customer list has been determined on the basis of value-in-use calculations. The key assumptions used for the value-in-use calculation are as follows:

	2016	2015
Customer list		
Forecast period	**2017-2026**	2016-2026
Growth rate (Weighted average growth rate)	**-3%**	-3%
Net profit margin (Average net profit margin)	**18%**	18%
Customer churn rate	**7%**	7%
Discount rate	**17.00%**	16.89%

These calculations use cash flow projections based on financial budgets approved by the management covering the remaining useful life of the customer list. Growth rate on budgeted sales is based on past performance and management's expectations for the market development. Management believes that any reasonably possible change in any of these assumptions would not cause the carrying amount of intangible assets to exceed its recoverable amount.

During the year ended 30 June 2015, the Group recognised an impairment loss of approximately RMB11,240,000 (2016: nil) in relation to the customer list based on the forecast of revenue derived from these customers. For customer relationship, as the business relationship had been ended during the year ended 30 June 2015 and the Directors considered that no revenue would be generated from the customer relationship, the amount of customer relationship had been fully impaired during the year ended 30 June 2015.

22. HELD-TO-MATURITY INVESTMENT

Held-to-maturity investment comprised:

	2016 **RMB'000**	2015 RMB'000
Debt securities, unlisted	**17,137**	15,993

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 (2015: 6%), payable semi-annually, and would mature on 30 October 2023. At 30 June 2016, the carrying value of the Group's debt securities of approximately RMB17,137,000 (2015: RMB15,993,000) were pledged as security for the banking facilities granted to the Group.

23. PARTICULARS OF SUBSIDIARIES OF THE COMPANY

Name of subsidiary	Class of shares held	Place and date of establishment/ incorporation and operation	Particulars of issued share capital/paid up registered capital	Percentage of ownership interest attributable to the Company and voting power held by the Company 2016 Direct %	2016 Indirect %	2015 Direct %	2015 Indirect %	Principal activities
Sunshine Vocal Limited	Ordinary shares	The BVI 17 July 2007	US$100,000	**100**	**–**	100	–	Investment holding in Hong Kong
Rich Anges Limited	Ordinary shares	The BVI 10 October 2007	US$1	**100**	**–**	100	–	Investment holding in Hong Kong
Potel Limited	Ordinary shares	Hong Kong 3 September 2007	HK$1	**–**	**100**	–	100	Investment holding in Hong Kong
Manwell (China) Limited	Ordinary shares	Hong Kong 22 November 2007	HK$1	**–**	**100**	–	100	Investment holding in Hong Kong
Global One	Ordinary shares	The BVI 18 August 2010	US$1	**–**	**100**	–	100	Investment holding in Hong Kong
Summi (HK) Asia Limited *(note (a))*	Ordinary shares	Hong Kong 15 July 2014	HK$1	**–**	**100**	–	100	Sales of Summi fresh orange juice in Hong Kong
森美(福建)食品有限公司 Summi (Fujian) Food Co. Limited* ("Summi Fujian") *(note (b))*	Contributed capital	The PRC 15 March 1993	RMB80,000,000	**–**	**100**	–	100	Manufacturing and selling of FCOJ in the PRC
三明森美食品有限公司 Sanming Summi Food Co. Limited* *(note (c))*	Contributed capital	The PRC 27 September 2007	RMB10,000,000	**–**	**100**	–	100	Manufacturing and selling of FCOJ in the PRC
重慶天邦食品有限公司 Chongqing Tianbang Food Co. Limited* *(note (b))*	Contributed capital	The PRC 23 July 2008	HK$80,000,000	**–**	**100**	–	100	Manufacturing and selling of FCOJ in the PRC
懷化歐勁果業有限公司 *(note (c))*	Contributed capital	The PRC 21 June 2007	RMB30,000,000	**–**	**100**	–	100	Manufacturing and selling of FCOJ in the PRC
重慶尚果農業科技有限公司 Chongqing Shangguo Fruit Technology Co, Ltd.* *(note (c))*	Contributed capital	The PRC 16 December 2008	RMB35,000,000	**–**	**100**	–	100	Manufacturing and selling of Summi fresh orange juice in the PRC

