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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 2013

FINANCIAL HIGHLIGHTS

	31 December 2013 *RMB'000* **(unaudited)**	31 December 2012 *RMB'000* (unaudited)	Change % (Approximately)
Statement of profit or loss and other comprehensive income			
Revenue	**279,313**	235,817	18.4%
Gross profit	**91,280**	78,988	15.6%
Gross profit margin	**32.7%**	33.5%	-0.8pp
Profit for the period	**69,028**	61,301	12.6%
EBITDA	**108,696**	97,206	11.8%
Basic EPS *(RMB cents)*	**5.65**	5.07	11.4%

	31 December 2013 *RMB'000* **(unaudited)**	30 June 2013 *RMB'000* (audited)	Change % (Approximately)
Statement of financial position			
Cash and cash equivalents	**423,549**	488,913	-13.4%
Inventories	**51,835**	32,806	58.0%
Trade receivables	**255,879**	66,459	285.0%
Bank loans	**397,397**	185,690	114.0%
Convertible bonds	**210,008**	199,369	5.3%
Net assets value ("NAV")	**1,422,036**	1,380,138	3.0%

The board (the "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 2013 (the "Reporting Period"). The unaudited condensed consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB"), and have been reviewed by the audit committee of the Company.

CHINA'S BEVERAGE INDUSTRY OVERVIEW

In 2013, China's domestic consumer market has regained upward momentum. Meanwhile, along with the gradual implementation of the Twelfth Five-Year Plan, the determination of the China government to accelerate urbanisation has created huge market demands. The rise in per capita income resulted in a higher willingness of Chinese people to increase their spending in pursuit of better living standards, giving rise to profitable business opportunities in the domestic beverage consumer market.

BUSINESS REVIEW AND PROSPECT

The Group is principally engaged in processing and selling of orange juice and its related products, including fresh oranges and orange peels. The Group has a total of three highly efficient production plants strategically located in China's major citrus growing areas (Chongqing, Fujian and Hunan). The Group adopts an integrated business model and is one of the few concentrated orange juice processors operating its own upstream orange farms.

Citrus species are diversifying in China, and majority of them are used for fresh consumption. In consequence, the supply for orange juice processing is inadequate in China. In contrast, in the United States and Brazil, over 70-80% of oranges grown were used for orange juice processing, so there is enormous room for the growth of the domestic production and sales volume of orange juice in China. During the Reporting Period, revenue increased over the same period last year. Besides, the increase in gross profit and profit for the period were more than double-digit.

With economic development in China, consumers are pursuing better standards of living, the demand for nutritious and healthy beverage products has continued to grow rapidly in China. Not-from-concentrated orange juice (the "NFCOJ") without pollution, nor pesticide residue, become the common choice for consumers everywhere craving for natural and healthy juice. NFCOJ also opens a new chapter of business opportunity for the Group. During the Reporting Period, capital expenditure of approximately RMB203 million is invested, which included two new modern NFCOJ production and packaging lines and one exclusive freezer with huge capacity of NFCOJ in Chongqing. The NFCOJ production and packaging lines are expected to commence trial operation in the second half of 2014. The Group will continue in investing in research and development, orange plantations, and production capacity in order to ensure to meet up the needs for NFCOJ production, including the needs of raw material and production requirements.

OPERATING PERFORMANCE

Revenue

Breakdown of revenue by product for the six months ended 31 December 2013 and 2012 are set out as follows:

	Six months ended 31 December (unaudited)			
	2013		2012	
	RMB'000	***Approximate percentage of total revenue***	*RMB'000*	*Approximate percentage of total revenue*
Sales of orange juice products	**160,014**	**57.3%**	150,569	63.8%
Sales of fresh oranges	**101,404**	**36.3%**	83,856	35.6%
Sales of other products	**17,895**	**6.4%**	1,392	0.6%
Total revenue	**279,313**	**100%**	235,817	100%

During the Reporting Period, the Group's revenue rose from approximately RMB235,817,000 for the same period last year to approximately RMB279,313,000, representing an approximately 18.4% increase.

Sales of orange juice products

During the Reporting Period, the sales of the Group's orange juice products, including frozen concentrated orange juice (the "FCOJ"), orange juice pulp and orange fibre, increased from approximately RMB150,569,000 for the same period last year to approximately RMB160,014,000 for the Reporting Period. Sales of FCOJ increased by approximately 35.3% from approximately RMB95,739,000 for the same period last year to approximately RMB129,495,000. Sales of orange juice pulp decreased by approximately 21.7% from approximately RMB38,953,000 for the same period last year to approximately RMB30,519,000.

