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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)**

**DISCLOSEABLE TRANSACTION  
IN RELATION TO  
THE ACQUISITION OF 100% INTEREST IN  
GLOBAL ONE MANAGEMENT LIMITED**

**THE ACQUISITION**

On 27 September 2011, the Purchaser, an indirectly wholly-owned subsidiary of the Company and the Vendor entered into the Sale and Purchase Agreement, pursuant to which the Purchaser has conditionally agreed to acquire, and the Vendor has conditionally agreed to sell, the Sale Share at the consideration of HK\$390,000,000 to be satisfied by the issue and allotment of the Consideration Shares to the Vendor (or its nominee) at the issue price of HK\$2.20 per Consideration Share within 10 business days after the Completion.

**GENERAL**

The Acquisition constitutes a discloseable transaction for the Company and is subject to the announcement requirement under the Listing Rules. To the best knowledge of the Directors having made all reasonable enquiries, as at the date of this announcement, the Vendor is an Independent Third Party.

**THE SALE AND PURCHASE AGREEMENT**

**Date**

27 September 2011

**Parties**

- (i) Manwell (China) Limited (萬華(中國)有限公司), an indirectly wholly-owned subsidiary of the Company, as the purchaser
- (ii) Mr. Ngai Chi Hang (魏志恆), as the vendor

To the best knowledge of the Directors having made all reasonable enquiries, as at the date of this announcement, the Vendor is an Independent Third Party.

### **Assets to be acquired**

The Sale Share represents the entire issued share capital of the Target Company. As will be detailed below, the principal asset of the Target Company is its indirect 100% interest in the registered capital of Oujing Fruits, which is principally engaged in the processing and sale of fruits and vegetables.

### **Consideration**

The Consideration of HK\$390,000,000 will be satisfied by the issue and allotment of the Consideration Shares to the Vendor (or its nominee) at the issue price of HK\$2.20 per Consideration Share within 10 business days after the Completion.

The Consideration (including the Issue Price) was agreed between the parties to the Sale and Purchase Agreement based on arm's length negotiations and with reference to the profit guarantee by the Vendor (as detailed below) and the potential profit to be brought to the Group from the Acquisition. The Directors (including the independent non-executive Directors) consider that the Consideration is fair and reasonable.

### **THE CONSIDERATION SHARES**

The 177,272,727 Consideration Shares will be issued at the Issue Price of HK\$2.20 per Consideration Share, credited as fully paid.

The Consideration Shares, when allotted and issued, shall rank pari passu in all respects with the Shares in issue on the date of allotment and issue of the Consideration Shares including the right to all dividends, distributions and other payments made or to be made, on the record date which falls on or after the date of such allotment and issue. There are no restrictions which apply to the subsequent sale of the Consideration Shares.

The Issue Price represents:

- (i) a premium of approximately 44.74% to the closing price of HK\$1.52 per Share as quoted on the Stock Exchange on 26 September 2011, being the last trading day immediately prior to the date of the Sale and Purchase Agreement;
- (ii) a premium of approximately 41.94% to the average closing price of approximately HK\$1.55 per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including 26 September 2011, being the last trading day immediately prior to the date of the Sale and Purchase Agreement; and
- (iii) a premium of approximately 38.36% to the average closing price of approximately HK\$1.59 per Share as quoted on the Stock Exchange for the last ten consecutive trading days up to and including 26 September 2011, being the last trading day immediately prior to the date of the Sale and Purchase Agreement.

The Consideration Shares will be allotted and issued pursuant to the general mandate (the "Existing Mandate") granted to the Directors at the annual general meeting of the Company held on 8 November 2010 and will be allotted and issued within 10 business days after the Completion. According to the Existing Mandate, the Company is authorized to issue and allot a maximum of 201,290,000 Shares, being 20% of the issued share capital of the Company as at the date of passing of the Existing Mandate at the relevant annual general meeting. As at the date of this announcement, the Existing Mandate has not been utilized.

