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)

INTERIM RESULTS ANNOUNCEMENT
For the six months ended 31 December 2011

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 six months ended 31 December 2011, 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 six months ended 31 December 2011

		Six months ended 31 December	
		2011	2010
	Note	***RMB'000***	*RMB'000*
		(unaudited)	(unaudited)
Revenue	*3*	**320,340**	209,935
Cost of sales		**(220,570)**	(139,700)
Gross profit		**99,770**	70,235
Gain from changes in fair value of biological assets less estimated point-of-sale costs	*3b*	**108,511**	113,142
Other income	*4*	**1,175**	1,389
Distribution costs		**(8,527)**	(14,046)
Administrative expenses		**(21,074)**	(18,527)
Other expenses		**(58)**	(516)
Profit from operations		**179,797**	151,677
Finance income		**4,257**	941
Finance expenses		**(8,698)**	(10,593)
Net finance costs	*6*	**(4,441)**	(9,652)

CONDENSED CONSOLIDATED INCOME STATEMENT *(Continued)*
For the six months ended 31 December 2011

		Six months ended 31 December	
		2011	2010
	Note	***RMB'000***	*RMB'000*
		(unaudited)	(unaudited)
Profit before taxation		**175,356**	142,025
Income tax	*7*	**(321)**	(10,879)
Profit for the period		**175,035**	131,146
Attributable to equity shareholders of the Company		**175,035**	131,146
Earnings per share (RMB cents)			
Basic	*8*	**14.61**	12.98
Diluted	*8*	**14.06**	12.48

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 31 December 2011

	Six months ended 31 December	
	2011	2010
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Profit for the period	**175,035**	131,146
Other comprehensive income for the period:		
Exchange differences on translation of financial statements of overseas subsidiaries	**3**	127
Total comprehensive income for the period	**175,038**	131,273
Total comprehensive income attributable to:		
Equity shareholders of the Company	**175,038**	131,273

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2011

	Note	**As at 31 December 2011 *RMB'000* (unaudited)**	As at 30 June 2011 *RMB'000* (audited)
Non-current assets			
Property, plant and equipment		**214,360**	158,897
Land use rights		**18,591**	11,030
Goodwill		**242,222**	—
Rental prepayments		**115,121**	123,657
Pledged bank deposits		**120,350**	120,350
		710,644	413,934
Current assets			
Inventories		**72,983**	7,925
Biological assets		**6,018**	46,335
Rental prepayments		**18,428**	13,418
Trade and other receivables	*9*	**273,454**	50,279
Pledged bank deposits		**2,550**	2,550
Cash and cash equivalents		**585,278**	555,996
		958,711	676,503
Total assets		**1,669,355**	1,090,437
Current liabilities			
Trade and other payables	*10*	**93,245**	18,475
Loans and borrowings	*11*	**122,740**	114,190
Convertible bonds	*12*	**145,939**	141,626
Income tax payables		**321**	—
		362,245	274,291
Net current assets		**596,466**	402,212
Total assets less current liabilities		**1,307,110**	816,146
Non-current liabilities			
Loans and borrowings	*11*	**2,550**	5,100
Deferred income		**20,060**	20,060
Deferred tax liabilities		**1,250**	1,250
		23,860	26,410
Total liabilities		**386,105**	300,701
Net assets		**1,283,250**	789,736
Capital and reserves			
Share capital		**10,744**	8,971
Reserves		**1,272,506**	780,765
Total equity attributable to equity shareholders of the Company		**1,283,250**	789,736

Notes:

1. REPORTING ENTITY

Tianyi Fruit Holdings Limited (the "Company") is a company incorporated in the Cayman Islands. The unaudited interim financial report of the Company as at and for the six months ended 31 December 2011 comprises the Company and its subsidiaries ("the Group").

2. BASIS OF PREPARATION

This interim financial report has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"), including compliance with International Accounting Standard ("IAS") 34 "Interim financial reporting", issued by the International Accounting Standards Board ("IASB"). It was authorised for issue on 20 February 2012.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the annual report for the year ended 30 June 2011, except for the accounting policy changes that are expected to be reflected in the annual financial statements for the year ending 30 June 2012.

3. SEGMENT INFORMATION

The Group manages its businesses by divisions, which are organised by a mixture of both business lines (products) and geography. In a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment, the Group has identified the following five reportable segments. Certain operating segments in Fujian and Chongqing have been aggregated to form the following reportable segments as management consider they are of similar economic characteristics.

