中國天溢控股有限公司
China Tianyi Holdings Limited
(incorporated in the Cayman Islands with limited liability)
(Stock code: 00756)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 30 JUNE 2012

FINANCIAL HIGHLIGHTS

- Revenue amounted to RMB651 million, up by approximately 43.0%
- Profit attributable to owners of the Company amounted to RMB250 million, up by approximately 62.8%. The net profit margin of 38.4%, up by approximately 4.6 percentage points
- Basic earnings per share of RMB22 cents, up by approximately 46.7%
- Sales of frozen concentrated orange juice ("FCOJ") and its related orange juice products amounted to RMB512 million, up by approximately 66.6%

The board of directors (the "Board") of China Tianyi Holdings Limited (the "Company") is pleased to present the audited consolidated financial statements of the Company and its subsidiaries (collectively the "Group") for the year ended 30 June 2012 (the "Reporting Period"). The consolidated financial statements have been reviewed by the audit committee of the Company and audited by SHINEWING (HK) CPA Limited, the independent auditor of the Company, in accordance with Hong Kong Standards on Auditing issued by Hong Kong Institute of Certified Public Accountants.

The audited financial information for the year ended 30 June 2012 together with the comparative figures for the year ended 30 June 2011 is as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ended 30 June 2012

	Notes	**2012** **RMB'000**	2011 *RMB'000* (Restated)
Revenue	*4*	**650,999**	455,185
Cost of sales		**(403,059)**	(313,908)
Gross profit		**247,940**	141,277
Gain from changes in fair value of biological assets less costs to sell		**108,511**	113,142
Other revenue	*5*	**10,776**	8,467
Distribution costs		**(10,565)**	(24,288)
Administrative expenses		**(68,096)**	(52,591)
Other operating expenses		**(11,727)**	(688)
Profit from operations		**276,839**	185,319
Finance costs	*6*	**(26,716)**	(19,576)
Profit before tax	*7*	**250,123**	165,743
Income tax credit (expense)	*8*	**139**	(11,975)
Profit for the year attributable to owners of the Company		**250,262**	153,768
Other comprehensive income			
Exchange differences arising on translation of foreign operations		**1,318**	320
Total comprehensive income for the year attributable to owners of the Company		**251,580**	154,088
Earnings per share	*9*		
– Basic (RMB)		**0.22**	0.15
– Diluted (RMB)		**0.22**	0.15

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2012

	Notes	2012 RMB'000	2011 RMB'000
Non-current assets			
Property, plant and equipment		**235,088**	158,897
Land use rights		**18,384**	11,030
Lease prepayments for orange plantations		**343,094**	123,657
Goodwill		**56,696**	–
Intangible assets		**120,448**	–
Pledged bank deposits		**120,350**	120,350
		894,060	413,934
Current assets			
Inventories		**33,892**	7,925
Biological assets		**83,325**	46,335
Lease prepayments for orange plantations		**48,178**	13,418
Trade receivables	*11*	**102,385**	43,765
Other receivables, deposits and prepayments		**13,102**	6,514
Pledged bank deposits		**2,550**	2,550
Cash and cash equivalents		**513,199**	555,996
		796,631	676,503
Current liabilities			
Trade payables	*12*	**7,947**	8,210
Other payables and accruals		**20,853**	10,265
Secured bank loans		**141,190**	114,190
Convertible bonds		**–**	141,626
Income tax payable		**142**	–
		170,132	274,291
Net current assets		**626,499**	402,212
Total assets less current liabilities		**1,520,559**	816,146
Non-current liabilities			
Secured bank loans		**2,550**	5,100
Deferred income		**17,700**	20,060
Convertible bonds		**181,731**	–
Deferred tax liabilities		**31,362**	1,250
		233,343	26,410
Net assets		**1,287,216**	789,736
Capital and reserves			
Share capital		**10,501**	8,971
Reserves		**1,276,715**	780,765
Total equity		**1,287,216**	789,736

1. BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board ("IASB"). In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and by the Hong Kong Companies Ordinance.

2. PRINCIPAL ACCOUNTING POLICIES

The consolidated financial statements have been prepared on the historical cost basis except for biological assets and financial instruments that are measured at fair value. Historical cost is generally based on the fair value of the consideration given in exchange for goods. The accounting policies and methods of computation used in the consolidated financial statements for the year ended 30 June 2012 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 30 June 2011, except for the application of new and revised IFRSs that are expected to be reflected in the annual financial statements for the year ended 30 June 2012.

3. APPLICATION OF NEW AND REVISED IFRSs

In the current year, the Group has adopted the following new and revised IFRSs issued by the IASB.

