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

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

ANNUAL REPORT 2018

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), FCCA*

AUTHORISED REPRESENTATIVES

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

AUDIT COMMITTEE

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

REMUNERATION COMMITTEE

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

NOMINATION COMMITTEE

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

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room 1409, 14/F, Leighton Centre
77 Leighton Road, Causeway Bay
Hong Kong

REGISTERED OFFICE

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

AUDITOR

SHINEWING (HK) CPA Limited

LEGAL ADVISORS AS TO HONG KONG LAWS

Loong & Yeung

PRINCIPAL BANKERS

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

SHARE REGISTRAR IN HONG KONG

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

SHARE REGISTRAR AND TRANSFER OFFICE IN CAYMAN ISLANDS

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

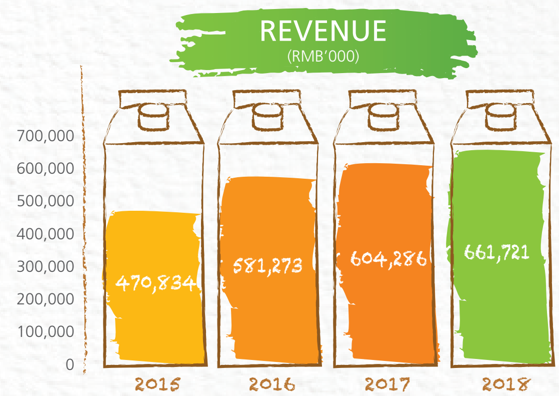
COMPANY WEBSITE

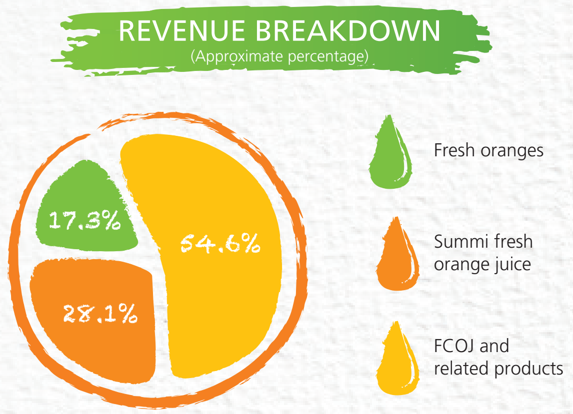
https://hksummi.com

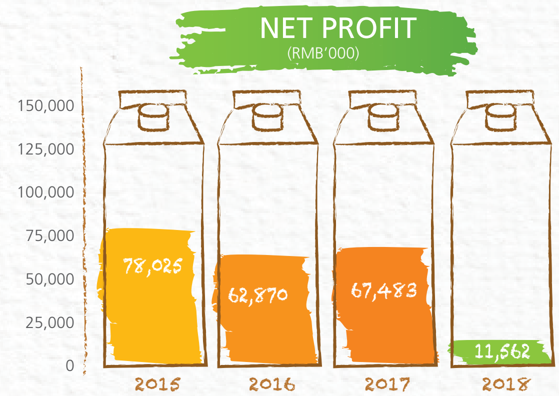
For the year ended 30 June

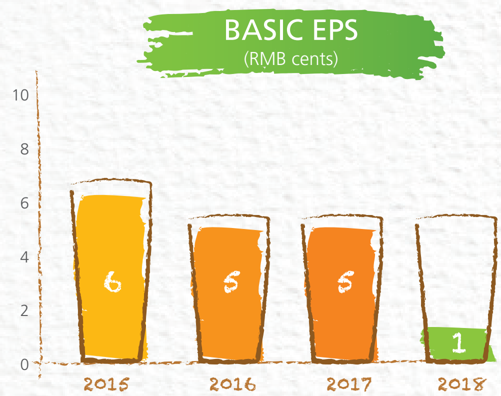
FINANCIAL HIGHLIGHTS

	2018 RMB'000	2017 RMB'000	Change% (Approximately)
Consolidated statement of profit or loss and other comprehensive income			
Revenue	661,721	604,286	9.5%
Gross profit	223,797	212,379	5.4%
Gross profit margin	33.8%	35.1%	(1.3pp)
EBITDA	113,076	154,793	(26.9%)
Profit for the year	11,562	67,483	(82.9%)
Basic EPS (RMB cents)	0.87	5.08	(82.9%)
Proposed final dividend (HK cents per share)	–	1.5	–
Consolidated statement of financial position			
Bank balances and cash	521,487	655,699	(20.5%)
Inventories	57,131	56,330	1.4%
Trade receivables	168,505	123,341	36.6%
Bank loans	892,932	931,870	(4.2%)
Net assets value	1,744,191	1,735,199	0.5%









Chairman's Statement

I am very pleased to present to the shareholders (the "Shareholders") of Summi (Group) Holdings Limited (the "Company") the annual report of the Company and its subsidiaries (collectively, the "Group") for the year ended 30 June 2018 (the "Reporting Period").

Reviewing the current reporting period, the Group has continuously implemented the strategies of upgrade and transformation during the Reporting Period, and the sales of Summi fresh orange juice we leveraged as a new driver for the business growth of the Group increased to RMB186,252,000 as compared with RMB135,064,000 of last year, representing a growth of 37.9%. However, as the Group put enormous efforts in promoting Summi fresh orange juice, the marketing expenses substantially increased. This has resulted in the relatively poor performance of Summi Orange Juice operating segment in spite of the increased sales. We believe that the promotion cost incurred during the year added value to the "Summi" brand and benefited the Group in the long term. On the other hand, Brazil, as a major country for fresh orange and concentrated orange juice, recorded a decrease in fresh orange and concentrated orange juice production during the Reporting Period, resulted stock of global concentrated orange juice remain at a low level and contributed to the Group's concentrate orange juice and related products business. During the Reporting Period, the Group continued to remain a good relationship with major business partners and recorded growth.

On the other hand, although the global economy remained positive, the speeding up of interest rate hikes in the United States during the Reporting Period and the global trade dispute made the economic environment full of risks. Because most of the interest rate of the Group's financing are calculated at LIBOR, the interest expenses of the Group during the Reporting Period increased substantially. Subject to fluctuation of United States Dollar exchange in the Group, the forward exchange contracts entered into between the Group and the bank also recorded large losses.

The net profit of the Group amounted to approximately RMB11,562,000, representing a decrease of approximately 82.9% as compared with approximately RMB67,483,000 of the corresponding period of last year. Due to the reason that the Group increased promotion effort in Summi fresh orange juice during the reporting period, resulting substantial increase in sales cost.

The board (the "Board") of directors (the "Directors") of the Company did not recommend the payment of final dividend.

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.

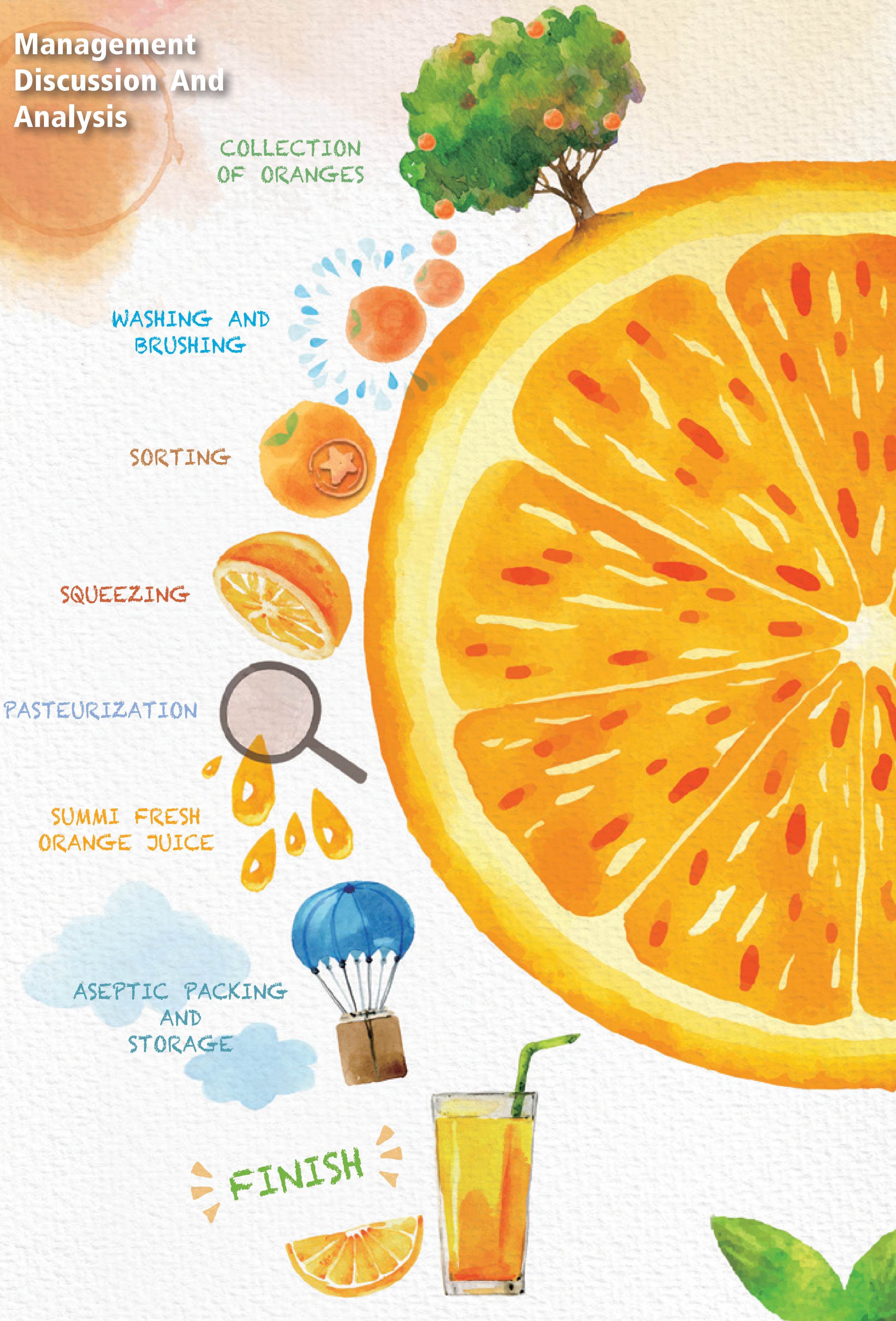
APPRECIATION

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, 27 September 2018

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, 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 sales of FCOJ have recorded encouraging improvement during the year, which provided guarantee for profits of the Group. On the other hand, the Group has put resources in promotion of Summi Orange Juice. During the year, sales of Summi Orange Juice increased substantially. Although the segment result of Summi Orange Juice was disappointing, the trend is encouraging as the market gradually recognised the "Summi" brand as a market leader in not-from-concentrate orange juice products. The Group will continue developing the orange plantation business according to the standard of Sustainable Agriculture Guiding Principles ("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 2018 and 2017 are set out as follows:

	2018		2017	
	RMB'000	Percentage of total revenue	RMB'000	Percentage of total revenue
Summi fresh orange juice	**186,252**	**28.1%**	135,064	22.3%
FCOJ and related products	**361,461**	**54.6%**	345,460	57.2%
Fresh oranges	**114,008**	**17.3%**	123,762	20.5%
	661,721	**100.0%**	604,286	100.0%

Summi fresh orange juice

Breakdown of sales volume in respect of the Summi fresh orange juice products for the years ended 30 June 2018 and 2017 are set out as follows:

	2018 Sales volume Calculated in 1,000 Cartons	2017 Sales volume Calculated in 1,000 Cartons
1.75L carton	**652**	475
1L carton	**2,163**	1,478
300ml carton	**12,181**	8,905
	14,996	10,858

For the current year, the Group is optimising the sales network of Summi fresh orange juice. The Group continuously expanding the sales network nationwide. Furthermore, the Group has launched the new sales channels by setting auto-vending machines in hospitals, airports, metro-rail stations in major cities in China. As at 30 June 2018, the Group expected more than 1,000 auto vending machines and sales generated from the auto vending machines amounted to approximately RMB19,000,000. 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 super-markets, convenience stores, theaters and wedding banquets. Compared to the last year, for the current year the Group is enhancing the sales efforts and striving to create more sales points, so the shipments of Summi fresh orange juice increased by approximately 38.1% from approximately 10,858,000 cartons for the last year to approximately 14,996,000 cartons for the current year, while the sales amount increased by 37.9% from RMB135,064,000 for the last year to RMB186,252,000 for the current year.

FCOJ and related products

Breakdown of revenue by products in respect of the FCOJ and related products for the years ended 30 June 2018 and 2017 are set out as follows:

	2018		2017	
	Approximate metric tonnes	RMB'000	Approximate metric tonnes	RMB'000
FCOJ	**10,954**	**189,365**	14,267	195,563
Orange Pulp	**21,510**	**172,096**	17,610	147,735
Orange Fibre and others	**–**	**–**	2,021	2,162
	32,464	**361,461**	33,898	345,460

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 ongoing low harvest volume of local fresh oranges, leading to the supply shortage of global FCOJ. Benefiting from this, notwithstanding that the sales volume of FCOJ decreased by 23.2% from approximately 14,267 tonnes for the last year to approximately 10,954 tonnes for the current year, the sales amount decreased by approximately 3.2% from approximately RMB195,563,000 for the last year to approximately RMB189,365,000 for the current year as a result of the significant increase in average selling price. The Group predicts that the supply shortage worldwide will continue for a short period of time, which will bring certain positive influence on the FCOJ business.

