Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

Summi®
森美

天溢果業控股有限公司
Tianyi Fruit Holdings Limited

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

SECOND INTERIM RESULTS ANNOUNCEMENT
For the twelve months ended 31 December 2008

The board (the "Board") of directors (the "Directors") of Tianyi Fruit Holdings Limited (the "Company") is pleased to present the unaudited consolidated interim results of the Company and its subsidiaries (collectively, the "Group") for the twelve months ended 31 December 2008, along with the comparative figures and selected explanatory notes, which are prepared in accordance with the International Financial Reporting Standards ("IFRSs") promulgated by the International Accounting Standards Board ("IASB"), and have been reviewed by the audit committee of the Company.

CONDENSED CONSOLIDATED INCOME STATEMENT

For the twelve months ended 31 December 2008

	Note	Six months ended 31 December 2008 RMB'000 (unaudited)	Six months ended 31 December 2007 RMB'000 (unaudited)	Twelve months ended 31 December 2008 RMB'000 (unaudited)	Twelve months ended 31 December 2007 RMB'000 (audited)
Revenue	3	**165,208**	141,211	**291,616**	265,595
Cost of sales		**(129,033)**	(112,906)	**(212,458)**	(202,480)
Gross profit		**36,175**	28,305	**79,158**	63,115
Gain from change in fair value of biological assets less estimated point-of-sale costs		**44,352**	44,001	**44,352**	44,001
Other income	4	**1,894**	757	**2,494**	757
Distribution costs		**(4,276)**	(3,913)	**(6,274)**	(5,085)
Administrative expenses		**(10,955)**	(3,215)	**(14,431)**	(5,417)
Other expenses		**(104)**	(111)	**(301)**	(118)
Profit from operations		**67,086**	65,824	**104,998**	97,253
Finance income		**884**	133	**1,334**	222
Finance expenses		**(755)**	(1,314)	**(3,020)**	(1,727)
Net finance costs	6	**129**	(1,181)	**(1,686)**	(1,505)
Profit before tax		**67,215**	64,643	**103,312**	95,748
Income tax	7	**(19,496)**	(18,163)	**(29,195)**	(25,899)
Profit for the period		**47,719**	46,480	**74,117**	69,849

CONDENSED CONSOLIDATED INCOME STATEMENT *(Continued)*
For the twelve months ended 31 December 2008

		Six months ended 31 December		Twelve months ended 31 December	
		2008	2007	**2008**	2007
	Note	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*
		(unaudited)	(unaudited)	**(unaudited)**	(audited)
Attributable to:					
Equity shareholders of the Company		**47,719**	41,786	**71,714**	62,818
Minority interests		**—**	4,694	**2,403**	7,031
Profit for the period		**47,719**	46,480	**74,117**	69,849
Earnings per share (RMB cents)					
— Basic	*8*	**4.83**	5.57	**8.25**	8.38
— Diluted	*8*	**4.83**	N/A	**8.25**	N/A
Interim dividend	*11*	**—**	—	**—**	—

CONDENSED CONSOLIDATED BALANCE SHEET

As at 31 December 2008

	Note	As at 31 December 2008 RMB'000 (unaudited)	2007 RMB'000 (audited)
Non-current assets			
Property, plant and equipment		**95,979**	27,459
Land use rights		**2,451**	2,521
Rental prepayments		**14,510**	9,357
		112,940	39,337
Current assets			
Inventories		**42,717**	33,060
Biological assets		**5,848**	5,799
Rental prepayments		**9,094**	8,971
Trade and other receivables	*9*	**145,036**	122,513
Time deposits maturing after three months		**7,740**	—
Cash and cash equivalents		**169,229**	67,783
		379,664	238,126
Total assets		**492,604**	277,463
Current liabilities			
Loans and borrowings		**—**	17,000
Trade and other payables	*10*	**32,185**	5,627
Income tax payables		**12,159**	15,137
		44,344	37,764
Net current assets		**335,320**	200,362
Total assets less current liabilities		**448,260**	239,699
Non-current liabilities			
Deferred income		**10,000**	—
Loans and borrowings		**5,100**	35,000
Deferred tax liabilities		**4,181**	2,459
		19,281	37,459
Total liabilities		**63,625**	75,223
Net assets		**428,979**	202,240
Capital and reserves			
Share capital		**8,791**	730
Reserves		**420,088**	181,240
Total equity attributable to equity shareholders of the Company		**428,879**	181,970
Minority interests		**100**	20,270
Total equity		**428,979**	202,240