Amendments to IFRSs	Improvements to IFRSs issued in 2010
Amendments to IFRS 1	Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters
Amendments to IFRS 7	Disclosures – Transfers of Financial Assets
International Accounting Standard ("IAS") 24 (as revised in 2009)	Related Party Disclosures
Amendments to International Financial Reporting Interpretation Committee ("IFRIC") – Interpretation ("Int") 14	Prepayments of a Minimum Funding Requirement

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

Amendments to IAS 1 Presentation of Financial Statements (as part of Improvements to IFRSs issued in 2010)

The amendments to IAS 1 clarify that an entity may choose to disclose an analysis of other comprehensive income by item in the statement of changes in equity or in the notes to the financial statements. In the current year, for each component of equity, the Group has chosen to present such an analysis in the consolidated statement of changes in equity. Such amendments have been applied retrospectively, and hence the disclosures in these consolidated financial statements have been modified to reflect the change.

4. SEGMENT INFORMATION

The Group determines its operating segments based on the information reported to the chief operating decision maker, being the most senior executive management of the Group, for making strategic decisions and assessing the performance of each operating segment. The segments are managed separately as each operating segment offers different products which require different production information to formulate different strategies. In prior years, the Group manages its business by product lines. During the year ended 30 June 2012, the Group has reassessed the segment reporting information and rearranged the segments reporting structure by operating activities for the reasons that the revised segment information would be more aligned with the internal financial information reported to the chief operating decision makers for resources allocation. For the year ended 30 June 2012, the operating segments are organised into two segments (2011: six). The corresponding items of segment information for prior periods have been restated on a reasonable basis of allocations. The Group's reportable and operating segments are organised as follows:

1. Plantation of agricultural produce – planting, cultivation and sale of fresh oranges

2. Production of processed fruits – manufacture and sale of FCOJ and its related products

The following tables present revenue, profit and certain assets, liabilities and expenditures information for the Group's business segments for the two years ended 30 June 2012 and 2011.

	Plantation of agricultural produce *RMB'000*	Production of processed fruits *RMB'000*	Consolidated *RMB'000*
Year ended 30 June 2012			
Segment revenue			
Sales to external customers	**139,221**	**511,778**	**650,999**
Intersegment sales	**38,810**	**–**	**38,810**
Segment revenue	**178,031**	**511,778**	**689,809**
Elimination			**(38,810)**
Consolidated revenue			**650,999**
Segment results	**80,901**	**197,915**	**278,816**
Unallocated gains			**8,346**
Corporate and other unallocated expenses			**(10,323)**
Finance costs			**(26,716)**
Profit before tax			**250,123**
At 30 June 2012			
Assets and liabilities			
Segment assets	**499,549**	**539,442**	**1,038,991**
Corporate and other unallocated assets			**651,700**
Total assets			**1,690,691**
Segment liabilities	**8,970**	**34,732**	**43,702**
Corporate and other unallocated liabilities			**359,773**
Total liabilities			**403,475**

	Plantation of agricultural produce *RMB'000*	Production of processed fruits *RMB'000*	Consolidated *RMB'000*
Year ended 30 June 2011			
Segment revenue			
Sales to external customers	147,921	307,264	455,185
Intersegment sales	47,894	–	47,894
Segment revenue	195,815	307,264	503,079
Elimination			(47,894)
Consolidated revenue			455,185
Segment results	99,118	86,910	186,028
Unallocated gains			5,786
Corporate and other unallocated expenses			(6,495)
Finance costs			(19,576)
Profit before tax			165,743
At 30 June 2011			
Assets and liabilities			
Segment assets	206,309	196,542	402,851
Corporate and other unallocated assets			687,586
Total assets			1,090,437
Segment liabilities	5,482	30,662	36,144
Corporate and other unallocated liabilities			264,557
Total liabilities			300,701

The accounting policies of the reporting segment are identical to the Group's accounting policies. Segment results represent the profit attributable to each segment without allocation of central administration costs, director's remuneration, bank interest income, finance costs and income tax expense. This is the measure reported to the chief operating decision maker for the purpose of resource allocation and performance assessment.

For the purposes of monitoring segment performances and allocating resources between segments:

(a) all assets are allocated to operating segments other than pledged bank deposits, cash and cash equivalents and certain other receivables which were managed in a centralised manner.

(b) all liabilities are allocated to operating segments other than secured bank loans, convertible bonds, tax payable, deferred tax liabilities and certain other payables which were managed in a centralised manner.

Inter-segment sales are charged at prevailing market rates.