23. PARTICULARS OF SUBSIDIARIES OF THE COMPANY *(Continued)*

Name of subsidiary	Class of shares held	Place and date of establishment/ incorporation and operation	Particulars of issued share capital/paid up registered capital	Percentage of ownership interest attributable to the Company and voting power held by the Company 2016 Direct %	2016 Indirect %	2015 Direct %	2015 Indirect %	Principal activities
重慶邦興果業有限公司 Chongqing Bangxing Fruit Co., Ltd.* *(note (c))*	Contributed capital	The PRC 18 November 2011	RMB2,000,000	**-**	**100**	–	100	Sale of fresh oranges in the PRC
廈門晨毅商貿有限公司 *(notes (c) and (d))*	Contributed capital	The PRC 17 July 2014	RMB5,000,000	**-**	**100**	–	100	Sale of Summi fresh orange juice in the PRC

* The English translation is for identification purposes only.

Notes:

(a) The entity was incorporated on 15 July 2014.
(b) Wholly-owned foreign enterprise.
(c) Companies incorporated as private companies in the PRC.
(d) The entity was incorporated on 17 July 2014.

None of the subsidiaries had any debt securities outstanding at the end of both years or during both years.

24. INVENTORIES

	2016 RMB'000	2015 RMB'000
Consumables and packing materials	**984**	2,027
Summi fresh orange juice	**37,617**	25,269
FCOJ and related products	**22,754**	42,048
	61,355	69,344

24. INVENTORIES *(Continued)*

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

	2016 **RMB'000**	2015 RMB'000
Carrying amount of inventories sold	**337,446**	291,836
Write-off of inventories	**3,512**	8,800
Cost of inventories recognised as cost of sales	**340,958**	300,636

Production quantities of agricultural produce are as follows:

	2016 **Tonnes**	2015 Tonnes
Oranges	**126,780**	135,357

25. BIOLOGICAL ASSETS

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

	2016 **RMB'000**	2015 RMB'000
At the beginning of the financial year	**95,831**	90,485
Increase due to cultivation	**173,604**	167,986
Gain from changes in fair value less cost to sell *(note a)*	**31,857**	30,178
Harvested oranges transferred to inventories	**(203,580)**	(192,818)
At the end of the financial year *(note b)*	**97,712**	95,831

Notes:

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

(b) All oranges were harvested annually and harvest season was commenced shortly before the calendar year end with the duration of five months. The Directors considered that there was no active market for the oranges before harvest at the end of the reporting period. The present value of expected cash flows was not considered a reliable measure of their fair value due to the need for, and use of, subjective assumptions including weather condition, natural disaster and effectiveness of agricultural chemicals. As such, the Directors considered that the fair value of biological assets at the end of the reporting period could not be measured reliably and no reliable alternative estimates existed to determine fair value. Therefore, biological assets continued to be stated at cost as at 30 June 2016 and 2015.

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

26. TRADE RECEIVABLES

The Group allowed a credit period ranging from 30 to 90 days (2015: 28 to 90 days) to its trade customers from the date of billing.

The following is an aged analysis of trade receivables presented based on the invoice date, which approximates the respective revenue recognition dates, at the end of the reporting period.

	2016 **RMB'000**	2015 RMB'000
0 to 30 days	**57,681**	66,620
31 to 60 days	**37,850**	10,693
61 to 90 days	**28,571**	1,277
	124,102	78,590

The aged analysis of trade receivables based on the due dates at the end of the reporting period is set out below:

	2016 **RMB'000**	2015 RMB'000
Neither past due nor impaired	**124,102**	78,590

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.

27. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2016 **RMB'000**	2015 RMB'000
Other receivables	**8,798**	19,195
Deposits and prepayments	**1,092**	1,068
	9,890	20,263

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

27. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS *(Continued)*

At 30 June 2016, included in other receivables was advance of approximately HK$6,515,000 (equivalent to approximately RMB5,730,000) made to an independent third party. The advance was interest free, unsecured and repayable on or before 30 June 2017.

At 30 June 2015, included in other receivables was advances of HK$3,000,000 (equivalent to approximately RMB2,398,000) made to an independent third party. The advance was unsecured, interest free and repayable within one year. During the year ended 30 June 2016, the balance was fully settled.