Note:—

1. REPORTING ENTITY AND CORPORATE REORGANISATION

Tianyi Fruit Holdings Limited was incorporated in the Cayman Islands on 5 February 2008 as an exempted company with limited liability under the Companies Law, Cap 22 (Law 33 of 1961, as consolidated and revised) of the Cayman Islands. Pursuant to a reorganisation (the "Reorganisation") of the Group to rationalise the group structure in preparation for the listing of the Company's shares on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), the Company became the holding company of the Group in May 2008. Details of the Reorganisation are set out in the prospectus of the Company dated 30 June 2008 (the "Prospectus"). The Company's shares were listed on the Stock Exchange on 10 July 2008.

2. BASIS OF PRESENTATION AND PREPARATION

These interim financial statements have been prepared on the same accounting policies adopted in the preparation of the Accountants' Report included in the Appendix I of the Prospectus (the "Accountants' Report") and should be read in conjunction with the Accountants' Report.

On 2 December 2008, the board of directors (the "Board") of the Company announced that with effect from 1 December 2008, the financial year end date of the Company has been changed from 31 December to 30 June (the "Change") to the effect that the current financial period of the Company ending 30 June 2009 will cover an eighteen-month period from 1 January 2008 to 30 June 2009. The Board considers that the Change is necessary as to better reflect and be in line with the growth cycle of fresh oranges and the production cycle of frozen concentrated orange juice as these are two major products of the Group which accounted for more than 90% of the total revenue of the Group for the twelve months ended 31 December 2007.

Because the same ultimate controlling equity shareholder, Mr. Hong Hong U, controlled the companies now comprising the Group (except for Rich Anges Limited and Manwell (China) Limited) during the periods presented in these financial statements before and after the Reorganisation and consequently there was continuation of the risks and benefits to the ultimate controlling equity shareholder, the financial statements have been prepared as a reorganisation of business under common control and Accounting Guideline 5 "Merger Accounting for Common Control Combinations" issued by the Hong Kong Institute of Certified Public Accountants has been applied. Accordingly, the relevant assets and liabilities of the companies comprising the Group during the periods presented are included in the consolidated financial statements of the Group from the date when the companies first came under the control of the Group's ultimate controlling equity shareholder, using the existing book values from the ultimate controlling equity shareholder's perspective.

The condensed consolidated income statement, the condensed consolidated statement of changes in equity, and the condensed consolidated cash flow statement set out in these financial statements includes the results of operations of the Group as if the Group had been in existence and remained unchanged throughout the entire periods presented. The condensed consolidated balance sheet of the Group as at 31 December 2007 has been prepared to present the consolidated state of affairs of the Group as if the Group had been in existence as at that date.

These interim financial statements have been prepared in accordance with the applicable disclosure provision of the Rules Governing the Listing of Securities on the Stock Exchange, including compliance with International Accounting Standard ("IAS") 34 "Interim financial reporting", issued by the IASB.

These interim financial statements contain condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the issuance of the Accountants' Report. The condensed consolidated financial statements and notes thereon do not include all of the information required for full set of financial statements prepared in accordance with IFRSs.

2. BASIS OF PRESENTATION AND PREPARATION *(Continued)*

The financial information relating to the twelve months ended 31 December 2007 that is included in these interim financial statements as being previously reported information does not constitute the Company's statutory financial statements for that financial period but is derived from the Accountants' Report. The financial information of the Group for the twelve months ended 31 December 2007 is contained in the Accountants' Report. The Accountants' Report is available from the Company's registered office. The reporting accountants have expressed an unqualified opinion in the Accountants' Report dated 30 June 2008.

3. SEGMENT REPORTING

Segment information is presented in respect of the Group's business segments, which is the basis of segment reporting. The business segment reporting format reflects the Group's management and internal reporting structure.

Business segments

The Group comprises the following main business segments:

— Frozen concentrated orange juice ("FCOJ") and its related product. The FCOJ and its related product segment carries on the business of manufacturing and distribution of FCOJ, which is produced through a sequence of processes including crushing, pressing, pasteurisation and concentrating by using fresh oranges as raw material. FCOJ and its related product are mainly used as raw material in the production of fruit juice and blended fruit juice.

— Fresh oranges. The fresh orange segment carries on the business of cultivation and selling of fresh oranges.