Other segment information

	Year ended 30 June 2012			
	Plantation of agricultural produce *RMB'000*	**Production of processed fruits** *RMB'000*	**Unallocated** *RMB'000*	**Consolidated** *RMB'000*
Amounts included in the measure of segment profit or segment assets:				
Depreciation and amortisation *(note 1)*	**363**	**23,649**	**231**	**24,243**
Additions to non-current assets *(note 2)*	**–**	**228,673**	**–**	**228,673**
Loss on disposal of property, plant and equipment	**–**	**413**	**–**	**413**
Write-off of inventories	**4,241**	**–**	**–**	**4,241**
Gain from changes in fair value of biological assets less costs to sell	**(108,511)**	**–**	**–**	**(108,511)**
Government grant income	**–**	**(2,360)**	**–**	**(2,360)**
Impairment loss of other receivables – indemnification assets	**–**	**10,325**	**–**	**10,325**
Loss on disposal of held-for-trading investments	**–**	**–**	**425**	**425**
Amounts regularly provided to the chief operating decision maker but not included in the measure of segment profit or segment assets:				
Bank interest income	**–**	**–**	**(7,921)**	**(7,921)**
Finance costs	**–**	**–**	**26,716**	**26,716**
Income tax credit	**–**	**–**	**(139)**	**(139)**

	Year ended 30 June 2011			
	Plantation of agricultural produce *RMB'000*	Production of processed fruits *RMB'000*	Unallocated *RMB'000*	Consolidated *RMB'000*
Amounts included in the measure of segment profit or segment assets:				
Depreciation and amortisation *(note 1)*	257	14,077	50	14,384
Additions to non-current assets *(note 2)*	–	30,319	–	30,319
Write-off of inventories	4,010	–	–	4,010
Gain from changes in fair value of biological assets less costs to sell	(113,142)	–	–	(113,142)
Government grant income	–	(2,360)	–	(2,360)
Amounts regularly provided to the chief operating decision maker but not included in the measure of segment profit or segment assets:				
Bank interest income	–	–	(4,609)	(4,609)
Finance costs	–	–	19,576	19,576
Income tax expense	–	11,975	–	11,975

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

Note 2: Amount included property, plant and equipment, intangible assets and land use rights acquired from business combination and excluded additions to lease prepayments for orange plantations and pledged deposits.

Geographic information

In view of the fact that the Group mainly operates in the People's Republic of China (the "PRC"), no geographical segment information is presented.

Revenue from major products

The following is an analysis of the Group's revenue from its major products:

	2012 *RMB'000*	2011 *RMB'000*
Sales of orange juice products		
– Sales of FCOJ	**254,099**	152,114
– Sales of orange juice pulp	**221,900**	136,673
– Sales of orange fibre	**30,147**	17,065
– Others	**5,632**	1,412
Sales of fresh oranges	**139,221**	147,921
	650,999	455,185

Information about major customers

The Group has identified 2 customers (2011: 1) which individually represented over 10% of the Group's total external sales.

The sales to the major customers during the year ended 30 June 2012 are as follows:

	2012	2011
	RMB'000	*RMB'000*
Customer A[1]	**202,422**	106,774
Customer B[2]	**73,518**	N/A[3]

Customer A and Customer B accounted for approximately 31% (2011: approximately 23%) and approximately 11% (2011: nil) of total sales of the Group, respectively.

1 Revenue from production of processed fruits segment.
2 Revenue from plantation of agricultural produce segment.
3 The corresponding revenue did not contribute over 10% of the total sales of the Group during the year ended 30 June 2011.

5. OTHER REVENUE

	2012	2011
	RMB'000	*RMB'000*
Bank interest income	**7,921**	4,609
Government grants	**2,360**	2,360
Net foreign exchange gain	**425**	1,177
Others	**70**	321
	10,776	8,467

The Group received discretionary grants from various PRC government authorities in recognition of the Group's contribution to the development of the local agricultural industry and investment in a 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.

6. FINANCE COSTS

	2012	2011
	RMB'000	*RMB'000*
		(Restated)
Imputed interest expenses on convertible bonds	**18,054**	15,332
Interest expenses on secured bank loans wholly repayable within five years	**8,662**	4,244
	26,716	19,576

7. PROFIT BEFORE TAX

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

	2012	2011
	RMB'000	*RMB'000*
Staff costs, including directors' remuneration:		
Wages, salaries and other benefits	**86,427**	70,532
Contributions to defined contribution plans	**3,651**	2,989
Equity-settled share-based payment expenses	**729**	2,981
	90,807	76,502
Amortisation of land use rights	**357**	251
Amortisation of intangible assets	**5,602**	–
Depreciation of property, plant and equipment	**18,284**	14,133
Operating lease charges in respect of rental premises	**31,621**	14,855
Auditor's remuneration	**1,100**	1,800
Write-off of inventories	**4,241**	4,010
Cost of inventories sold	**398,818**	309,898
Impairment loss of other receivables – indemnification assets	**10,325**	–
Loss on disposal of property, plant and equipment	**413**	–
Loss on disposal of held-for-trading investments	**425**	–