28. PLEDGED BANK DEPOSITS

	Notes	2016 RMB'000	2015 RMB'000
Pledged bank deposits to secure an interest-bearing bank loans		**127,758**	182,000
		127,758	182,000
Less: Current portion of pledged bank deposits	(a)	**(121,589)**	(12,000)
Non-current portion of pledged bank deposits	(b)	**6,169**	170,000

The pledged bank deposits carried fixed interest rates ranging from 0.3% to 1% (2015: 0.05% to 0.39%) per annum.

Notes:

(a) As at 30 June 2016, current portion of pledged bank deposit included i) short-term deposit of US$1,210,000 (equivalent to approximately RMB8,038,000) was pledged by the Company to secure interest-bearing short-term loan of US$4,000,000 (equivalent to approximately RMB26,616,000), ii) short-term deposit of US$900,000 (equivalent to approximately RMB5,951,000 was pledged by the Company to secure interest-bearing short-term loan of US$3,000,000 (equivalent to approximately RMB19,955,000) and iii) three-year term deposit of RMB107,600,000 pledged by one of the Group's subsidiaries in Hong Kong to secure interest-bearing long-term bank loans with an aggregate amount of RMB99,300,000 which the deposit would mature within next year upon the repayment of these long-term bank loans.

As at 30 June 2015, short-term deposit of approximately RMB12,000,000 was pledged by one of the Group's PRC subsidiary to secure interest-bearing loan of approximately RMB11,940,000 for one of the Group's PRC subsidiary. As the loan was fully settled in the year ended 30 June 2016, the bank deposits were released during the year ended 30 June 2016.

(b) As at 30 June 2016, a three-year term deposit of HK$7,200,000 (equivalent to approximately RMB6,169,000) which was pledged by one of the Group's subsidiaries in Hong Kong to secure an interest-bearing long-term bank loan of US$2,000,000 (equivalent to approximately RMB13,239,000). As the whole sum of deposits would mature during the year ending 30 June 2018 upon the repayment of long-term bank loan, the pledged deposits were still classified as non-current assets as at 30 June 2016.

As at 30 June 2015, a three-year term deposit of RMB170,000,000 was pledged by one of the Group's subsidiaries in Hong Kong to secure an interest-bearing long-term bank loan of RMB101,300,000 and an interest-bearing short-term bank loan of RMB60,500,000 for two of the Group's PRC subsidiaries respectively. As the whole sum of deposits would mature in the year ending 30 June 2017 upon the repayment of these long-term bank loans, the pledged deposits were classified as non-current assets as at 30 June 2015. During the year ended 30 June 2016, RMB62,400,000 of the deposit was released upon the repayment of short-term bank loan of RMB60,500,000. The remaining deposit of RMB107,600,000 is classified as current portion which would mature within next year upon the repayment of the long-term bank loans as at 30 June 2016.

28. PLEDGED BANK DEPOSITS *(Continued)*

Included in pledged bank deposits are the following amounts denominated in a currency other than the functional currency of certain subsidiaries.

	2016 RMB'000	2015 RMB'000
US$	**13,989**	6
RMB	**107,600**	170,000
	121,589	170,006

29. CASH AND CASH EQUIVALENTS

	2016 RMB'000	2015 RMB'000
Bank balances and cash	**450,443**	430,922

The bank balances carried interest at market rates ranging from 0.001% to 0.35% (2015: 0.001% to 0.35%) per annum.

Included in bank balances are the following amounts denominated in a currency other than the functional currency of certain subsidiaries.

	2016 RMB'000	2015 RMB'000
US$	**12,268**	1,004
RMB	**535**	172
	12,803	1,176

The RMB is not freely convertible into other currencies. However, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB to other currencies in respect of approved transactions through banks authorised to conduct foreign exchange business.

30. 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 (2015: 90 days or on demand).

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

	2016 **RMB'000**	2015 RMB'000
0–90 days	**8,274**	12,063

31. OTHER PAYABLES AND ACCRUALS

	2016 **RMB'000**	2015 RMB'000
Payables for acquisition of property, plant and equipment	**911**	37,431
Accrued sales commission	**2,816**	4,493
Value-added tax payables	**9,409**	6,751
Accrued staff costs	**3,422**	3,286
Interest payables	**2,034**	1,947
Other payables and accruals	**3,339**	2,278
	21,931	56,186

As at 30 June 2016, included in other payables and accruals of approximately RMB161,000 (2015: nil) was amount due to a director of the Company, Mr. Sin Ke. The amount is unsecured, interest-free and repayable on demand.