— Fresh oranges for wholesale. This segment carries on the business of cultivation and selling of oranges to third party customers.

— Oranges for production of frozen concentrated orange juice ("FCOJ") and its related products. This segment carries on the business of cultivation of oranges for production of FCOJ, FCOJ fibre and orange pulp.

— FCOJ. This 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 oranges as raw material. FCOJ is mainly used by the external customers for production of fruit juice and blended fruit juice.

— FCOJ fibre. This segment carries on the business of manufacturing and distribution of FCOJ fibre, which is a mixture of FCOJ with lower concentration rate and orange pulp sac. FCOJ fibre is mainly used by the external customers for production of pulpy fruit juice and blended fruit juice.

— Orange pulp. This segment carries on the business of manufacturing and distribution of orange pulp, which is a by-product from the production process of FCOJ. Orange pulp is mainly used by the external customers for production of blended fruit juice.

3. SEGMENT INFORMATION *(Continued)*

(a) Segment results

For the purposes of assessing segment performance and allocating resources between segments, the Group's senior executive management monitors the results attributable to each reportable segment on the following bases:

Revenue and expenses are allocated to the reportable segments with reference to sales generated by those segments and the expenses incurred by those segments.

The measure used for reporting segment profit is "gross profit less sales tax and surcharges as well as reversal of fair value gain upon sales".

The Group's senior executive management monitors assets and liabilities on a consolidated basis and not by reportable segment. Accordingly, no additional information on assets and liabilities to that shown on the Group's consolidated statement of financial position is presented.

Information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance for the six months ended 31 December 2011 and 31 December 2010 is set out below.

	Six months ended 31 December 2011 (unaudited)						
	Fresh oranges for wholesale *RMB'000*	**Oranges for production of FCOJ and its related products** *RMB'000*	**FCOJ** *RMB'000*	**FCOJ fibre** *RMB'000*	**Orange pulp** *RMB'000*	**Others(i)** *RMB'000*	**Total** *RMB'000*
Revenue from external customers	93,745	—	125,240	90,661	10,728	2,426	322,800
Inter-segment revenue	—	38,810	—	—	—	—	38,810
Reportable segment revenue	93,745	38,810	125,240	90,661	10,728	2,426	361,610
Reportable segment profit	49,981	22,001	42,998	54,935	9,522	1,175	180,612

	Six months ended 31 December 2010 (unaudited)						
	Fresh oranges for wholesale *RMB'000*	Oranges for production of FCOJ and its related products *RMB'000*	FCOJ *RMB'000*	FCOJ fibre *RMB'000*	Orange pulp *RMB'000*	Others *RMB'000*	Total *RMB'000*
Revenue from external customers	80,058	—	52,317	71,768	5,847	448	210,438
Inter-segment revenue	—	47,894	—	—	—	—	47,894
Reportable segment revenue	80,058	47,894	52,317	71,768	5,847	448	258,332
Reportable segment profit	43,856	29,073	19,948	41,303	5,059	80	139,319

(i) Revenue from segments below the quantitative thresholds are mainly attributable to two segments of the Group. Those segments include other concentrated juice products and premier fresh oranges. None of those segments met any of the quantitative thresholds for determining reportable segments.

3. SEGMENT INFORMATION *(Continued)*

(b) Reconciliation of reportable segment revenues and profit

	Six months ended 31 December 2011 RMB'000 (unaudited)	2010 RMB'000 (unaudited)
Revenue		
Total revenues for reportable segments	**359,184**	257,884
Other revenue	**2,426**	448
Elimination of inter-segment revenue	**(38,810)**	(47,894)
Sales tax and surcharges	**(2,460)**	(503)
Consolidated revenue	**320,340**	209,935
Profit		
Total profit for reportable segments	**179,437**	139,239
Other profit	**1,175**	80
	180,612	139,319
Sales tax and surcharges	**(2,460)**	(503)
Reversal of fair value gain upon sales	**(76,174)**	(66,447)
Gain from changes in fair value of biological assets less estimated point-of-sale costs	**108,511**	113,142
Write-down of inventories	**(2,208)**	(2,134)
Other income	**1,175**	1,389
Distribution costs	**(8,527)**	(14,046)
Administrative expenses	**(21,074)**	(18,527)
Other expenses	**(58)**	(516)
Net finance costs	**(4,441)**	(9,652)
Consolidated profit before taxation	**175,356**	142,025