The changes in the shareholding structure of the Company as a result of the allotment and issue of the Consideration Shares, assuming that no Shares will be issued and allotted or repurchased by the Company up to the issue and allotment of the Consideration Shares, are as follows:

Shareholders	Issued share capital as at the date of this announcement		Issued share capital immediately after allotment and issue of the Consideration Shares	
	<i>Number of Shares</i>	<i>%</i>	<i>Number of Shares</i>	<i>%</i>
Sin Ke ( <i>Note 1</i> )	555,608,145	54.43	555,608,145	46.38
Hong Man Na ( <i>Note 2</i> )	555,608,145	54.43	555,608,145	46.38
Key Wise Group Limited	555,608,145	54.43	555,608,145	46.38
Cheer Sky Limited ( <i>Note 3</i> )	555,608,145	54.43	555,608,145	46.38
The Vendor	0	0	177,272,727	14.80
Public Shareholders	465,191,855	45.57	465,191,855	38.82
Total	<u>1,020,800,000</u>	<u>100%</u>	<u>1,198,072,727</u>	<u>100%</u>

*Notes:*

1. Mr. Sin Ke, a Director, beneficially owns 51% interest in Cheer Sky Limited, which in turn beneficially owns 49% interest in Key Wise Group Limited. Ms. Hong Man Na, the spouse of Mr. Sin Ke, beneficially owns 51% interest in Key Wise Group Limited. Therefore, Mr. Sin Ke is deemed, or taken to be, interested in the 555,608,145 Shares held by Key Wise Group Limited for the purpose of the SFO. Mr. Sin Ke is also interested in 6,000,000 underlying Shares pursuant to the share options granted to him on 18 November 2008 under the share option scheme of the Company.
2. Ms. Hong Man Na beneficially owns 51% interest in Key Wise Group Limited. Therefore, Ms. Hong Man Na is deemed, or taken to be, interested in the 555,608,145 Shares held by Key Wise Group Limited for the purpose of the SFO. Mr. Sin Ke is interested in 6,000,000 underlying Shares. Ms. Hong Man Na is the spouse of Mr. Sin Ke, and therefore, Ms. Hong Man Na is deemed, or taken to be, interested in the 6,000,000 underlying Shares for the purpose of the SFO.
3. Cheer Sky Limited beneficially owns 49% interest in Key Wise Group Limited and Key Wise Group Limited held 555,608,145 Shares. Therefore, Cheer Sky Limited is deemed, or taken to be, interested in the 555,608,145 Shares held by Key Wise Group Limited for the purpose of the SFO.

Application will be made by the Company to the Stock Exchange for the listing of, and permission to deal in, the Consideration Shares.

## **Conditions precedent**

Completion shall be conditional upon fulfillment or waiver, as the case may be, of the following conditions:

- (a) the obtaining of all necessary consents and approvals in respect of the Acquisition by the Purchaser and the Vendor, including all authorizations and approvals (including but not limited to the approval from the Stock Exchange for the listing of, and permission to deal in, the Consideration Shares) from the controlling shareholders of the Purchaser, relevant governmental, regulatory bodies (including but not limited to the Stock Exchange) or any other third parties (including banks);
- (b) the warranties of the Vendor remain true and accurate in all material respects and no event, fact or circumstance has arisen that will or may result in any breach of the related warranties of the Vendor or other duties and obligations of the Vendor under the Sale and Purchase Agreement in any material respects;
- (c) the Purchaser being satisfied in its absolute discretion with the results of the due diligence review under the provision of the Sale and Purchase Agreement;
- (d) the evidences (the form and substance of which shall be satisfactory to the Purchaser at its absolute discretion) provided by the Vendor to the Purchaser showing release or waiver of any payable due to the Vendor, shareholders of Oujing Fruits (including former shareholders) and/ or other third parties by Oujing Fruits (if any);
- (e) the completion of reduction of the registered capital of Zhuhai Pinyi Consulting from HK\$6,000,000 to HK\$1,000,000 pursuant to all applicable laws and regulations;
- (f) the completion of registration of the change of director(s) and company secretary(ies) of the Target Company and any change registration under the Sale and Purchase Agreement with the relevant companies registry and administration for industry and commerce.

