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天溢(森美)控股有限公司

Tianyi (Summi) Holdings Limited

(incorporated in the Cayman Islands with limited liability)

(Stock code: 00756)

**ANNUAL RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED 30 JUNE 2017**

FINANCIAL HIGHLIGHTS

	2017	2016	Change %
	<i>RMB'000</i>	<i>RMB'000</i>	(Approximately)
Consolidated statement of profit or loss and other comprehensive income			
Revenue	604,286	581,273	4.0%
Gross profit	212,379	240,315	(11.6%)
Gross profit margin	35.1%	41.3%	(6.2pp)
EBITDA	154,793	130,465	18.6%
Profit for the year	67,483	62,870	7.3%
Basic EPS (<i>RMB cents</i>)	5.08	4.69	8.3%
Proposed final dividend (<i>HK cents per share</i>)	1.5	1.5	–
Consolidated statement of financial position			
Bank balances and cash	655,699	450,443	45.6%
Inventories	56,330	61,355	(8.2%)
Trade receivables	123,341	124,102	(0.6%)
Bank loans	931,870	575,656	61.9%
Net assets value	1,735,199	1,680,450	3.3%

The board (the “Board”) of directors (the “Directors”) of Tianyi (Summi) Holdings Limited (the “Company”) is pleased to announce the audited consolidated financial statements of the Company and its subsidiaries (collectively, the “Group”) for the year ended 30 June 2017 (the “Reporting Period”). The consolidated financial statements of the Group have been reviewed by the audit committee of the Company (the “Audit Committee”) and audited by SHINEWING (HK) CPA Limited, the independent auditor of the Company, in accordance with Hong Kong Standards on Auditing issued by Hong Kong Institute of Certified Public Accountants.

BUSINESS REVIEW AND PROSPECT

The Group is principally engaged in manufacturing and selling of Summi fresh orange juice, frozen concentrate 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 major citrus growing areas (Chongqing, Fujian and Hunan) of China. The Group adopts an integrated business model and is one of the few orange juice processors operating its own upstream orange plantations. During the year, in spite of the competitive pressure, the Group has continued performing stably by virtue of the high-quality products and source management.

During the Reporting Period, the Group continued to advance work in the three business segments, wherein due to the changes in international FCOJ market, the Group’s sales of FCOJ have recorded encouraging improvement during the year, which provided considerable contribution for profits of the Group. On the other hand, although Summi fresh orange juice is undergoing the consolidated stage for the current year, the Group is actively adjusting its sales and promotion strategy. Apart from the previous promotion approaches mainly focusing on free tasting, the Group will also invest resources to advertising via the public media, with a view to enhancing the public recognition of Summi fresh orange juice.

In terms of the orange plantation operation business, the orange trees in the plantations of nearly 70,000 mu have reached maturity and achieved trial production during the year. We expect such orange plantation can realize commercialized production next year. Moreover, the orange plantation operated by the Group was awarded a certificate of Sustainable Agriculture Guiding Principles (“SAGP”) from a leading international client, certifying the source quality of the orange plantations operated by the Group. The Group will continue developing the orange plantation business according to the standard of SAGP, so as to make the fresh oranges we produce maintain the top quality level.

Breakdown of revenue by product for the years ended 30 June 2017 and 2016 are set out as follows:

	2017		2016	
	<i>RMB'000</i>	<i>percentage of total revenue</i>	<i>RMB'000</i>	<i>percentage of total revenue</i>
Summi fresh orange juice	135,064	22.3%	148,334	25.5%
FCOJ and related products	345,460	57.2%	305,739	52.6%
Fresh oranges	123,762	20.5%	127,200	21.9%
	<u>604,286</u>	<u>100.0%</u>	<u>581,273</u>	<u>100.0%</u>

Summi fresh orange juice

Breakdown of sales volume in respect of the Summi fresh orange juice products for the years ended 30 June 2017 and 2016 are set out as follows:

	2017	2016
	Sales volume Calculated in 1,000 Cartons	Sales volume Calculated in 1,000 Cartons
1.75L carton	475	609
1L carton	1,478	1,618
300ml carton	8,905	9,493
	<u>10,858</u>	<u>11,720</u>

