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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)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 31 DECEMBER 2012

FINANCIAL HIGHLIGHTS

- The Group's unaudited revenue amounted to approximately RMB236 million, representing a decrease of approximately 26.4% over the same period last year.
- The unaudited profit attributable to owners of the Company amounted to approximately RMB61 million, representing a decrease of approximately 65.0% over the same period last year.
- The unaudited gross profit margin was approximately 33.5%. The unaudited net profit margin of approximately 26.4%.
- The unaudited basic earnings per share of approximately RMB5.07 cents, decrease of approximately 65.3% over the same period last year.
- The Group's unaudited sales of frozen concentrated orange juice ("FCOJ") and its related orange juice products amounted to approximately RMB152 million, decrease of approximately 32.9% over the same period last year.
- The Board has resolved to pay an interim dividend of HK$1.5 cents per share in respect of the six months ended 31 December 2012.

The board ("Board") of directors (the "Directors") of China Tianyi Holdings Limited (the "Company") is pleased to present the unaudited condensed consolidated financial statements of the Company and its subsidiaries (collectively, the "Group") for the six months ended 31 December 2012 (the "Reporting Period"). The unaudited condensed consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board ("IASB"), and have been reviewed by the audit committee of the Company.

The unaudited financial information for the six months ended 31 December 2012 together with the comparative figures for the corresponding periods in 2011 were as follows:

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the six months ended 31 December 2012

		Six months ended 31 December	
		2012	2011
	Notes	***RMB'000***	*RMB'000*
		(unaudited)	(unaudited)
Revenue	*3*	**235,817**	320,340
Cost of sales		**(156,829)**	(220,570)
Gross profit		**78,988**	99,770
Gain from changes in fair value of biological assets less costs to sell		**36,670**	108,511
Other revenue	*4*	**4,485**	8,801
Distribution costs		**(6,764)**	(8,527)
Administrative expenses		**(30,780)**	(21,175)
Other operating expenses		**(434)**	(58)
Profit from operations		**82,165**	187,322
Finance costs	*5*		
– Interest expenses		**(6,719)**	(4,117)
– Imputed interest expenses on convertible bonds		**(14,972)**	(7,849)
Profit before tax	*6*	**60,474**	175,356
Income tax credit (expense)	*7*	**827**	(321)
Profit for the period attributable to owners of the Company		**61,301**	175,035
Other comprehensive income			
Exchange differences arising on translation of foreign operations		**1,048**	3
Total comprehensive income for the period attributable to owners of the Company		**62,349**	175,038
Earnings per share	*9*		
– Basic (RMB cents)		**5.07**	14.61
– Diluted (RMB cents)		**4.59**	14.06

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2012

	Notes	As at 31 December 2012 RMB'000 (unaudited)	As at 30 June 2012 RMB'000 (audited)
Non-current assets			
Property, plant and equipment		**228,971**	235,088
Land use rights		**18,177**	18,384
Lease prepayments for orange plantations		**574,727**	343,094
Goodwill		**56,696**	56,696
Intangible assets		**116,246**	120,448
Pledged bank deposits		**117,800**	120,350
		1,112,617	894,060
Current assets			
Inventories		**100,397**	33,892
Biological assets		**30,724**	83,325
Lease prepayments for orange plantations		**23,552**	48,178
Trade receivables	*10*	**190,338**	102,385
Other receivables, deposits and prepayments		**31,324**	13,102
Pledged bank deposits		**2,550**	2,550
Cash and cash equivalents		**350,516**	513,199
		729,401	796,631
Current liabilities			
Trade payables	*11*	**31,043**	7,947
Other payables and accruals		**17,557**	20,853
Secured bank loans		**205,790**	141,190
Income tax payable		**27**	142
		254,417	170,132
Net current assets		**474,984**	626,499
Total assets less current liabilities		**1,587,601**	1,520,559
Non-current liabilities			
Secured bank loans		**–**	2,550
Deferred income		**17,700**	17,700
Convertible bonds		**190,024**	181,731
Deferred tax liabilities		**30,312**	31,362
		238,036	233,343
Net assets		**1,349,565**	1,287,216
Capital and reserves			
Share capital		**10,501**	10,501
Reserves		**1,339,064**	1,276,715
Total equity		**1,349,565**	1,287,216

1. BASIS OF PREPARATION

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

2. PRINCIPAL ACCOUNTING POLICIES

The unaudited condensed 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 unaudited condensed consolidated financial statements for the six months ended 31 December 2012 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 30 June 2012.

