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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)

FINAL RESULTS ANNOUNCEMENT
For the eighteen months ended 30 June 2009

The board (the "Board") of directors (the "Directors") of Tianyi Fruit Holdings Limited (the "Company") is pleased to present the audited consolidated results of the Company and its subsidiaries (collectively, the "Group") for the eighteen months ended 30 June 2009, along with the comparative figures for the year ended 31 December 2007 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 eighteen months ended 30 June 2009

	Notes	**Eighteen months ended 30 June 2009** ***RMB'000***	Year ended 31 December 2007 *RMB'000*
Revenue	*5*	**463,771**	265,595
Cost of sales		**(336,265)**	(202,480)
Gross profit		**127,506**	63,115
Gain from changes in fair value of biological assets less estimated point-of-sale costs		**44,352**	44,001
Other income	*6*	**2,494**	757
Distribution costs		**(10,270)**	(5,085)
Administrative expenses		**(25,260)**	(5,417)
Other expenses		**(319)**	(118)
Profit from operations		**138,503**	97,253
Finance income	*8*	**1,591**	222
Finance expenses	*8*	**(2,201)**	(1,727)
Net finance costs		**(610)**	(1,505)
Profit before taxation		**137,893**	95,748
Income tax	*9*	**(40,426)**	(25,899)
Profit for the period/year		**97,467**	69,849

CONDENSED CONSOLIDATED INCOME STATEMENT *(Continued)*

For the eighteen months ended 30 June 2009

	Notes	**Eighteen months ended 30 June 2009** *RMB'000*	Year ended 31 December 2007 *RMB'000*
Attributable to:			
Equity shareholders of the Company		**95,064**	62,818
Minority interests		**2,403**	7,031
Profit for the period/year		**97,467**	69,849
Earnings per share (RMB cents)			
— Basic	*10*	**10.42**	8.38
— Diluted	*10*	**10.41**	N/A
Final dividend	*13*	**—**	—

CONDENSED CONSOLIDATED BALANCE SHEET

As at 30 June 2009

	Notes	As at 30 June 2009 RMB'000	As at 31 December 2007 RMB'000
Non-current assets			
Property, plant and equipment		**108,360**	27,459
Land use rights		**3,416**	2,521
Rental prepayments		**35,751**	9,357
Pledged bank deposits		**5,100**	—
Deferred tax assets		**813**	—
		153,440	39,337
Current assets			
Inventories		**9,561**	33,060
Biological assets		**55,258**	5,799
Rental prepayments		**14,570**	8,971
Trade and other receivables	*11*	**65,103**	122,513
Time deposits		**2,678**	—
Cash and cash equivalents		**193,121**	67,783
		340,291	238,126
Total assets		**493,731**	277,463
Current liabilities			
Loans and borrowings		**—**	17,000
Trade and other payables	*12*	**18,928**	5,627
Income tax payables		**3,304**	15,137
		22,232	37,764
Net current assets		**318,059**	200,362
Total assets less current liabilities		**471,499**	239,699
Non-current liabilities			
Deferred income		**11,000**	—
Loans and borrowings		**5,100**	35,000
Deferred tax liabilities		**725**	2,459
		16,825	37,459
Total liabilities		**39,057**	75,223
Net assets		**454,674**	202,240
Capital and reserves			
Share capital		**8,791**	730
Reserves		**445,783**	181,240
Total equity attributable to equity shareholders of the Company		**454,574**	181,970
Minority interests		**100**	20,270
Total equity		**454,674**	202,240

Note:—

1. REPORTING ENTITY AND CORPORATE REORGANISATION

Tianyi Fruit Holdings Limited (the "Company") 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 Company and its subsidiaries (collectively referred to as 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

In December 2008, the Company changed its financial year end date from 31 December to 30 June in order to better reflect and be in line with the growth cycle of fresh oranges and the production cycle of frozen concentrated orange juice. These products accounted for more than 90% of the total revenue of the Group for the year ended 31 December 2007. Accordingly, these financial statements cover the eighteen months period ended 30 June 2009.

The previous financial statements were prepared in respect of the year ended 31 December 2007. Consequently, the comparative figures for the consolidated income statement, the consolidated statement of changes in equity, the consolidated cash flow statement and related notes are not comparable in so far as they relate to a shorter period than the current period.