4. OTHER INCOME

	Six months ended 31 December 2011 RMB'000 (unaudited)	2010 RMB'000 (unaudited)
Government grants	**—**	1,180
Others	**1,175**	209
	1,175	1,389

The Group received discretionary grants from various People's Republic of China ("PRC") government authorities in recognition of the Group's contribution to the development of the local agriculture industry and investment in a concentrated fruit juice production plant in Chongqing. 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. EXPENSE BY NATURE

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

	Six months ended 31 December	
	2011	2010
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Amortisation of land use rights	**130**	126
Depreciation of fixed assets	**6,698**	6,782
Operating lease charges	**8,809**	8,146
Cost of inventories*	**220,570**	139,700

* For the six months ended 31 December 2011 and 2010, cost of inventories includes RMB43,482,000 and RMB45,950,000 respectively relating to personnel expenses, depreciation expenses and amortisation of rental prepayments.

6. NET FINANCE COSTS

	Six months ended 31 December	
	2011	2010
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Interest income on bank deposits	**(4,257)**	(941)
Finance income	**(4,257)**	(941)
Interest expenses	**11,966**	8,935
— convertible bonds	**7,849**	7,666
— bank loans wholly repayable within five years	**4,117**	1,269
Bank charges	**101**	32
Net foreign exchange (gain) loss	**(3,369)**	1,626
Finance expenses	**8,698**	10,593
Net finance costs	**4,441**	9,652

7. INCOME TAX

Income tax in the condensed consolidated income statement represents:

	Six months ended 31 December	
	2011	2010
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Current tax expense		
Provision for PRC income tax	**321**	9,779
Deferred tax expense		
Origination and reversal of temporary differences	**—**	1,100
	321	10,879

(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 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 PRC as determined in accordance with the relevant income tax rules and regulations of the PRC.

Pursuant to the Corporate Income Tax Law of the PRC, the Group's subsidiaries engaged in the cultivation and selling of self-cultivated fresh oranges are entitled to exemption from corporate income tax.

The applicable income tax rate for the rest of the Group's operating subsidiaries in the PRC is 25% for the six months ended 31 December 2011 (for the six months ended 31 December 2010: 25%).

With effect from 1 January 2011, the Company's subsidiaries which are responsible for the orange juice production operation are exempt from corporate income tax on profits from orange juice production, pursuant to Cai Shui [2008] No. 149 issued by the Ministry of Finance of the PRC. Accordingly, from 1 January 2011, all businesses of the Group in the PRC (i.e. cultivation and selling of self-cultivated fresh oranges and orange juice production) are exempt from corporate income tax, subject to annual review by the local PRC tax authority of the Company's subsidiaries and any future changes in the relevant tax exemption policies or regulations.

(iv) Pursuant to the Corporate Income Tax Law, 10% withholding tax is levied on foreign investors (5% for foreign investors registered in Hong Kong provided they meet certain criteria) in respect of dividend distributions arising from a foreign investment enterprise's profit earned after 1 January 2008. As at 31 December 2011, the management believe that should the Group determined to distribute profits of the Group's PRC subsidiaries in the foreseeable future, the Group will be able to obtain the approval for the preferential withholding tax of 5% in relation to the dividend income.

As the Company controls the dividend policy of the Group's PRC subsidiaries, as at 31 December 2011, deferred tax liabilities of RMB1,250,000 (30 June 2011: RMB1,250,000) have been recognised in respect of the tax that would be payable on the portion of the retained profits of the Group's PRC subsidiaries which the Directors expect to be distributed by them in the foreseeable future, based on the assumption that the approval for the 5% preferential withholding tax rate will be obtained. Deferred tax liabilities of RMB25,227,000 (30 June 2011: RMB20,710,000) have not been recognised as at 31 December 2011, as the directors consider it probable that a portion of the undistributed profits earned by the Group's PRC subsidiaries as at 31 December 2011 will 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 2011 is based on the profit attributable to the equity shareholders of the Company of RMB175,035,000 (for the six months ended 31 December 2010: RMB131,146,000) and the weighted average of 1,198,072,727 ordinary shares (for the six months ended 31 December 2010: 1,010,166,033 shares) of the Company, calculated as follows:

Weighted average number of ordinary shares

	Six months ended 31 December	
	2011	2010
Issued ordinary shares	**1,020,800,000**	1,000,000,000
Issuance of shares	**177,272,727**	—
Effect of share options exercised	—	10,166,033
Weighted average number of ordinary shares	**1,198,072,727**	1,010,166,033