Following the high-speed growth for the past two years, Summi fresh orange juice became consolidated for the current year. For the current year, the Group is optimizing the sales network of Summi fresh orange juice. While continuously expanding the sales network nationwide, the Group has withdrawn certain sales points with unsatisfactory sales volume so as to enhance the average sales volume of every sales point. As at the end of this year, the Group has established approximately 5,000 sales points of different channels in Mainland China and Hong Kong, mainly in venues with high spending powers such as high-end supermarkets, convenience stores, theaters and wedding banquets. For the current year, the Group is reinforcing the existing sales networks rather than increasing the sales points greatly as compared with last year, so the shipments of Summi fresh orange juice decreased by approximately 7.4% from approximately 11,720,000 cartons for the last year to approximately 10,858,000 cartons for the current year, while the sales amount decreased by 8.9% from RMB148,334,000 for the last year to RMB135,064,000 for the current year.

On the other hand, the Group is adjusting its promotion strategy for Summi fresh orange juice. During the year, apart from the free tasting events, the Group started to promote Summi fresh orange juice in the form of public media advertising. In addition to advertising on some online platform, we have also carried out advertising activities in major domestic shopping malls, so as to reinforce the brand position of Summi fresh orange juice.

FCOJ and related products

Breakdown of revenue by products in respect of the FCOJ and related products for the years ended 30 June 2017 and 2016 are set out as follows:

	2017		2016	
	<i>Approximate metric tonnes</i>	<i>RMB'000</i>	<i>Approximate metric tonnes</i>	<i>RMB'000</i>
FCOJ	14,267	195,563	13,816	181,259
Orange Pulp	17,610	147,735	15,342	122,506
Orange Fibre and others	2,021	2,162	1,960	1,974
	<u>33,898</u>	<u>345,460</u>	<u>31,118</u>	<u>305,739</u>

The sales of the Group's FCOJ and related products included FCOJ, orange pulp, orange fibre and other related products. During the year, as the major places of origin for FCOJ worldwide, such as Florida in the USA and Brazil were affected by the declining harvest volume of local fresh oranges and thus greatly decreased the supply of oranges, leading to the supply shortage of global FCOJ for the current year. Benefiting from this, the sales volume of FCOJ increased from approximately 13,816 tonnes for the last year to approximately 14,267 tonnes for the current year, while the sales amount increased by approximately 7.9% from approximately RMB181,259,000 for the last year to approximately RMB195,563,000 for the current year. The Group predicts that the supply shortage worldwide will continue for a short period of time, which will bring certain positive influence on the sales of FCOJ.

On the other hand, as the domestic retailing market had increasing demand for fruit juice drinks containing fruit grains this year, orange pulp, as the major raw materials, has recorded significant increase in both the sales volume and selling price. The sales volume of orange pulp increased from approximately 15,342 tonnes for the last year to approximately 17,610 tonnes for the current year, while the sales amount increased by approximately 20.6% from approximately RMB122,506,000 for the last year to approximately RMB147,735,000 for the current year.

Fresh Oranges and Plantations

The Group operates approximately 146,000 mu (equivalent to approximately 97.3 km²) 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 Group's plantations of approximately 70,000 mu entered the trial production phase and harvested a small amount of fresh oranges, but the unstable weather in Chongqing last year affected the overall output of the plantations, so the output of fresh oranges for the current year failed to hit a sustainable growth.

The Group was awarded, in December 2016, a certificate of SAGP from a world leading beverage company for the orange plantation providing fresh oranges to produce frozen concentrate orange juice to the above-mentioned company. The accreditation signified that the Group's agricultural practice complies with the stringent requirement for maintaining sustainable supply of healthy agricultural ingredients, in an environmental-friendly manner, to the international beverage giant.

The Group is the first orange juice supplier in the world certified for compliance requirements of SAGP stipulated by the above-mentioned beverage giant. The Group believes that such accreditation will benefit us to enhance the long-term relationship with this major customer.

During the Reporting Period, the total volume of the fresh oranges harvested by the Group was approximately 131,413 tonnes, representing an increase of approximately 3.7% as compared with approximately 126,780 tonnes for the last year and of which approximately 51,567 tonnes (2016: approximately 63,600 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 RMB2,400 per tonne, representing an increase of approximately 20% as compared with approximately RMB2,000 per tonne for the last year. The market price of fresh oranges floats every year, but we notice that the selling price of premium fresh oranges has shown an upward trend over the past five years. The Group believes that the selling price of premium fresh oranges will continue rising.