The Purchaser may waive any of the conditions referred to above in its absolute discretion except for the condition (a). As at the date of this announcement, the Group has no intention to waive any of the above conditions. If any of the conditions set out above has not been satisfied (or, as the case may be, waived by the Purchaser) on or before 30 November 2011, or such other date as the parties may agree in writing, the Sale and Purchase Agreement shall cease and determine and none of the parties shall have any obligations and liabilities towards each other save for any prior breaches of the terms of the Sale and Purchase Agreement.

## **PROFIT GUARANTEE**

The Vendor has warranted and undertaken to the Purchaser that the profit after tax of Oujing Fruits for the financial year ending 31 December 2011 shown on the audited financial statements prepared by a qualified PRC accountant appointed by the Purchaser (the “Profit after Tax”) will not be less than RMB35,000,000 (the “Guaranteed Profit”). In the event that the Profit after Tax is less than the Guaranteed Profit, the Vendor shall, within 10 business days after receipt of the written notice from the Purchaser, return to the Purchaser an amount equivalent to the difference between the Profit after Tax and the Guaranteed Profit.

## **OTHER UNDERTAKINGS**

Under the Sale and Purchase Agreement, the Vendor has warranted and undertaken that (i) within 10 business days after receipt of written notice from the Purchaser, he will fully indemnify the Purchaser or the Target Group all liabilities, expenses and fees incurred by the Purchaser or the Target Group after the Completion in relation to the reduction of registered capital of Zhuhai Pinyi Consulting; and (ii) within 10 business days after receipt of written notice from the Purchaser, he will fully indemnify the Purchaser or the Target Group any tax and related fees and expenses to be payable by the Purchaser and/or the Target Group in connection with the release or waiver as mentioned in item (d) under the paragraph headed “Conditions precedent” above.

## COMPLETION

Completion shall take place on the seventh business day after all the conditions of the Sale and Purchase Agreement have been fulfilled or waived or such other date as may be agreed between the parties to the Sale and Purchase Agreement in writing.

## INFORMATION ON THE TARGET GROUP

The Target Company is incorporated in the British Virgin Islands on 18 August 2010. As at the date of this announcement, the Target Company is wholly owned by the Vendor and the sole asset of the Target Company is the 100% interest in Grace Smart.

Grace Smart is incorporated in Hong Kong on 16 September 2010. As at the date of this announcement, the sole asset of Grace Smart is the 100% interest in the registered capital of Zhuhai Pinyi Consulting.

Zhuhai Pinyi Consulting is a wholly foreign-owned enterprise established in the PRC on 31 December 2010. As at the date of this announcement, Zhuhai Pinyi Consulting has no substantial operations and the sole asset it held is the 100% interest in the registered capital of Oujing Fruits.

Oujing Fruits is a company established in the PRC on 21 June 2007 which is principally engaged in the processing and sale of fruits and vegetables. Oujing Fruits has a registered capital of RMB5,000,000 which has been fully paid up.

Set out below is a summary of the audited financial results of Oujing Fruits for the two years ended 31 December 2010, which were prepared in accordance with the PRC generally accepted accounting principles:

	Year ended 31 December	
	2010	2009
	<i>RMB'000</i>	<i>RMB'000</i>
Turnover	<b>85,658.47</b>	52,497.18
Profit before tax	<b>28,485.82</b>	9,762.96
Profit after taxation	<b>28,485.82</b>	10,554.69

As at 31 December 2010, the audited net assets and the total assets of Qujing Fruits amounted to RMB43,062,858.28 and RMB103,654,368.42 respectively.

## REASONS FOR AND BENEFIT OF THE ACQUISITION

The Group is principally engaged in processing and selling of frozen concentrated orange juice and its related products and fresh oranges.

Through the Acquisition, the Group will acquire 100% interest of the Target Company which indirectly holds 100% interest of Oujing Fruits which is principally engaged in the processing and sale of fruits and vegetables with established processing plant. After completion of the Acquisition, the Group will have its own production bases in the three main citrus zones in the PRC which include the citrus zone in the mid to up-stream of Yangtze River, the citrus zone in Fujian/Zhejiang/Jiangxi and the citrus zone in Hunan/Guangxi.