8. INCOME TAX (CREDIT) EXPENSE

	2012	2011
	RMB'000	*RMB'000*
Current tax – PRC Enterprise Income Tax ("EIT")		
Provision for the year	**1,262**	11,565
Under-provision in respect of prior years	**–**	410
	1,262	11,975
Deferred tax		
Reversal of temporary differences	**(1,401)**	–
Income tax (credit) expense	**(139)**	11,975

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.

No provision has been made for Hong Kong Profits Tax as the Group did not have assessable profit subject to Hong Kong Profits Tax for both years.

The provision for PRC EIT is based on the respective applicable rates on the estimated assessable income of the Company's subsidiaries in the PRC as determined in accordance with the relevant income tax rules and regulations of the PRC.

With effect from 1 January 2011, the Company's subsidiaries which are responsible for orange juice production are exempt from EIT on profits from orange juice production, pursuant to Cai Shui [2008] No. 149 issued by the Ministry of Finance of the PRC. Accordingly, from 1 January 2011, certain subsidiaries of the Group in the PRC (i.e. cultivation and selling of self-cultivated fresh oranges and orange juice production) are exempt from EIT, subject to annual review by the local PRC tax authority of the Company's subsidiaries and any future changes in the relevant tax exemption policies or regulations. Before 1 January 2011, these subsidiaries are subject to enterprise income tax at 25% in the PRC.

The applicable income tax rate for the rest of the Group's operating subsidiaries in the PRC is 25% for the years ended 30 June 2012 and 2011.

9. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share attributable to the owners of the Company is based on the following data:

Earnings	**2012** ***RMB'000***	2011 *RMB'000*
Earnings for the purpose of basic earnings per share	**250,262**	153,768
Effect of effective interest on the liability component of convertible bonds	**14,573**	–
Earnings for the purpose of diluted earnings per share	**264,835**	153,768

The weighted average number of ordinary shares for the purpose of diluted earnings per share reconciled to the weighted average number of ordinary shares used in the calculation of basic earnings per share as follows:

Number of shares	**2012**	2011
Weighted average number of ordinary shares for the purpose of basic earnings per share	**1,138,453,800**	1,015,439,315
Effect of deemed issue of shares under the conversion of convertible bonds	**67,831,079**	–
Effect of deemed issue of shares under the Company's share option scheme for nil consideration	**9,073,618**	20,870,454
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**1,215,358,497**	1,036,309,769

The calculation of diluted earnings per share for the year ended 30 June 2012 and 2011 does not take into account the potential effect of the deemed conversion of certain convertible bonds into ordinary shares during the year as it has an anti-dilutive effect on the basic earnings per share amount for the year.

10. DIVIDEND

Dividends recognised as distribution during the year:

	2012	2011
	RMB'000	*RMB'000*
No dividend in respect of the previous financial year, approved and paid during the year (2011: 2010 final dividend of RMB0.013 per ordinary share)	**–**	13,050

The Board does not recommend the payment of a final dividend to shareholders for the year ended 30 June 2012 (2011: nil).

11. TRADE RECEIVABLES

The Group allows a credit period of 90 days (2011: 90 days) to its trade customers from the date of billing.

The following is an aged analysis of trade receivables based on due dates at the end of the reporting period:

	The Group	
	2012	2011
	RMB'000	*RMB'000*
Neither past due nor impaired	**75,712**	31,454
Less than 3 months past due	**26,673**	12,307
More than 3 months but less than 12 months past due	**–**	2
1 to 2 years past due	**–**	2
	102,385	43,765

Trade receivables that were neither past due nor impaired related to a wide range of customers that have no recent history of default payment.

Trade receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. Based on past experience, the directors of the Company (the “Directors”) believe that no impairment allowance is necessary in respect of these balances as there has not been a significant change in the credit quality and the balances are still considered fully recoverable.

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

12. TRADE PAYABLES

The Group has financial risk management policies in place to ensure all trade payables are settled within the credit timeframe. The average credit period on purchase is 90 days or on demand (2011: 90 days or on demand).