(b) Diluted earnings per share

The calculation of diluted earnings per share for the six months ended 31 December 2011 is based on the profit attributable to equity shareholders of the Company (diluted) of RMB182,884,000 (for the six months ended 31 December 2010: 138,856,000) and the weighted average number of ordinary shares outstanding (diluted), after adjusting for the effect of all dilutive potential ordinary shares, of 1,300,597,727 (for the six months ended 31 December 2010: 1,112,641,886), calculated as follows:

(i) Profit attributable to ordinary equity holders of the Company (diluted)

	Six months ended 31 December	
	2011	2010
	RMB'000	*RMB'000*
Profit attributable to equity shareholders (basic)	**175,035**	131,146
Effect of effective interest on the liability component of convertible bonds	**7,849**	7,666
Effect of exchange loss recognised on the liability component of convertible bonds	**—**	44
Profit attributable to equity shareholders (diluted)	**182,884**	138,856

8. EARNINGS PER SHARE *(Continued)*

(b) Diluted earnings per share *(Continued)*

(ii) Weighted average number of ordinary shares (diluted)

	Six months ended 31 December	
	2011	2010
Weighted average number of ordinary shares	**1,198,072,727**	1,010,166,033
Effect of deemed issue of shares under the Company's share option scheme for nil consideration	**24,700,000**	24,650,853
Effect of conversion of convertible bonds	**77,825,000**	77,825,000
Weighted average number of ordinary shares (diluted)	**1,300,597,727**	1,112,641,886

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.

9. TRADE AND OTHER RECEIVABLES

	As at 31 December 2011 ***RMB'000*** **(unaudited)**	As at 30 June 2011 *RMB'000* (audited)
Trade receivables	**239,668**	43,765
Deposits and prepayments	**23,088**	3,289
Other receivables	**10,698**	3,225
	273,454	50,279

The Group generally grants credit terms of not more than 90 days depending on the credit worthiness of individual customers. An ageing analysis of the trade receivables as of the reporting dates is as follows:

	As at 31 December 2011 ***RMB'000*** **(unaudited)**	As at 30 June 2011 *RMB'000* (audited)
Within three months	**239,664**	42,044
Over three months but less than six months	**—**	1,717
Over six months but less than one year	**—**	2
1 to 2 years past due	**4**	2
	239,668	43,765

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

10. TRADE AND OTHER PAYABLES

	As at 31 December 2011 *RMB'000* (unaudited)	As at 30 June 2011 *RMB'000* (audited)
Trade payables	**58,100**	8,210
Other payables and accrued expenses	**35,145**	10,265
	93,245	18,475

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 2011 *RMB'000* (unaudited)	As at 30 June 2011 *RMB'000* (audited)
Not past due	**58,100**	8,210

11. LOANS AND BORROWINGS

This note provides information about the contractual terms of the Group's loans and borrowings, which are measured at amortised cost.

(a) Loans and borrowings were repayable as follows:

	As at 31 December 2011 *RMB'000* (unaudited)	As at 30 June 2011 *RMB'000* (audited)
Within 1 year	**122,740**	114,190
After 1 year but within 2 years	**2,550**	2,550
After 2 years but within 3 years	**—**	2,550
	125,290	119,290
Representing:		
Secured bank loans	**125,290**	119,290

The above loans and borrowings were all denominated in RMB.

The secured bank loans as at 31 December 2011 are an interest-free entrusted bank loan of RMB5,100,000 extended by a local finance bureau of the PRC, in support of the Group's operations in agricultural industry, and an interest-bearing bank loan of RMB120,190,000 with fixed rate of 5.04% and 6.972% during the six months ended 31 December 2011.

11. LOANS AND BORROWINGS *(Continued)*

(b) The above secured borrowings were secured by pledged bank deposits of the Group. An analysis of the carrying value of these deposits is as follows:

	As at 31 December 2011 *RMB'000* **(unaudited)**	As at 30 June 2011 *RMB'000* (audited)
Pledged bank deposits	**122,900**	122,900

12. CONVERTIBLE BONDS

In May 2010, the Company issued United States Dollar ("USD") Settled Unsecured Zero Coupon Convertible Bonds due 2012 in the aggregate principal amount of USD 22,000,000 (the "Convertible Bonds" or "the Bonds"). The subscription amount payable in respect of each USD 1,000,000 principal amount of the Bonds is approximately RMB6,833,000. The issue of the Bonds was completed on 28 May 2010.