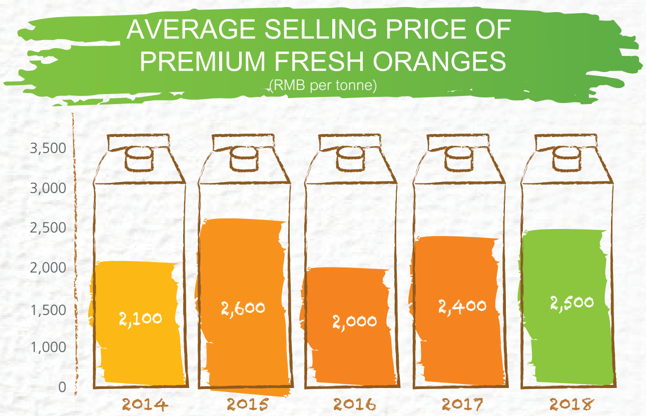
On the other hand, as the domestic retailing market had increasing demand for fruit juice drinks containing fruit grains this year, orange pulp, as the major raw materials, has recorded continuous increase in both the sales volume and selling price. The sales volume increased by 22.1% from approximately 17,610 tonnes for the last year to approximately 21,510 tonnes for the current year, while the sales amount increased by approximately 16.5% from approximately RMB147,735,000 for the last year to approximately RMB172,096,000 for the current year.

Fresh Oranges and Plantations

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 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 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 abovementioned 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 one of the leading orange juice suppliers 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 145,780 tonnes, representing an increase of approximately 10.9% as compared with approximately 131,413 tonnes for the last year and of which approximately 45,063 tonnes (2017: approximately 51,567 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 RMB2,500 per tonne, representing an increase of approximately 4.2% as compared with approximately RMB2,400 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 thus 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 2018 and 2017 are set out as follows:

	2018 Approximate tonnes	2017 Approximate tonnes
Output of fresh oranges from self-operated orange plantations		
– Fresh oranges for sale	45,063	51,567
– Producing Summi fresh orange juice	27,888	20,474
– Producing FCOJ and related products	72,829	59,372
	145,780	131,413
Purchases of fresh oranges for producing FCOJ and related products	114,757	121,681
Total consumption of fresh oranges	260,537	253,094

Management Discussion and Analysis

Gross profit

During the Reporting Period, the Group's gross profit increased by approximately 5.4% to approximately RMB223,797,000 as compared to approximately RMB212,379,000 for the last year. The gross profit margin of the Group decreased to approximately 33.8% (2017: 35.1%), which slightly decreased as compared with the previous 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 Group's oranges when become mature and are harvested less direct costs to sell. During the Reporting Period, the Group's biological assets gain was approximately RMB59,004,000 (2017: approximately RMB67,908,000). The biological assets gain has been included as part of cost of inventories and realised as expenses during 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 greater efforts in promoting Summi Orange Juice during the year, the selling and distribution costs increased from approximately RMB84,053,000 for the last year to approximately RMB134,443,000 for the Reporting Period.

The Group's administrative expenses mainly included general office administrative expenses, salaries, amortisation, etc. The administrative expenses decreased from approximately RMB97,129,000 for the last year to approximately RMB76,320,000 for the Reporting Period.

Other operating expenses

During the Reporting Period, the Group's other operating expenses were approximately RMB6,752,000 (2017: approximately RMB8,955,000). Such expenses were mainly attributable to the amortisation of the expenses for staff's share options.

Finance costs

During the Reporting Period, the Group's finance costs were approximately RMB50,759,000 (2017: approximately RMB42,268,000). As the majority of the Group's borrowings bear interest calculated using the USD interbank interest rate, the effective finance costs of the Group have increased due to the interest rate hikes of the United States during the Reporting Period.

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 82.9% to approximately RMB11,562,000 as compared to approximately RMB67,483,000 for the last year.

LIQUIDITY, FINANCIAL RESOURCES, GEARING AND CAPITAL STRUCTURE

Held-to-maturity investment

As at 30 June 2018, held-to-maturity investment amounted to approximately RMB16,918,000 (2017: approximately RMB17,372,000).

Liquidity

As at 30 June 2018, current assets amounted to approximately RMB1,265,652,000 (2017: approximately RMB1,268,271,000). Current liabilities were approximately RMB667,118,000 (2017: approximately RMB393,859,000).

Financial resources

As at 30 June 2018, the Group had cash and cash equivalents and pledged bank deposits of approximately RMB521,487,000 (2017: approximately RMB655,699,000) and approximately RMB191,730,000 (2017: approximately RMB201,238,000) respectively and total bank loans of approximately RMB892,932,000 (2017: approximately RMB931,870,000).

As at 30 June 2018, trade receivables were approximately RMB168,505,000 (2017: approximately RMB123,341,000) and inventories were approximately RMB57,131,000 (2017: approximately RMB56,330,000).

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.

	2018	2017
Quick ratio (x)	1.6	2.8
Current ratio (x)	1.9	3.2
Gearing ratio (note (a))	53.3%	54.6%

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

Capital structure

As at 30 June 2018, the total number of issued shares was 1,347,860,727 shares. Based on the closing price of HK$0.78 per share as at 30 June 2018, the Company's market capitalisation as at 30 June 2018 was HK$1,051,331,367.

FOREIGN EXCHANGE EXPOSURE

The Group is subject to foreign exchange risks arising primarily from currencies pegged 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:

	2018 RMB'000	2017 RMB'000
Held-to-maturity investment	16,918	17,372
Property, plant and equipment	47,632	57,078
Land use rights	9,272	9,523
Pledged bank deposits	191,730	201,238
	265,552	285,211

CONTINGENT LIABILITIES

As at 30 June 2018, the Group had no material contingent liabilities (2017: nil).

CAPITAL EXPENDITURE

During the Reporting Period, the Group's capital expenditure amounted to approximately RMB186,834,000 (2017: approximately RMB262,200,000) which was used for acquisition of property, plant and equipment, intangible assets and land use rights and lease prepayments for orange plantations in Chongqing.

HUMAN RESOURCES AND REMUNERATION POLICY

As at 30 June 2018, the Group employed 932 employees (2017: 902 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 since 7 June 2008 for the employees of the Group. The limit in respect of shares that may be issued pursuant to the exercise of all share options granted under the Scheme has been refreshed on 5 November 2012.

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 RMB831,000)	3
HK$3,000,001 to HK$3,500,000 (equivalent to RMB2,492,001 to RMB2,907,000)	1

DIRECTORS AND SENIOR MANAGEMENT

Executive Directors

Mr. Sin Ke (辛克), aged 57, 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 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 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 50, 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 with the Company and other members of the Group or other major appointments and professional qualifications.

Non-Executive Director

Mr. Tsang Sze Wai Claudius (曾思維), aged 40, has entered the financial services industry since 1998 and served various positions in Korean Development Bank and Chinachem Group. Mr. Tsang 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 a 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 was 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 a holder of a Chartered Financial Analyst charter of the CFA Institute.

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 with the Company and other members of the Group or other major appointments and professional qualifications.

Mr. Tsang Sze Wai Claudius had entered into director's service contract with the Company, which will expire on 9 November 2018.

Independent Non-Executive Directors

Mr. Zeng Jianzhong (曾建中), aged 59, 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 with Xiamen Sanjuan and its subsidiary, Xiamen Xinsanyang Industrial Limited (廈門新三陽實業有限公司) was the 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 with the Company and other members of the Group or other major appointments and professional qualifications.

Board of Directors and Senior Management

Mr. Zhuang Weidong (莊衛東), aged 50, 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 55, 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 with the Company and other members of the Group or other major appointments and professional qualifications.

SENIOR MANAGEMENT

Mr. Hsu Mi-Chien (許彌堅), aged 57, 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, between 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 general manager, directors and other key positions. Mr. Hsu served as general manager in South China Region and general manager Division of Drinks of Beijing Huiyuan Group Food & Beverage Co. during 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. During 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 with the Company and other members of the Group or other major appointments and professional qualifications.

Mr. San Wang (辛宏), aged 32, 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, and Summi Yummy Limited, of which are wholly-owned subsidiary and 60%-owned subsidiary of the Company respectively.

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 50, 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 gyro pilot 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 with the Company and other members of the Group or other major appointments and professional qualifications.

Board of Directors and Senior Management

Mr. Lee Kwok Lun, (李國麟), aged 35, is the chief financial officer and company secretary of the Company. He joined the Group and was appointed as the financial controller, company secretary and authorized representative of the Company in 2015. In June 2017, Mr. Lee is promoted to the chief financial officer. Mr. Lee is a practicing 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.

Mr. Lee is the director of Summi Yummy Limited, which is a 60%-owned subsidiary of the Company. He is appointed as an independent non-executive director of Wing Chi Holdings Limited, a company listed on the main board of the Stock Exchange of Hong Kong Limited (stock code: 6080) and Dragon Rise Group Holdings Limited, a company listed on the Main Board (Stock Code: 6829).

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 with the Company and other members of the Group or other major appointments and professional qualifications.

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 25 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 page 6. The analysis of the operations of the Group during the Reporting Period are set out in note 8 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 2018 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.

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 2018 are set out in the consolidated statement of profit or loss and other comprehensive income on page 46.

No interim dividend was paid or declared in respect of the Reporting Period (2017: nil).

The Board did not recommend the payment of a final dividend (2017: HK$0.015).

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 4.8% and 11.9% respectively of the Group's total purchases during the year ended 30 June 2018. Revenue attributable to the Group's largest customer and the five largest customers in aggregate accounted for 18.0% and 68.7% 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.

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 18 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 19 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 22 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 41 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 49.

As at 30 June 2018, the Company had reserves of approximately RMB199,388,000 (2017: approximately RMB279,896,000) 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.

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 14 to 18 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 2018.

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 RMB112,713,000 (2017: approximately RMB108,046,000).

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 note 13 and 14 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 2018, 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:

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)	602,980,145 (L)	44.74%
	Beneficial owner (Note 2)	15,688,000 (L)	1.17%
	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%

Notes:

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

2. Mr. Sin and Ms. Hong Man Na ("Ms. Hong"), the spouse of Mr. Sin, was deemed (by virtue of the SFO) to be interested in the 622,668,145 Shares. These Shares were held in the following capacity:

   (i) The 602,980,145 Shares are beneficially held by Key Wise Group Limited ("Key Wise"). Key Wise is owned as to 49% by Cheer Sky Limited ("Cheer Sky") and 51% by Ms. Hong, the spouse of Mr. Sin. Cheer Sky is owned as to 51% by Mr. Sin and 49% by Ms. Hong. Each of Mr. Sin and Ms. Hong is deemed to be interested in the 602,980,145 Shares held by Key Wise.

   The 15,688,000 Shares were personally held in his own interest. As Ms. Hong is the spouse of Mr. Sin, Ms. Hong is also deemed to be interested in the personal interest of Mr. Sin under the SFO.

   (ii) The options to subscribe for 4,000,000 Shares were granted on 19 November 2015 under the share option scheme of the Company and were held by Mr. Sin in a beneficial owner capacity. As Ms. Hong is the spouse of Mr. Sin, Ms. Hong is also deemed to in interested in the personal interest of Mr. Sin under the SFO.

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.

Save as disclosed above, as at 30 June 2018, 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 2018, 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	602,980,145 (L)	44.74%
Ms. Hong Man Na	Interest of controlled corporation and interest of spouse (Note 3 & 4)	616,428,145 (L)	45.73%
CITIC Securities Company Limited ("CITIC Securities")	(i) Beneficial owner (ii) Beneficial owner	68,915,200 (L) 111,987,200 (S)	5.11% 8.31%

Notes:

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

2. Key Wise is owned as to 49% by Cheer Sky and 51% by Ms. Hong, the spouse of Mr. Sin. Cheer Sky is owned as to 51% by Mr. Sin and 49% by Ms. Hong.

3. The 15,688,000 Shares were personally held by Mr. Sin. As Ms. Hong is the spouse of Mr. Sin, Ms. Hong was deemed, or taken to be, interested in the 15,688,000 Shares held by Mr. Sin by virtue of the SFO.

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

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

Save as disclosed above, and as at 30 June 2018, 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 13 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 47 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 consider that those material related party transactions disclosed in note 47 to the financial statements did not fall or exempted under the definition of "connected transactions" or "continuing connected transactions" (as the case may be) in Chapter 14A of the Listing Rules which are required to comply 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 2018 are set out in note 34 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 note 12 and 39 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 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.

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 2017	Granted during the Reporting Period	Exercised during the Reporting Period	Cancelled/ Lapsed during the Reporting Period	As at 30 June 2018	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 37 to the consolidated financial statements.

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 30 to 40 of this annual report.

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 would be an event of default under the Facility Agreement if (i) 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

For determining the Shareholders' eligibility to attend and vote at the forthcoming annual general meeting to be held on 14 November 2018 (Wednesday) (the "AGM"), the register of members of the Company will be closed from 8 November 2018 (Thursday) to 14 November 2018 (Wednesday), both days inclusive, during which period no transfer of Shares will be registered. The record date will be 14 November 2018 (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 7 November 2018 (Wednesday).