3. 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. 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

3. SEGMENT INFORMATION *(Continued)*

The following is an analysis of the Group's revenue, profit and expenditure by reportable and operating segment for the six months ended 31 December 2012 and 31 December 2011.

	Plantation of agricultural produce *RMB'000*	Production of processed fruits *RMB'000*	Consolidated *RMB'000*
Six months ended 31 December 2012 (unaudited)			
Segment revenue			
Sales to external customers	**83,150**	**152,667**	**235,817**
Intersegment sales	**33,943**	**–**	**33,943**
Segment revenue	**117,093**	**152,667**	**269,760**
Elimination			**(33,943)**
Consolidated revenue			**235,817**
Segment results	**26,441**	**59,422**	**85,863**
Unallocated gains			**3,579**
Corporate and other unallocated expenses			**(7,277)**
Finance costs			**(21,691)**
Profit before tax			**60,474**

3. **SEGMENT INFORMATION** *(Continued)*

	Plantation of agricultural produce *RMB'000*	Production of processed fruits *RMB'000*	Consolidated *RMB'000*
Six months ended 31 December 2011 (unaudited)			
Segment revenue			
Sales to external customers	93,746	226,594	320,340
Intersegment sales	38,810	–	38,810
Segment revenue	132,556	226,594	359,150
Elimination			(38,810)
Consolidated revenue			320,340
Segment results	97,434	87,396	184,830
Unallocated gains			4,272
Corporate and other unallocated expenses			(1,780)
Finance costs			(11,966)
Profit before tax			175,356

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.

3. **SEGMENT INFORMATION** *(Continued)*

The following table presents segment assets and segment liabilities of the Group's operating segments as at 31 December and 30 June 2012.

	Plantation of agricultural produce *RMB'000*	**Production of processed fruits** *RMB'000*	**Unallocated** *RMB'000*	**Consolidated** *RMB'000*
Segment assets				
At 31 December 2012 (unaudited)	**794,693**	**502,328**	**544,997**	**1,842,018**
At 30 June 2012 (audited)	499,549	539,442	651,700	1,690,691
Segment liabilities				
At 31 December 2012 (unaudited)	**7,152**	**73,062**	**412,239**	**492,453**
At 30 June 2012 (audited)	8,970	34,732	359,773	403,475

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.

3. SEGMENT INFORMATION *(Continued)*

Other segment information

	Six months ended 31 December 2012 (unaudited)			
	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)*	3	10,762	75	10,840
Additions to non-current assets *(note 2)*	212	4,511	5	4,728
Write-off of inventories	1,440	–	–	1,440
Gain from changes in fair value of biological assets less costs to sell	(36,670)	–	–	(36,670)
Amounts regularly provided to the chief operating decision maker but not included in the measure of segment profit or segment assets:				
Bank interest income	17	1,026	2,536	3,579
Finance costs				
– Interest expenses	–	6,719	–	6,719
– Imputed interest expenses on convertible bonds *(note 3)*	–	–	14,972	14,972
Income tax credit	–	–	(827)	(827)

3. SEGMENT INFORMATION *(Continued)*

Other segment information *(Continued)*

	Six months ended 31 December 2011 (unaudited)			
	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)*	3	6,743	102	6,848
Additions to non-current assets *(note 2)*	–	23,712	29	23,741
Write-off of inventories	2,208	–	–	2,208
Gain from changes in fair value of biological assets less costs to sell	(108,511)	–	–	(108,511)
Amounts regularly provided to the chief operating decision maker but not included in the measure of segment profit or segment assets:				
Bank interest income	14	1,803	2,455	4,272
Finance costs				
– Interest expenses	–	4,117	–	4,117
– Imputed interest expenses on convertible bonds	–	–	7,849	7,849
Income tax credit	–	321	–	321

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.

Note 3: Amount included the 3.5% coupon per annum and non-cash amortisation expenses of newly issued convertible bonds of year 2012.

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.

3. SEGMENT INFORMATION *(Continued)*

Other segment information *(Continued)*

Revenue from major products

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

	Six months ended 31 December	
	2012	2011
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Sales of orange juice products		
– Sales of FCOJ	**95,739**	123,895
– Sales of orange juice pulp	**38,953**	89,687
– Sales of orange fibre	**15,877**	10,613
– Others	**1,392**	2,400
	151,961	226,595
Sales of fresh oranges	**83,856**	93,745
	235,817	320,340

Information about major customers

The Group has identified 2 customers (31 December 2011: 2) which individually represented over 10% of the Group's total external sales.