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

	The Group	
	2012	2011
	RMB’000	*RMB’000*
Due within 3 months or on demand	**7,947**	8,210

13. COMPARATIVE FIGURES

Certain comparative figures had been reclassified to conform to current year’s presentation. The Directors consider that reclassification of bank charges and net foreign exchanges gain from finance costs of approximately RMB51,000 and approximately RMB1,177,000 to administrative expenses and other revenue in the consolidated statement of comprehensive income is more meaningful in view of the significant items to the Group. As the reclassification does not affect the consolidated statement of financial position, it is not necessary to disclose comparative information as at the start of the comparative period (i.e. 1 July 2010).

BUSINESS REVIEW

The Group is principally engaged in processing and selling of frozen concentrated orange juice ("FCOJ") and its related products, and selling of fresh oranges. FCOJ is the primary raw material for the production of orange juice beverages. 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.

With the improvement of Chinese consumption and living standard, the fruit juice market in China has maintained rapid growth in recent years and has been sustained by strong demand for orange juice beverages. The FCOJ manufacturing industry in China is just in the initial stage of its development and supply of processed oranges is still under demands, and therefore China's existing production output of FCOJ is insufficient to meet the market demand. The meeting of the increasing demand for FCOJ in China relies primarily on imported products.

The Group is one of few local suppliers providing FCOJ to world's leading beverage/drink manufacturers in China. The Group has been operating in the FCOJ industry for 19 years. Extensive experience, high product quality and manufacturing skills are the keys for our success. The Group aims to maintain its leading position in the industry in China through continuing expansion of production capacity, orange farms, and product range, and focus on customer's satisfaction.

OPERATING PERFORMANCE

Revenue

Breakdown of revenue by product for the years ended 30 June 2012 and 2011 are set out as follows:

	2012		2011	
	RMB'000	**Percentage of total revenue**	RMB'000	Percentage of total revenue
Sales of orange juice products	**511,778**	**78.6%**	307,264	67.5%
– Sales of FCOJ	**254,099**	**39.0%**	152,114	33.5%
– Sales of orange juice pulp	**221,900**	**34.1%**	136,673	30.0%
– Sales of orange fibre	**30,147**	**4.6%**	17,065	3.7%
– Others	**5,632**	**0.9%**	1,412	0.3%
Sales of fresh oranges	**139,221**	**21.4%**	147,921	32.5%
Total revenue	**650,999**	**100.0%**	455,185	100.0%

During the Reporting Period, the Group's revenue rose from approximately RMB455,185,000 for the last year to approximately RMB650,999,000, representing an approximately 43.0% increase. The growth was mainly due to the good harvest of oranges throughout China and the expansion of the Group's production capacity, which enabled the Group to significantly increase the production volume of its orange juice products in order to meet the customers' demand.

Capitalizing on the growth in the output of China's major orange producing areas during the Reporting Period, the Group fully utilized its expanded production capacity. Sales of the Group's concentrated orange juice products, including FCOJ, orange juice ("OJ") pulp and orange fibre, increased from approximately RMB307,264,000 for the last year to approximately RMB511,778,000 for the Reporting Period. Sales of FCOJ rose by approximately 67% from approximately RMB152,114,000 last year to approximately RMB254,099,000, primarily due to the significant increase in sales volume. Sales of OJ pulp increased by approximately 62.4% from approximately RMB136,673,000 for the last year to approximately RMB221,900,000, mainly attributable to the significant increase in the sales volume of OJ pulp. Sale of orange fibre also significantly increased by approximately 76.7% from approximately RMB17,065,000 for the last year to approximately RMB30,147,000.

During the Reporting Period, there is a decrease in average selling price of fresh oranges. Therefore, sales of fresh oranges decreased by approximately 5.9% from approximately RMB147,921,000 for the last year to approximately RMB139,221,000.

The Group adopts an integrated business model and is one of the few concentrated orange juice processors operating its own upstream orange farms. It operates orange farms with a total area of 95,000 mu in Chongqing and Fujian province. The Group uses the lower-grade oranges harvested from these farms as raw materials for producing FCOJ and its related products, whereas the remaining oranges of higher grade are sold fresh. In addition to its own farm grown oranges, the Group also purchases oranges from independent third parties to produce FCOJ and its related products. The volume of oranges growing from the Group's own orange farms and the volume of purchased oranges for the years ended 30 June 2012 and 2011 are set out as follows:

	2012 approximate tonnes	2011 approximate tonnes
Output of oranges from own orange farms		
– Fresh oranges for sale	**69,000**	65,000
– Oranges for producing FCOJ	**44,000**	63,000
	113,000	128,000
Purchased oranges for producing FCOJ	**201,000**	63,000
Total	**314,000**	191,000

Gross Profit

During the Reporting Period, the Group's gross profit in the consolidated statement of comprehensive income increased by approximately 75.5% to approximately RMB247,940,000 as compared to approximately RMB141,277,000 for the last year, mainly due to an increase in the sales volume of orange juice products.