32. BANK LOANS

	2016 **RMB'000**	2015 RMB'000
Carrying amount repayable (based on scheduled repayment dates set out in the loan agreement):		
Within one year	**441,674**	228,254
After one year but within two years	**126,842**	207,920
After two years but within five years	**7,140**	108,620
	575,656	544,794
Less: Amounts shown under current liabilities	**(441,674)**	(228,254)
Amounts shown under non-current liabilities	**133,982**	316,540

	2016 **RMB'000**	2015 RMB'000
Secured *(note (a))*	**237,247**	262,733
Unsecured *(note (b))*	**338,409**	282,061
	575,656	544,794

	2016 **RMB'000**	2015 RMB'000
Fixed-rate borrowings	**197,377**	262,733
Variable-rate borrowings	**378,279**	282,061
	575,656	544,794

	2016 **RMB'000**	2015 RMB'000
Bank loans held by:		
PRC companies	**203,143**	246,740
Non-PRC companies	**372,513**	298,054
	575,656	544,794

32. BANK LOANS *(Continued)*

Notes:

(a) As at 30 June 2016, short-term secured bank loans in an aggregate amount of approximately RMB107,571,000 (2015: RMB73,000,000) were secured by certain property, plant and equipments, land use rights and pledged bank deposits amounting to approximately RMB94,969,000 (2015: RMB106,977,000), RMB14,734,000 (2015: RMB15,105,000) and RMB13,989,000 (2015: nil) respectively.

As at 30 June 2016, a two-year term bank loan of US$2,000,000 (equivalent to approximately RMB13,239,000) (2015: nil) was secured by pledged bank deposits amounting to approximately RMB6,169,000 (2015: nil), which is repayable in eighteen equal monthly instalments of US$125,000 (equivalent to approximately RMB552,000) until October 2017.

As at 30 June 2016, a three-year term bank loan with an aggregate amount of RMB99,300,000 (2015: RMB101,300,000) were secured by pledged bank deposits of approximately RMB107,600,000 (2015: RMB107,600,000) which is repayable within next year.

As at 30 June 2016, a secured short-term bank loan of HK$20,000,000 (equivalent to approximately RMB17,137,000) (2015: HK$20,000,000 (equivalent to approximately RMB15,993,000)) was secured by a held-to-maturity investment with equivalent amount.

As at 30 June 2015, short-term bank loans in an aggregate amount of RMB72,440,000 (2016: nil) were secured by pledged bank deposits of RMB74,400,000 and fully settled during the year ended 30 June 2016.

(b) As at 30 June 2016, included in the Group's unsecured bank loans was a three-year term loan facility in an aggregate sum of US$35,000,000 (equivalent to approximately RMB232,780,000) (2015: US$35,000,000 (equivalent to approximately RMB217,240,000)) (the "Credit Facility I") for the purpose of general working capital. The Credit Facility I was jointly guaranteed by the Company's director, Mr. Sin Ke, and six non-PRC incorporated subsidiaries. According to the repayment terms, 50% of the principal amounted to US$17,500,000 (equivalent to approximately RMB116,390,000) is repayable in two instalments in October 2016 and April 2017 respectively and was classified as current liabilities as at 30 June 2016; the remaining 50% of the principal amounted to US$17,500,000 (equivalent to approximately RMB116,390,000) is repayable on maturity date on 13 October 2017 and was classified as non-current liabilities as at 30 June 2016. Details of the Credit Facility I were set out in the announcement of the Company dated 14 October 2014.

As at 30 June 2016, a two-year term unsecured bank loan of HK$50,000,000 (equivalent to approximately RMB39,982,000) (2015: nil) is guaranteed by a PRC subsidiary. According to the repayment terms, approximately HK$33,333,000 (equivalent to approximately RMB25,702,000) is payable within next year while approximately HK$16,667,000 (equivalent to approximately RMB14,280,000) is repayable in two equal instalments in June 2018 and 2019 respectively.