Other operations include business of manufacturing and selling of other fruit juice and additive products.

	Six months ended 31 December		**Twelve months ended 31 December**	
	2008	2007	**2008**	2007
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
	(unaudited)	(unaudited)	**(unaudited)**	(audited)
Revenue				
FCOJ and its related product	**89,745**	45,541	**184,617**	124,337
Fresh Oranges	**64,004**	84,232	**94,700**	127,128
Others	**11,459**	11,438	**12,299**	14,130
Total	**165,208**	141,211	**291,616**	265,595
Segment result				
FCOJ and its related product	**29,424**	28,100	**68,013**	62,576
Fresh Oranges	**34,498**	32,738	**33,484**	29,913
Others	**3,349**	4,287	**3,713**	4,125
Total	**67,271**	65,125	**105,210**	96,614
Unallocated operating income and expenses	**(185)**	699	**(212)**	639
Profit from operations	**67,086**	65,824	**104,998**	97,253
Net finance costs	**129**	(1,181)	(1,686)	(1,505)
Income tax	**(19,496)**	(18,163)	**(29,195)**	(25,899)
Profit for the period	**47,719**	46,480	**74,117**	69,849

Geographical segment

As the Group only operates in the PRC, no geographical segment information is presented.

4. OTHER INCOME

	Six months ended 31 December		Twelve months ended 31 December	
	2008	2007	**2008**	2007
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
	(unaudited)	(unaudited)	**(unaudited)**	(audited)
Government grants	**1,800**	647	**2,400**	647
Others	**94**	110	**94**	110
	1,894	757	**2,494**	757

The Group received unconditional discretionary grants amounting to RMB2,400,000 for the twelve months ended 31 December 2008 from various PRC government authorities in recognition of the Group's contribution to the development of the local agriculture industry. These government grants are not recurring in nature and are not only available to the Group. There is no assurance that the Group will receive these government grants in the future.

5. EXPENSES BY NATURE

The following expenses are included in cost of sales, distribution costs, administrative expenses and other expenses.

	Six months ended 31 December		Twelve months ended 31 December	
	2008	2007	**2008**	2007
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
	(unaudited)	(unaudited)	**(unaudited)**	(audited)
Cost of inventories recognised as expenses	**129,033**	112,906	**212,458**	202,480
Depreciation	**1,635**	1,059	**3,012**	2,147
Amortisation of land use rights	**35**	35	**70**	70
Amortisation of rental prepayments	**4,612**	4,601	**9,212**	9,201
Loss on disposal of property, plant and equipment	**—**	—	**—**	3
Research and development costs	**217**	111	**297**	223

For the twelve months ended 31 December 2008 and 2007, cost of inventories includes personnel expenses of RMB30,685,000 and RMB32,412,000 respectively.

6. NET FINANCE COSTS

	Six months ended 31 December		Twelve months ended 31 December	
	2008	2007	**2008**	2007
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
	(unaudited)	(unaudited)	**(unaudited)**	(audited)
Interest income on bank deposits	**884**	133	**1,334**	222
Finance income	**884**	133	**1,334**	222
Interest expenses on loans and borrowings	**—**	(774)	**(1,516)**	(1,184)
Bank charges	**(8)**	(4)	**(75)**	(7)
Net foreign exchange loss	**(747)**	(536)	**(1,429)**	(536)
Finance expenses	**(755)**	(1,314)	**(3,020)**	(1,727)
Net finance costs	**129**	(1,181)	**(1,686)**	(1,505)

7. INCOME TAX

Income tax in the condensed consolidated income statement represents:

	Six months ended 31 December		Twelve months ended 31 December	
	2008	2007	**2008**	2007
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
	(unaudited)	(unaudited)	**(unaudited)**	(audited)
Current tax expense				
Provision for PRC income tax	**15,495**	15,704	**27,473**	30,353
Deferred tax expense				
Origination and reversal of temporary differences	**4,001**	2,459	**1,722**	(4,454)
	19,496	18,163	**29,195**	25,899

(i) Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands ("BVI"), the Group is not subject to any income tax in the Cayman Islands and the BVI.

(ii) No provision has been made for Hong Kong profits tax as the Group did not have assessable profit subject to Hong Kong profits tax.