Distribution Costs and Administrative Expenses

Distribution costs of the Group mainly comprised sales commission and transportation costs. The distribution costs decreased by approximately 56.5% from approximately RMB24,288,000 for the last year to approximately RMB10,565,000 for the Reporting Period. The decrease was primarily due to the shift of the transportation costs resulted from sales to the Group's customers.

The Group's administrative expenses mainly included general office administrative expenses, salaries and amortization etc. The administrative expenses increased by 29.5% from approximately RMB52,591,000 for the last year to approximately RMB68,096,000 for the Reporting Period mainly due to the additional administrative expenses from Global One Management Limited ("Global One", together with its subsidiaries, the "Global One Group") which was acquired by the Group during the Reporting Period.

Finance Costs

During the Reporting Period, the Group's finance costs were approximately RMB26,716,000 (2011: RMB19,576,000). The increase was due to the interest incurred under the 2012 Convertible Bonds (as defined hereinbelow) issued during the Reporting Period.

Tax Rate

The Group has been granted PRC enterprise income tax exemption for its orange juice processing business since 1 January 2011. As the Group has already been exempted from PRC enterprise income tax for its fresh orange cultivation and sales of fresh orange business, the Group has not been subject to any PRC enterprise income tax of its business since 1 January 2011. However, with the acquisition of the Global One Group during the Reporting Period, PRC enterprise income tax has been imposed on the revenue generated by the Group for further processing of orange juice products. Except for the above transaction, all the Group companies are exempted from the PRC enterprise income tax for the Reporting Period.

Financial Performance of Newly Acquired Subsidiary

Since the Group's completion of the acquisition of Huaihua Oujing Fruits Limited ("Oujing Fruits") on 9 November 2011, Oujing Fruits' operating results had been consolidated into the Group's consolidated accounts. The sales and net profit of Oujing Fruits since the completion date of acquisition up to 30 June 2012 were approximately RMB94,925,000 and approximately RMB35,977,000 respectively.

Net profit

During the Reporting Period, the Group's net profit rose by approximately 62.8% to approximately RMB250,262,000 as compared to approximately RMB153,768,000 for the last year.

Final Dividend

The Board did not recommend the payment of a final dividend to shareholders for the year ended 30 June 2012 (2011: nil).

LIQUIDITY, FINANCIAL RESOURCES, GEARING AND CAPITAL STRUCTURE

Liquidity

As at 30 June 2012, current assets amounted to approximately RMB796,631,000 (2011: approximately RMB676,503,000). Current liabilities were approximately RMB170,132,000 (2011: approximately RMB274,291,000).

Financial Resources

As at 30 June 2012, the Group had cash and cash equivalents of approximately RMB513,199,000 (2011: approximately RMB555,996,000); total secured bank loans of RMB143,740,000 (2011: RMB119,290,000); and outstanding convertible bonds of approximately RMB181,731,000 (2011: RMB141,626,000).

As at 30 June 2012, the Group had trade receivables of approximately RMB102,385,000 (2011: approximately RMB43,765,000) and inventories of approximately RMB33,892,000 (2011: approximately RMB7,925,000). The Group has a higher trade receivables and inventories as compared to last year. This is possibly due to the abnormal volatility in FCOJ future price which delayed customers' regular purchase plans and payment. As at the date of approval of the financial statements, all trade receivables have been settled.

Gearing

On 18 May 2012, the Company issued the 3.5% coupon convertible bonds in an aggregate principal amount of HK$232,800,000 to be due on the third anniversary of the date of issue to CITIC Capital China Access Fund Limited (the "2012 Convertible Bonds"), details of which are set out in the announcements of the Company dated 9 May 2012 and 18 May 2012.

On 28 May 2012, the Company redeemed the zero coupon convertible bonds issued by the Company on 28 May 2010 (the "2010 Convertible Bonds") held by Sequoia Capital China Growth Fund I, L.P., Sequoia Capital China Growth Partners Fund I, L.P. and Sequoia Capital China GF Principals Fund I, L.P. (collectively, the "Subscribers") in an aggregate amount of US$24,200,000, being 110% of all the outstanding principal amount of the 2010 Convertible Bonds, in accordance with the terms and conditions of the same. Upon the redemption, the 2010 Convertible Bonds have been cancelled and the Subscribers ceased to hold any convertible bonds issued by the Group. Details of the 2010 Convertible Bonds and the said redemption are set out in the announcements of the Company dated 14 May 2010, 31 May 2010 and 28 May 2012.

As at the date of this announcement, the Company has the 2012 Convertible Bonds with the outstanding principal amount of HK$232,800,000.