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 plantations and the volume of purchased fresh oranges for the years ended 30 June 2017 and 2016 are set out as follows:

	2017	2016
	<i>Approximate tonnes</i>	<i>Approximate tonnes</i>
Output of fresh oranges from self-operated orange plantations		
– Fresh oranges for sale	51,567	63,600
– Producing Summi fresh orange juice	20,474	23,443
– Producing FCOJ and related products	59,372	39,737
	131,413	126,780
Purchases of fresh oranges for producing FCOJ and related products	121,681	127,183
Total consumption of fresh oranges	253,094	253,963

Gross profit

During the Reporting Period, the Group's gross profit decreased by approximately 11.6% to approximately RMB212,379,000 as compared to approximately RMB240,315,000 for the last year. The gross profit margin of the Group decreased to approximately 35.1% (2016: approximately 41.3%). As the market price for processing and fresh sales of fresh oranges recorded a great rise during the year, the gross profit margin somewhat dropped this year.

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 ("biological assets gain") 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 biological assets gain was approximately RMB67,908,000 (2016: approximately RMB31,857,000). Benefiting from the significant rise in market price of the fresh oranges regardless of their gradings, the fair price adjustment of fresh oranges has recorded a huge rise during the Reporting Period as compared to last year. The biological assets gain during the year has been fully achieved and contained in the selling costs of the year.

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. Attributable to the Group's adjustment of marketing promotion strategies and endeavor to control the marketing expenses during the year, the selling and distribution costs decreased from approximately RMB98,543,000 for the last year to approximately RMB84,053,000 for the Reporting Period.

The Group's administrative expenses mainly included general office administrative expenses, salaries, amortisation, etc. The administrative expenses increased by approximately 16.9% from approximately RMB83,108,000 for the last year to approximately RMB97,129,000 for the Reporting Period. The increase in administrative expenses are attributable to net loss of exchange of approximately RMB14,279,000.

Other operating expenses

During the Reporting Period, the Group's other operating expenses were approximately RMB8,955,000 (2016: approximately RMB12,712,000). Such expenses were mainly attributable to equity-settled share-based payment expenses.

Finance costs

During the Reporting Period, the Group's finance costs were approximately RMB42,268,000 (2016: approximately RMB22,570,000). During the Reporting Period, there was no significant change in the Group's effective interest rate. The increase in financial expenses was mainly due to a syndicated loan of US\$80,000,000 between the Group and certain major local banks in last August, leading to the substantial increase of the Group's bank loans and the rising finance costs.

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 increased by approximately 7.3% to approximately RMB67,483,000 as compared to approximately RMB62,870,000 for the last year.

FINAL DIVIDEND

The Board recommends the payment of a final dividend of HK\$0.015 per share of the Company (the "Shares") payable to shareholders of the Company (the "Shareholders") whose names appear on the register of members of the Company on 28 November 2017 (Tuesday). Subject to approval by the Shareholders at the forthcoming annual general meeting of the Company to be held on 22 November 2017 (Wednesday) (the "AGM"), it is expected that those dividends will be paid on 13 December 2017 (Wednesday).

LIQUIDITY, FINANCIAL RESOURCES, GEARING AND CAPITAL STRUCTURE

Held-to-maturity investment

As at 30 June 2017, held-to-maturity investment amounted to approximately RMB17,372,000 (2016: approximately RMB17,137,000).

Liquidity

As at 30 June 2017, current assets amounted to approximately RMB1,268,271,000 (2016: approximately RMB942,103,000). Current liabilities were approximately RMB393,859,000 (2016: approximately RMB471,936,000).

Financial resources

As at 30 June 2017, the Group had cash and cash equivalents and pledged bank deposits of approximately RMB655,699,000 (2016: approximately RMB450,443,000) and approximately RMB201,238,000 (2016: approximately RMB127,758,000) respectively and total bank loans of approximately RMB931,870,000 (2016: approximately RMB575,656,000).

As at 30 June 2017, trade receivables were approximately RMB123,341,000 (2016: approximately RMB124,102,000) and inventories were approximately RMB56,330,000 (2016: approximately RMB61,355,000).