The sales to the major customers during the period are as follows:

	Six months ended 31 December	
	2012	2011
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Customer A[1]	**59,421**	90,216
Customer B[2]	**57,346**	48,055

Customer A and Customer B accounted for approximately 25% (31 December 2011: approximately 28%) and approximately 24% (31 December 2011: 15%) of total sales of the Group, respectively.

1 Revenue from production of processed fruits segment.
2 Revenue from plantation of agricultural produce segment.

4. OTHER REVENUE

	Six months ended 31 December	
	2012	2011
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Bank interest income	**3,579**	4,272
Net foreign exchange gain	**889**	3,369
Others	**17**	1,160
	4,485	8,801

5. FINANCE COSTS

	Six months ended 31 December	
	2012	2011
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Interest expenses on secured bank loans wholly repayable within five years	**6,719**	4,117
Convertible bonds		
– Interest expenses	**3,275**	–
– Imputed interest expenses *(note 1)*	**11,697**	7,849
	21,691	11,966

Note 1: Imputed interest expenses represented by the non-cash amortisation expenses of newly issued convertible bonds of year 2012.

6. PROFIT BEFORE TAX

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

	Six months ended 31 December	
	2012	2011
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Staff costs, including Directors' remuneration:		
Wages, salaries and other benefits	**53,824**	34,325
Contributions to defined contribution plans	**4,005**	3,052
Equity-settled share based payment expenses	**–**	739
	57,829	38,116
Amortisation of land use rights	**207**	150
Amortisation of intangible assets	**4,202**	–
Depreciation of property, plant and equipment	**10,632**	6,698
Operating lease charges in respect of rented premises	**29,248**	8,809

7. INCOME TAX (CREDIT) EXPENSE

	Six months ended 31 December	
	2012	2011
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Current tax – PRC Enterprise Income Tax ("EIT")		
Provision for the period	**223**	321
Deferred tax		
Reversal of temporary differences	**(1,050)**	–
Income tax (credit) expense	**(827)**	321

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 periods ended 31 December 2012 and 2011.

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.

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

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 six months ended 31 December 2012 and 2011.

8. INTERIM DIVIDEND

During the interim period, an interim dividend of HK$1.5 cents per share in respect of the six months ended 31 December 2012 (31 December 2011: nil) was declared and to be paid to the owners of the Company on 10 May 2013. The interim dividend declared is not reflected as a dividend payable in these unaudited condensed consolidated financial statements, but will be reflected as an appropriated of contributed surplus for the year ended 30 June 2013.

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

	Six months ended 31 December	
	2012	2011
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Earnings for the purpose of basic earnings per share	**61,301**	175,035
Effect of effective interest on the liability component of convertible bonds	**–**	7,849
Earnings for the purpose of diluted earnings per share	**61,301**	182,884

9. EARNINGS PER SHARE *(Continued)*

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

	Six months ended 31 December	
	2012	2011
Weighted average number of ordinary shares for the purpose of basic earnings per share	**1,208,672,727**	1,198,072,727
Effect of deemed issue of shares under the conversion of convertible bonds	**123,174,603**	24,700,000
Effect of deemed issue of shares under the Company's share option scheme for nil consideration	**3,979,701**	77,825,000
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**1,335,827,031**	1,300,597,727

The calculation of diluted earnings per share for the six months ended 31 December 2012 and 2011 does not take into account the potential effect of the deemed conversion of certain convertible bonds into ordinary shares during the period as it has an anti-dilutive effect on the basic earnings per share amount for the period.

10. TRADE RECEIVABLES

The Group allows a credit period of 90 days (30 June 2012: 90 days) to its trade customers from the date of billing.

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

	As at 31 December 2012 ***RMB'000*** **(unaudited)**	As at 30 June 2012 *RMB'000* (audited)
Neither past due nor impaired	**190,311**	75,712
Less than 3 months past due	**27**	26,673
More than 3 months but less than 12 months past due	**–**	–
1 to 2 years past due	**–**	–
	190,338	102,385

10. TRADE RECEIVABLES *(Continued)*

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

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

11. TRADE PAYABLES

The Group has financial risk management policies in place to ensure all payables are settled within the credit timeframe. The average credit period on purchase is 90 days or on demand (30 June 2012: 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.