As at 30 June 2012, total bank loans amounted to RMB143,740,000 (2011: RMB119,290,000), of which RMB117,800,000 was secured by cash deposited in offshore bank account (2011: RMB117,800,000). The secured bank loan of RMB5,100,000 was an interest-free entrusted bank loan granted by a local finance bureau in the PRC (2011: RMB5,100,000).

The Board's approach to manage the Group's working capital is to ensure sufficient liquid assets to meet its matured liabilities so as to avoid any unacceptable losses or damage to the Group's reputation.

	2012	2011
Quick ratio (x)	**4.0**	2.3
Current ratio (x)	**4.7**	2.5
Gearing ratio *(note (a))*	**25.3%**	33%

note (a) Gearing ratio is defined as sum of secured bank loans and convertible bonds over total equity.

Capital Structure

As at 30 June 2012, the total number of issued shares of the Company was 1,208,672,727 shares. Based on the closing price of HK$1.15 per share as at 29 June 2012, the Company's market value as at 29 June 2012 was HK$1,389,973,636.

FOREIGN EXCHANGE EXPOSURE

The Group's sales and purchases were dominated in RMB. As such, the Group has limited exposure to any significant foreign currency exchange risks. 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 Reporting Period.

CAPITAL EXPENDITURE

During the Reporting Period, the Group's capital expenditure amounted to approximately RMB386,466,000 (2011: approximately RMB34,106,000) which was used for acquisition of properties, plants, equipment, land use rights and lease prepayments for orange plantations.

PLEDGE OF ASSETS

As at 30 June 2012, the Group pledged property, plant and equipment of approximately RMB65,227,000 (2011: nil), land use rights of approximately RMB7,646,000 (2011: nil) and bank deposits of approximately RMB122,900,000 (2011: approximately RMB122,900,000) to secure the bank loans granted to the Group.

CONTINGENT LIABILITIES

As at 30 June 2012, the Group had no material contingent liabilities (2011: nil).

ACQUISITION OF GLOBAL ONE GROUP

On 27 September 2011, Manwell (China) Limited (萬華(中國)有限公司) ("Manwell") (as purchaser and an indirectly wholly-owned subsidiary of the Company) and Mr. Ngai Chi Hang (as vendor) entered into a sale and purchase agreement, pursuant to which Manwell had conditionally agreed to acquire, and Mr. Ngai Chi Hang had conditionally agreed to sell, the entire issued share capital of Global One at the consideration of HK$390,000,000 to be satisfied by the issue and allotment of 177,272,727 new shares in the Company (the "Consideration Share(s)") to Mr. Ngai Chi Hang at the issue price of HK$2.20 per Consideration Share. The acquisition was completed on 9 November 2011. 177,272,727 Consideration Shares were issued and allotted by the Company to Mr. Ngai Chi Hang on 11 November 2011.

Upon completion of the aforesaid acquisition, the Company indirectly owns the entire equity interest of Global One which in turn, indirectly holds 100% interest of Oujing Fruits which principally engaged in the processing and sale of fruits and vegetables in the PRC with an annual capacity of 6,000 tonnes. After completion of the acquisition, the Group's total capacity of FCOJ increased approximately to 30,000 tonnes. For details, please refer to the announcements of the Company dated 27 September 2011 and 9 November 2011.

HUMAN RESOURCES

As at 30 June 2012, the Group employed approximately 934 employees (2011: 782 employees). The Group offered competitive remuneration package, discretionary bonuses and social insurance benefits to its employees. In addition, a share option scheme has been adopted on 7 June 2008 for, among others, the employees of the Group.

PURCHASE, SALE AND REDEMPTION OF THE SHARES

During the Reporting Period, 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 Reporting Period, save as disclosed in the paragraph headed "Acquisition of Global One Group" above, there was no material acquisition and disposal of subsidiaries and associated companies by the Company.

CHANGE OF COMPANY NAME

On 21 December 2011, a special resolution was passed by the shareholders of the Company (the "Shareholders") to approve the change of English name of the Company from "Tianyi Fruit Holdings Limited" to "China Tianyi Holdings Limited" and adopt the Chinese name "中國天溢控股有限公司" as its official Chinese name to replace "天溢果業控股有限公司" (the "Change of Company Name"). The Certificate of Incorporation on Change of Name was issued by the Registrar of Companies in the Cayman Islands on 30 December 2011 regarding the Change of Company Name with effect from 21 December 2011. The Certificate of Registration of Change of Corporate Name of Non-Hong Kong Company was issued by the Registrar of Companies in Hong Kong on 17 February 2012 certifying that the new name of the Company has been registered in Hong Kong.