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.

	2017	2016
Quick ratio (x)	2.8	1.7
Current ratio (x)	3.2	2.0
Gearing ratio (<i>note (a)</i>)	<u>54.6%</u>	<u>34.3%</u>

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

Capital structure

As at 30 June 2017, the total number of issued shares was 1,347,860,727 shares. Based on the closing price of HK\$1.19 per share as at 30 June 2017, the Company's market capitalisation as at 30 June 2017 was HK\$1,603,954,265.13.

FOREIGN EXCHANGE EXPOSURE

The Group is subject to foreign exchange risk arising primary from currency exposures with respect to United States Dollar. Majority of our income source is denominated in Renminbi while the repayment of interest and principals of our bank borrowings, are denominated in United States Dollar. Any substantial fluctuation between the currencies may have significant effects on the Group.

Furthermore, the conversion of Renminbi into foreign currencies is subject to rules and regulations of exchange control enforced by the government. The Group has a standing foreign exchange risk management policy and uses forward contracts and various derivative instruments to mitigate the associated risks.

PLEDGE OF ASSETS

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

	2017	2016
	<i>RMB'000</i>	<i>RMB'000</i>
Held-to-maturity investment	17,372	17,137
Property, plant and equipment	57,078	94,969
Land use rights	9,523	14,734
Pledged bank deposits	201,238	127,758
	<u>285,211</u>	<u>254,598</u>

CONTINGENT LIABILITIES

As at 30 June 2017, the Group had no material contingent liabilities (2016: nil).

CAPITAL EXPENDITURE

During the Reporting Period, the Group's capital expenditure amounted to approximately RMB262,200,000 (2016: approximately RMB156,083,000) which was used for acquisition of property, plant and equipment and lease prepayments for orange plantations in Chongqing.

HUMAN RESOURCES AND REMUNERATION POLICY

As at 30 June 2017, the Group employed 902 employees (2016: 964 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 audited financial information for the year ended 30 June 2017 together with the comparative figures for the year ended 30 June 2016 is as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 June 2017

	<i>Notes</i>	2017 RMB'000	2016 RMB'000
Revenue	4	604,286	581,273
Cost of sales		<u>(391,907)</u>	<u>(340,958)</u>
Gross profit		212,379	240,315
Gain from changes in fair value of biological assets less costs to sell		67,908	31,857
Other revenue	5	19,163	7,065
Selling and distribution expenses		(84,053)	(98,543)
Administrative expenses		(97,129)	(83,108)
Other operating expenses	6	<u>(8,955)</u>	<u>(12,712)</u>
Profit from operations		109,313	84,874
Finance costs	7	<u>(42,268)</u>	<u>(22,570)</u>
Profit before tax	8	67,045	62,304
Income tax credit	9	<u>438</u>	<u>566</u>
Profit for the year attributable to owners of the Company		<u>67,483</u>	<u>62,870</u>
Other comprehensive expense for the year			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		<u>(3,186)</u>	<u>(19,741)</u>
Total comprehensive income for the year attributable to owners of the Company		<u>64,297</u>	<u>43,129</u>
Earnings per share	<i>11</i>		
– Basic (<i>RMB cents</i>)		<u>5.08</u>	<u>4.69</u>
– Diluted (<i>RMB cents</i>)		<u>5.08</u>	<u>4.69</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2017

	<i>Notes</i>	2017 RMB'000	2016 RMB'000
Non-current assets			
Property, plant and equipment		318,578	386,033
Land use rights		22,545	23,100
Lease prepayments for orange plantations		977,012	829,759
Goodwill		56,696	56,696
Intangible assets		42,007	46,508
Held-to-maturity investment		17,372	17,137
Derivative financial instrument		12,652	–
Deposit paid for acquisition of property, plant and equipment		9,840	–
Pledged bank deposits		14,442	6,169
		<u>1,471,144</u>	<u>1,365,402</u>
Current assets			
Inventories		56,330	61,355
Biological assets		99,310	97,712
Lease prepayments for orange plantations		111,362	77,012
Trade receivables	12	123,341	124,102
Other receivables, deposits and prepayments		35,433	9,890
Pledged bank deposits		186,796	121,589
Cash and cash equivalents		655,699	450,443
		<u>1,268,271</u>	<u>942,103</u>
Current liabilities			
Trade payables	13	16,130	8,274
Other payables and accruals		22,939	21,931
Bank loans		354,708	441,674
Income tax payable		82	57
		<u>393,859</u>	<u>471,936</u>
Net current assets		<u>874,412</u>	<u>470,167</u>
Total assets less current liabilities		<u>2,345,556</u>	<u>1,835,569</u>