7. **INCOME TAX** *(Continued)*

(iii) Pursuant to the Income Tax Law of the PRC For Enterprises with Foreign Investment And Foreign Enterprises (effective as of 1 July 1991), Summi Fujian is entitled to a preferential PRC foreign enterprise income tax rate of 27%. Sanming Summi, established on 27 September 2007 as a PRC domestic company, is subject to the statutory income tax rate of 33%.

On 16 March 2007, the Fifth Plenary Session of the Tenth National People's Congress passed the Corporate Income Tax Law of the PRC (the "New Tax Law") which became effective on 1 January 2008. The New Tax Law adopts a uniform tax rate of 25% for all enterprises including the Group's subsidiaries in the PRC. The New Tax Law has been adopted when measuring the Group's deferred taxes with effect from 16 March 2007.

(iv) Pursuant to the New Tax Law, 10% withholding tax is levied on foreign investors (5% for foreign investors registered in Hong Kong) in respect of dividend distributions arising from a foreign investment enterprise's profit earned after 1 January 2008. As the Company controls the dividend policy of the Group's PRC subsidiaries, as at 31 December 2008, deferred tax liabilities of RMB540,000 (31 December 2007: nil) 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. Deferred tax liabilities of RMB2,814,000 have not been recognised as at 31 December 2008, as the Directors consider it probable that a portion of the profits earned by the Group's PRC subsidiaries for the period from 1 January 2008 to 31 December 2008 would not be distributed in the foreseeable future.

8. **EARNINGS PER SHARE**

(a) Basic earnings per share

The calculation of basic earnings per share for the six months ended 31 December 2008 is based on the profit attributable to the equity shareholders of the Company of RMB47,719,000 (for the twelve months ended 31 December 2008: RMB71,714,000) and the weighted average number of 987,771,739 ordinary shares (for the twelve months ended 31 December 2008: 869,535,519 ordinary shares) of the Company (after adjusting for the effect of capitalisation issue and acquisition of minority interests, as if all of those shares were outstanding throughout the twelve months period ended 31 December 2008), calculated as follows:

Weighted average number of ordinary shares

	Six months ended 31 December 2008	**Twelve months ended 31 December 2008**
Issued ordinary shares	100,000,000	100,000,000
Effect of capitalisation issue	650,000,000	650,000,000
Effect of the initial public offering	237,771,739	119,535,519
Weighted average number of ordinary shares	987,771,739	869,535,519

The calculation of basic earnings per share for the six months ended 31 December 2007 is based on the profit attributable to the equity holders of the Company of RMB41,786,000 (for the twelve months ended 31 December 2007: RMB62,818,000) and 750,000,000 ordinary shares of the Company (after adjusting for the effect of capitalisation issue and acquisition of minority interests, as if all of those shares were outstanding throughout the twelve months period ended 31 December 2007).

8. EARNINGS PER SHARE *(Continued)*

(b) Diluted earnings per share

The amount of diluted earnings per share is the same as the basic earnings per share for the twelve months ended 31 December 2008 as there was no dilutive effect on earnings per share since all outstanding share options were anti-dilutive.

There were no dilutive potential shares in existence during the twelve months ended 31 December 2007 and therefore diluted earnings per share are not presented.

9. TRADE AND OTHER RECEIVABLES

	As at 31 December 2008	As at 31 December 2007
	RMB'000	*RMB'000*
	(unaudited)	(audited)
Trade receivables	**142,386**	113,784
Prepayments	**2,086**	8,060
Other receivables	**564**	669
	145,036	122,513

The Group generally grants credit terms of 90 days to its customers. An ageing analysis of the trade receivables as of the balance sheet dates is as follows:

	As at 31 December 2008	As at 31 December 2007
	RMB'000	*RMB'000*
	(unaudited)	(audited)
Within three months	**142,379**	113,455
More than three months but within one year	**7**	329
	142,386	113,784

All of the trade and other receivables are expected to be recovered within one year.

10. TRADE AND OTHER PAYABLES

	As at 31 December 2008	As at 31 December 2007
	RMB'000	*RMB'000*
	(unaudited)	(audited)
Trade payables	**24,248**	202
Other payables and accruals	**7,937**	5,425
	32,185	5,627

10. TRADE AND OTHER PAYABLES *(Continued)*

All of the trade and other payables are expected to be settled within one year. An ageing analysis of the trade payables of the Group is analysed as follows:

	As at 31 December 2008 *RMB'000* **(unaudited)**	As at 31 December 2007 *RMB'000* (audited)
Not past due	**24,248**	202

11. INTERIM DIVIDEND

The Directors do not propose the payment of an interim dividend for the twelve months ended 31 December 2008 (2007: nil).