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 consolidated income statement, the consolidated statement of changes in equity and the consolidated cash flow statement set out in these financial statements include the results of operations of the Group as if the Group had been in existence and remained unchanged throughout the entire periods presented. The 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.

The financial information relating to the year ended 31 December 2007 that is included in these financial statements as being previously reported information does not constitute the Company's statutory financial statements for that financial year but is derived from the Accountants' Report included in the Prospectus, which is available from the Company's principal place of business in Hong Kong situated at Suites 2201-03, 22nd Floor, Jardine House, 1 Connaught Place, Central, Hong Kong.

3. STATEMENT OF COMPLIANCE

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs"), which collective term includes all applicable individual IFRSs, International Accounting Standards ("IASs") and Interpretations, promulgated by the International Accounting Standards Board ("IASB").

The financial statements also comply with the disclosure requirements of the Hong Kong Companies Ordinance and the applicable disclosure requirements of the Rules Governing the Listing of Securities on the Stock Exchange.

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

For the purpose of preparing the financial statements, the Group has applied all new and revised IFRSs applicable to the periods presented, except for any new standards or interpretations that are not yet effective for accounting periods beginning on 1 January 2008, as set out as below.

New standards and interpretations not yet adopted

Up to the date of issue of these financial statements, the IASB has issued a number of amendments, new standards and interpretations which are not yet effective for the eighteen months ended 30 June 2009 and which have not been adopted in these financial statements.

The Group is in the process of making an assessment of what the impact of these amendments, new standards and new interpretations is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to result in a restatement of the Group's results of operations and financial position except for IFRS 8, Operating segments and Revised IAS 1, Presentation of financial statements, which are expected to result in amended disclosures in the financial statements.

The following developments may result in new or amended disclosures in the financial statements:

	Effective for accounting periods beginning on or after
IFRIC 13, *Customer loyalty programmes*	1 July 2008
IFRIC 16, *Hedges of a net investment in a foreign operation*	1 October 2008
Amendments to IFRS 1, *First-time adoption of International Financial Reporting Standards, and IAS 27, Consolidated and separate financial statements — Cost of an investment in a subsidiary, jointly-controlled entity or associate*	1 January 2009
Amendment to IFRS 2, *Share-based payment — Vesting conditions and cancellations*	1 January 2009
Amendments to IFRS 7, *Financial instruments: Disclosures — Improving disclosures about financial instruments*	1 January 2009
IFRS 8, *Operating segments*	1 January 2009
Revised IAS 1, *Presentation of financial statements*	1 January 2009

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

	Effective for accounting periods beginning on or after
Revised IAS 23, *Borrowing costs*	1 January 2009
Amendments to IAS 32, *Financial instruments: Presentation of financial statements — Puttable financial instruments and obligations arising on liquidation*	1 January 2009
IFRIC 15, *Agreements for the construction of real estate*	1 January 2009
Revised IFRS 1, *First-time adoption of International Financial Reporting Standards* • Basis for conclusions on revised IFRS 1, *First-time adoption of International Financial Reporting Standards* • Implementation guidance on revised IFRS 1, *First-time adoption of International Financial Reporting Standards*	1 July 2009
Revised IFRS 3, *Business combinations*	Applied to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009
Amendments to IAS 27, *Consolidated and separate financial statements*	1 July 2009
Amendment to IAS 39, *Financial instruments: Recognition and measurement — Eligible hedged items*	1 July 2009
IFRIC 17, *Distributions of non-cash assets to owners*	1 July 2009
IFRIC 18, *Transfers of assets from customers*	Applies to transfers of assets from customers received on or after 1 July 2009
Improvements to IFRSs	1 January 2009 or 1 July 2009 or 1 January 2010
Amendments to IFRS 1, *First-time adoption of International Financial Reporting Standards — Additional exemptions for first-time adopters*	1 January 2010
Amendments to IFRS 2, *Share-based payment — Group cash-settled share-based payment transactions*	1 January 2010

5. 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.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly income-earning assets, loans and borrowings and expenses, and corporate assets and expenses. Segment capital expenditure is the total cost incurred during the period to acquire segment assets that are expected to be used for more than one period.

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 materials. FCOJ and its related product are mainly used as raw materials 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.