	<i>Note</i>	2017 <i>RMB'000</i>	2016 <i>RMB'000</i>
Non-current liabilities			
Bank loans		577,162	133,982
Corporate bonds		15,544	–
Deferred income		5,900	8,260
Deferred tax liabilities		11,751	12,877
		<u>610,357</u>	<u>155,119</u>
Net assets		<u>1,735,199</u>	<u>1,680,450</u>
Capital and reserves			
Share capital	<i>14</i>	11,610	11,610
Reserves		1,723,589	1,668,840
		<u>1,735,199</u>	<u>1,680,450</u>
Total equity		<u>1,735,199</u>	<u>1,680,450</u>

1. GENERAL

Tianyi (Summi) Holdings Limited (the “Company”) is 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”). Its parent and ultimate holding company is Key Wise Group Limited, a company incorporated in the British Virgin Islands (the “BVI”).

The Company and its subsidiaries (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”).

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 of the Company (the “Directors”) consider that it is appropriate to present the consolidated financial statements in RMB.

2. PRINCIPAL ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board (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 and derivative financial instrument that are measured at fair values. Historical cost is generally based on the fair value of the consideration given in exchange for goods. The accounting policies and methods of computation used in the consolidated financial statements for the year ended 30 June 2017 are the same as those followed in the preparation of the Group’s annual financial statements for the year ended 30 June 2016.

3. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (“IFRS(s)”)

For the purpose of preparing and presenting the consolidated financial statements for the year ended 30 June 2017, the Group has consistently adopted all the new and revised IFRSs, which include IFRSs, International Accounting Standards (“IAS(s)”), amendments and Interpretations (“Int(s)”), issued by the IASB which are effective for the Group’s financial year beginning on 1 July 2016.

New and revised IFRSs issued but not yet effective

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

IFRS 9 (2014)	Financial Instruments ²
IFRS 15	Revenue from Contracts with Customers ²
IFRS 16	Leases ⁴
IFRS 17	Insurance Contracts ⁵
Amendments to IFRSs	Annual Improvements to IFRSs 2014 – 2016 Cycle ³
Amendments to IFRS 2	Classification and Measurement of Share-based Payment Transactions ²
Amendments to IFRS 4	Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts ²
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ⁶
Amendments to IAS 7	Disclosure Initiative ¹
Amendments to IAS 12	Recognition of Deferred Tax Assets for Unrealised Losses ¹
Amendments to IAS 40	Transfers of Investment Property ²
IFRIC Int 22	Foreign Currency Transactions and Advance Consideration ²
IFRIC Int 23	Uncertainty over Income Tax Treatments ⁴

¹ Effective for annual periods beginning on or after 1 January 2017.

² Effective for annual periods beginning on or after 1 January 2018.

³ Effective for annual periods beginning on or after 1 January 2017 or 1 January 2018, as appropriate.

⁴ Effective for annual periods beginning on or after 1 January 2019.

⁵ Effective for annual periods beginning on or after 1 January 2021.

⁶ Effective date not yet been determined.

4. 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 senior executive management of the Group, for making strategic decisions and assessing the performance of each operating segment. The segments are managed separately as each operating segment offers different products which require different production information to formulate different strategies. No operating segment identified by the chief operating decision maker has been aggregated in arriving at the reportable segments of the Group.