BUSINESS REVIEW

The Group's revenue was primarily derived from the sale of frozen concentrated orange juice ("FCOJ") and its related product, fresh oranges, other concentrated fruit juices and dehydrated longans. According to the certificate issued by the China Beverage Industry Association (中國飲料工業協會) on 15 February 2008, the Group is one of the leading domestic producers in the FCOJ industry in China in terms of production quantity. It was forecasted by the United States Department of Agriculture, Foreign Agriculture Service in its Global Agriculture Information Network Report dated 29 November 2007 that approximately 20,000 tonnes of FCOJ were produced domestically in China in 2007 while the Group produced approximately 8,961 tonnes of FCOJ in 2008. In addition, as compared to Brazil and the United States, FCOJ is an emerging industry in China and its size remains relatively small. Currently, China relies on imported FCOJ to meet the shortfall in supply.

The Group believes that its success to date and potential for future growth can be attributed to a combination of strengths, including the followings:

- Solid and reputable customer base
- One of the leading producers of FCOJ in the large and fast growing juice market in China
- Well-established network for raw materials procurement and supply chain management
- A vertically integrated processing platform
- Automated production process, proven system of large scale manufacturing and quality control
- Experienced management with the track record of delivering growth and profitability

The Group aims to maximise shareholders' value and pursue a business growth strategy based on the following principal components:

- Continue to focus on the fast-growing juice concentrates market in China and consolidate and further increase its market share;
- Expand production capacities by building new production facilities in strategic locations and further strengthen its raw materials supply base; and
- Expand its products range and client base.

As to further enhance the Group's productivity to meet the increasing demand from the domestic market, on 25 October 2008, the Group completed the construction of the new plant situate at Fujian Province Mingxi County Shili Port Ecological-economy District (福建省明溪縣十里埠生態經濟區). Subsequently, the production line in Sanming Summi Food Co., Limited ("Sanming Summi") had been relocated to the new plant. The new plant had commenced production at the end of November 2008 and would have an annual production capacity of approximately 4,000 metric tonnes concentrated fruit juice per pressing season under full operation (which represents an increase of approximately 700 metric tonnes as compared to the existing annual production capacity of Sanming Summi's production line).

Further details of the construction of the new plant are set out in the announcement of the Company dated 7 November 2008.

FINANCIAL REVIEW

The Group's revenue increased from approximately RMB265,595,000 for the twelve months ended 31 December 2007 to approximately RMB291,616,000 for the twelve months ended 31 December 2008, representing an increase of approximately 9.8%.

For the twelve months ended 31 December 2008, the profit for the period was approximately RMB74,117,000 representing an increase of approximately 6.1% as compared to approximately RMB69,849,000 for the twelve months ended 31 December 2007. The profit attributable to equity shareholders of the Company for the twelve months ended 31 December 2008 rose by approximately RMB8,896,000 or 14.2% from approximately RMB62,818,000 for the twelve months ended 31 December 2007 to approximately RMB71,714,000 for the twelve months ended 31 December 2008.

Revenue from the sale of FCOJ and its related product grew from RMB124,337,000 for the twelve months ended 31 December 2007 to RMB184,617,000 for the twelve months ended 31 December 2008, representing an increase of 48.5%. The increase was attributable to the significant increase in the total production output of the production line of Sanming Summi as a result of technological modifications, ancillary equipment enhancement, and improved factory layouts in September and October 2007.

Revenue from the sale of fresh oranges fell from RMB127,128,000 for the twelve months ended 31 December 2007 to RMB94,700,000 for the twelve months ended 31 December 2008, representing a decrease of 25.5%. The decrease was due to the combined effect of decreased unit selling price and quantity sold of fresh oranges in 2008.

For the twelve months ended 31 December 2008, the average selling prices of FCOJ and its related product and fresh oranges were RMB14.30/kg (2007: RMB14.7/kg) and RMB1.70/kg (2007: RMB1.73/kg) respectively.

The gross profit of the Group increased by 25.4% to RMB79,158,000 in 2008 from RMB63,115,000 in 2007.