The movement of the liability component and the equity component of the Convertible Bonds for the six months ended 31 December 2011 is set out below:

	Liability component *RMB'000*	**Equity component** *RMB'000*	**Total** *RMB'000*
As at 1 July 2011	141,626	12,285	153,911
Interest charged during the six months ended 31 December 2011	7,849	—	7,849
Foreign currency translation difference	(3,536)	—	(3,536)
As at 31 December 2011	145,939	12,285	158,224

No conversion of the Convertible Bonds has occurred up to 31 December 2011.

13. INTERIM DIVIDEND

The Directors have resolved not to declare any interim dividend for the six months ended 31 December 2011 (six months ended 31 December 2010: nil).

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The revenue of the Group was principally derived from the sales of Frozen Concentrated Orange Juice ("FCOJ"), its related products and fresh oranges. According to the statistics issued by the China Beverage Industry Association (中國飲料工業協會), the Group is one of the leading producers in the FCOJ industry in China in terms of production volume.

Benefitting from the "Agriculture, rural areas and farmers" policy (三農政策) — In recent years, "Agriculture, rural areas and farmers" in China had entered into a second golden age. The Chinese government has introduced a series of policies to strengthen the agricultural sector, facilitate rural development and increase farmers' income, including abolishing agricultural tax and subsidising farmers. The increase in farmers' production and income reflected the success in the development of agriculture and rural areas. Since 2008, China has been implementing collective forest tenure reforms (集體林權制度). Through these reforms, the government has not only generated enthusiasm from farmers to build ecological barriers, but has also accelerated the pace of development of the agricultural products processing industry. The Group acts in line with the reforms and benefits directly from various aspects of the "Agriculture, rural areas and farmers" policy. Firstly, the plantation area of self-operated orange farms substantially increases; secondly, there is a considerable increase in the supply of oranges used for juice production. In addition, as the Group is engaged in the growing and primary processing of agricultural products, it is subject to exemption from corporate income tax.

Robust domestic market demand — All of the Group's products are for domestic sales. At present, demand from the Chinese market for quality domestically-produced concentrated orange juice is high, and the Group's premium products can meet the requirements of its customers. The Group continues to maintain strong relationship with its prestigious customers. The Group's "Summi" brand maintains the leading position in China's FCOJ industry, through achieving higher production volume and sales volume. During the period under review, the Group received a surge of sales orders from its customers. For the six months ended 31 December 2011, sales of the Group's concentrated orange juice products rose by 74.4% from RMB129,932,000 for the same period last year to RMB226,629,000.

Completion of the formation of the three bases — The Group has successfully set up concentrated orange juice processing facilities in China's three major citrus plantation areas, thereby completing the set-up of a strategic production network while increasing the Group's control over raw materials. On 9 November 2011, the Group completed the acquisition of the entire equity interest in Huaihua Oujing Fruits Limited ("Oujing Fruits"), whose production facilities were later modified, leading to an increase in the Group's total production capacity of FCOJ from 22,000 tonnes to 30,000 tonnes. In response to significant increase in sales orders, the Group increased the production capacity of FCOJ fibre from 30,000 tonnes to 50,000 tonnes during the period under review through technical modification.

Quality recognised by international brands — The Group pays high regard to product safety and quality. From the types of orange saplings to fertilizers, and from the choice of raw materials to packing materials, the Group has been in strict compliance with international safety standards, thereby ensuring food safety and quality while meeting the requirements of international well-known beverage brands like Coca-Cola and Suntory.

OPERATING PERFORMANCE

During the period under review, China had a bumper orange harvest. The ample raw materials supply allowed the Group to well utilize its increased production capacity. The processing period for the Group's concentrated orange juice products lasts for six months from each November to the coming April. For the six months ended 31 December 2011, the production volume of FCOJ increased substantially, surging from 3,530 tonnes for the same period last year to 7,570 tonnes, representing an increase of 114.4%. In addition, the production volume of FCOJ fibre rose by 13.5% from 10,500 tonnes during the corresponding period of the previous year to 11,918 tonnes.

The Group is one of few concentrated orange juice processors operating its own upstream orange farms. During the period, owing to the expiry of the lease contracts of certain orange farms, the Group's self-operated orange farms decreased from 71,000 mu for the same period last year to 61,000 mu* during the period under review.