The Group's reportable and operating segments are as follows:

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

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

	Plantation and sale of agricultural produce 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 2017				
Segment revenue				
Sales to external customers	123,762	345,460	135,064	604,286
Intersegment sales	106,779	4,926	–	111,705
Segment revenue	<u>230,541</u>	<u>350,386</u>	<u>135,064</u>	715,991
Elimination				<u>(111,705)</u>
Consolidated revenue				<u>604,286</u>
Segment results	<u>59,276</u>	<u>105,198</u>	<u>(28,756)</u>	135,718
Unallocated gains				15,633
Corporate and other unallocated expenses				(42,038)
Finance costs				<u>(42,268)</u>
Profit before tax				<u>67,045</u>

	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
As at 30 June 2017				
Assets and liabilities				
Segment assets	<u>1,187,750</u>	<u>343,261</u>	<u>314,485</u>	<u>1,845,496</u>
Corporate and other unallocated assets				<u>893,919</u>
Total assets				<u>2,739,415</u>
Segment liabilities	<u>14,617</u>	<u>19,253</u>	<u>6,863</u>	<u>40,733</u>
Corporate and other unallocated liabilities				<u>963,483</u>
Total liabilities				<u>1,004,216</u>
	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	<u>72,024</u>	<u>5,511</u>	<u>–</u>	<u>77,535</u>
Segment revenue	<u>199,224</u>	<u>311,250</u>	<u>148,334</u>	658,808
Elimination				<u>(77,535)</u>
Consolidated revenue				<u>581,273</u>
Segment results	<u>23,689</u>	<u>97,303</u>	<u>(16,980)</u>	104,012
Unallocated gains				3,385
Corporate and other unallocated expenses				(22,523)
Finance costs				<u>(22,570)</u>
Profit before tax				<u>62,304</u>

	Plantation and sale of agricultural produce <i>RMB'000</i>	Production and sale of FCOJ and other related Products <i>RMB'000</i>	Production and sale of Summi fresh orange juice <i>RMB'000</i>	Total <i>RMB'000</i>
As at 30 June 2016				
Assets and liabilities				
Segment assets	<u>1,004,548</u>	<u>363,859</u>	<u>335,393</u>	1,703,800
Corporate and other unallocated assets				<u>603,705</u>
Total assets				<u>2,307,505</u>
Segment liabilities	<u>7,228</u>	<u>20,344</u>	<u>6,675</u>	34,247
Corporate and other unallocated liabilities				<u>592,808</u>
Total liabilities				<u>627,055</u>

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

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

- (a) all assets are allocated to operating segments other than held-to-maturity investment, derivative financial instrument, 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 corporate bonds, 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 2017	Plantation and sale of agricultural produce <i>RMB'000</i>	Production and sale of FCOJ and other related products <i>RMB'000</i>	Production and sale of Summi fresh orange juice <i>RMB'000</i>	Unallocated <i>RMB'000</i>	Total <i>RMB'000</i>
Amounts included in the measure of segment profit or loss or segment assets:					
Depreciation and amortisation (<i>note 1</i>)	–	27,923	17,357	200	45,480
Additions to non-current assets (<i>note 2</i>)	–	9,934	853	32	10,819
Write-off of property, plant and equipment	–	2	–	–	2
Write-off of inventories	2,712	–	–	–	2,712
Gain from changes in fair value of biological assets less costs to sell	(67,908)	–	–	–	(67,908)
Amounts regularly provided to the chief operating decision maker but not included in the measure of segment profit or loss or segment assets:					
Bank interest income	–	–	–	(1,705)	(1,705)
Interest income from pledged bank deposits	–	–	–	(206)	(206)
Interest income from held-to-maturity investment	–	–	–	(1,052)	(1,052)
Change in fair value of derivative financial instrument	–	–	–	(12,652)	(12,652)
Finance costs	–	–	–	42,268	42,268
Income tax credit	–	–	–	(438)	(438)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>

Year ended 30 June 2016	Plantation and sale of agricultural produce <i>RMB'000</i>	Production and sale of FCOJ and other related products <i>RMB'000</i>	Production and sale of Summi fresh orange juice <i>RMB'000</i>	Unallocated <i>RMB'000</i>	Total <i>RMB'000</i>
Amounts included in the measure of segment profit or loss or segment assets:					
Depreciation and amortisation (<i>note 1</i>)	–	28,627	16,752	212	45,591
Additions to non-current assets (<i>note 2</i>)	–	16	430	–	446
Loss on disposal of property, plant and equipment	–	6	–	–	6
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 profit or loss 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)
	<u>–</u>	<u>–</u>	<u>–</u>	<u>(566)</u>	<u>(566)</u>

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, derivative financial instrument and held-to-maturity investment.