As at 30 June 2016, other unsecured bank loans in an aggregate amount of approximately RMB65,647,000 (2015: RMB64,821,000) were either individually or jointly guaranteed by the Company, Mr. Sin Ke, and two non-PRC incorporated subsidiaries.

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:

	2016	2015
Fixed-rate bank loans	**2.39% – 8.05%**	2.89% – 7.84%
Variable-rate bank loans	**2.65% – 5.00%**	3.28% – 4.54%

Included in bank loans are the following amounts denominated in a currency other than the functional currency of certain subsidiaries.

	2016 RMB'000	2015 RMB'000
US$	**312,533**	242,079

33. CONVERTIBLE BONDS

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

The principal terms of the 2012 CB are as follows:

(i) Optional conversion

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

(ii) Redemption at maturity

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

(iii) Redemption at the option of the bondholder

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

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

(i) Liability component represents the fair value of the contractually determined stream of cash flows discounted at the prevailing market interest rate applicable to instruments of comparable credit status and providing substantially the same cash flows, on the same terms, but without the embedded derivatives and the conversion features. The interest charged for the period is calculated by applying an effective interest rate of 16.79% to the liability component since the 2012 CB were issued.

(ii) Embedded derivatives comprise the fair value of the bondholder's redemption options.

(iii) Equity component represents the conversion options, which is determined by deducting the fair value of the liability component and financial derivatives from the proceeds of issue of the compound financial instrument as a whole.

33. CONVERTIBLE BONDS *(Continued)*

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

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

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

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

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

The movement of the liability and equity components of the 2012 CB for the year ended 30 June 2015 is set out below:

	Liability component RMB'000	**Equity component** RMB'000	**Total** RMB'000
At 1 July 2014	229,930	11,474	241,404
Interest charged during the year *(note 10)*	12,556	–	12,556
Early redemption of convertible bonds	(215,763)	(750)	(216,513)
Gain on early redemption of convertible bonds	(23,342)	–	(23,342)
Transfer to retained earnings upon early redemption of convertible bonds	–	(10,724)	(10,724)
Exchange realignment	(3,381)	–	(3,381)
At 30 June 2015 and 2016	–	–	–

34. DEFERRED INCOME

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

	RMB'000
At 1 July 2014	12,980
Amortised during the year	(2,360)
At 30 June 2015 and 1 July 2015	10,620
Amortised during the year	(2,360)
At 30 June 2016	8,260

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 FCOJ 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.

35. 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.

35. EQUITY-SETTLED SHARE-BASED PAYMENTS *(Continued)*

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

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

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

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

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

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	222,600,000				

35. EQUITY-SETTLED SHARE-BASED PAYMENTS *(Continued)*

The following table discloses movements of the Company's share options during the year ended 30 June 2016:

Option type	Outstanding at 1/7/2015	Granted during the year	Outstanding at 30/6/2016
2015 Option			
Executive directors	–	6,000,000	6,000,000
Employees	–	48,000,000	48,000,000
	–	54,000,000	54,000,000
Exercisable at the end of the year	–		–
Weighted average exercise price	N/A	HK$1.11	HK$1.11

The following table discloses movements of the Company's share options during the year ended 30 June 2015:

Option type	Outstanding at 1/7/2014	Lapsed during the year	Exercised during the year	Outstanding at 30/6/2015
2008 Option				
Executive directors	11,400,000	–	(11,400,000)	–
2013 Option 2				
Executive directors	4,000,000	(4,000,000)	–	–
Former chief executive	2,000,000	(2,000,000)	–	–
	48,000,000	(48,000,000)	–	–
	65,400,000	(54,000,000)	(11,400,000)	–
Exercisable at the end of the year	65,400,000			N/A
Weighted average exercise price	HK$0.98	HK$1.03	HK$0.75	N/A

In respect of the share options exercised during the year ended 30 June 2015, the weighted average share price at the date of exercise is HK$1.24 (2016: nil).

During the year ended 30 June 2016, options were granted on 19 November 2015. The estimated fair values of the options granted on that date are approximately HK$21,571,000 (equivalent to approximately RMB17,839,000).