The Directors are of the view that the Acquisition will further secure the supply of raw materials for the Group's production and provide support to the Group's expansion of production. The Directors believe that through the technology improvement to be carried out on Oujing Fruits by the Group, there will be continuous growth of the results of the Target Group and hence, continuous profit contribution to the Group from the Target Group.

The Directors (including the independent non-executive Directors) are of the view that the terms and conditions of the Sale and Purchase Agreement are fair and reasonable and the transactions under the Sale and Purchase Agreement are in the interest of the Company and the shareholders of the Company as a whole.

## **GENERAL**

The Acquisition constitutes a discloseable transaction for the Company and is subject to the announcement requirement under the Listing Rules.

## **DEFINITIONS**

In this announcement, the following expressions have the meanings set out below unless otherwise requires.

“Acquisition”	the proposed acquisition of 100% interest in the share capital of the Target Company by the Purchaser from the Vendor pursuant to the Sale and Purchase Agreement
“business day”	a day (excluding Saturday and Sunday) on which licensed banks in Hong Kong are open for business
“Board”	the board of Directors
“Company”	Tianyi Fruit Holdings Limited, a company incorporated in the Cayman Islands with limited liability and the shares of which are listed on the Main Board of the Stock Exchange
“Completion”	completion of the Sale and Purchase Agreement
“Consideration”	HK\$390,000,000, being the consideration payable by the Purchaser to the Vendor under the Sale and Purchase Agreement
“Consideration Shares”	the 177,272,727 new Shares to be issued and allotted to the Vendor (or its nominee) in order to settle the Consideration
“Directors”	the directors of the Company
“Grace Smart”	Grace Smart Asia Limited (彩俊亞洲有限公司), a company incorporated in Hong Kong on 16 September 2010 with limited liability and owned by the Target Company as to 100%

“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party(ies)”	party or parties that is or are not connected with the Company and the Directors, chief executive or substantial shareholders of the Company or any of its subsidiaries or their respective associates
“Issue Price”	the issue price of HK\$2.20 per Consideration Share
“Oujing Fruits”	懷化歐勁果業有限公司 (Huaihua Oujing Fruits Limited), a company established in the PRC on 21 June 2007 with limited liability and owned by Zhuhai Pinyi Consulting as to 100%
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China which, for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“Purchaser”	Manwell (China) Limited (萬華(中國)有限公司), a company incorporated in Hong Kong with limited liability and an indirectly wholly-owned subsidiary of the Company
“Sale and Purchase Agreement”	the conditional agreement dated 27 September 2011 entered into between the Purchaser and the Vendor in relation to the Acquisition
“Sale Share”	the one share of USD1 beneficially held by the Vendor in the capital of the Target Company as at the date of this announcement, representing the entire issued share capital of the Target Company
“SFO”	Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong)
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Global One Management Limited, a company incorporated in the British Virgin Islands on 18 August 2010 with limited liability and owned by the Vendor as to 100% as at the date of this announcement
“Target Group”	Target Company, Grace Smart, Zhuhai Pinyi Consulting and Oujing Fruits
“Vendor”	Mr. Ngai Chi Hang (魏志恆)
“Zhuhai Pinyi Consulting”	珠海品邑諮詢有限公司 (Zhuhai Pinyi Consulting Limited), a company established in the PRC on 31 December 2010 and owned by Grace Smart as to 100%

“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC
“%”	per cent.

*If there is any inconsistency between the Chinese names of PRC entities, departments, facilities or titles mentioned in this announcement and their English translation, the Chinese version shall prevail.*

By order of the Board  
**Tianyi Fruit Holdings Limited**  
**Sin Ke**  
*Chairman*

Quanzhou, Fujian Province, the PRC  
27 September 2011

*As at the date of this announcement, the Board comprises: Mr. SIN Ke and Mr. SAN Kwan as executive Directors; and Mr. Zeng Jianzhong, Mr. ZHUANG Weidong and Mr. ZHUANG Xueyuan as independent non-executive Directors.*