	As at 31 December 2012	As at 30 June 2012
	RMB'000	*RMB'000*
	(unaudited)	(audited)
Due within 3 months or on demand	**31,043**	7,947

12. COMPARATIVE FIGURES

The following comparative figures had been reclassified to conform to the presentations of the Group's annual financial statements for the year ended 30 June 2012 as the Directors consider the reclassification are more meaningful.

(i) Bank charges of approximately RMB101,000 was reclassified from finance costs to administrative expenses in the condensed consolidated statement of comprehensive income.

(ii) Net foreign exchange gain of approximately RMB3,369,000 and interest income of approximately RMB4,257,000 were reclassified from finance costs to other revenue in the condensed consolidated statement of comprehensive income.

As the reclassifications do not affect the condensed consolidated statement of financial position, it is not necessary to disclose comparative information as at 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 standards of living, consumption and health consciousness, desire for high quality orange juice beverages has been increasing. The Chinese juice market is entering into a high-growth stage, however, when comparing with the Western countries, the FCOJ manufacturing industry in China is just in the initial stage of its development. Therefore, room for development of fruit juice beverage in China is enormous.

During this Reporting Period, the major customers of the Group has changed the ways to sign the sales contract for orange juice products from one annual contract to several short-term contracts every year as the result of the significant fluctuation in the futures price of international FCOJ. This leads to a subsequent deferral of the shipping and realisation of sales of the Group. However, benefiting from the rapid development of the beverage industry, the implementation of the PRC government's policies and the Group's dedicated efforts, turnover of the Group is increasing every year. With the completion of the strategic plan of production facilities in the three main orange plantations in China, the Group will capture every business opportunity and speed up its space in development to further enhance the production capacity and proactively seek opportunities, at home and abroad, for merger and acquisition of quality concentrated orange juice processing facilities. Meanwhile, the Group will accelerate the process of expanding the orange plantation area to ensure a sufficient supply of high quality raw materials for processing and costs reduction for maintaining its leading position in the PRC's FCOJ industry and providing a solid foundation for the Group's further expansion to the overseas markets.

OPERATING PERFORMANCE

Revenue

Breakdown of revenue by product for the six months ended 31 December 2012 and 2011 are set out as follows:

	For the six months ended 31 December (unaudited)			
	2012		2011	
	RMB'000	***Approximate percentage of total revenue***	*RMB'000*	*Approximate percentage of total revenue*
Sales of orange juice products				
– Sales of FCOJ	**95,739**	**40.6%**	123,895	38.7%
– Sales of orange juice pulp	**38,953**	**16.5%**	89,687	28.0%
– Sales of orange fibre	**15,877**	**6.7%**	10,613	3.3%
– Others	**1,392**	**0.6%**	2,400	0.7%
	151,961	**64.4%**	226,595	70.7%
Sales of fresh oranges	**83,856**	**35.6%**	93,745	29.3%
Total revenue	**235,817**	**100.0%**	320,340	100.0%

During the Reporting Period, the Group's revenue drop from approximately RMB320,340,000 for the same period last year to approximately RMB235,817,000, representing an approximately 26.4% decrease.

Capitalising on the decline in the output of China's major orange producing areas and the effect of the deferral of the shipping and realisation of sales of the Group during the Reporting Period, the Sales of the Group's concentrated orange juice products, including FCOJ, orange juice pulp and orange fibre, decreased from approximately RMB226,595,000 for the same period last year to approximately RMB151,961,000 for the Reporting Period. Sales of FCOJ dropped by approximately 22.7% from approximately RMB123,895,000 for the same period last year to approximately RMB95,739,000. Sales of orange juice pulp decreased by approximately 56.6% from approximately RMB89,687,000 for the same period last year to approximately RMB38,953,000. Sales of orange fibre significantly increased by approximately 49.6% from approximately RMB10,613,000 for the same period last year to approximately RMB15,877,000.

During the Reporting Period, there is a decrease in average selling price of fresh oranges. Therefore, sales of fresh oranges decreased by approximately10.6% from approximately RMB93,745,000 for the same period last year to approximately RMB83,856,000.