Geographical information

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

Revenue from major products

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

	2017	2016
	<i>RMB'000</i>	<i>RMB'000</i>
Sales of FCOJ and related products	345,460	305,739
Sales of Summi fresh orange juice	135,064	148,334
Sales of fresh oranges	123,762	127,200
	<u>604,286</u>	<u>581,273</u>

Information about major customers

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

	2017	2016
	<i>RMB'000</i>	<i>RMB'000</i>
Customer A ¹	123,762	127,200
Customer B ²	106,865	89,429
Customer C ²	92,241	63,832
Customer D ^{2,3}	61,213	70,185

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.

5. OTHER REVENUE

	2017 <i>RMB'000</i>	2016 <i>RMB'000</i>
Bank interest income	1,705	1,725
Government grants (<i>notes a and b</i>)	3,530	3,680
Change in fair value of derivative financial instrument	12,652	–
Interest income from pledged bank deposits	206	414
Interest income from held-to-maturity investment	1,052	998
Others	18	248
	<u>19,163</u>	<u>7,065</u>

Notes:

- (a) During the year ended 30 June 2017, government grant of approximately RMB1,170,000 (2016: RMB1,320,000) was granted in respect of FCOJ production, which was immediately recognised as other revenue for the year as there was no unfulfilled condition or contingencies relating to this subsidy.
- (b) Government grant of RMB2,360,000 (2016: 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.

6. OTHER OPERATING EXPENSES

	2017 <i>RMB'000</i>	2016 <i>RMB'000</i>
Equity-settled share-based payment expenses	8,924	5,436
Write-off of property, plant and equipment	2	995
Loss on disposal of property, plant and equipment	–	6
Loss on disposal of scrap materials	–	6,275
Others	29	–
	<u>8,955</u>	<u>12,712</u>

7. FINANCE COSTS

	2017 <i>RMB'000</i>	2016 <i>RMB'000</i>
Interest expenses on corporate bonds	789	–
Interest expenses on bank loans	41,479	22,570
	<u>42,268</u>	<u>22,570</u>

8. PROFIT BEFORE TAX

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

	2017 <i>RMB'000</i>	2016 <i>RMB'000</i>
Staff costs, including Directors' and chief executive's remuneration		
Wages, salaries and other benefits	89,875	89,063
Contributions to defined contribution plans	9,247	9,024
Equity-settled share-based payment expenses	8,924	5,436
	<u>108,046</u>	<u>103,523</u>
Amortisation of land use rights	555	555
Amortisation of intangible assets	4,501	4,501
Depreciation of property, plant and equipment	40,424	40,535
Operating lease charges in respect of rented premises	81,243	83,037
Less: operating lease capitalised in biological assets	(41,702)	(41,593)
	<u>39,541</u>	<u>41,444</u>
Auditor's remuneration	1,236	1,164
Net foreign exchange loss	14,279	77
Amount of inventories recognised as an expense	389,195	337,446
Write-off of inventories recognised in cost of sales	2,712	3,512
	<u>2,712</u>	<u>3,512</u>

9. INCOME TAX CREDIT

	2017 <i>RMB'000</i>	2016 <i>RMB'000</i>
Current tax – PRC Enterprise Income Tax (“EIT”)		
Provision for the year	688	560
Deferred tax		
Reversal of temporary differences	<u>(1,126)</u>	<u>(1,126)</u>
Income tax credit	<u>(438)</u>	<u>(566)</u>

Pursuant to the rules and regulations of the Cayman Islands and the BVI, the Group is not subject to any income tax in the Cayman Islands and the BVI 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 profit 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. These subsidiaries obtained the tax exemption from the local PRC tax authority for the years ended 30 June 2017 and 2016.

The applicable income tax rate for the rest of the Group’s operating subsidiaries in the PRC is 25% for both years.

10. DIVIDENDS

	2017 <i>RMB'000</i>	2016 <i>RMB'000</i>
Dividends recognised as distribution and paid during the year:		
2016 Final – HK1.5 cents (equivalent to approximately RMB1.30 cents) per share (2016: 2015 final dividend – nil)	<u>17,616</u>	<u>–</u>

Subsequent to the end of the reporting period, a final dividend of HK1.5 cents (2016: HK1.5 cents) per share in respect of the year ended 30 June 2017 has been proposed by the Directors and is subject to approval by the shareholders in the forthcoming annual general meeting.