Following the Change of Company Name, the stock short name of the Company for trading in the shares on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") has been changed from "TIANYI FRUIT" to "CHI TIANYI HOLD" in English and from "天溢果業" to "中國天溢控股" in Chinese with effect from 28 February 2012.

For details, please refer to the announcements of the Company dated 16 November 2011, 21 December 2011 and 23 February 2012 and the circular of the Company dated 28 November 2011.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

From 1 July 2011 to 31 March 2012, save as disclosed below, the Board considered that the Company had complied with the code provisions as set out in the Code on Corporate Governance Practices (the "Code") – Appendix 14 to the Rules Governing the Listing of Securities of the Stock Exchange (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. Mr. Sin Ke has been the chairman of the Board and an executive Director and had been the chief executive officer of the Company up to 19 March 2012. As such, this had deviated from code provision A.2.1 of the Code.

In order to enhance corporate governance and enable the Company to comply with the Code, the Company separated the roles of the chairman and the chief executive officer. Mr. Sin has resigned as the chief executive officer of the Company on 19 March 2012 and Mr. Liao replaced Mr. Sin to act as the chief executive officer of the Company on the same date. Mr. Sin remains an executive Director and the chairman of the Board.

The Code had been amended which took effect from 1 April 2012 (the "Revised Code"). The Company had complied with all the code provisions as set out in the Revised Code during the period from 1 April 2012 to 30 June 2012.

CODE OF CONDUCT REGARDING DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding Directors' securities transactions on terms no less exacting than the required standard set out in Appendix 10 - Model Code for Securities Transactions by Directors of Listed Issuers to the Listing Rules. Specific enquiry has been made to all the Directors and the Directors have confirmed that they had complied with such code of conduct during the Reporting Period.

AUDIT COMMITTEE

From 1 July 2011 to 1 September 2011, the audit committee of the Company (the "Audit Committee") consisted of 3 independent non-executive Directors, namely Mr. Zhuang Xueyuan, Mr. Zhuang Weidong and Mr. Tu Zongcai. Mr. Tu Zongcai resigned as an independent non-executive Director on 1 September 2011 and Mr. Zeng Jianzhong was appointed as an independent non-executive Director and a member of the Audit Committee to replace Mr. Tu Zongcai on the same date. The primary duties of the Audit Committee are to review the Company's financial information, review and supervise the Company's financial reporting process and internal control procedures, nominate and monitor external auditors and provide advice and comments to the Board. The terms of reference of the Audit Committee was updated on 20 February 2012 to comply with the code provisions of the Revised Code.

The Audit Committee has reviewed with management the accounting principles and practices adopted by the Group and discussed internal controls and financial reporting matters including a review of this announcement and the final result of the Group for the year ended 30 June 2012.

AUDITORS

KPMG ceased to act as auditor of the Company with effect from 13 December 2011. KPMG confirmed that there are no matters in respect of the change of auditor that should be brought to the attention of the Shareholders.

SHINEWING (HK) CPA Limited has replaced KPMG to act as auditor of the Company on 13 December 2011.

A resolution for appointment of SHINEWING (HK) CPA Limited as the auditor of the Company will be proposed at the forthcoming annual general meeting.

EVENT SUBSEQUENT TO THE REPORTING PERIOD

Appointment of Mr. Chen Qiuming as Non-Executive Director

Mr. Chen Qiuming was appointed as a non-executive Director on 5 July 2012. For details, please refer to the announcement of the Company dated 4 July 2012.

CLOSURE OF REGISTER OF MEMBERS

For the purposes of determining the Shareholders' eligibility to attend and vote at the forthcoming annual general meeting to be held on 5 November 2012 (Monday), the register of members of the Company will be closed from 1 November 2012 (Thursday) to 5 November 2012 (Monday), both dates inclusive. The latest time to lodge transfer documents for registration will be at 4:30 p.m. on 31 October 2012 (Wednesday).

During the above closure periods, no transfer of shares will be registered. To be eligible to attend and vote at the coming annual general meeting, all transfer of shares accompanied by the relevant share certificates must be lodged with the Company's Hong Kong Share Registrar, Computershare Hong Kong Investor Services Limited, at 17M floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong no later than the dates and times stated above respectively.

REVIEW OF THE PRELIMINARY ANNOUNCEMENT BY AUDITORS

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of comprehensive income and the related notes thereto for the year ended 30 June 2012 as set out in the Preliminary Announcement have been agreed by the Group's auditors, SHINEWING (HK) CPA Limited, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by SHINEWING (HK) CPA Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by SHINEWING (HK) CPA Limited on the Preliminary Announcement.

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

12 September 2012

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