The gross profit margins by products for the twelve months ended 31 December 2008 and for the twelve months ended 31 December 2007 were as follows:

	For the twelve months ended 31 December 2008	For the twelve months ended 31 December 2007
FCOJ and its related product	**42%**	48%
Fresh oranges	**-3%**	-1%
Others	**39%**	33%

The decline in gross profit margin of FCOJ and its related product as well as fresh oranges was due to the falling unit selling price. The increase in gross profit margin of others was due to the higher gross profit margin of concentrated gooseberry juices sold in 2008.

The distribution costs of the Group rose by 23.4% from RMB5,085,000 for the twelve months ended 31 December 2007 to RMB6,274,000 for the twelve months ended 31 December 2008, primarily as a result of the bonus distribution and salaries increment for sales and marketing staff and the incremental expenses arising from the operating of the Group's Shanghai office since late 2008.

The administrative expenses of the Group increased by 166.4% from RMB5,417,000 for the twelve months ended 31 December 2007 to RMB14,431,000 for the twelve months ended 31 December 2008, mainly attributable to the increased salaries of management staff, social insurance contributions and the bonus distribution; and the increase in general office expenses due to enlarged operation size of the Group.

LIQUIDITY AND CAPITAL RESOURCES

Liquidity, financial resources and capital structure

As at 31 December 2008, the Group had cash and cash equivalents of RMB169,229,000 (31 December 2007: RMB67,783,000) and total borrowings of RMB5,100,000 (31 December 2007: RMB52,000,000). Approximately 99.0% (2007: 82.1%) and 1.0% (2007: 17.9%) of the cash and cash equivalents are held in RMB and Hong Kong dollars respectively. The Group did not have any interest bearing borrowings as at 31 December 2008 (31 December 2007: RMB52,000,000, at fixed interest rates ranged from 6.50% to 8.44% per annum).

As at 31 December 2008, the gearing ratio (which is calculated as total borrowings divided by total equity) of the Group was 1.2% (31 December 2007: 25.7%). As at 31 December 2008, the Group had current assets of RMB379,664,000 (31 December 2007: RMB238,126,000) and current liabilities of RMB44,344,000 (31 December 2007: RMB37,764,000). The current ratio (which is calculated as current assets divided by current liabilities) was 8.56 as at 31 December 2008, which showed an improvement as compared to 6.3 as at 31 December 2007.

The Board's approach to manage liquidity of the Group is to ensure sufficient liquidity at any time to meet its matured liabilities to avoid any unacceptable losses or damage to the Group's reputation.

Foreign exchange exposure

The Group's sales and purchases were denominated in RMB. Therefore, the Group is not exposed to any significant foreign currency exchange risks and the Board does not expect any material impact on the Group's operations as a result of any future currency fluctuations. No financial instruments are employed by the Group for hedging purposes.

Capital expenditure

During the period under review, the Group's total capital expenditure amounted to RMB10,405,000, which was used in the acquisition of property, plant and equipment.

Charge on assets

As at 31 December 2008, the Group had no charge on any assets.

Contingent liabilities

As at 31 December 2008, the Group had no material contingent liabilities.

HUMAN RESOURCES

As at 31 December 2008, the Group employed approximately 273 employees (31 December 2007: 265 employees). The Group offered competitive remuneration package, discretionary bonuses and social insurance benefits to its employees. A share option scheme was also adopted for the employees of the Group.

PROSPECTS

Since the listing of the Company's shares on the Stock Exchange on 10 July 2008, the listing proceeds, net of listing expenses, of approximately HK$129.5 million from the International Offering of 250,000,000 shares of the Company were raised. As such, the Company has the resources to increase productivity and add value to its shareholders. The Group currently intends to apply those proceeds in the following manner:

- approximately HK$94.7 million (equivalent to approximately 73.1% of the Group's total net proceeds) for acquiring land use rights, plant construction, purchase and installation of production and processing equipment. The Group currently plans to use the proceeds to acquire land use rights in the first half of 2009; apply capital expenditure for the construction of the production plant which commenced construction in the second half of 2008 and is expected to complete construction by June 2009; acquire two sets of production facilities in the first half of 2009. Upon completion, the Group expects the new production plant will be able to generate an annual production capacity of 9,000 tonnes concentrated fruit juice;

- approximately HK$21.1 million (equivalent to approximately 16.3% of the Group's total net proceeds) for expanding of the total area of the orange farms the Group operates by approximately 10,000 mu: whilst the Group has not identified any particular orange farms to which the net proceeds will be applied. The Group currently plans to look for suitable lands located in Chongqing and Hunan Province in the PRC and lease approximately 10,000 mu of orange farms in first half 2009;