**Note: The above-mentioned orange farms include those where new species of orange tree with the potential for higher yield are grown, which are expected to become productive in 2013 and cover a total area of 21,000 mu, same as that of the same period last year.*

Revenue

Breakdown of revenue by product is set out as follows:

	For the six months ended 31 December			
	2011		2010	
	RMB'000		*RMB'000*	
	(Unaudited)		(Unaudited)	
		As a % of total revenue		As a % of total revenue
Sales of orange juice products	**226,629**	**70.7%**	129,932	61.9%
— Sales of FCOJ	**125,240**	**39.1%**	52,317	24.9%
— Sales of FCOJ fibre	**90,661**	**28.3%**	71,768	34.2%
— Sales of orange pulp	**10,728**	**3.3%**	5,847	2.8%
Sales of fresh oranges	**93,745**	**29.3%**	80,058	38.1%
Other income	**2,426**	**0.8%**	448	0.2%
Sales tax and surcharges	**(2,460)**	**(0.8%)**	(503)	(0.2%)
Total revenue	**320,340**	**100%**	209,935	100%

**Note: Please see note 3(a) to the consolidated financial statements on page 6 for details.*

During the period under review, the Group's revenue rose from approximately RMB209,935,000 for the same period last year to RMB320,340,000, representing a 52.6% increase. The growth was mainly due to a significant increase in the sales volume of the Group's fruit juice products.

Capitalizing on the significant growth in the output of China's major orange producing areas as compared to the same period last year, the Group could well utilized its expanded production capacity in recent years. Owing to sizeable increase in the sale orders of concentrated orange juice products, the sales of the Group's concentrated orange juice products, including FCOJ, FCOJ fibre and orange pulp, increased from RMB129,932,000 for the same period last year to RMB226,629,000 for the period under review. Sales of FCOJ rose by 139.4% from RMB52,317,000 for the same period last year to RMB125,240,000. Sales of FCOJ fibre increased by 26.3% from RMB71,768,000 for the same period last year to RMB90,661,000. Sales of orange pulp increased by 83.5% from RMB5,847,000 for the same period last year to RMB10,728,000.

During the period under review, since the output per mu of the Group's orange farms significantly increased year on year, the sales of fresh oranges increased by approximately 17.1% from approximately RMB80,058,000 for the same period last year to RMB93,745,000.

Gross Profit

During the period under review, the Group's gross profit in the consolidated income statement increased by 42.1% to approximately RMB99,770,000 as compared with RMB70,235,000 for the same period last year, mainly due to significant increase in sales volume of concentrated orange juice products.

Concentrated orange juice processing is the principal business of the Group, while the Group is also involved in the cultivation and sales of fresh oranges. The gross profit of the Group in the consolidated income statement only includes the gross profit of the principal business (i.e. the gross profit of the concentrated orange juice processing business) and excludes the gross profit of its orange cultivation and selling business. The gross profit of its orange cultivation and selling business is recognized as "gain from changes in fair value of biological assets less estimated point-of-sale costs" in the consolidated income statement.

According to the requirements of the relevant accounting policies, the Group's self-cultivated fresh oranges are recognized as biological assets and are estimated at a fair market value which is the total output volume of the Group's self-cultivated fresh oranges at the time of harvest in December each year multiplied by the market price of similar oranges in the market. The fair value of these biological assets actually represents the sales value of the Group's self-cultivated fresh oranges. The value representing the difference between the fair value of the biological assets and cultivation costs of these oranges (i.e. the gross profit of the Group's self-cultivated oranges) is recognized as a one-off "gain from changes in fair value of biological assets less estimated point-of-sale costs" in the consolidated income statement. When the oranges are removed from the inventory for either processing concentrated orange juice or being sold as fresh oranges, the fair value (not cultivation costs) of these oranges is then recognized as cost of sales of either concentrated orange juice products or fresh oranges sold and deducted from revenue in the consolidated income statement. As a result, the gross profit of the Group's self-cultivated fresh oranges is not reflected in the gross profit in the consolidated income statement, but in the "gain from changes in fair value of biological assets less estimated point-of-sale costs", which is entire cash income at the end of the financial year of the company (i.e. 30 June).

For a better illustration of the Group's overall gross profit, we will use the Group's gross profit for reportable segments (i.e. the gross profit before adjustments of fair value of biological assets) as a substitute for discussion in this announcement (please see note 3(a) to the consolidated financial statements on page 6 for details).