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 plantations with a total area of 165,000 mu (there are 55,000 mu and 20,000 mu of orange plantations with fruit trees in Chongqing province and Fujian province respectively, and 90,000 mu of plantations under construction in the Chongqing province). The Group uses the lower-grade oranges harvested from these plantations 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 plantations grown oranges, the Group also purchases oranges from independent third parties to produce FCOJ and its related products. The volume of oranges grew from the Group's own orange plantations and the volume of purchased oranges for the six months ended 31 December 2012 and 2011 are set out as follows:

	Six months ended 31 December	
	2012	2011
	approximate tonnes	approximate tonnes
Output of oranges from own orange plantations		
– Fresh oranges for sale	**81,170**	69,004
– Oranges for processing	**61,715**	44,473
	142,885	113,477
Purchased oranges for processing	**65,945**	16,871
Total	**208,830**	130,348
Area of own orange plantations	**75,000 mu**	40,000 mu
Average output per mu	**1.9 tonnes**	2.8 tonnes
Area of own orange plantations under construction	**90,000 mu**	21,000 mu
Total area of own orange plantations	**165,000 mu**	61,000 mu

Gross Profit

During the Reporting Period, the Group's gross profit in the unaudited condensed consolidated statement of comprehensive income decreased by approximately 20.8% to approximately RMB78,988,000 as compared to approximately RMB99,770,000 for the same period last year, mainly due to the decrease in the sales volume of orange juice products.

Distribution Costs and Administrative Expenses

Distribution costs of the Group are mainly comprised of sales commission and transportation costs. The distribution costs decreased by approximately 20.7% from approximately RMB8,527,000 for the same period last year to approximately RMB6,764,000 for the Reporting Period. The decrease was primarily due to the shift of a large portion of transportation costs resulted from sales to the Group's customers.

The Group's administrative expenses mainly included general office administrative expenses, salaries and amortisation etc. The administrative expenses increased by 45.4% from approximately RMB21,175,000 for the same period last year to approximately RMB30,780,000 for the Reporting Period mainly due to the increase in salaries and amortisation of the intangible assets during the Reporting Period.

Net profit

During the Reporting Period, the Group's net profit dropped by approximately 65.0% to approximately RMB61,301,000 as compared to approximately RMB175,035,000 for the same period last year.

Interim Dividend and Closure of the Register of Members

The Board has resolved to pay an interim dividend of HK$1.5 cents per share in respect of the Reporting Period (31 December 2011: nil). The interim dividend will be distributed on or about Friday, 10 May 2013 to shareholders whose names appear on the Register of Members of the Company on Tuesday, 23 April 2013.

For determining the entitlement to the interim dividend, the Register of Members of the Company will be closed from 22 April 2013 to 23 April 2013 (both days inclusive) during which period no share transfer will be effected. To be qualified for the interim dividend, all unregistered transfers should be lodged with the Company's Registrars, Computershare Hong Kong Investor Services Limited, at 17/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 pm on Friday, 19 April 2013.

LIQUIDITY, FINANCIAL RESOURCES, GEARING AND CAPITAL STRUCTURE

Liquidity

As at 31 December 2012, current assets amounted to approximately RMB729,401,000 (30 June 2012: approximately RMB796,631,000). Current liabilities were approximately RMB254,417,000 (30 June 2012: approximately RMB170,132,000).

Financial Resources

As at 31 December 2012, the Group had cash and cash equivalents of approximately RMB350,516,000 (30 June 2012: approximately RMB513,199,000); total secured bank loans of RMB205,790,000 (30 June 2012: RMB143,740,000); and outstanding convertible bonds of approximately RMB190,024,000 (30 June 2012: RMB181,731,000).

As at 31 December 2012, the Group had trade receivables of approximately RMB190,338,000 (30 June 2012: approximately RMB102,385,000) and inventories of approximately RMB100,397,000 (30 June 2012: approximately RMB33,892,000). The Group has a higher trade receivables and inventories as compared to 30 June 2012. This is possibly due to the volatility in FCOJ future price which delayed customers' regular purchase plans.

As at 31 December 2012, the total secured bank loans amounted to RMB205,790,000 (30 June 2012: RMB143,740,000), of which RMB143,690,000 was secured by cash deposited in offshore bank account (30 June 2012: RMB117,800,000). The secured bank loan of RMB2,650,000 was an interest-free entrusted bank loan granted by a local finance bureau in the PRC (30 June 2012: RMB5,100,000). The secured bank loan of RMB59,450,000 was pledged by the Group's assets (30 June 2012: RMB20,840,000).

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.