- approximately HK$3.6 million (equivalent to approximately 2.8% of the Group's total net proceeds) for enhancing the Group's marketing activities and expanding and improving the coverage of the Group's sales network: the Group will participate in marketing activities such as exhibitions, industry conference and promotion through different market media; set up sales representative offices in three top-tier cities in the PRC in 2009; and recruit new sales and marketing staff;

- approximately HK$3.6 million (equivalent to approximately 2.8% of the Group's total net proceeds) for improving the orange planting technology and further developing the Group's technological know-how on production of fruit concentrate products: the Group will establish a citrus technology centre in collaboration with other institutes for the development of citrus production technique; establish a fruit and vegetable juice processing technology centre to research and develop the fruit and vegetable processing technique; and recruit research and development staff; and

- approximately HK$6.5 million (equivalent to approximately 5.0% of the Group's total net proceeds) as general working capital of the Group.

As disclosed in the Prospectus, a non-binding memorandum of understanding was signed between the Group and Kaixian Jinhu Agriculture Development Co., Ltd. ("Kaixian Jinhu") on 21 April 2008. On 6 August 2008, Chongqing Tianbang Food Co., Ltd. ("Chongqing Tianbang"), a wholly owned subsidiary of the Company, was established by Manwell (China) Limited. The registered capital of Chongqing Tianbang is HK$80,000,000. The principal activities of Chongqing Tianbang are manufacturing and selling of FCOJ and selling of fresh oranges. On 13 August 2008, Chongqing Tianbang signed a binding contract for a FCOJ project. The total investment is expected to be approximately RMB160 million. In order to align with its business expansion plan as disclosed in the Prospectus, Chongqing Tianbang has entered into agreements to acquire certain juice processing equipment from manufacturers in Switzerland and Brazil, who are independent third parties to the Group, at a total consideration of US$5.5 million to establish a new fruit juice plant located in Kaixian, Chongqing Municipality. The consideration will be satisfied by the net IPO proceeds as stated in the section headed "Future Plans and Use of Proceeds" in the Prospectus. The new production plant is expected to commence operation in the second half of 2009. The Group shall continue to identify any specific land acquisition or orange farm leasing opportunities.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the period, save as disclosed in the Prospectus, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

MATERIAL ACQUISITIONS AND DISPOSAL OF SUBSIDIARIES AND ASSOCIATED COMPANIES

Pursuant to a reorganisation (the "Reorganisation") to rationalise the group structure in preparation for the listing of the Company's shares on the Main Board of the Stock Exchange (the "Listing"), the Company became the holding company of the subsidiaries of the Group in May 2008. The details of the Reorganisation have been set out in the Prospectus.

Save as disclosed above and disclosed in this announcement, during the period, there was no other material acquisition and disposal of subsidiaries and associated companies by the Company.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICE

The Board considered that, since the listing of the Company up to 31 December 2008, the Company had complied with the code provisions set out in the Code on Corporate Governance Practices in Appendix 14 to the Listing Rules.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding securities transactions by the Directors on terms no less exacting than the required standard set out in Appendix 10 to the Listing Rules (the "Model Code"). Having made specific enquiry of all Directors, all Directors confirmed that they have complied with the required standard set out in the Model Code and the code of conduct regarding securities transactions by the Directors adopted by the Company since the listing of the Company.

AUDIT COMMITTEE

The audit committee of the Company has reviewed with management of the Group the accounting principles and practices adopted by the Group and discussed the auditing, internal control and financial reporting matters including the review of the unaudited interim financial statements and the interim report of the Group for the twelve months ended 31 December 2008.

INTERIM DIVIDEND

The Directors do not propose the payment of an interim dividend for the twelve months ended 31 December 2008 (2007: nil).

By Order of the Board
Tianyi Fruit Holdings Limited
Hong Hong U
Chairman

Quanzhou, Fujian Province, The People's Republic of China
25 March 2009

As at the date of this announcement, the executive Directors of the Company are Mr. HONG Hong U, Mr. SIN Ke and Mr. SAN Kwan; and the independent non-executive Directors are Mr. TU Zongcai, Mr. ZHUANG Weidong and Mr. ZHUANG Xueyuan.