11. 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

	2017 <i>RMB'000</i>	2016 <i>RMB'000</i>
Earnings for the purpose of basic and diluted earnings per share (Profit for the year attributable to owners of the Company)	<u>67,483</u>	<u>62,870</u>

Number of shares

	2017	2016
Weighted average number of ordinary shares in issue less shares held under the share award scheme for the purpose of basic earnings per share	1,328,523,434	1,340,392,069
Effect of deemed issue of shares under the Company's share option scheme for nil consideration	<u>–</u>	<u>–</u>
Weighted average number of ordinary shares for the purpose of diluted earnings per share	<u>1,328,523,434</u>	<u>1,340,392,069</u>

The diluted earnings per share for the years ended 30 June 2017 and 2016 are the same as basic earnings per share. The computation of diluted earnings per share for the years ended 30 June 2017 and 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.

12. TRADE RECEIVABLES

The Group allowed a credit period ranging from 30 to 90 days (2016: 30 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.

	2017 <i>RMB'000</i>	2016 <i>RMB'000</i>
0 to 30 days	38,611	57,681
31 to 60 days	38,452	37,850
61 to 90 days	44,494	28,571
Over 90 days	<u>1,784</u>	<u>–</u>
	<u>123,341</u>	<u>124,102</u>

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

	2017 <i>RMB'000</i>	2016 <i>RMB'000</i>
Neither past due nor impaired	<u>123,341</u>	<u>124,102</u>

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

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

13. 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 is 90 days (2016: 90 days).

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

	2017 <i>RMB'000</i>	2016 <i>RMB'000</i>
0-90 days	<u>16,130</u>	<u>8,274</u>

14. SHARE CAPITAL

	Number of shares	Amount <i>HK\$'000</i>	Amount <i>RMB'000</i>
Ordinary shares of HK\$0.01 each			
Authorised:			
As at 1 July 2015, 30 June 2016, and 30 June 2017	<u>3,000,000,000</u>	<u>30,000</u>	<u>26,376</u>
Issued and fully paid:			
As at 1 July 2015, 30 June 2016, and 30 June 2017	<u>1,347,860,727</u>	<u>13,479</u>	<u>11,610</u>

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.

CORPORATE GOVERNANCE PRACTICES

The Group's corporate governance practices are based on the Corporate Governance Code (the "Code") – Appendix 14 to the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"). 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 of the Listing Rules, save for the deviation mentioned below:

Code Provision A.2.1

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

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

The Board will periodically review the Company's current corporate practices and procedures and will maintain and further enhance the standard of corporate governance practices of the Company, in order to ensure it is in line with international and local best practices 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 Appendix 10 – Model Code for Securities Transactions by Director of Listed Issuers (the “Model Code”) to the Listing Rules. Specific enquiry has been made of all 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.

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.

The Audit Committee has reviewed with management the accounting principles and practices adopted by the Group and discussed internal controls and financial reporting matters including a review of this announcement and the final result of the Group for the year ended 30 June 2017.

SCOPE OF WORK OF SHINEWING (HK) CPA LIMITED

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 30 June 2017 as set out in this announcement have been agreed by the Group's auditors, SHINEWING (HK) CPA Limited, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by SHINEWING (HK) CPA Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by SHINEWING (HK) CPA Limited on this announcement.

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 22 November 2017 (Wednesday) (the "AGM"), the register of members of the Company will be closed from 17 November 2017 (Friday) to 22 November 2017 (Wednesday), both days inclusive, during which period no transfer of Shares will be registered. The record date will be 22 November 2017 (Wednesday). In order to qualify for attending and voting at the AGM, all transfer 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 no later than 4:30 p.m. on 16 November 2017 (Thursday).

(B) Entitlement to the Proposed Final Dividend

For the purposes of determining the Shareholders' entitlement to the proposed final dividend, the register of members of the Company will be closed from 28 November 2017 (Tuesday) to 29 November 2017 (Wednesday), both days inclusive. The record date will be 29 November 2017 (Wednesday). 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 no later than 4:30 p.m. on 27 November 2017 (Monday). If the resolution for approving the proposed final dividend is passed at the AGM, the proposed final dividend will be payable on 13 December 2017 (Wednesday).

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

Hong Kong, 26 September 2017

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