35. EQUITY-SETTLED SHARE-BASED PAYMENTS *(Continued)*

The fair value of the share options granted was calculated using the Binomial model. The inputs into the model were as followings:

	19 November 2015
Weighted average share price	HK$1.10
Exercise price	HK$1.11
Expected volatility	45.80%
Expected life	5 years
Risk-free rate	1.578%
Expected dividend yield	0%

Expected volatility was determined by reference to the historical volatility of the Company's share price over the previous 5 years. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

Risk-free interest rate represents the yields to maturity of Hong Kong Exchange Fund Note with respective terms to maturity at the valuation date.

The Group recognised the total expenses of approximately RMB5,436,000 for the year ended 30 June 2016 (2015: nil) in relation to share options granted by the Company.

The Binomial model has been used to estimate the fair value of the options. The variables and assumptions used in computing the fair value of the share options are based on the Directors' best estimate. The value of an option varies with different variables of certain subjective assumptions.

36. SHARES HELD UNDER SHARE AWARD SCHEME

On 11 September 2015, the Company adopted the share award scheme (the "Scheme") under which shares of the Company (the "Awarded Shares") may be awarded to the certain employees including directors and senior management of the Group ("Eligible Participants"), to provide incentives or rewards for their commitment and/or contribution to the Group and to provide them with a direct economic interest in attaining the long-term business objectives of the Group. The Share Award Scheme shall be valid and effective for a period of ten years commencing on the adoption date, i.e., 11 September 2015.

The aggregate number of Awarded Shares permitted to be awarded under the Share Award Scheme throughout the duration of the Scheme is limited to 10% of the issued share capital of the Company as at the adoption date. The maximum aggregate number of Awarded Shares which may be awarded to a Selected Participant shall not exceed 1% of the issued share capital of the Company as at the adoption date.

36. SHARES HELD UNDER SHARE AWARD SCHEME *(Continued)*

The Company has set up a trust (the "Trust") for the purpose of facilitating the purchase, holding and sale of shares in the Group for the benefit of the employees of the Group. All the shares repurchased by the Group through the Trust in the Stock Exchange are recorded as treasury stock in the reserve and are for the Scheme only.

When an Eligible Participant has satisfied all vesting conditions, which might include service and/or performance conditions, specified by the Board of Directors of the Company at the time of making the award and become entitled to the shares of the Company forming the subject of the award, the trustee shall transfer the relevant Awarded Shares to that employee.

The voting rights and powers of any shares held under the Scheme shall be exercised by the independent trustee who shall abstain from voting.

During the year ended 30 June 2016, the trustee acquired 17,476,000 ordinary shares (2015: nil) of the Company for the Scheme through purchases in the open market, at a total cost, including related transaction costs, of HK$16,000,000 (equivalent to approximately RMB13,816,000).

As at 30 June 2016, no shares was granted to Eligible Participant and all the Awarded Shares are remain at the Trust.

37. 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 HK$1,500 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 RMB9,024,000 (2015: RMB7,733,000) represents contributions payable to these schemes by the Group in respect of the current reporting period.

38. 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
At 1 July 2014	18,887	1,250	20,137
Credited to profit or loss	(6,134)	–	(6,134)
At 30 June 2015 and 1 July 2015	12,753	1,250	14,003
Credited to profit or loss	(1,126)	–	(1,126)
At 30 June 2016	11,627	1,250	12,877

At 30 June 2016, the Group has unused tax losses of RMB14,758,000 (2015: RMB3,341,000) available for offset against future profits. No deferred tax asset has been recognised in respect of such losses due to the unpredictability of future profit streams. Included in unrecognised tax losses are losses of approximately RMB11,277,000 (2015: RMB3,057,000) that will be expired after five years from the year of assessment to which they related to. Other losses may be carried forward indefinitely.

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 30 June 2016 and 2015, 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 30 June 2016, deferred tax liabilities of RMB1,250,000 (2015: RMB1,250,000) have been recognised in respect of the tax that would be payable on the portion of the retained profits of the Group's PRC subsidiaries which the Directors expect to be distributed by them in the foreseeable future, based on the assumption that the approval for the 5% preferential withholding tax rate will be obtained.

However, deferred tax liabilities associated with undistributed earnings of subsidiaries amounting to approximately RMB1,497,212,000 (2015: RMB1,053,998,000) have not been recognised at 30 June 2016, as the Company controls the dividend policy of the Group's PRC subsidiaries and the Directors consider it probable that a portion of the undistributed profits earned by the Group's PRC subsidiaries as at 30 June 2016 and 2015 will not be distributed in the foreseeable future.