Gross profit for reportable segments for the period under review increased from RMB139,319,000 for the same period last year to RMB180,612,000, representing a growth of 29.6%.

Net profit

During the period under review, the Group's net profit rose by 33.5% to RMB175,035,000 as compared to RMB131,146,000 for the same period last year.

Distribution Costs and Administrative Expenses

Distribution costs of the Group mainly comprised sales commission and transportation costs. The distribution costs decreased by 39.3% from RMB14,046,000 for the same period last year to RMB8,527,000 for the six months ended 31 December 2011. The decrease was primarily due to the fact that the transportation costs during the period under review were mostly borne by the Group's customers.

The Group's administrative expenses mainly include general office administrative expenses, salaries and amortization. As the Group expanded its operational scale, the administrative expenses increased by 13.7% from RMB18,527,000 for the same period last year to RMB21,074,000 for the six months ended 31 December 2011.

Income Tax

The Group has been granted corporate income tax exemption for its orange juice processing business since 1 January 2011. As the Group has already been exempted from corporate income tax for its fresh orange cultivation and fresh orange selling business, the Group has not been subject to any corporate income tax of its business since 1 January 2011 (please see note 7 to the consolidated financial statements on page 9). For the six months ended 31 December 2011, the income tax of RMB321,000 was the provision for PRC income tax from the Group's orange juice trading.

Interim Dividend

The Directors have resolved not to declare any interim dividend for the period under review (six months ended 31 December 2010: nil).

Financial Performance of The Group's Acquisition

Since the Group's completion of the acquisition of Oujing Fruits (through the acquisition of the entire interest in Global One Management Limited) on 9 November 2011, Oujing Fruits' operating results had been consolidated into the Group's consolidated accounts. The unaudited sales and unaudited net profit of Oujing Fruits from November 2011 to December 2011 were RMB39,637,000 and RMB15,980,000 respectively, which were included in the Group's consolidated accounts.

**Note: Oujing Fruits' unaudited sales and unaudited net profit were RMB124,091,000 and RMB41,461,000 respectively from January 2011 to December 2011.*

LIQUIDITY AND FINANCIAL RESOURCES AND CAPITAL STRUCTURE

Liquidity

As at 31 December 2011, the Group had cash and cash equivalents of RMB585,278,000 (30 June 2011: RMB555,996,000); total bank loans were RMB125,290,000 (30 June 2011: RMB119,290,000); and outstanding convertible bonds of RMB145,939,000 (30 June 2011: RMB141,626,000).

An amount of RMB120,190,000 of total bank loans was secured by cash deposited in offshore bank accounts (30 June 2011: RMB114,190,000). The secured bank loan of RMB5,100,000 was an interest-free entrusted bank loan granted by a local finance bureau of the PRC (30 June 2011: RMB5,100,000).

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.

Financial performance

	As at 31 December 2011 (Unaudited)	As at 30 June 2011 (Audited)
Gearing Ratio	**21.1%**	33.1%
Quick Ratio	**2.4**	2.2
Current Ratio	**2.6**	2.5
Debt Equity Ratio	**0.1**	0.2

As at 31 December 2011, current assets amounted to RMB958,711,000 (30 June 2011: RMB676,503,000). Current liabilities were RMB362,245,000 (30 June 2011: RMB274,291,000).

Capital Structure

As at 31 December 2011, the total number of issued shares of the Company was 1,198,072,727 shares. Based on the closing price of HK$1.35 per share as at 30 December 2011, the Company's market capitalization as at 31 December 2011 was approximately HK$1,617,398,181*.

**Note:* *The closing price of HK$1.35 per share was quoted on 30 December 2011. There was no stock trading on 31 December 2011 on The Stock Exchange of Hong Kong.*

Foreign Exchange Exposure

The Group's sales and purchases were dominated in RMB. As such, 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 caused by any foreign currency fluctuations. No financial instruments were employed by the Group for hedging purpose during the period under review.

Capital Expenditure

During the period under review, the Group's capital expenditure amounted to RMB28,574,000 (2010 same period: RMB26,606,000) which was used for acquisition of properties, plants, equipment and land use rights.

Net Finance Costs

During the period under review, the Group's net finance costs decreased to approximately RMB4,441,000 (2010 same period: RMB9,652,000), such decrease was due to increase in the interest income from the Group's bank deposit.

Pledge of Assets

As at 31 December 2011, the Group pledged bank deposits of RMB122,900,000 (30 June 2011: RMB122,900,000) to secure the bank loans granted to the Group.