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, 27 September 2018

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 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 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 of 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

The brief biographic details of and relationship between the existing Directors are set out in the section headed "Board of Directors and Senior Management" on pages 14 to 18. 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, eleven 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)*	11/11	1/1
Mr. San Kwan	8/11	0/1
Non-executive Director		
Mr. Tsang Szi Wai, Claudius	3/11	0/1
Independent Non-Executive Directors		
Mr. Zhuang Xueyuan	3/11	0/1
Mr. Zhuang Weidong	2/11	0/1
Mr. Zeng Jianzhong	3/11	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 be 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 identify 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. All independent non-executive Directors are subject to rotation and re-election at annual general meeting of the Company in accordance with the articles of association of the Company.

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, had 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.

Three 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)*	3/3
Mr. Sin Ke	3/3
Mr. Zhuang Weidong	2/3

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.

Three 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)*	3/3
Mr. Zhuang Weidong	2/3
Mr. Zeng Jianzhong	3/3

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 are 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.

Three 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)*	3/3
Mr. Zhuang Weidong	2/3
Mr. Zeng Jianzhong	3/3

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 and its affiliate company for the Reporting Period comprised fees for audit services of HK$1,438,000 (equivalent to approximately RMB1,194,000) (2017: HK$1,410,000 (equivalent to approximately RMB1,236,000)) and non-audit service of HK$155,000 (equivalent to approximately RMB129,000 (2017: Nil)).

Risk management and internal control

The Group establishes a risk management information and communication channel that is functional within the whole basic risk control procedure, connects different levels in the reporting system and different departments and operation units, so as to ensure timely, accurate and complete communication of information, laying a solid foundation for the monitoring and improvement of risk management.

Different departments and business units of the Group regularly inspect and examine their own risk management process in order to locate the shortcomings and remedy the situation if possible. Their inspection and examination reports are delivered to the Group's risk management department in time.

The Board acknowledges its responsibility for the risk management and internal control systems and reviewing their effectiveness. Such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Board has the overall responsibility for evaluating and determining the nature and extent of the risks it is willing to take in achieving the Company's strategic objectives, and establishing and maintaining appropriate and effective risk management and internal control systems.

The Board further considers that (i) there was no material issue relating to the Group's risk management and internal controls, including financial, operational and compliance controls and risk management functions of the Group; and (ii) that there were adequate staff with appropriate and adequate qualifications and experience, resources for accounting, internal audit and financial reporting functions, and adequate training programmes had been provided during the year ended 30 June 2018.

The Company's risk management and internal control systems have the following principles, features and processes:

Principles of Risk Management

Risk management is an advanced management technique based on the internal control system of the Company and requires the participation of the Board, the management and the employees of the Company. It is a risk control process applying to the Company's strategic development planning, each process and function of its internal operation for the purpose of identifying matters that may have potential impacts on the Company and controlling risks according to its risk appetite, which in turn provides the Company with reasonable assurance to achieve its business objectives.

The objectives of the Company's risk management and internal control are as follows:

(1) Identifying matters that may have potential impacts on the Group and controlling risks according to its risk appetite;

(2) Providing the Board and the Management of the Company with reasonable assurance to achieve the Company's business objectives. This includes but is not limited to: utilizing resources in an efficient and effective way; preventing the loss of assets; maintaining the reliability and integrity of information; keeping consistence between policies, plans, procedures, laws and regulations.

Features of the risk management

The risk management and internal control system of the Company can be divided into four parts as follows:

(1) Identifying risks: The Audit Committee will supervise the management of the Company to identify uncertainties and decide the degree of such risks.

(2) Risk assessment: The Audit Committee identifies risks from a long-term perspective and assesses different risk parameters while analysing relevant information collected for this purpose. The Audit Committee will draw the attention of the management on related risks.

(3) Critical risk control points of internal control in each business segment: The Company carries out its risk management based on its other internal control systems and strictly complies with the internal control systems of each business segments while implementing measures for each risk control points.

(4) Accounting control: The Company rigorously conforms to the International Financial Reporting Standards, the International Accounting Standards, the disclosure requirement of the Hong Kong Companies Ordinance, the Accounting Standards for Business Enterprises and major accounting policies of the Company, so as to ensure the safety and integrity of its assets and give a true and fair view of its financial position, financial performance and cash flows.

Process of the risk management

The Board has delegated to the Audit Committee responsibility for reviewing the effectiveness of the Group's internal control system. The Audit Committee works with the Group's internal audit department to carry out internal audit works based on an internal audit plan which is reviewed and approved by the Audit Committee. The Group's internal audit department reports its findings and recommendations for any corrective action required to the Audit Committee. The Audit Committee reviews the reports submitted by the internal audit department in respect of the regular review of the risk management and internal control systems. Any issues on the risk management and internal control system of the Group are discussed and evaluated by the Board at least once every year, which cover the period of the preceding financial year, or a shorter period when the review is performed more than once during the year.

The Company instructs its dedicated policy researchers to identify the trend of policy change with an aim to minimize political influence on the Group's business. The Company will also conduct research on laws, regulations and industrial standards to predict potential changes and consult relevant experts when necessary.

During the year ended 30 June 2018, the internal audit department has conducted an examination on various material control aspects including financial and operational controls with the aim of mitigating the overall business and operational risk of the Group. Risk management and internal control systems reports were submitted to the Audit Committee for review and the findings and recommendations were discussed at the committee meetings. Matters including the adequacy of resources, staff qualifications and experience, training programs and budget of the Company's accounting and reporting functions were reviewed.

Internal control of confidential information

The Company has developed its disclosure policy which provides a general guide to the Company's Directors, officers, senior management and relevant employees in handling confidential information, monitoring information disclosure and responding to enquiries.

DIRECTORS' AND AUDITOR'S RESPONSIBILITIES FOR FINANCIAL STATEMENTS

All Directors acknowledge their responsibilities for preparing the financial statements for the Reporting Period. The auditor of the Company acknowledges 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 page 14 to 18 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 (https://hksummi.com/). 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:

Summi (Group) Holdings Limited
Room 1409, 14/F,
Leighton Centre, 77 Leighton Road,
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, 27 September 2018

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 SUMMI (GROUP) HOLDINGS LIMITED
(FORMERLY KNOWN AS "TIANYI (SUMMI) HOLDINGS LIMITED")
(Incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Summi (Group) Holdings Limited (formerly known as "Tianyi (Summi) Holdings Limited") (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") set out on pages 46 to 115, which comprise the consolidated statement of financial position as at 30 June 2018, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 30 June 2018, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board (the "IASB") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants (the "Code") and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

MATERIAL UNCERTAINTY RELATING TO GOING CONCERN

We draw attention to notes 2 and 34 to the consolidated financial statements prepared by the directors of the Company that the Group did not meet the repayment schedule of certain bank loans subsequent to 30 June 2018. These events indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the Material Uncertainty Relating to Going Concern section, we have determined the matters described below to be the key audit matters to be communicated in our report.

KEY AUDIT MATTERS *(Continued)*

Valuation of goodwill

Refer to note 21 to the consolidated financial statements and the accounting policies on pages 57 and 58.

The key audit matter	How the matter was addressed in our audit
The Group has goodwill of approximately RMB56,696,000 as at 30 June 2018. The Group's assessment of impairment of goodwill is a judgemental process which requires estimates concerning the forecast future cash flows associated with the goodwill, the discount rate and the growth rate of revenue and costs to be applied in determining the value-in-use. The selection of valuation model, adoption of key assumptions and input data may be subject to management bias and changes in these assumptions and input to valuation model may result in significant financial impact. The extent of judgement resulted in this matter being identified as a key audit matter.	We obtained management's assessment prepared by their valuation specialist and challenged the reasonableness of the selection of valuation model, adoption of key assumptions and input data. In particular, we tested the future cash flow forecast by reference to historical information and actual results available up to the report date. We also challenged the appropriateness of the assumptions, including the sales growth rate and gross margin, against latest market expectations. We also challenged the discount rate employed in the calculation of value-in-use by reviewing its basis of calculation and comparing its input data to market sources. As any changes in the assumptions and input to valuation model may result in significant financial impact, we performed our own sensitivity analysis which included changes in the sales growth rate employed.

Fair value of biological assets

Refer to note 27 to the consolidated financial statements and the accounting policies on page 60.

The key audit matter	How the matter was addressed in our audit
The Group has biological assets, which represent oranges before harvest comprising cultivation costs and are measured at cost on initial recognition unless fair value can be reliably measured. During the year ended 30 June 2018, gain from changes in fair value of biological assets less costs to sell of approximately RMB59,004,000 is recognised. We identified the fair value of biological assets as a key audit matter because of its significance to the Group's profit before tax and the determination of fair value of biological assets is a judgemental process which requires significant management judgement and estimation.	We assessed the experience and knowledge of the relevant personnel who were involved in assessing the fair value of oranges at the point of harvest. We also discussed with the management and challenged the methodology adopted in estimating the fair value of oranges at the point of harvest and compared with market prices with the most recent market price as at or close to the harvest dates in the local area. We also assessed the adequacy of disclosures in respect of the biological assets with reference to the requirements of the prevailing accounting standards.

KEY AUDIT MATTERS *(Continued)*

Classification of lease prepayments for orange plantations

Refer to note 20 to the consolidated financial statements and the accounting policies on page 59.

The key audit matter	How the matter was addressed in our audit
The Group has lease prepayments for orange plantations of approximately RMB1,087,416,000 as at 30 June 2018, of which approximately RMB109,541,000 is classified under current asset. The classification depends on the management assessment over the possibility of the first produce of oranges for each orange plantation. We have identified the classification of lease prepayments for orange plantations as a key audit matter because of its significance to the consolidated financial statements and the classification requires management judgement on the status of each orange plantation which becomes productive.	We discussed with the management and assessed the reasonableness of the methodology that management used to amortise the lease prepayment for orange plantations. We also assessed the management judgment by taking into account the past estimates over each productive orange plantations to ensure the basis of classification is supported and consistent with the management conclusion.

Impairment of trade receivables

Refer to note 28 to the consolidated financial statements and the accounting policies on pages 62 and 63.

The key audit matter	How the matter was addressed in our audit
The Group has trade receivables of approximately RMB168,505,000 as at 30 June 2018. Assessment of the recoverability of trade receivables involves a high level of management judgement. Specific factors that management considered in the estimation of the impairment provision including the ageing of the balances, type of customers, existence of disputes, recent historical payment patterns and any other available information concerning the creditworthiness of counterparties. Management used these types of information to determine whether impairment provisions were required. The extent of judgement resulted in this matter being identified as a key audit matter.	We reviewed management's assessment of the indicators of impairment and evaluated the reasonableness of the methods and assumptions used to estimate the allowance for doubtful debts. We discussed the indicators of possible impairment with the management and, where such indicators were identified, assessed the management's impairment testing. We also evaluated the assumptions and critical judgement used by the management by assessing the reliability of the management's past estimates and taking into account the ageing at year end and subsequent receipts from customers, as well as the recent creditworthiness of each debtor.

INFORMATION OTHER THAN THE CONSOLIDATED FINANCIAL STATEMENTS AND AUDITOR'S REPORT THEREON

The directors of the Company are responsible for the other information. The other information comprises all of the information included in the annual report other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

RESPONSIBILITIES OF DIRECTORS OF THE COMPANY AND AUDIT COMMITTEE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

In preparing the consolidated financial statements, the directors of the Company are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors of the Company either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Audit Committee is responsible for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes 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. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors of the Company.

- Conclude on the appropriateness of the Company's directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Pang Wai Hang.

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

Hong Kong
27 September 2018

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2018

	NOTES	2018 RMB'000	2017 RMB'000 (Restated)
Revenue	8	661,721	604,286
Cost of sales		(437,924)	(391,907)
Gross profit		223,797	212,379
Gain from changes in fair value of biological assets less costs to sell	27	59,004	67,908
Other revenue	9	6,351	6,511
Net realised and unrealised (loss) gain on derivative financial instruments		(10,168)	12,652
Selling and distribution expenses		(134,443)	(84,053)
Administrative expenses		(76,320)	(97,129)
Other operating expenses	10	(6,752)	(8,955)
Profit from operations		61,469	109,313
Finance costs	11	(50,759)	(42,268)
Profit before tax	12	10,710	67,045
Income tax credit	15	852	438
Profit for the year attributable to owners of the Company		11,562	67,483
Other comprehensive income (expense) for the year			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		11,076	(3,186)
Total comprehensive income for the year attributable to owners of the Company		22,638	64,297
Earnings per share	17		
– Basic (RMB cents)		0.87	5.08
– Diluted (RMB cents)		0.87	5.08

Consolidated Statement of Financial Position

For the year ended 30 June 2018

	NOTES	2018 RMB'000	2017 RMB'000
Non-current assets			
Property, plant and equipment	18	344,700	318,578
Land use rights	19	21,990	22,545
Lease prepayments for orange plantations	20	977,875	977,012
Goodwill	21	56,696	56,696
Intangible assets	22	38,978	42,007
Held-to-maturity investment	23	16,918	17,372
Derivative financial instruments	24	–	12,652
Deposit paid for acquisition of property, plant and equipment		–	9,840
Pledged bank deposits	30	–	14,442
		1,457,157	1,471,144
Current assets			
Inventories	26	57,131	56,330
Biological assets	27	169,119	99,310
Lease prepayments for orange plantations	20	109,541	111,362
Derivative financial instruments	24	2,986	–
Trade receivables	28	168,505	123,341
Other receivables, deposits and prepayments	29	45,153	35,433
Pledged bank deposits	30	191,730	186,796
Cash and cash equivalents	31	521,487	655,699
		1,265,652	1,268,271
Current liabilities			
Trade payables	32	5,727	16,130
Other payables and accruals	33	28,726	22,939
Bank loans	34	631,640	354,708
Derivative financial instruments	24	960	–
Income tax payable		65	82
		667,118	393,859
Net current assets		598,534	874,412
Total assets less current liabilities		2,055,691	2,345,556