39. SHARE CAPITAL

	Number of shares	Amount HK$'000	Amount RMB'000
Ordinary shares of HK$0.01 each			
Authorised:			
As at 1 July 2014, 30 June 2015, and 30 June 2016	3,000,000,000	30,000	26,376
Issued and fully paid:			
As at 1 July 2014	1,336,460,727	13,365	11,520
Share issued under share option scheme *(note a)*	11,400,000	114	90
As at 30 June 2015 and 30 June 2016	1,347,860,727	13,479	11,610

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

Note:

(a) During the year ended 30 June 2015, share options granted under the Share Option Scheme were exercised to subscribe for 11,400,000 ordinary shares of the Company in aggregate of HK$0.01 each at a consideration of HK$8,550,000 (equivalent to approximately RMB6,779,000), of which HK$114,000 (equivalent to approximately RMB90,000) was credited to share capital and the balance of HK$8,436,000 (equivalent to approximately RMB6,689,000) was credited to the share premium account.

RMB3,080,000 has been transferred from the capital reserve to the share premium. Details of the share option scheme are disclosed in note 35.

40. 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.

40. RESERVES *(Continued)*

(b) Capital reserve

The capital reserve of the Group at 30 June 2016 and 2015 comprises the following:

– The excess of paid-in capital of Summi Fujian of RMB3,585,000.

– The capital reserve of Sunshine Vocal in connection with the waiver of an equity shareholder's loan and related interest of RMB36,396,000.

– The fair value of the actual or estimated number of share options granted to employees of the Group recognised in accordance with the accounting policy adopted for share-based payments in note 3.

(c) Statutory reserves

Statutory reserves were established in accordance with the relevant PRC rules and regulations and the articles of association of the Group's PRC subsidiaries. Transfers to the reserves were approved by the directors of these companies.

The Group's PRC subsidiaries are required to transfer no less than 10% of their net profits, as determined in accordance with the PRC accounting rules and regulations, to the statutory surplus reserve until the reserve balance reaches 50% of their registered capital. The transfer to this reserve must be made before the distribution of a dividend to shareholders.

The statutory surplus reserve can be used to make good previous years' losses, if any, and may be converted into share capital by the issue of new shares to shareholders in proportion to their existing shareholdings or by increasing the par value of the shares currently held by them, provided that the balance after such issue is not less than 25% of the registered capital.

The Group's PRC subsidiaries made appropriations to discretionary surplus reserve in accordance with their board of directors' resolutions.

(d) Exchange 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 set out in note 3.

(e) Shares held under the share award scheme

During the year ended 30 June 2016, the Company repurchased 17,476,000 (2015: nil) ordinary shares of the Company through the Trust at a total consideration of HK$16,000,000 (equivalent to approximately RMB13,816,000) (2015: nil) under the share award scheme (note 36). The carrying amount of the shares held as at the year end was presented as a deduction against equity.

41. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	2016 RMB'000	2015 RMB'000
Non-current assets		
Property, plant and equipment	**302**	466
Investments in subsidiaries	**288,099**	268,862
Amounts due from subsidiaries	**400,587**	394,400
Pledged bank deposits	**6,169**	–
Held-to-maturity investment	**17,137**	15,993
	712,294	679,721
Current assets		
Other receivables	**6,260**	633
Pledged bank deposits	**13,990**	–
Cash and cash equivalents	**14,192**	1,623
	34,442	2,256
Current liabilities		
Other payables	**3,948**	3,693
Bank loans	**238,531**	80,814
	242,479	84,507
Net current liabilities	**(208,037)**	(82,251)
Total assets less current liabilities	**504,257**	597,470
Non-current liabilities		
Bank loans	**133,982**	217,240
Amounts due to subsidiaries	**13,522**	11,083
	147,504	228,323
Net assets	**356,753**	369,147
Capital and reserves		
Share capital	**11,610**	11,610
Reserves *(note a)*	**345,143**	357,537
Total equity	**356,753**	369,147

41. STATEMENT OF FINANCIAL POSITION OF THE COMPANY *(Continued)*

(a) Movements in the reserves during the years are as follow:

	Share premium RMB'000	Capital reserve RMB'000 *(note (i))*	Shares held under the share award scheme RMB'000	Exchange reserve RMB'000	Accumulated losses RMB'000	Total RMB'000
At 1 July 2014	478,644	24,681	–	(15,637)	(121,478)	366,210
Loss for the year	–	–	–	–	(14,385)	(14,385)
Other comprehensive expense for the year						
– Exchange differences arising on translation of foreign operations	–	–	–	(227)	–	(227)
Total comprehensive expense for the year	–	–	–	(227)	(14,385)	(14,612)
Shares issued under share option scheme *(note 39(a))*	9,769	(3,080)	–	–	–	6,689
Share option lapsed *(note 35)*	–	(8,800)	–	–	8,800	–
Early redemption of convertible bonds *(note 33)*	–	(750)	–	–	–	(750)
Transfer to retained earnings upon early redemption of convertible bonds *(note 33)*	–	(10,724)	–	–	10,724	–
At 30 June 2015 and 1 July 2015	488,413	1,327	–	(15,864)	(116,339)	357,537
Loss for the year	–	–	–	–	(29,292)	(29,292)
Other comprehensive income for the year						
– Exchange differences arising on translation of foreign operations	–	–	–	25,278	–	25,278
Total comprehensive income (expense) for the year	–	–	–	25,278	(29,292)	(4,014)
Recognition of equity-settled share-based payments *(note 35)*	–	5,436	–	–	–	5,436
Purchase of shares under the share award scheme *(note 36)*	–	–	(13,816)	–	–	(13,816)
At 30 June 2016	488,413	6,763	(13,816)	9,414	(145,631)	345,143

Note (i): The capital reserve of the Company mainly represents the fair value of the actual or estimated number of share options granted to employees of the Group recognised in accordance with the accounting policy adopted for share-based payments in note 3.

42. PLEDGE OF ASSETS

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

	2016 RMB'000	2015 RMB'000
Held-to-maturity investment	**17,137**	15,993
Property, plant and equipment	**94,969**	106,977
Land use rights	**14,734**	15,105
Pledged bank deposits	**127,758**	182,000
	254,598	320,075

43. OPERATING LEASE ARRANGEMENTS

The Group leases certain of its offices and orange plantations under operating lease arrangements. Lease 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:

	2016 RMB'000	2015 RMB'000
Within one year	**124,070**	1,441
In the second to fifth years, inclusive	**197,103**	284,817
After fifth years	**–**	36,750
	321,173	323,008

44. RELATED PARTY TRANSACTIONS

Except as disclosed elsewhere in the consolidated financial statements, the related party transactions including remuneration for key management personnel of the Group are is as follows:

	2016 **RMB'000**	2015 RMB'000
Short-term employee benefits	**6,600**	6,932
Contributions to defined contribution plans	**84**	105
Equity-settled share-based payments	**2,717**	–
	9,401	7,037

45. EVENT AFTER THE REPORTING PERIOD

On 8 August 2016, a three-year term loan facility in an aggregate sum of US$80,000,000 (equivalent to approximately RMB532,075,000) (the "Credit Facility II") was granted by several banks in Hong Kong to the Company. The Credit Facility II was jointly guaranteed by a director of the Company, Mr. Sin Ke and six non-PRC incorporated subsidiaries of the Company. Details of the Credit Facility II are set out in the announcement of the Company dated 8 August 2016.

Five Years Financial Summary

The consolidated results, assets and liabilities of the Group for the last five financial years as extracted from the financial statements of the Groups are summarised below:

Results

	Year ended 30 June 2016 RMB'000	Year ended 30 June 2015 RMB'000	Year ended 30 June 2014 RMB'000	Year ended 30 June 2013 RMB'000	Year ended 30 June 2012 RMB'000
Revenue	**581,273**	470,834	569,199	525,774	650,999
Profit for the year	**62,870**	78,025	116,869	67,074	250,262

Assets and liabilities

			As at 30 June		
	2016 RMB'000	2015 RMB'000	2014 RMB'000	2013 RMB'000	2012 RMB'000
Total assets	**2,307,505**	2,283,849	2,262,286	1,869,630	1,690,691
Total liabilities	**627,055**	638,148	700,648	489,492	403,475