	As at 31 December 2012 (unaudited)	As at 30 June 2012 (audited)
Quick ratio (x)	**2.4**	4.0
Current ratio (x)	**2.9**	4.7
Gearing ratio (note (a))	**29.3%**	25.3%

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

Capital Structure

As at 31 December 2012, the total number of issued Shares was 1,208,672,727 Shares. Based on the closing price of HK$1.14 per Share as at 31 December 2012, the Company's market value as at 31 December 2012 was HK$1,377,886,909, the total amount of Equity was RMB1,349,565,000.

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 31 December 2012, the Company has the 2012 Convertible Bonds with the outstanding principal amount of HK$232,800,000.

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 RMB356,411,000 (30 June 2012: approximately RMB386,466,000) which was used for acquisition of properties, plants, equipment and lease prepayments for orange plantations.

PLEDGE OF ASSETS

As at 31 December 2012, the Group pledged property, plant and equipment of approximately RMB79,272,000 (30 June 2012: approximately RMB65,227,000), land use rights of approximately RMB7,646,000 (30 June 2012: approximately RMB7,646,000) and bank deposits of approximately RMB120,350,000 (30 June 2012: approximately RMB122,900,000) to secure the bank loans granted to the Group.

CONTINGENT LIABILITIES

As at 31 December 2012, the Group had no material contingent liabilities (30 June 2012: nil).

HUMAN RESOURCES

As at 31 December 2012, the Group employed 931 employees (December 2011: 904 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.

SHARE OPTION SCHEME

The Company conditionally adopted a share option scheme (the "Scheme") on 7 June 2008 and the Scheme became unconditional on 10 July 2008. The Scheme shall be valid and effective for a period of ten years commencing on 7 June 2008, subject to the early termination provisions contained in the Scheme.

The scheme limit in respect of the grant of options to subscribe for shares in the share capital of the Company under the Scheme has been refreshed by a resolution passed at the annual general meeting of the Company held on 5 November 2012. For details of the said refreshment of scheme limit, please refer to the circular and the announcement of the Company dated 25 September 2012 and 5 November 2012 respectively.

CORPORATE GOVERNANCE

The Company is committed to the principles of good corporate governance consistent with prudent management and enhancement of shareholder value, which emphasise transparency, accountability and independence.

Corporate governance practices adopted by the Company for the six months ended 31 December 2012 are in line with the Corporate Governance Code ("CG Code") as set out in Appendix 14 of the Listing Rules. The Company has complied with all code provisions and, where applicable, the recommended best practices of the CG Code.

The Company is committed to achieving and maintaining standards of openness, probity and accountability. The general framework of our corporate governance practice is set out in our corporate governance report in the 2012 Annual Report of the Company, which is available on our website.

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 the Appendix 10 to the Listing Rules (the "Model Code"). Specific enquiry has been made to all the Directors and all the Directors have confirmed that they had compiled with the Model Code and its code of conduct regarding directors' securities transactions during the reporting period.

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 2012.

PURCHASE, SALE AND REDEMPTION OF LISTED SECURITIES

During the Reporting Period, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

APPOINTMENT OF NON-EXECUTIVE DIRECTOR

Mr. Chen Qiuming has been appointed as a non-executive Director with effect from 5 July 2012. For details of the aforesaid appointment, please refer to the announcement of the Company dated 4 July 2012.

CHANGE IN AUTHORISED REPRESENTATIVE AND COMPANY SECRETARY

Ms. Chan Ling resigned from the office of authorised representative and company secretary of the Company with effect from 19 November 2012 due to the need to concentrate on other personal development. Ms. Leung Pui Shan has been promoted and appointed as the authorised representative and company secretary of the Company with effect from 19 November 2012. For details of the aforesaid change, please refer to the announcement of the Company dated 19 November 2012.

SUBSEQUENT EVENTS

Share Option Scheme

After the refreshment of the Scheme, the Company granted 62,400,000 share options to qualified participants on 4 January 2013. For details of the aforesaid grant of share options, please refer to the announcement of the Company dated 4 January 2013.

Resignation of Chief Financial Officer

Mr. Hu Xu ("Mr. Hu") resigned as a chief financial officer due to the need to focus on his family affairs with effect from 1 March 2013.

Mr. Hu has confirmed that there is no disagreement with the Board and there are no matters which need to be brought to the attention of the shareholders of the Company in relation to his resignation.

The Board would like to express its gratitude to Mr. Hu for his contribution to the Company during his period of service.

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

Hong Kong, 26 February 2013

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.