Consolidated Statement of Financial Position

For the year ended 30 June 2018

	NOTES	2018 RMB'000	2017 RMB'000
Non-current liabilities			
Bank loans	34	261,292	577,162
Corporate bonds	35	36,043	15,544
Deferred income	36	3,540	5,900
Deferred tax liabilities	40	10,625	11,751
		311,500	610,357
Net assets		1,744,191	1,735,199
Capital and reserves			
Share capital	41	11,610	11,610
Reserves	42	1,732,581	1,723,589
Total equity		1,744,191	1,735,199

The consolidated financial statements on pages 46 to 115 were approved and authorised for issue by the board of directors on 27 September 2018 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 2018

	Attributable to owners of the Company							
	Share capital RMB'000	Share premium RMB'000 (Note 42(a))	Capital reserve RMB'000 (Note 42(b))	Shares held under the share award scheme RMB'000 (Note 42(e))	Statutory reserves RMB'000 (Note 42(c))	Exchange reserve RMB'000 (Note 42(d))	Retained profits RMB'000	Total RMB'000
At 1 July 2016	11,610	488,413	48,079	(13,816)	38,810	(19,271)	1,126,625	1,680,450
Profit for the year	–	–	–	–	–	–	67,483	67,483
Other comprehensive expense for the year								
– Exchange differences arising on translation of foreign operations	–	–	–	–	–	(3,186)	–	(3,186)
Total comprehensive (expense) income for the year	–	–	–	–	–	(3,186)	67,483	64,297
Recognition of equity-settled share-based payments (note 37)	–	–	8,924	–	–	–	–	8,924
Dividends paid (note 16)	–	(17,616)	–	–	–	–	–	(17,616)
Purchase of shares under the share award scheme (note 38)	–	–	–	(856)	–	–	–	(856)
At 30 June 2017 and 1 July 2017	11,610	470,797	57,003	(14,672)	38,810	(22,457)	1,194,108	1,735,199
Profit for the year	–	–	–	–	–	–	11,562	11,562
Other comprehensive income for the year								
– Exchange differences arising on translation of foreign operations	–	–	–	–	–	11,076	–	11,076
Total comprehensive income for the year	–	–	–	–	–	11,076	11,562	22,638
Recognition of equity-settled share-based payments (note 37)	–	–	3,480	–	–	–	–	3,480
Dividends paid (note 16)	–	(17,126)	–	–	–	–	–	(17,126)
At 30 June 2018	11,610	453,671	60,483	(14,672)	38,810	(11,381)	1,205,670	1,744,191

Consolidated Statement of Cash Flows

For the year ended 30 June 2018

	2018 RMB'000	2017 RMB'000
OPERATING ACTIVITIES		
Profit before tax	10,710	67,045
Adjustments for:		
Gain from changes in fair value of biological assets less costs to sell	(59,004)	(67,908)
Net realised and unrealised loss (gain) on derivative financial instruments	10,168	(12,652)
Depreciation of property, plant and equipment	46,023	40,424
Amortisation of land use rights	555	555
Government grants	(2,360)	(3,530)
Amortisation of intangible assets	5,029	4,501
Write-off of inventories	4,111	2,712
Gain on disposal of property, plant and equipment	(32)	–
Write-off of property, plant and equipment	–	2
Finance costs	50,759	42,268
Equity-settled share-based payment expenses	3,480	8,924
Bank interest income	(1,325)	(1,705)
Interest income from pledged bank deposits	(1,571)	(206)
Interest income from held-to-maturity investment	(997)	(1,052)
Operating cash flows before movements in working capital	65,546	79,378
(Increase) decrease in inventories	(4,912)	2,313
(Increase) decrease in biological assets	(10,805)	66,310
Decrease (increase) in lease prepayments for orange plantations	958	(181,603)
(Increase) decrease in trade receivables	(45,182)	761
Increase in other receivables, deposits and prepayments	(9,564)	(26,834)
(Decrease) increase in trade payables	(10,399)	7,856
Increase in other payables and accruals	2,917	2,710
Cash used in operations	(11,441)	(49,109)
Income tax paid	(291)	(663)
NET CASH USED IN OPERATING ACTIVITIES	(11,732)	(49,772)
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(59,347)	(1,882)
Placement of pledged bank deposits	(2,434)	(201,238)
Purchase of intangible asset	(2,000)	–
Advance to a director	(346)	–
Deposits paid for acquisition of property, plant and equipment	–	(9,840)
Settlement for derivative financial instruments	127	–
Proceeds from disposal of property, plant and equipment	525	28,014
Interest income received from held-to-maturity investment	997	1,052
Bank interest income received	1,325	1,622
Interest income received from pledged bank deposits	1,549	1,669
Withdrawal of pledged bank deposits	6,641	127,758
NET CASH USED IN INVESTING ACTIVITIES	(52,963)	(52,845)

Consolidated Statement of Cash Flows

For the year ended 30 June 2018

	2018 RMB'000	2017 RMB'000
FINANCING ACTIVITIES		
New bank loans raised	105,920	691,144
New corporate bonds issued	19,730	15,544
Government grants received	–	1,170
Advance from a director	–	148
Purchase of shares under the share award scheme	–	(856)
Repayments to a director	(219)	(90)
Dividends paid	(17,126)	(17,616)
Interest paid	(45,260)	(43,129)
Repayments of bank loans	(130,213)	(338,619)
NET CASH (USED IN) FROM FINANCING ACTIVITIES	(67,168)	307,696
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(131,863)	205,079
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	655,699	450,443
Effect of foreign exchange rate changes	(2,349)	177
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR, represented by bank balances and cash	521,487	655,699

For the year ended 30 June 2018

1. GENERAL

Summi (Group) Holdings Limited (formerly known as "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 addresses of the registered office and principal place of business of the Company are disclosed in the "Corporate Information" section to the annual report.

Pursuant to a special resolution passed at the annual general meeting held on 24 October 2017, the English name of the Company was changed from "Tianyi (Summi) Holdings Limited" to "Summi (Group) Holdings Limited" and the Chinese name of the Company was changed from "天溢（森美）控股有限公司" to "森美（集團）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 30 November 2017.

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. BASIS OF PREPARATION

As disclosed in note 34(c), the Group did not meet the repayment schedule of certain bank loans in the amount of United States dollars ("US$") 20,000,000 (equivalent to approximately RMB132,706,000) subsequent to 30 June 2018 in accordance with the terms and conditions of a facility agreement (the "Facility Agreement") entered into among the Company and a group of banks (the "Participating Banks") in respect of the bank loans with a principal amount of US$80,000,000 (equivalent to approximately RMB530,826,000) (the "Facility").

The above condition indicates the existence of material uncertainties which may cast significant doubt about the Group's ability to continue as a going concern.

Up to the date of approval for issuance of the consolidated financial statements, the Group has already repaid US$5,000,000 (equivalent to approximately RMB33,176,000) and obtained consents of the Participating Banks to extend the repayment of the remaining US$15,000,000 (equivalent to RMB99,530,000) to 31 October 2018 and would not call for immediate repayment of the remaining sum of the loan.

The Directors are of the opinion that, taking into account the consents of the Participating Banks and cash flow forecast of the Group for a period covering not less than twelve months from 30 June 2018 prepared by the Directors, the Group will have sufficient working capital to finance its operations and to meet its financial obligations as and when they fall due within twelve months from 30 June 2018. Accordingly, the Directors are satisfied that it is appropriate to prepare the consolidated financial statements on a going concern basis. The consolidated financial statements do not include any adjustments relating to the carrying amount and reclassification of assets and liabilities that might be necessary should the Group be unable to continue as a going concern.

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

In the current year, the Group has applied the following new and revised IFRSs, which include IFRSs, International Accounting Standards ("IAS(s)"), amendments and Interpretations ("Int(s)"), issued by the International Accounting Standards Board (the "IASB").

Amendments to IFRSs	Annual Improvements to IFRSs 2014 – 2016 Cycle: Amendments to IFRS 12
Amendments to IAS 7	Disclosure Initiative
Amendments to IAS 12	Recognition of Deferred Tax Assets for Unrealised Losses

3. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRS(s)") *(Continued)*

Except as described below, the application of the other new and revised IFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

Amendments to IAS 7 Disclosure Initiative

The amendments require entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. The amendments do not prescribe a specific method to fulfil the new disclosure requirements. However, the amendments indicate that one way is to provide a reconciliation between the opening and closing balances for liabilities arising from financing activities.

The application of amendments to IAS 7 has resulted in additional disclosures on the Group's financing activities, especially a reconciliation between the opening and closing balances in the consolidated statement of financial position for liabilities arising from financing activities is provided in note 48. On initial application of the amendments, the Group is not required to provide comparative information for preceding periods. Apart from the additional disclosure in note 48, the Directors considered that these amendments have had no impact on the Group's consolidated financial statements.

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[1]
IFRS 15	Revenue from Contracts with Customers[1]
IFRS 16	Leases[2]
IFRS 17	Insurance Contracts[3]
Amendments to IFRSs	Annual Improvements to IFRSs 2014 – 2016 Cycle[1]
Amendments to IFRSs	Annual Improvements to IFRSs 2015 – 2017 Cycle[2]
Amendments to IFRS 2	Classification and Measurement of Share-based Payment Transactions[1]
Amendments to IFRS 4	Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts[1]
Amendments to IFRS 9	Prepayment Features with Negative Compensation[2]
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]
Amendments to IAS 19	Employee Benefits[2]
Amendments to IAS 28	Long-term Interests in Associates and Joint Ventures[2]
Amendments to IAS 40	Transfers of Investment Property[1]
IFRIC Int 22	Foreign Currency Transactions and Advance Consideration[1]
IFRIC Int 23	Uncertainty over Income Tax Treatments[2]

1 Effective for annual periods beginning on or after 1 January 2018.
2 Effective for annual periods beginning on or after 1 January 2019.
3 Effective for annual periods beginning on or after 1 January 2021.
4 Effective date not yet been determined.

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.

3. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRS(s)") *(Continued)*

New and revised IFRSs 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 IFRS 9 (2014) 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.

- 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.

3. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRS(s)") *(Continued)*

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

IFRS 9 (2014) Financial Instruments *(Continued)*

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

The Directors have performed a preliminary analysis of the Group's financial instruments as at 30 June 2018 based on the fact and circumstances existing at that date. The Directors have assessed the impact of adoption of IFRS 9 (2014) on the Group's results and financial position, including the classification categories and the measurement of financial assets, and disclosures, as follows:

(a) Classification and measurement

The Directors expect to continue recognising initially at fair value for all financial assets which are subsequently measured at amortised costs. The Directors anticipate that the adoption of IFRS 9 (2014) will not have a material impact on the classification and measurement of the financial assets.

(b) Impairment

The Directors expect to apply the simplified approach and record lifetime expected credit losses that are estimated based on the present value of all cash shortfalls over the remaining life of all of its trade receivables, other receivables and deposits. The application of the expected credit loss model may result in earlier recognition of credit losses for trade receivables, other receivables and deposits and increase the amount of impairment allowance recognised for these items.

The Directors will perform a more detailed analysis which considers all reasonable and supportable information for the estimation of the effect of adoption of IFRS 9 (2014). Based on the preliminary assessment, the Directors expect that the adoption of IFRS 9 (2014) will not have other material impact on amounts reported in the Group's consolidated financial statements.

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.

3. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRS(s)") *(Continued)*

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

IFRS 15 Revenue from Contracts with Customers *(Continued)*

The major sources of revenue of the Group are sales of goods. Under IFRS 15, revenue is recognised for each of the performance obligations when control over a good is transferred to a customer. The Directors have preliminarily assessed each type of the performance obligations and consider that the performance obligations are similar to the current identification of separate revenue components under IAS 18 Revenue. Furthermore, IFRS 15 requires the transaction price to be allocated to each performance obligation on a relative stand-alone selling price basis, which may affect the timing and amounts of revenue recognition, and results in more disclosures in the consolidated financial statements. However, the Directors expect that the adoption of IFRS 15 will not have a material impact on the timing and amounts of revenue recognised based on the existing business model of the Group as at 30 June 2018.

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.

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 Leases. 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 become 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.

As at 30 June 2018, the Group has non-cancellable operating lease commitments of approximately RMB1,265,000 in relation to its rented office properties. A preliminary assessment indicates that these arrangements will meet the definition of a lease under IFRS 16, and hence the Group will recognise a right-of-use asset and a corresponding liability in respect of all these lease unless they qualify for low value or short-term leases upon the application of IFRS 16. In addition, the application of new requirements may result changes in the measurement, presentation and disclosure as indicated above. The Directors are in the process to determine the amounts of right-of-use assets and lease liabilities to be recognised in the consolidated statement of financial position, after taking into account all practical expedients and recognition exemption under IFRS 16. The Directors expect that the adoption of IFRS 16 will not have material impact on the Group's result but certain portion of these lease commitments will be required to be recognised in the consolidated statement of financial position as right-of-use assets and lease liabilities.

4. 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 and derivative financial instruments 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.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (i.e. its subsidiaries).

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.

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.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Goodwill *(Continued)*

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.

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.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Property, plant and equipment *(Continued)*

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.

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.

4. 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.

4. 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

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately 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 recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

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 recognised 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 being accounted for on a prospective basis.

For the year ended 30 June 2018

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined using the 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.