Geographical segment

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

5. **SEGMENT REPORTING** *(Continued)*

(a) For the eighteen months ended 30 June 2009

(i) Revenue and expenses

	Eighteen months ended 30 June 2009				
	FCOJ and its related product *RMB'000*	**Fresh oranges** *RMB'000*	**Others** *RMB'000*	**Inter-segment elimination** *RMB'000*	**Group** *RMB'000*
Revenue from external customers	**326,763**	**124,681**	**12,327**	**—**	**463,771**
Inter-segment revenue	**—**	**—**	**11,280**	**(11,280)**	**—**
Total	**326,763**	**124,681**	**23,607**	**(11,280)**	**463,771**
Segment results	**98,649**	**33,794**	**3,885**	**—**	**136,328**
Unallocated operating income and expenses					**2,175**
Profit from operations					**138,503**
Net finance costs					**(610)**
Income tax					**(40,426)**
Profit for the period					**97,467**
Depreciation and land use rights amortisation	**(4,789)**	**(1,037)**	**(10)**	**—**	**(5,836)**

(ii) Assets and liabilities

	As at 30 June 2009			
	FCOJ and its related product *RMB'000*	**Fresh oranges** *RMB'000*	**Others** *RMB'000*	**Group** *RMB'000*
Segment assets	**209,317**	**78,624**	**252**	**288,193**
Unallocated assets				**205,538**
Total assets				**493,731**
Segment liabilities	**(18,251)**	**(2,478)**	**(245)**	**(20,974)**
Unallocated liabilities				**(18,083)**
Total liabilities				**(39,057)**
Capital expenditure incurred during the period	**80,372**	**6,190**	**74**	**86,636**

5. SEGMENT REPORTING *(Continued)*

(b) For the year ended 31 December 2007

(i) Revenue and expenses

	Year ended 31 December 2007				
	FCOJ and its related product *RMB'000*	Fresh oranges *RMB'000*	Others *RMB'000*	Inter-segment elimination *RMB'000*	Group *RMB'000*
Revenue from external customers	124,337	127,128	14,130	—	265,595
Inter-segment revenue	—	—	8,984	(8,984)	—
Total	124,337	127,128	23,114	(8,984)	265,595
Segment results	62,576	29,913	4,125	—	96,614
Unallocated operating income and expenses					639
Profit from operations					97,253
Net finance costs					(1,505)
Income tax					(25,899)
Profit for the year					69,849
Depreciation and land use rights amortisation	(2,016)	(181)	(20)	—	(2,217)

(ii) Assets and liabilities

	As at 31 December 2007			
	FCOJ and its related product *RMB'000*	Fresh oranges *RMB'000*	Others *RMB'000*	Group *RMB'000*
Segment assets	103,440	100,426	202	204,068
Unallocated assets				73,395
Total assets				277,463
Segment liabilities	(12,231)	(8,519)	(956)	(21,706)
Unallocated liabilities				(53,517)
Total liabilities				(75,223)
Capital expenditure incurred during the year	896	9,696	18	10,610

6. OTHER INCOME

	Eighteen months ended 30 June 2009 *RMB'000*	Year ended 31 December 2007 *RMB'000*
Government grants	**2,400**	647
Others	**94**	110
	2,494	757

The Group received unconditional discretionary grants 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.

7. EXPENSES BY NATURE

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

	Eighteen months ended 30 June 2009 *RMB'000*	Year ended 31 December 2007 *RMB'000*
Cost of inventories #	**336,265**	202,480
Depreciation #	**5,731**	2,147
Amortisation of land use rights	**105**	70
Amortisation of rental prepayments #	**17,372**	9,201
Auditors' remuneration	**1,401**	55
Transportation	**7,416**	3,271
Operating lease charges: minimum lease payments #	**203**	150

For the eighteen months ended 30 June 2009, cost of inventories includes RMB68,232,000 (for the year ended 31 December 2007: RMB43,356,000) relating to personnel expenses, depreciation expenses, amortisation of rental prepayments and operating lease charges.

8. NET FINANCE COSTS

	Eighteen months ended 30 June 2009 *RMB'000*	Year ended 31 December 2007 *RMB'000*
Interest income on bank deposits	**1,591**	222
Finance income	**1,591**	222
Interest expenses on loans and borrowings	**(1,517)**	(1,184)
Bank charges	**(56)**	(7)
Net foreign exchange loss	**(628)**	(536)
Finance expenses	**(2,201)**	(1,727)
Net finance costs	**(610)**	(1,505)

9. INCOME TAX

(a) Income tax in the consolidated income statement represents:

	Eighteen months ended 30 June 2009 *RMB'000*	Year ended 31 December 2007 *RMB'000*
Current tax expense		
Provision for PRC income tax	**42,973**	30,353
Deferred tax expense		
Origination and reversal of temporary differences	**(2,547)**	(4,454)
	40,426	25,899

(i) Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands (the "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.