Contingent Liability

As at 31 December 2011, the Group had no material contingent liabilities (30 June 2011: nil).

HUMAN RESOURCES

As at 31 December 2011, the Group employed approximately 904 employees (31 December 2010: 782). The Group offered competitive remuneration packages, discretionary bonuses and social insurance benefits to its employees. In addition, a share option scheme was adopted for employees of the Group.

PROSPECTS

The Group has achieved rapid expansion and completed the set-up of a strategic production network by establishing production facilities in China's three major citrus plantation areas. The percentage of revenue contribution from the Group's concentrated orange juice processing business continues to increase. We are one of the leading producers in the FCOJ industry in China. Although our production capacity has increased as compared with that of the same period last year, it is still far from sufficient to meet the ever rising domestic market demand for concentrated orange juice products. Looking ahead, the Group will further expand its production capacity by actively seeking opportunities to acquire domestic and overseas concentrated orange juice processing facilities. At the same time, we will expedite expansion of our areas of orange cultivation areas to secure sufficient raw material supply at a lower cost. The Group expects to increase its areas of orange farms with fruit-bearing trees by approximately 30,000 mu at the beginning of 2012. Furthermore, in response to the government of the PRC's ("Central Government") call for the "establishment of a new corporate-oriented mechanism for commercial cultivation" contained in the Central Government's No. 1 document of 2012, the Group will actively follow the citrus industry development plan* promulgated by the Chongqing municipal government, pursuant to which the Group will, in an orderly manner, significantly increase farms by growing new species of orange in the planning zone of Kai County, Chongqing. The Group will also select desirable species to grow in these farms so as to enlarge its output of fresh oranges.

**Note: The citrus industry development plan was introduced by the Chongqing municipal government at the end of 2011, pursuant to which Kai County of Chongqing will see an increase in orange farms growing new species of oranges of approximately 100,000 mu over the period from 2012 to 2015.*

The Group is optimistic about its future business development and expansion.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the period under review, 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

During the period under review, save as disclosed below, there was no material acquisition and disposal of subsidiaries and associated companies by the Company.

On 27 September 2011, Manwell (China) Limited ("Manwell"), an indirectly wholly-owned subsidiary of the Company, and Mr. Ngai Chi Hang ("Mr. Ngai") entered into a sale and purchase agreement (the "Sale and Purchase Agreement"), pursuant to which Mr. Ngai had conditionally agreed to transfer the entire issued share capital of Global One Management Limited to Manwell at the consideration of HK$390,000,000 (the "Consideration"). The Consideration was to be satisfied by the issue and allotment of 177,272,727 new ordinary shares of HK$0.01 each in the share capital of the Company (the "Consideration Shares") to Mr. Ngai (or his nominee) at the issue price of HK$2.2 per Consideration Share within 10 business days after completion of the Sale and Purchase Agreement (the "Completion"). The Completion took place on 9 November 2011 and the Consideration Shares were issued and allotted by the Company to Mr. Ngai on 11 November 2011.

Please refer to the announcements of the Company dated 27 September 2011 and 9 November 2011 respectively for details of the aforesaid.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICE AND THE LISTING RULES

Save as disclosed below, the Board considered that, during the period under review, the Company had complied with the code provisions set out in the Code on Corporate Governance Practices (the "Code") in Appendix 14 to the Listing Rules.

Under code provision A.2.1 of the Code, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. During the period under review, Mr. Sin Ke ("Mr. Sin") had been the chairman of the Board and the chief executive officer of the Company. This deviates from the code provision A.2.1.

Mr. Sin has extensive experience in the FCOJ industry. He has the appropriate standing, management skills and business acumen that are essential prerequisites for assuming the two roles. The Board believes that vesting both roles in Mr. Sin provides the Group with strong and consistent leadership and, at the same time, allows for the continuous effective operations and development of the Group's business. As such, the structure is beneficial to the Group and the shareholders as a whole.

The Company understands the importance to comply with the code provision A.2.1 and will continue to consider the feasibility of appointing different persons to assume the roles of the chairman and the chief executive officer. The Company will make timely announcement if such decision has been made.

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 during the period under review.

AUDIT COMMITTEE

The audit committee of the Company had 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 interim results and the interim report of the Group for the six months ended 31 December 2011.

By Order of the Board
Tianyi Fruit Holdings Limited
Sin Ke
Chairman

Hong Kong, 20 February 2012

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