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.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial assets *(Continued)*

Impairment of financial assets (Continued)

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 receivables, other receivables and deposits, 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 receivables, other receivables and deposits 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.

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.

Other financial liabilities

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

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial liabilities and equity instruments *(Continued)*

Effective interest method

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.

Equity instruments

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.

Derivative financial instruments

Derivatives are initially recognised at fair value at the date when a derivative contract is entered into and are subsequently remeasured to their fair value at the end of the reporting period. The resulting gain or loss is recognised in profit or loss immediately.

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 the 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.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

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 with a maturity of three months or less.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash on hand and at banks as defined above.

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.

Fair value measurement

When measuring fair value except for the Group's share-based payment transactions, leasing transactions, net realisable value of inventories and value in use of goodwill for the purpose of impairment assessment, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Fair value measurement *(Continued)*

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. Specifically, the Group categorised the fair value measurements into three levels, based on the characteristics of inputs, as follow:

Level 1	Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
Level 2	Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
Level 3	Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

At the end of the reporting period, the Group determines whether transfer occur between levels of the fair value hierarchy for assets and liabilities which are measured at fair value on recurring basis by reviewing their respective fair value measurement.

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 4, the Directors are required to make judgements, estimates and assumptions about the 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.

Going concern and liquidity

As explained in note 2, the consolidated financial statements have been prepared on a going concern basis and have not included any adjustments that would be required should the Group fail to continue as a going concern since the Directors are satisfied that the liquidity of the Group can be maintained in the coming year after taking into the considerations as detailed in note 2. The Directors also believe that the Group will have sufficient cash resources to satisfy its future working capital and other financing requirements for the next twelve months from 30 June 2018.

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 18. 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 RMB16,918,000 (2017: RMB17,372,000). Details of these assets are set out in note 23.

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

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 2018, the carrying amount of goodwill was approximately RMB56,696,000 (2017: RMB56,696,000). During the years ended 30 June 2018 and 2017, no impairment loss was recognised. Details of the recoverable amount calculation are disclosed in note 21.

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.

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 customer relationship had been fully impaired during the year ended 30 June 2015.

As at 30 June 2018, the carrying amount of intangible assets was approximately RMB38,978,000 net of accumulated impairment loss of approximately RMB46,507,000 (2017: RMB42,007,000, net of accumulated impairment loss of approximately RMB46,507,000). During the years ended 30 June 2018 and 2017, no impairment loss was recognised.

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 for the year ended 30 June 2018 was approximately RMB46,023,000 (2017: RMB40,424,000) 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 2018, the carrying amount of inventories was approximately RMB57,131,000 (2017: RMB56,330,000). During the year ended 30 June 2018, write-off of inventories of approximately RMB4,111,000 (2017: RMB2,712,000) was recognised.

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

Key sources of estimation uncertainty *(Continued)*

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 2018, the carrying amount of trade receivables was approximately RMB168,505,000 (2017: RMB123,341,000). During the years ended 30 June 2018 and 2017, no impairment loss was recognised.

Classification of lease prepayment for orange plantations

Prepayment for orange plantations are amortised on a straight-line basis over the estimated useful life of respective orange plantations when they become productive. The management estimates the year of amortisation, which will be capitalised in biological assets, by taking into account of the current status of each orange plantation. As at 30 June 2018, the carrying amount of lease prepayment for orange plantations was approximately RMB1,087,416,000 (2017: RMB1,088,374,000).

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 27, 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 2018, the carrying amount of biological assets was approximately RMB169,119,000 (2017: RMB99,310,000).

5. 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 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.

Fair value of derivatives financial instruments

As described in note 7(c), the Directors use their judgment in selecting an appropriate valuation technique for financial instruments not quoted in an active market. Valuation techniques commonly used by market practitioners are applied. For derivative financial instruments, assumptions are made based on quoted market rates adjusted for specific features of the instrument. As at 30 June 2018, the carrying amount of the derivative financial assets and derivative financial liabilities is approximately RMB2,986,000 (2017: RMB12,652,000) and RMB960,000 (2017: nil) respectively. Details of the assumptions used are disclosed in note 7(c). The Directors believe that the chosen valuation techniques and assumptions are appropriate in determining the fair value of derivative financial instruments.

6. 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 the optimisation of the debt and equity balance. 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 and corporate bonds, 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 payment of dividends, 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.

7. FINANCIAL RISK MANAGEMENT

a. Categories of financial instruments

	2018 RMB'000	2017 RMB'000
Financial assets		
Derivative financial instruments	2,986	12,652
Held-to-maturity investment	16,918	17,372
Loans and receivables (including cash and cash equivalents)	925,234	987,383
Financial liabilities		
Derivative financial instruments	960	–
Other financial liabilities at amortised cost	953,069	976,613

7. FINANCIAL RISK MANAGEMENT *(Continued)*

b. Financial risk management objectives and policies

The Group's major financial instruments include derivative financial instruments, held-to-maturity investment, trade receivables, other receivables and deposits, pledged bank deposits, cash and cash equivalents, trade payables, other payables and accruals, bank loans and corporate bonds. 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

(i) 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, derivative financial instrument, 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:

	Assets		Liabilities	
	2018	2017	**2018**	2017
	RMB'000	RMB'000	**RMB'000**	RMB'000
US$	**199,625**	229,987	**451,103**	674,931
RMB	**411**	245	**–**	–
	200,036	230,232	**451,103**	674,931

As HK$ is pegged to US$ and the currency risk in response to changes in transactions denominated in US$ and RMB are insignificant, sensitivity analysis on currency risk is not presented.

(ii) Interest rate risk

The Group is exposed to fair value interest rate risk in relation to fixed-rate held-to-maturity investment (note 23), derivative financial instruments (note 24), pledged bank deposits (note 30), bank loans (note 34) and corporate bonds (note 35).

The Group is also exposed to cash flow interest rate risk in relation to variable-rate bank balances (note 31) and bank loans (note 34). 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.

The Group's cash flow interest rate risk is mainly concentrated on the fluctuation of London Inter-bank Offered Rate ("LIBOR") arising from the Group's US$ denominated bank loans.

7. FINANCIAL RISK MANAGEMENT *(Continued)*

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

Market risk *(Continued)*

(ii) Interest rate risk (Continued)

Sensitivity analysis

It is estimated that a general increase/decrease of 100 basis points (2017: 100 basis points) in interest rates, with all other variables held constant, would decrease/increase (2017: increase/decrease) the Group's profit after tax and retained profits by approximately RMB1,452,000 (2017: RMB355,000) 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 (2017: 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 2017.

Credit risk

As at 30 June 2018 and 2017, 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 concentration of credit risk by geographical locations is mainly in the PRC, which accounted for 100% (2017: 99%) of the total trade receivable as at 30 June 2018.

The Group has concentration of credit risk as 25% (2017: nil) and 73% (2017: 66%) of the total trade receivables was due from the Group's largest customer and the five largest customers respectively within the production and sale of FCOJ and other related products segment.

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.

7. FINANCIAL RISK MANAGEMENT *(Continued)*

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

Liquidity risk

The Group is exposed to liquidity risk as the Group is failed to repay the first installment of certain bank loans as disclosed in note 34(c). 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 as disclosed in note 2.

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. Specifically, bank loan with a repayment on demand clause is included in the earliest time band regardless of the probability of the bank choosing to exercise its right. The maturity dates for other 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.

In addition, the following table details the Group's liquidity analysis for its derivative financial instruments. The tables have been drawn up based on the undiscounted contractual net cash outflows on those derivative instruments that settle on a net basis. The liquidity analysis for the Group's derivative financial instruments are prepared based on the contractual maturities as the management consider that the contractual maturities are essential for an understanding of the timing of the cash flows of derivatives.

	Less than 1 year or on demand RMB'000	Between 1 and 2 years RMB'000	Between 2 and 5 years RMB'000	Over 5 years RMB'000	Total undiscounted cash flows RMB'000	Carrying Amount RMB'000
At 30 June 2018						
Non-derivative financial liabilities						
Trade payables	5,727	–	–	–	5,727	5,727
Other payables and accruals	18,367	–	–	–	18,367	18,367
Bank loans	643,356	282,124	–	–	925,480	892,932
Corporate bonds	2,449	2,449	12,914	38,830	56,642	36,043
	669,899	284,573	12,914	38,830	1,006,216	953,069
Derivative – net settlement						
Foreign exchange forward contracts	962	–	–	–	962	960

7. 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 5 years RMB'000	Over 5 years RMB'000	Total undiscounted cash flows RMB'000	Carrying Amount RMB'000
At 30 June 2017						
Trade payables	16,130	–	–	–	16,130	16,130
Other payables and accruals	13,069	–	–	–	13,069	13,069
Bank loans	389,995	324,053	272,307	–	986,355	931,870
Corporate bonds	1,186	1,186	6,052	17,417	25,841	15,544
	420,380	325,239	278,359	17,417	1,041,395	976,613

Bank loan with a repayment on demand clause are included in the "less than 1 year or on demand" time band in the above maturity analysis. As at 30 June 2017, the aggregate undiscounted principal amounts of these bank loans amounted to RMB49,000,000 (2018: nil). Taking into account the Group's financial position, the Directors did not believe that it was probable that the banks would exercise their discretionary rights to demand immediate repayment. The Directors believed that such bank loan would be repaid in accordance with the scheduled repayment dates set out in the loan agreements. At that time, the aggregate principal and interest cash outflows would amount to RMB53,386,000 (2018: nil).

The amounts included above for variable interest rate instruments for non-derivative financial liabilities are subject to change if changes in variable interest rates differ to those estimates of interest rates determined at the end of the reporting period.

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 RMB119,144,000 (2017: RMB123,762,000) and RMB454,566,000 (2017: RMB436,229,000), which accounted for approximately 18% (2017: 20%) and 69% (2017: 72%) of the Group's total revenue for the year ended 30 June 2018 and 2017 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.

7. FINANCIAL RISK MANAGEMENT *(Continued)*

c. Fair value measurements recognised in the consolidated statement of financial position

The following table provides an analysis of financial instrument that is measured at fair value at the end of each reporting period for recurring measurement, grouped into Level 2 based on the degree to which the fair value is observable in accordance with the Group's accounting policy.

	Level 2	
	2018 RMB'000	2017 RMB'000
Derivative financial assets		
Cross-currency interest rate swap	2,986	12,652
Derivative financial liabilities		
Foreign currency forward contracts	960	–

Fair value of financial assets and financial liabilities that are measured at fair value on a recurring basis

The valuation techniques and inputs used in the fair value measurements of each financial instruments on a recurring basis are set out below:

Financial instrument	Fair value hierarchy	Fair value as at 30 June 2018 RMB'000	Fair value as at 30 June 2017 RMB'000	Valuation technique and key inputs
Assets				
Cross-currency interest rate swap	Level 2	2,986	12,652	Discounted cash flows – Based on market interest rates and foreign exchange rates for RMB and US$ (from observable interest rate (i.e. LIBOR) and exchange rates at the end of the reporting period and contract interest rates, discounted at a rate that reflects the credit risk of the counterparties)
Liabilities				
Foreign currency forward contracts	Level 2	960	–	Discounted cash flows – Based on forward exchange rates for RMB against US$ (from observable forward exchange rates at the end of the reporting period and contract forward rates, discounted at a rate that reflects the credit risk of the counterparties)

Fair value of financial assets and financial liabilities that are not measured at fair value on a recurring basis

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, bank loans and corporate bonds as set out in notes 30, 34 and 35 respectively approximate to their fair values as they are carried at amortised cost by using the effective interest method.

8. 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 2018				
Segment revenue				
Sales to external customers	114,008	361,461	186,252	661,721
Intersegment sales	142,593	6,858	–	149,451
Segment revenue	256,601	368,319	186,252	811,172
Elimination				(149,451)
Consolidated revenue				661,721
Segment results	47,785	94,509	(52,347)	89,947
Unallocated gains				3,959
Net realised and unrealised loss on derivative financial instruments				(10,168)
Corporate and other unallocated expenses				(22,269)
Finance costs				(50,759)
Profit before tax				10,710
As at 30 June 2018				
Assets and liabilities				
Segment assets	1,256,600	376,152	351,781	1,984,533
Corporate and other unallocated assets				738,276
Total assets				2,722,809
Segment liabilities	481	23,133	10,226	33,840
Corporate and other unallocated liabilities				944,778
Total liabilities				978,618

8. 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 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	230,541	350,386	135,064	715,991
Elimination				(111,705)
Consolidated revenue				604,286
Segment results	59,276	105,198	(28,756)	135,718
Unallocated gains				2,981
Net realised and unrealised gain on derivative financial instruments				12,652
Corporate and other unallocated expenses				(42,038)
Finance costs				(42,268)
Profit before tax				67,045
As at 30 June 2017				
Assets and liabilities				
Segment assets	1,187,750	343,261	314,485	1,845,496
Corporate and other unallocated assets				893,919
Total assets				2,739,415
Segment liabilities	14,617	19,253	6,863	40,733
Corporate and other unallocated liabilities				963,483
Total liabilities				1,004,216

8. REVENUE AND SEGMENT INFORMATION *(Continued)*

The accounting policies of the operating segments are identical to the Group's accounting policies as described in note 4. Segment results represent the profit earned by/(loss from) each segment without allocation of central administration costs, director's remuneration, certain other revenue, net realised and unrealised (loss) gain on derivative financial instruments 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 instruments, 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, derivative financial instruments, 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 2018	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 profit or loss or segment assets:					
Depreciation and amortisation (note 1)	–	26,768	24,697	142	51,607
Additions to non-current assets (note 2)	–	28,434	45,837	395	74,666
Write-off of inventories	4,111	–	–	–	4,111
Gain on disposal of property, plant and equipment	–	(32)	–	–	(32)
Gain from changes in fair value of biological assets less costs to sell	(59,004)	–	–	–	(59,004)
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	–	–	–	(1,325)	(1,325)
Interest income from pledged bank deposits	–	–	–	(1,571)	(1,571)
Interest income from held-to-maturity investment	–	–	–	(997)	(997)
Net realised and unrealised loss on derivative financial instruments	–	–	–	10,168	10,168
Finance costs	–	–	–	50,759	50,759
Income tax credit	–	–	–	(852)	(852)

For the year ended 30 June 2018

8. REVENUE AND SEGMENT INFORMATION *(Continued)*

Other segment information *(Continued)*

Year ended 30 June 2017	Plantation and sale of agricultural produce RMB'000	Production and sale of FCOJ and other related products RMB'000	Production and sale of Summi fresh orange juice RMB'000	Unallocated RMB'000	Total RMB'000
Amounts included in the measure of segment profit or loss or segment assets:					
Depreciation and amortisation (note 1)	–	27,923	17,357	200	45,480
Additions to non-current assets (note 2)	–	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)
Net realised and unrealised gain on derivative financial instruments	–	–	–	(12,652)	(12,652)
Finance costs	–	–	–	42,268	42,268
Income tax credit	–	–	–	(438)	(438)

Note 1: Amount excluded amortisation of lease prepayments for orange plantations.