(iii) The provision for PRC income tax is based on the respective applicable rates on the estimated assessable income of the Group's subsidiaries in the People's Republic of China (the "PRC") as determined in accordance with the relevant income tax rules and regulations of the PRC.

9. INCOME TAX *(Continued)*

(a) Income tax in the consolidated income statement represents: *(Continued)*

Prior to 31 December 2007

The applicable tax rates of the Group's operating subsidiaries in the PRC are 33% for the year ended 31 December 2007, except for a subsidiary which is entitled to a preferential PRC foreign enterprise income tax rate of 27%.

Since 1 January 2008

On 16 March 2007, the Fifth Plenary Session of the Tenth National People's Congress passed the Corporate Income Tax Law of the People's Republic of China (the "New Tax Law") which became effective on 1 January 2008, when the existing income tax rules and regulations of the PRC applicable to foreign investment enterprises were abolished. The New Tax Law adopts a uniform tax rate of 25% for all enterprises including foreign investment enterprises.

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

(b) Reconciliation between income tax and accounting profit at applicable tax rates:

	Eighteen months ended 30 June 2009 *RMB'000*	Year ended 31 December 2007 *RMB'000*
Profit before tax	**137,893**	95,748
Income tax computed by applying the tax rate of 25% to profit before tax (for the year ended 31 December 2007: 27%)	**34,473**	25,852
Effect of non-deductible expenses	**3,934**	343
Effect of differences in tax rates of subsidiaries	**1,314**	628
Effect of change in tax rate on deferred tax balance	**—**	(197)
Effect of recognition of deferred tax liabilities arising from undistributed retained earnings of PRC subsidiaries	**725**	—
Others	**(20)**	(727)
Income tax	**40,426**	25,899

10. EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share for the eighteen months ended 30 June 2009 is based on the profit attributable to the equity shareholders of the Company of RMB95,064,000 (for the year ended 31 December 2007: RMB62,818,000) and the weighted average number of 912,705,667 ordinary shares (for the year ended 31 December 2007: 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 eighteen months period ended 30 June 2009), calculated as follows:

Weighted average number of ordinary shares

	Eighteen months ended 30 June 2009	Year ended 31 December 2007
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	**162,705,667**	—
Weighted average number of ordinary shares	**912,705,667**	750,000,000

(b) Diluted earnings per share

There were no dilutive potential ordinary shares in issue during the year ended 31 December 2007 and therefore, diluted earnings per share for the year ended 31 December 2007 are not presented.

The calculation of diluted earnings per share for the eighteen months ended 30 June 2009 is based on the profit attributable to equity shareholders of the Company (diluted) of RMB95,064,000 and the weighted average number of ordinary shares outstanding (diluted), after adjusting for the effect of all dilutive potential ordinary shares, of 913,457,182, calculated as follows:

Weighted average number of ordinary shares (diluted)

	Eighteen months ended 30 June 2009
Weighted average number of ordinary shares	**912,705,667**
Effect of deemed issue of shares under the Company's share option scheme for nil consideration	**751,515**
Weighted average number of ordinary shares (diluted)	**913,457,182**

The average market value of the Company's shares for purpose of calculating the dilutive effect of share options was based on quoted market prices for the period that the options were outstanding.

11. TRADE AND OTHER RECEIVABLES

The Group

	As at 30 June 2009 *RMB'000*	As at 31 December 2007 *RMB'000*
Trade receivables	**63,702**	113,784
Prepayments	**445**	8,060
Other receivables	**956**	669
	65,103	122,513

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

Customers are normally granted a credit term of not more than 90 days depending on the credit worthiness of individual customers.