Note 2: Amount included property, plant and equipment, deposit paid for acquisition of property, plant and equipment, intangible assets and land use rights and excluded additions to lease prepayments for orange plantations, pledged bank deposits, derivative financial instruments and held-to-maturity investment.

8. 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:

	2018 RMB'000	2017 RMB'000
Sales of FCOJ and related products	361,461	345,460
Sales of Summi fresh orange juice	186,252	135,064
Sales of fresh oranges	114,008	123,762
	661,721	604,286

Information about major customers

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

	2018 RMB'000	2017 RMB'000
Customer A[1]	119,144	106,865
Customer B[2]	114,008	123,762
Customer C[1]	109,205	92,241
Customer D[1, 3]	N/A[4]	61,213

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

2 Revenue from plantation and sale of agricultural produce segment.

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

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

For the year ended 30 June 2018

9. OTHER REVENUE

	2018 RMB'000	2017 RMB'000 (Restated)
Bank interest income	1,325	1,705
Gain on disposal of property, plant and equipment	32	–
Government grants (notes a and b)	2,360	3,530
Interest income from pledged bank deposits	1,571	206
Interest income from held-to-maturity investment	997	1,052
Others	66	18
	6,351	6,511

Notes:

a) Government grant of RMB2,360,000 (2017: 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 36).

b) During the year ended 30 June 2017, government grant of approximately RMB1,170,000 (2018: nil) 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.

10. OTHER OPERATING EXPENSES

	2018 RMB'000	2017 RMB'000
Equity-settled share-based payment expenses	3,480	8,924
Write-off of property, plant and equipment	–	2
Loss on disposal of scrap materials	3,048	–
Others	224	29
	6,752	8,955

11. FINANCE COSTS

	2018 RMB'000	2017 RMB'000
Interest expenses on corporate bonds	1,656	789
Interest expenses on bank loans	43,331	36,804
Imputed interest expenses	5,772	4,675
	50,759	42,268

12. PROFIT BEFORE TAX

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

	2018 RMB'000	2017 RMB'000
Staff costs, including Directors' and chief executive's remuneration		
Wages, salaries and other benefits	99,221	89,875
Contributions to defined contribution plans	10,012	9,247
Equity-settled share-based payment expenses	3,480	8,924
	112,713	108,046
Amortisation of land use rights	555	555
Amortisation of intangible assets	5,029	4,501
Depreciation of property, plant and equipment	46,023	40,424
Operating lease charges in respect of rented premises	130,537	81,243
Less: operating lease capitalised in biological assets	(47,223)	(41,702)
	83,314	39,541
Auditor's remuneration	1,194	1,236
Net foreign exchange loss	3,202	14,279
Amount of inventories recognised as an expense	433,813	389,195
Write-off of inventories recognised in cost of sales	4,111	2,712

For the year ended 30 June 2018

13. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION

The remuneration paid or payable to each of the six (2017: six) directors and the chief executive were as follows:

For the year ended 30 June 2018

	Executive Directors		Independent Non-executive Directors			Non-executive Director	
	Sin Ke (note (i))	San Kwan	Zhuang Xueyuan	Zhuang Weidong	Zeng Jianzhong	Tsang Sze Wai, Claudius	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Emoluments paid or receivable in respect of a person's services as a director, whether of the Company and its subsidiary undertakings							
Fees	96	96	48	–	48	48	336
Emoluments paid or receivable in respect of director's other services in connection with the management of the affairs of the Company and its subsidiary undertakings							
Other emoluments							
Wages, salaries, and other benefits	600	1,918	–	–	–	–	2,518
Contributions to defined contribution plans	–	15	–	–	–	–	15
Equity-settled share-based payment expenses	258	129	–	–	–	–	387
	858	2,062	–	–	–	–	2,920
Total emoluments	954	2,158	48	–	48	48	3,256

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

For the year ended 30 June 2017

	Executive Directors		Independent Non-executive Directors			Non-executive Director	
	Sin Ke (note (i))	San Kwan	Zhuang Xueyuan	Zhuang Weidong	Zeng Jianzhong	Tsang Sze Wai, Claudius	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Emoluments paid or receivable in respect of a person's services as a director, whether of the Company and its subsidiary undertakings							
Fees	96	96	48	–	48	48	336
Emoluments paid or receivable in respect of director's other services in connection with the management of the affairs of the Company and its subsidiary undertakings							
Other emoluments							
Wages, salaries, and other benefits	1,205	1,855	–	–	–	–	3,060
Discretionary bonus	1,734	–	–	–	–	–	1,734
Contributions to defined contribution plans	11	16	–	–	–	–	27
Equity-settled share-based payment expenses	701	350	–	–	–	–	1,051
	3,651	2,221	–	–	–	–	5,872
Total emoluments	3,747	2,317	48	–	48	48	6,208

Notes:

(i) Emoluments disclosed above include those for services rendered by Mr. Sin Ke as the chief executive.

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 2018 and 2017.

During the years ended 30 June 2018 and 2017, 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 2017, the discretionary bonus was determined by the remuneration committee with reference to the Group's operating results, individual performance and comparable market statistics.

14. FIVE HIGHEST PAID EMPLOYEES' REMUNERATION

The five highest paid employees during the year ended 30 June 2018 included two (2017: two) directors of the Company and the chief executive. Details of whose remuneration are set out in note 13 above. The remuneration of the remaining three (2017: three) highest paid employees is set out below:

	2018 RMB'000	2017 RMB'000
Wages, salaries and other benefits	3,187	2,291
Contributions to defined contribution plans	30	30
Equity-settled share-based payment expenses	1,095	2,979
	4,312	5,300

The remuneration is within the following bands:

	Number of employees	
	2018	2017
Nil to HK$1,000,000 (equivalent to nil to RMB831,000) (2017: equivalent to nil to RMB877,000)	1	–
HK$1,000,001 to HK$1,500,000 (equivalent to RMB831,001 to RMB1,246,000) (2017: equivalent to RMB877,001 to RMB1,315,000)	1	2
HK$3,000,001 to HK$3,500,000 (equivalent to RMB2,492,001 to RMB2,907,000) (2017: equivalent to RMB2,631,001 to RMB3,079,000)	1	1

During the years ended 30 June 2018 and 2017, 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.

15. INCOME TAX CREDIT

	2018 RMB'000	2017 RMB'000
Current tax – PRC Enterprise Income Tax ("EIT")		
Provision for the year	**274**	688
Deferred tax		
Reversal of temporary differences (note 40)	**(1,126)**	(1,126)
Income tax credit	**(852)**	(438)

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 2018 and 2017.

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

15. INCOME TAX CREDIT *(Continued)*

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:

	2018 RMB'000	2017 RMB'000
Profit before tax	**10,710**	67,045
Tax at the statutory tax rate (25%)	**2,677**	16,761
Tax effect of non-deductible expenses	**15,636**	13,064
Tax effect of non-taxable income	**(6,986)**	(2,300)
Tax effect of different tax rates of subsidiaries operating in other jurisdictions	**6,246**	5,568
Tax effect of tax exemptions granted to subsidiaries in the PRC	**(21,772)**	(35,946)
Tax effect of tax losses not recognised	**3,347**	2,415
Income tax credit	**(852)**	(438)

Details of deferred tax are set out in note 40.

16. DIVIDENDS

	2018 RMB'000	2017 RMB'000
Dividends recognised as distribution and paid during the year:		
2017 Final – HK1.5 cents (2017: 2016 final dividend – HK1.5 cents) per share	**17,126**	17,616

The Directors do not recommend the payment of any dividend for the year ended 30 June 2018. A final dividend of HK1.5 cents per share in respect of the year ended 30 June 2017 was proposed by the Directors after the year ended 30 June 2017 and was paid in December 2017.

17. 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

	2018 RMB'000	2017 RMB'000
Earnings for the purpose of basic and diluted earnings per share (profit for the year attributable to owners of the Company)	11,562	67,483

Number of shares

	2018	2017
Weighted average number of ordinary shares in issue less shares held under the share award scheme for the purpose of basic earnings per share	1,328,448,727	1,328,523,434
Effect of deemed issue of shares under the Company's share option scheme for nil consideration	–	–
Weighted average number of ordinary shares for the purpose of diluted earnings per share	1,328,448,727	1,328,523,434

The diluted earnings per share for the years ended 30 June 2018 and 2017 is the same as basic earnings per share. The computation of diluted earnings per share for the years ended 30 June 2018 and 2017 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.

18. PROPERTY, PLANT AND EQUIPMENT

	Buildings RMB'000	Plant and machinery RMB'000	Furniture, fittings and equipment RMB'000	Motor vehicles RMB'000	Construction in progress RMB'000	Total RMB'000
COST						
At 1 July 2016	245,268	270,882	4,410	7,104	28,014	555,678
Additions	–	–	675	304	–	979
Disposals	–	–	–	–	(28,014)	(28,014)
Write-offs	–	(16)	(5)	–	–	(21)
Exchange realignment	–	–	8	6	–	14
At 30 June 2017 and 1 July 2017	245,268	270,866	5,088	7,414	–	528,636
Additions	71	72,110	398	87	–	72,666
Disposals	–	–	–	(1,550)	–	(1,550)
Exchange realignment	–	–	(48)	(11)	–	(59)
At 30 June 2018	245,339	342,976	5,438	5,940	–	599,693
ACCUMULATED DEPRECIATION						
At 1 July 2016	45,596	117,131	2,606	4,312	–	169,645
Provided for the year	12,789	25,954	724	957	–	40,424
Eliminated on write-offs	–	(14)	(5)	–	–	(19)
Exchange realignment	–	–	5	3	–	8
At 30 June 2017 and 1 July 2017	58,385	143,071	3,330	5,272	–	210,058
Provided for the year	12,589	31,891	784	759	–	46,023
Eliminated on disposals	–	–	–	(1,057)	–	(1,057)
Exchange realignment	–	–	(11)	(20)	–	(31)
At 30 June 2018	70,974	174,962	4,103	4,954	–	254,993
CARRYING VALUES						
At 30 June 2018	174,365	168,014	1,335	986	–	344,700
At 30 June 2017	186,883	127,795	1,758	2,142	–	318,578

18. 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 2018, the carrying values of the Group's buildings located in the PRC amounted to approximately RMB174,365,000 (2017: RMB186,883,000). All the buildings situated on lands which are held under medium-term lease.

At 30 June 2018, the Group has not obtained the building ownership certificate for buildings with carrying values of approximately RMB3,744,000 (2017: RMB4,056,000) 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 2018, the carrying value of the Group's property, plant and equipment of approximately RMB47,632,000 (2017: RMB57,078,000) was pledged as security for the banking facilities granted to the Group.

19. LAND USE RIGHTS

	RMB'000
COST	
At 1 July 2016, 30 June 2017 and 30 June 2018	27,041
ACCUMULATED AMORTISATION	
At 1 July 2016	3,941
Provided for the year	555
At 30 June 2017 and 1 July 2017	4,496
Provided for the year	555
At 30 June 2018	5,051
CARRYING VALUES	
At 30 June 2018	21,990
At 30 June 2017	22,545

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

At 30 June 2018, the carrying value of the Group's land use rights of approximately RMB9,272,000 (2017: RMB9,523,000) were pledged as security for the banking facilities granted to the Group.

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20. LEASE PREPAYMENTS FOR ORANGE PLANTATIONS

	2018 RMB'000	2017 RMB'000
At the beginning of the financial year	1,088,374	906,771
Additions	112,168	261,221
Amortisation	(113,126)	(79,618)
At the end of the financial year	1,087,416	1,088,374
Analysed for reporting purposes as:		
Current portion	109,541	111,362
Non-current portion	977,875	977,012
	1,087,416	1,088,374

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

21. GOODWILL

	RMB'000
COST AND CARRYING VALUE	
At 1 July 2016, 30 June 2017 and 30 June 2018	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 2018 by reference to a valuation report issued by Fuson Appraisal Limited (2017: Royson Valuation Advisory Limited), 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 16% per annum (2017: 16.5% per annum). The cash flows beyond the five-year period are extrapolated using 3% (2017: 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.

22. INTANGIBLE ASSETS

	Customer list RMB'000	Customer relationship RMB'000	Software RMB'000	Total RMB'000
COST				
At 1 July 2016 and 30 June 2017	82,390	43,660	–	126,050
Additions	–	–	2,000	2,000
At 30 June 2018	82,390	43,660	2,000	128,050
ACCUMULATED AMORTISATION AND IMPAIRMENT				
At 1 July 2016	35,882	43,660	–	79,542
Provided for the year	4,501	–	–	4,501
At 30 June 2017 and 1 July 2017	40,383	43,660	–	84,043
Provided for the year	4,501	–	528	5,029
At 30 June 2018	44,884	43,660	528	89,072
CARRYING VALUES				
At 30 June 2018	37,506	–	1,472	38,978
At 30 June 2017	42,007	–	–	42,007

The above intangible assets have finite useful lives. Such intangible assets are amortised at the following rates per annum on a straight-line basis:

Customer list	6.67%
Customer relationship	6.67%
Software	33.33%

23. HELD-TO-MATURITY INVESTMENT

Held-to-maturity investment comprised:

	2018 RMB'000	2017 RMB'000
Debt securities, unlisted	**16,918**	17,372

The Group's held-to-maturity investment represented debt security that was issued by financial institution in Macau, and carried fixed interest at 6% per annum (2017: 6%), payable semi-annually, and would mature on 30 October 2023. At 30 June 2018, the carrying value of the Group's held-to-maturity investment of approximately RMB16,918,000 (2017: RMB17,372,000) was pledged as security for the banking facilities granted to the Group.

24. DERIVATIVE FINANCIAL INSTRUMENTS

	2018 RMB'000	2017 RMB'000
Non-current assets		
Cross-currency interest rate swap	–	12,652
Current assets		
Cross-currency interest rate swap	2,986	–
Current liabilities		
Foreign currency forward contracts	960	–

a) Cross-currency interest rate swap

The Group uses cross-currency interest rate swap to manage its currency and interest risks. On 16 August 2016, the Group entered into a cross-currency interest rate swap contract with bank, covering the period from 16 August 2016 to 8 August 2018. The cross-currency interest rate swap contract entitles the Group to receive interest at floating rates on an aggregate notional principal of US$40,000,000 and to pay interest at fixed rates on an aggregate notional principal of RMB265,600,000 simultaneously. The Group agreed with the bank to swap the interest difference between fixed rate and floating rate, as well as the currency difference between US$ and RMB, respectively, on the respective deemed notional principal amounts on a monthly basis.

b) Foreign currency forward contracts

The total notional principal amount of the outstanding foreign currency forward contracts to sell RMB for US$ as at the end of the reporting period is US$9,000,000. As at 30 June 2018, all the foreign currency forward contracts are with maturity dates within 12 months from the end of the reporting period.

25. PARTICULARS OF SUBSIDIARIES OF THE COMPANY

Name of subsidiary	Class of shares held	Place/country of establishment/ incorporation and operation	Paid up issued share capital/ registered capital	Percentage of ownership interest attributable to the Group and voting power held by the Group				Principal activities
				2018		2017		
				Direct %	Indirect %	Direct %	Indirect %	
Sunshine Vocal Limited	Ordinary shares	The BVI	US$100,000	100	–	100	–	Investment holding in Hong Kong
Rich Anges Limited	Ordinary shares	The BVI	US$1	100	–	100	–	Investment holding in Hong Kong
Potel Limited	Ordinary shares	Hong Kong	HK$1	–	100	–	100	Investment holding in Hong Kong
Manwell (China) Limited	Ordinary shares	Hong Kong	HK$1	–	100	–	100	Investment holding in Hong Kong
Global One	Ordinary shares	The BVI	US$1	–	100	–	100	Investment holding in Hong Kong
Summi (HK) Asia Limited	Ordinary shares	Hong Kong	HK$1	–	100	–	100	Sales of Summi fresh orange juice in Hong Kong
Summi Yummy Limited (note (a))	Ordinary shares	Hong Kong	HK$10,000	–	60	–	60	Not yet commence business
森美（福建）食品有限公司 Summi (Fujian) Food Co. Limited* ("Summi Fujian") (note (b))	Contributed capital	The PRC	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	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	HK$80,000,000	–	100	–	100	Manufacturing and selling of FCOJ in the PRC

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

Name of subsidiary	Class of shares held	Place/country of establishment/ incorporation and operation	Paid up issued share capital/ registered capital	Percentage of ownership interest attributable to the Group and voting power held by the Group				Principal activities
				2018		2017		
				Direct %	Indirect %	Direct %	Indirect %	
懷化歐勁果業有限公司 (note (c))	Contributed capital	The PRC	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	RMB35,000,000	–	100	–	100	Manufacturing and selling of Summi fresh orange juice in the PRC
重慶邦興果業有限公司 Chongqing Bangxing Fruit Co., Ltd.* (note (c))	Contributed capital	The PRC	RMB2,000,000	–	100	–	100	Sale of fresh oranges in the PRC
廈門晨毅商貿有限公司 (notes (c))	Contributed capital	The PRC	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 13 March 2017

(b) Wholly-owned foreign enterprise

(c) Companies incorporated as private companies in the PRC

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

26. INVENTORIES

	2018 RMB'000	2017 RMB'000
Consumables and packing materials	1,137	6,666
Summi fresh orange juice	39,282	38,020
FCOJ	16,712	11,644
	57,131	56,330

26. INVENTORIES *(Continued)*

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

	2018 RMB'000	2017 RMB'000
Carrying amount of inventories sold	433,813	389,195
Write-off of inventories	4,111	2,712
Cost of inventories recognised as cost of sales	437,924	391,907

Production quantities of agricultural produce are as follows:

	2018 Tonnes	2017 Tonnes
Oranges	145,780	131,413

27. BIOLOGICAL ASSETS

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

	2018 RMB'000	2017 RMB'000
At the beginning of the financial year	99,310	97,712
Increase due to cultivation	273,387	172,672
Gain from changes in fair value less cost to sell (note a)	59,004	67,908
Harvested oranges transferred to inventories	(262,582)	(238,982)
At the end of the financial year (note b)	169,119	99,310

Notes:

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

(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 2018 and 2017.

The carrying value of biological assets as at 30 June 2018 and 2017 represented cultivation costs incurred including fertilisers, pesticides, labour costs and orange farm rental costs.

For the year ended 30 June 2018

28. TRADE RECEIVABLES

The Group allowed a credit period ranging from 30 to 90 days (2017: 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.

	2018 RMB'000	2017 RMB'000
0 to 30 days	60,401	38,611
31 to 60 days	56,086	38,452
61 to 90 days	51,739	44,494
Over 90 days	279	1,784
	168,505	123,341

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

	2018 RMB'000	2017 RMB'000
Neither past due nor impaired	168,505	123,341

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

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

29. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2018 RMB'000	2017 RMB'000
Other receivables	25,577	7,586
Deposits and prepayments	19,576	27,847
	45,153	35,433

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

As at 30 June 2018, included in other receivables of approximately RMB346,000 (2017: nil) is amount due from a director of the Company, Mr. Sin Ke. The amount is unsecured, interest-free and repayable on demand and the maximum amount outstanding during the year is approximately RMB346,000.

At 30 June 2017, included in other receivables was advance of approximately HK$6,515,000 (equivalent to approximately RMB5,659,000) made to an independent third party (2018: nil). The amount was fully settled on 13 September 2017.

As at 30 June 2018, included in deposits and prepayments are rental deposits of approximately RMB17,575,000 (2017: nil) in relation to the lease of the placement of intelligent vending machines while there was prepaid advertising fee of approximately RMB27,165,000 in relation to marketing and promotion activities of Summi fresh orange juice as at 30 June 2017 and reclassified as other receivables due to the refund of early termination of the marketing and promotion activities.

30. PLEDGED BANK DEPOSITS

	2018 RMB'000	2017 RMB'000
Pledged bank deposits to secure interest-bearing bank loans	191,730	201,238
	191,730	201,238
Less: Current portion of pledged bank deposits	(191,730)	(186,796)
Non-current portion of pledged bank deposits	–	14,442

The pledged bank deposits carried fixed interest rates ranging from 0.22% to 1.27% (2017: 0.23% to 1.25%) per annum.

As at 30 June 2018 and 2017, pledged bank deposits were pledged as security for the bank loans granted to the Group. These pledged bank deposits will be released upon the settlement of the relevant short-term or long-term bank loans.

30. 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.

	2018 RMB'000	2017 RMB'000
US$	183,610	192,899

31. CASH AND CASH EQUIVALENTS

	2018 RMB'000	2017 RMB'000
Bank balances and cash	521,487	655,699

The bank balances carried interest at market rates ranging from 0.001% to 0.38% (2017: 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.

	2018 RMB'000	2017 RMB'000
US$	16,015	37,088
RMB	411	245
	16,426	37,333

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.

32. 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 (2017: 90 days).

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

	2018 RMB'000	2017 RMB'000
0–90 days	5,727	16,130

33. OTHER PAYABLES AND ACCRUALS

	2018 RMB'000	2017 RMB'000
Payables for acquisition of property, plant and equipment	3,479	8
Accrued sales commission	5,116	4,236
Other tax payables	10,359	9,870
Accrued staff costs	3,636	3,504
Interest payables	1,627	1,955
Other payables and accruals	4,509	3,366
	28,726	22,939

As at 30 June 2017, included in other payables and accruals of approximately RMB219,000 (2018: nil) was amount due to a director of the Company, Mr. Sin Ke. The amount was unsecured, interest-free and repayable on demand.

34. BANK LOANS

	2018 RMB'000	2017 RMB'000
Carrying amount repayable (based on scheduled repayment dates set out in the loan agreements):		
Within one year	631,640	305,708
After one year but within two years	261,292	360,078
After two years but within five years	–	266,084
	892,932	931,870

34. BANK LOANS *(Continued)*

	2018 RMB'000	2017 RMB'000
Carrying amount of bank loan that is not repayable within one year from the end of the reporting period but contains a repayable on demand clause	–	49,000
Carrying amount repayable within one year	631,640	305,708
Amounts shown under current liabilities	631,640	354,708
Amounts shown under non-current liabilities	261,292	577,162
	892,932	931,870

	2018 RMB'000	2017 RMB'000
Secured	337,022	363,886
Unsecured	555,910	567,984
	892,932	931,870

	2018 RMB'000	2017 RMB'000
Fixed-rate borrowings	226,299	240,712
Variable-rate borrowings	666,633	691,158
	892,932	931,870

	2018 RMB'000	2017 RMB'000
Bank loans held by:		
PRC companies	211,000	223,340
Non-PRC companies	681,932	708,530
	892,932	931,870

34. BANK LOANS *(Continued)*

Notes:

(a) As at 30 June 2018 and 2017, the Group's held-to-maturity investment, certain property, plant and equipment and land use rights, and pledged bank deposits were pledged as security for the banking facilities granted to the Group. Details of pledge of assets are set out in note 43.

(b) As at 30 June 2018, the Group's current portion of long-term borrowings amounted to approximately RMB271,142,000 (2017: RMB29,918,000).

(c) As at 30 June 2018, included in the Group's unsecured bank loans was a three-year term loan facility in an aggregate sum of US$80,000,000 (equivalent to approximately RMB530,826,000) (2017:US$80,000,000 (equivalent to approximately RMB542,416,000)) for the purpose of general working capital. The Facility was jointly guaranteed by the Company's director, Mr. Sin Ke, and six non-PRC incorporated subsidiaries. According to the repayment terms as stated in the Facility Agreement, 50% of the principal amounted to US$40,000,000 (equivalent to approximately RMB265,413,000) (2017: US$40,000,000 (equivalent to approximately RMB271,208,000)) is repayable in two installments in August 2018 and February 2019 respectively and the remaining 50% of the principal amounted to US$40,000,000 (equivalent to approximately RMB265,413,000) (2017: US$40,000,000 (equivalent to approximately RMB217,208,000)) is repayable on maturity date on 8 August 2019 so that approximately RMB265,413,000 (2017: (equivalent to approximately RMB542,416,000)) is classified as non-current liabilities as at 30 June 2018. On 8 August 2018, the Group failed to repay the first installment of US$20,000,000 (equivalent to RMB132,706,000) and the Directors informed the bank and commenced negotiations in relation to the extension of repayment of first installment. Up to the date of approval for issuance of the consolidated financial statements, the Group has partially settled US$5,000,000 (equivalent to approximately RMB33,176,000) and obtained consents of the Participating Banks, in principle, to extend the repayment of the remaining US$15,000,000 (equivalent to RMB99,530,000) to 31 October 2018 and would not call for immediate repayment of the remaining sum of the loan.

Details of the Credit Facility were set out in the announcement of the Company dated 8 August 2016.

(d) As at 30 June 2018, a two-year unsecured bank loan of HK$24,704,000 (equivalent to approximately RMB20,897,000) (2017: HK$42,099,000 (equivalent to approximately RMB36,567,000)) is guaranteed by a PRC subsidiary.

(e) As at 30 June 2018, a one-year unsecured bank loan of RMB10,000,000 (2017: nil) is jointly guaranteed by a key management personnel and a PRC subsidiary.