(a) Ageing analysis

An ageing analysis of the trade receivables as of the balance sheet dates is as follows:

The Group

	As at 30 June 2009 *RMB'000*	As at 31 December 2007 *RMB'000*
Within three months	**63,658**	113,455
Over three months but less than six months	**42**	5
Over six months but less than one year	**2**	324
	63,702	113,784

11. TRADE AND OTHER RECEIVABLES *(Continued)*

(b) Trade receivables that are not impaired

The ageing analysis of trade receivables that are neither individually nor collectively considered to be impaired are as follows:

The Group

	As at 30 June 2009 *RMB'000*	As at 31 December 2007 *RMB'000*
Neither past due nor impaired	**63,658**	113,455
Less than three months past due	**42**	5
Three months to one year past due	**2**	324
	44	329
	63,702	113,784

Receivables that were neither past due nor impaired relate to a wide range of customers for whom there was no recent history of default.

Receivables that were past due but not impaired relate to a number of customers that have a good track record with the Group. Based on the past experience, management believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The Group does not hold any collateral over these balances.

12. TRADE AND OTHER PAYABLES

The Group

	As at 30 June 2009 *RMB'000*	As at 31 December 2007 *RMB'000*
Trade payables	**9,960**	202
Other payables and accrued expenses	**8,968**	5,425
	18,928	5,627

All of the trade and other payables are expected to be settled within one year.

12. TRADE AND OTHER PAYABLES *(Continued)*

(a) An ageing analysis of the trade payables is analysed as follows:

The Group

	As at 30 June 2009 *RMB'000*	As at 31 December 2007 *RMB'000*
Not past due	**9,960**	202

(b) Other payables and accrued expenses comprise the following items:

The Group

	As at 30 June 2009 *RMB'000*	As at 31 December 2007 *RMB'000*
Other tax payables	**3,184**	3,908
Salaries and bonuses payables	**3,800**	388
Accrued expenses	**1,277**	613
Other payables	**707**	516
	8,968	5,425

13. FINAL DIVIDEND

The Directors do not propose the payment of a final dividend for the eighteen months ended 30 June 2009 (year ended 31 December 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 situated 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 7,000 metric tonnes concentrated fruit juice per pressing season under full operation (which represents an increase of 70% over the previous pressing seaon).

FINANCIAL REVIEW

As a result of the change in financial year end, this financial result for the Group comprises the eighteen-month period from 1 January 2008 to 30 June 2009. Accordingly, the comparative amounts presented for the consolidated income statement and the related notes, which were prepared for the year ended 31 December 2007, are not directly comparable.

The Group's revenue increased from approximately RMB265,595,000 for the year ended 31 December 2007 to approximately RMB463,771,000 for the eighteen months ended 30 June 2009, representing an increase of approximately 74.6% as compared with prior year ended 31 December 2007.

For the eighteen months ended 30 June 2009, the profit for the period was approximately RMB97,467,000 representing an increase of approximately 39.5% as compared to approximately RMB69,849,000 for the year ended 31 December 2007. The profit attributable to equity shareholders of the Company for the eighteen months ended 30 June 2009 rose by approximately 51.3% from approximately RMB62,818,000 for the year ended 31 December 2007 to approximately RMB95,064,000 for the eighteen months ended 30 June 2009.

Revenue from the sale of FCOJ and its related product grew from RMB124,337,000 for the year ended 31 December 2007 to RMB326,763,000 for the eighteen months ended 30 June 2009, representing an increase of 162.8%. 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 year ended 31 December 2007 to RMB124,681,000 for the eighteen months ended 30 June 2009, representing a decrease of 1.9%. The decrease was due to the combined effect of decreased unit selling price and quantity sold of fresh oranges for the eighteen months ended 30 June 2009.

For the eighteen months ended 30 June 2009, the average selling prices of FCOJ and its related product and fresh oranges were RMB13.78/kg (for the year ended 31 December 2007: RMB14.7/kg) and RMB1.66/kg (for the year ended 31 December 2007: RMB1.73/kg) respectively.

The gross profit of the Group increased by 102% to RMB127,506,000 for the eighteen months ended 30 June 2009 from RMB63,115,000 for the year ended 31 December 2007. The increase was mainly because the increase in the percentage of FCOJ sales as to total revenue.

The gross profit margins by products for the eighteen months ended 30 June 2009 and for the year ended 31 December 2007 were as follows:

	For the eighteen months ended 30 June 2009	For the year ended 31 December 2007
FCOJ and its related product*	**38%**	48%
Fresh oranges*	**-1%**	-1%
Others	**39%**	33%

* The cost of FCOJ and its related product and fresh oranges are adjusted for fair value.

The decline in gross profit margin of FCOJ and its related product was due to the falling unit selling price. The gross profit margin of fresh oranges remain stable.