(f) As at 30 June 2017, secured bank loan in an aggregate amount of approximately RMB20,341,000 (2018: nil) was either individually or jointly guaranteed by the Company, Mr. Sin Ke, and three non-PRC incorporated subsidiaries.

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34. BANK LOANS *(Continued)*

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:

	2018	2017
Fixed-rate bank loans	3.62% – 6.53%	3.62% – 5.71%
Variable-rate bank loans	2.63% – 6.01%	2.63% – 4.71%

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

	2018 RMB'000	2017 RMB'000
US$	451,103	674,931

35. CORPORATE BONDS

	2018 RMB'000	2017 RMB'000
Carrying amounts repayable based on scheduled repayment dates set out in the agreements:		
After two years but within five years	5,390	2,332
Over five years	30,653	13,212
	36,043	15,544

35. CORPORATE BONDS *(Continued)*

Long term corporate bonds are analysed as follows:

	Par value HK$	Issue date	Maturity date	Duration	Issue amount HK$
Issued during the year ended 30 June 2017					
Bond I	4,000,000	11 August 2016	11 February 2024	7.5 years	4,000,000
	2,000,000	18 August 2016	18 February 2024	7.5 years	2,000,000
	1,000,000	26 August 2016	26 February 2024	7.5 years	1,000,000
	2,000,000	12 August 2016	12 February 2024	7.5 years	2,000,000
	3,000,000	6 October 2016	6 April 2024	7.5 years	3,000,000
	2,000,000	29 November 2016	29 May 2024	7.5 years	2,000,000
	2,000,000	29 November 2016	29 May 2024	7.5 years	2,000,000
	2,000,000	29 November 2016	29 May 2024	7.5 years	2,000,000
	18,000,000				18,000,000
Bond II	1,000,000	5 September 2016	5 September 2021	5 years	1,000,000
	2,000,000	6 October 2016	6 October 2021	5 years	2,000,000
	3,000,000				3,000,000
Issued during the year ended 30 June 2018					
Bond III	2,000,000	12 December 2017	11 June 2025	7.5 years	2,000,000
	1,000,000	29 December 2017	28 June 2025	7.5 years	1,000,000
	2,000,000	22 March 2018	21 September 2025	7.5 years	2,000,000
	3,000,000	9 April 2018	8 October 2025	7.5 years	3,000,000
	2,000,000	18 April 2018	17 October 2025	7.5 years	2,000,000
	3,000,000	1 June 2018	30 November 2025	7.5 years	3,000,000
	1,000,000	7 June 2018	6 December 2025	7.5 years	1,000,000
	14,000,000				14,000,000
Bond IV	2,000,000	9 January 2018	8 January 2023	5 years	2,000,000
	1,000,000	19 January 2018	18 January 2023	5 years	1,000,000
	1,000,000	6 April 2018	5 April 2023	5 years	1,000,000
	4,000,000				4,000,000
Bond V	10,000,000	11 January 2018	10 January 2026	8 years	10,000,000
	49,000,000				49,000,000

The Company issued corporate bonds to independent third parties for the purpose of general working capital with a nominal value of HK$49,000,000 (equivalent to approximately RMB40,695,000) (2017: HK$21,000,000 (equivalent to approximately RMB18,241,000)) in aggregate. They were issued at a fixed interest rate of 6% or 6.50% (2017: 6%) per annum and are payable annually from the date of issuance and maturity date. The principal will be repaid on maturity. The effective interest rate is 7.15% (2017: 7.63%) per annum.

36. 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 2016	8,260
Amortised during the year	(2,360)
At 30 June 2017 and 1 July 2017	5,900
Amortised during the year	(2,360)
At 30 June 2018	3,540

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.

37. 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.

37. 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.

Details of specific categories of options 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	39,000,000	HK$0.75	1 year from grant date	31.3	17 November 2018
("2008 Option")			2 years from grant date	31.3	
			3 years from grant date	37.4	
11 October 2009	10,000,000	HK$0.90	On the grant date	30.0	10 October 2019
("2009 Option")			1 year from grant date	30.0	
			2 years from grant date	40.0	
4 January 2013 ("2013 Option 1")	62,400,000	HK$1.13	On the grant date	100.0	3 January 2014
21 March 2013 ("2013 Option 2")	57,200,000	HK$1.03	On the grant date	100.0	20 March 2015
19 November 2015	54,000,000	HK$1.11	1 year from grant date	50.0	18 November 2020
("2015 Option")			2 years from grant date	50.0	
Total options granted	222,600,000				

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

The following table discloses movements of the Company's share options during the year ended 30 June 2018:

Option type	Outstanding at 1/7/2017	Granted during the year	Outstanding at 30/6/2018
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	27,000,000		54,000,000
Weighted average exercise price	HK$1.11	–	HK$1.11

The following table discloses movements of the Company's share options during the year ended 30 June 2017:

Option type	Outstanding at 1/7/2016	Granted during the year	Outstanding at 30/6/2017
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	–		27,000,000
Weighted average exercise price	HK$1.11	–	HK$1.11

37. 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 follows:

	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 RMB3,480,000 for the year ended 30 June 2018 (2017: RMB8,924,000) 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.

38. 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.

38. 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 2017, the trustee acquired 1,936,000 (2018: nil) ordinary shares of the Company for the Scheme through purchases in the open market, at a total cost, including related transaction costs, of HK$1,000,000 (equivalent to approximately RMB856,000) (2018: nil).

As at 30 June 2018 and 2017, no share was granted to Eligible Participant and all the Awarded Shares are remain at the Trust.

39. 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 RMB10,012,000 (2017: RMB9,247,000) represents contributions payable to these schemes by the Group in respect of the current reporting period.

40. 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 2016	11,627	1,250	12,877
Credited to profit or loss	(1,126)	–	(1,126)
At 30 June 2017 and 1 July 2017	10,501	1,250	11,751
Credited to profit or loss	(1,126)	–	(1,126)
At 30 June 2018	9,375	1,250	10,625

At 30 June 2018, the Group has unused tax losses of approximately RMB41,304,000 (2017: RMB25,930,000) 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 RMB27,544,000 (2017: RMB18,013,000) 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 2018 and 2017, the Directors believed that should the Group determine to distribute profits of the Group's PRC subsidiaries in the foreseeable future, the Group will be able to obtain the approval for the preferential withholding tax of 5% in relation to the dividend income.

At 30 June 2018, deferred tax liabilities of RMB1,250,000 (2017: RMB1,250,000) have been recognised in respect of the tax that would be payable on the portion of the retained profits of the Group's PRC subsidiaries which the Directors expect to be distributed by them in the foreseeable future, based on the assumption that the approval for the 5% preferential withholding tax rate will be obtained.

However, deferred tax liabilities associated with undistributed retained profits of PRC subsidiaries amounting to approximately RMB1,714,595,000 (2017: RMB1,602,039,000) have not been recognised at 30 June 2018, as the Company is able to control the dividend policy of the Group's PRC subsidiaries and the Directors consider it probable that a portion of the undistributed retained profits earned by the Group's PRC subsidiaries as at 30 June 2018 and 2017 will not be distributed in the foreseeable future.

For the year ended 30 June 2018

41. SHARE CAPITAL

	Number of shares	Amount HK$'000	Amount RMB'000
Ordinary shares of HK$0.01 each			
Authorised:			
As at 1 July 2016, 30 June 2017, and 30 June 2018	3,000,000,000	30,000	26,376
Issued and fully paid:			
As at 1 July 2016, 30 June 2017, and 30 June 2018	1,347,860,727	13,479	11,610

42. RESERVES

(a) Share premium

The application of the share premium account is governed by the Companies Law of the Cayman Islands. The share premium is distributable.

(b) Capital reserve

The capital reserve of the Group at 30 June 2018 and 2017 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 4.

42. RESERVES *(Continued)*

(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 4.

(e) Shares held under the share award scheme

During the year ended 30 June 2017, the Company repurchased 1,936,000 (2018: nil) ordinary shares of the Company through the Trust at a total consideration of HK$1,000,000 (equivalent to approximately RMB856,000) (2018: nil) under the share award scheme as detailed in note 38. The carrying amount of the shares held as at the year end was presented as a deduction against equity.

For the year ended 30 June 2018

43. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	2018 RMB'000	2017 RMB'000
Non-current assets		
Property, plant and equipment	362	139
Investments in subsidiaries	288,099	288,099
Amounts due from subsidiaries	561,694	544,282
Pledged bank deposits	–	14,442
Derivative financial instruments	–	12,652
Held-to-maturity investment	16,918	17,372
	867,073	876,986
Current assets		
Derivative financial instruments	2,986	–
Other receivables	3,652	875
Pledged bank deposits	142,130	128,317
Cash and cash equivalents	22,755	51,070
	171,523	180,262
Current liabilities		
Other payables	4,046	3,907
Bank loans	420,640	148,368
Derivative financial instruments	960	–
	425,646	152,275
Net current (liabilities) assets	(254,123)	27,987
Total assets less current liabilities	612,950	904,973
Non-current liabilities		
Corporate bonds	36,043	15,544
Bank loans	261,292	560,162
Amounts due to subsidiaries	90,565	25,891
	387,900	601,597
Net assets	225,050	303,376
Capital and reserves		
Share capital	11,610	11,610
Reserves (note a)	213,440	291,766
Total equity	225,050	303,376

43. 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 2016	488,413	6,763	(13,816)	9,414	(145,631)	345,143
Loss for the year	–	–	–	–	(45,270)	(45,270)
Other comprehensive income for the year						
– Exchange differences arising on translation of foreign operations	–	–	–	1,441	–	1,441
Total comprehensive income (expense) for the year	–	–	–	1,441	(45,270)	(43,829)
Recognition of equity-settled share-based payments (note 37)	–	8,924	–	–	–	8,924
Dividends paid (note 16)	(17,616)	–	–	–	–	(17,616)
Purchase of shares under the share award scheme (note 38)	–	–	(856)	–	–	(856)
At 30 June 2017 and 1 July 2017	470,797	15,687	(14,672)	10,855	(190,901)	291,766
Loss for the year	–	–	–	–	(63,382)	(63,382)
Other comprehensive expense for the year						
– Exchange differences arising on translation of foreign operations	–	–	–	(1,298)	–	(1,298)
Total comprehensive expense for the year	–	–	–	(1,298)	(63,382)	(64,680)
Recognition of equity-settled share-based payments (note 37)	–	3,480	–	–	–	3,480
Dividends paid (note 16)	(17,126)	–	–	–	–	(17,126)
At 30 June 2018	453,671	19,167	(14,672)	9,557	(254,283)	213,440

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 4.

For the year ended 30 June 2018

44. 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:

	2018 RMB'000	2017 RMB'000
Held-to-maturity investment	16,918	17,372
Property, plant and equipment	47,632	57,078
Land use rights	9,272	9,523
Pledged bank deposits	191,730	201,238
	265,552	285,211

45. OPERATING LEASE COMMITMENTS

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:

	2018 RMB'000	2017 RMB'000
Within one year	123,487	123,653
In the second to fifth years, inclusive	197,188	196,455
Over five years	122,955	245,910
	443,630	566,018

Operating lease payments represent rentals payable by the Group for certain of its office properties and orange plantations. Leases are negotiated for an average term of 20 years (2017: 20 years) and rentals are fixed for an average of 3 years (2017: 3 years).

46. CAPITAL COMMITMENTS

At the end of the reporting period, the Group had the following capital commitments:

	2018 RMB'000	2017 RMB'000
Capital expenditure in respect of the acquisition of plant and equipment contracted for but not provided in the consolidated financial statements	–	984

47. 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:

	2018 RMB'000	2017 RMB'000
Short-term employee benefits	5,958	8,179
Post-employment benefits	69	97
Share-based payments	1,611	4,730
	7,638	13,006

48. RECONCILIATION OF LIABILTIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the consolidated statement of cash flows as cash flows from financing activities.

			Non-cash changes		
	1 July 2017 RMB'000	Financing cash flows RMB'000	Finance costs incurred RMB'000	Foreign exchange movements RMB'000	30 June 2018 RMB'000
Interest payables (note 33)	1,955	(45,260)	44,987	(55)	1,627
Amount due to a director (note 33)	219	(219)	–	–	–
Bank loans (note 34)	931,870	(24,293)	4,975	(19,620)	892,932
Corporate bonds (note 35)	15,544	19,730	797	(28)	36,043
	949,588	(50,042)	50,759	(19,703)	930,602

49. COMPARATIVE FIGURE

Comparative figure of unrealised gain on derivative financial instruments has been reclassified from other revenue to a separate line item in the consolidated statement of profit or loss and other comprehensive income to conform to current year's presentation.

As the reclassification has no financial effect on the amounts stated in the consolidated statement of financial position, it is not necessary to present the third consolidated statement of financial position as at 1 July 2016.

Five Years Financial Summary

For the year ended 30 June 2018

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:

Result

	Year ended 30 June 2018 RMB'000	Year ended 30 June 2017 RMB'000	Year ended 30 June 2016 RMB'000	Year ended 30 June 2015 RMB'000	Year ended 30 June 2014 RMB'000
Revenue	**661,721**	604,286	581,273	470,834	569,199
Profit for the year	**11,562**	67,483	62,870	78,025	116,869

Assets and liabilities

	As at 30 June				
	2018 RMB'000	2017 RMB'000	2016 RMB'000	2015 RMB'000	2014 RMB'000
Total assets	**2,722,809**	2,739,415	2,307,505	2,283,849	2,262,286
Total liabilities	**978,618**	1,004,216	627,055	638,148	700,648