The distribution costs of the Group rose by 101.9% from RMB5,085,000 for the year ended 31 December 2007 to RMB10,270,000 for the eighteen months ended 30 June 2009, 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. Moveover, the transportation cost also increased due to increase in revenue.

The administrative expenses of the Group increased by 366.3% from RMB5,417,000 for the year ended 31 December 2007 to RMB25,260,000 for the eighteen months ended 30 June 2009, 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 30 June 2009, the Group had cash and cash equivalents of RMB193,121,000 (31 December 2007: RMB67,783,000) and total borrowings of RMB5,100,000 (31 December 2007: RMB52,000,000). Approximately 99.5% (2007: 82.1%) and 0.5% (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 30 June 2009 (31 December 2007: RMB52,000,000, at fixed interest rates ranged from 6.50% to 8.44% per annum). All the borrowings of the group were denominated in RMB.

As at 30 June 2009, the gearing ratio (which is calculated as total borrowings divided by total equity) of the Group was 1.1% (31 December 2007: 25.7%). As at 30 June 2009, the Group had current assets of RMB340,291,000 (31 December 2007: RMB238,126,000) and current liabilities of RMB22,232,000 (31 December 2007: RMB37,764,000). The current ratio (which is calculated as current assets divided by current liabilities) was 15.3 as at 30 June 2009, 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 RMB86,636,000 (year ended 31 December 2007: RMB10,610,000), which was used in the acquisition of property, plant and equipment.

Charge on assets

As at 30 June 2009, the Group had pledged bank deposits of RMB5,100,000 to secure bank loan granted to the Group (31 December 2007: nil).

Contingent liabilities

As at 30 June 2009, the Group had no material contingent liabilities (31 December 2007: nil).

HUMAN RESOURCES

As at 30 June 2009, the Group employed approximately 310 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 places more emphasis and resources in the following four areas:

(1) Acquiring land use rights, plant construction, purchase and installation of production and processing equipment:

The construction of plants, offices and other auxiliary buildings of approximately 16,000 sq.m. in Chongqing is expected to finish in October 2009. The installation of full-automated production facilities imported from Brazil, with a production capacity of 10,000 tonnes per pressing season, will commence and expect to finish in late October 2009, aiming to put into operation in November 2009.

(2) Expansion of the total area of the orange farms the Group operates:

The Group plans to look for suitable lands located in Chongqing Province in the PRC and leases approximately 20,000 mu of orange farm in 2009.

(3) Enhancing the Group's marketing activities and expanding sales network:

The Group will participate in marketing activities such as exhibitions, industry conferences and promotions through different market media; during the first half of 2009, sales representative offices were set up in Shanghai, Beijing and Chongqing, the three municipalities in the PRC, and a new sales team comprising 10 members was formed.

(4) Improving the orange planting technology and 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 fruit and vegetable processing technique; and recruit research and development staff.

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 30 June 2009, 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 currently consist of all the independent non-executive directors's of the company, namely Mr. Zhuang Xueyuan, Mr. Zhuang Weidong and Mr. Tu Zongcai, The Group's annual results for the eighteen months ended 30 June 2009 had been reviewed by 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 is no disagreement between the Board and the Audit Committee regarding the selection, appointment, resignation or dismissal of the external auditors.

REVIEW OF THE PRELIMINARY ANNOUNCEMENT BY AUDITORS

The figures in respect of the preliminary announcement of the Group's results for the eighteen months ended 30 June 2009 have been compared by the Company's auditors, KPMG, Certified Public Accountants, to the amounts set out in the Group's draft consolidated financial statements for the eighteen months ended 30 June 2009 and the amounts were found to be in agreement. The work performed by KPMG in this respect was limited and did not constitute an audit, review or other assurance engagement and consequently no assurance has been expressed by the auditors on this announcement.

PUBLICATION ON THE WEBSITE OF HKEX AND THE COMPANY

This final result announcement is published on the website of the Stock Excahnge of Hong Kong Limited ("HKEX") (http://www.hkex.com.hk) and the Company (http://www.tianyi.com.hk).

FINAL DIVIDEND

The Directors do not propose the payment of a final dividend for the eighteen months ended 30 June 2009 (year ended 31 December 2007: nil).

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

Quanzhou, Fujian Province, The People's Republic of China
17 September 2009

As at the date of this announcement, the executive Directors 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.