Sales of fresh oranges

During the Reporting Period, there was an increase in the average selling price and the sales quantities of fresh oranges. Therefore, sales of fresh oranges increased by approximately 20.9% from approximately RMB83,856,000 for the same period last year to approximately RMB101,404,000.

Sales of other products

The Group's other products included orange residue, orange baking fillings and original equipment manufacturer (the "OEM") of grapefruit juice. During the Reporting Period, sales of orange residue decreased by approximately 22.1% from approximately RMB1,392,000 for the same period last year to approximately RMB1,085,000. Orange baking fillings and grapefruit juice are newly launched products during the Reporting Period, sales were approximately RMB7,334,000 and RMB9,476,000 respectively.

Volume of oranges

The Group operates orange plantations and uses the lower-grade oranges harvested from these plantations as raw materials for producing FCOJ and its related products, whereas the remaining higher-grade oranges are sold fresh. In addition to use 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 growing from the Group's own orange farms and the volume of purchased oranges for the six months ended 31 December 2013 and 2012 are set out as follows:

	Six months ended 31 December	
	2013	2012
	approximate tonnes	approximate tonnes
Output of oranges from own orange plantations		
– Fresh oranges for sale	**63,127**	81,170
– Oranges for processing	**38,745**	61,715
	101,872	142,885
Purchased oranges for processing	**110,047**	65,945
Total	**211,919**	208,830

Gross Profit

During the Reporting Period, the Group's gross profit in the unaudited condensed consolidated statement of profit or loss and other comprehensive income increased by approximately 15.6% to approximately RMB91,280,000 as compared to approximately RMB78,988,000 for the same period last year. The gross profit margin of the Group slightly decreased to approximately 32.7% (31 December 2012: approximately 33.5%).

Gain from changes in fair value of biological assets less costs to sell

During the Reporting Period, the Group's gain from changes in fair value of biological assets less costs to sell was approximately RMB30,316,000 (31 December 2012: approximately RMB36,670,000). The drop was due to less orange outputs at the point of harvest during the Reporting Period.

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 43.0% from approximately RMB6,764,000 for the same period last year to approximately RMB3,856,000 for the Reporting Period. Since most of the customers pick up the products from the plants, distribution costs thus decreased.

The Group's administrative expenses mainly included general office administrative expenses, salaries and amortisation etc. The administrative expenses slightly decreased by approximately 3.6% from approximately RMB30,780,000 for the same period last year to approximately RMB29,657,000 for the Reporting Period.

Finance Costs

During the Reporting Period, the Group's finance costs were approximately RMB23,346,000 (31 December 2012: approximately RMB21,691,000). The increase was due to the imputed interest incurred under the Convertible Bonds (as defined hereinbelow) issued in 2012. Among the finance costs, approximately RMB13,436,000 (31 December 2012: approximately RMB11,697,000) was the imputed interest expenses on Convertible Bonds, which is non-cash item.

Net profit

During the Reporting Period, the Group's net profit raised by approximately 12.6% to approximately RMB69,028,000 as compared to approximately RMB61,301,000 for the same period last year.

Interim Dividend

The Board has resolved not to declare any interim dividend for the six months ended 31 December 2013 (31 December 2012: HK$1.5 cents).

LIQUIDITY, FINANCIAL RESOURCES, GEARING AND CAPITAL STRUCTURE

Held-to-Maturity Investments

As at 31 December 2013, held-to-maturity investments amounted to approximately RMB15,727,000 (30 June 2013: nil).

Liquidity

As at 31 December 2013, current assets amounted to approximately RMB921,606,000 (30 June 2013: approximately RMB900,060,000). Current liabilities were approximately RMB223,035,000 (30 June 2013: approximately RMB245,522,000).

Financial Resources

As at 31 December 2013, the Group had cash and cash equivalents of approximately RMB423,549,000 (30 June 2013: approximately RMB488,913,000); total bank loans of RMB397,397,000 (30 June 2013: RMB185,690,000); and outstanding Convertible Bonds of approximately RMB210,008,000 (30 June 2013: approximately RMB199,369,000).

As at 31 December 2013, the Group had trade receivables of approximately RMB255,879,000 (30 June 2013: approximately RMB66,459,000) and inventories of approximately RMB51,835,000 (30 June 2013: approximately RMB32,806,000). The Group has a higher trade receivables and inventories as compared to last year. During the Reporting Period, the increase in trade receivables was mainly due to most of the sales were made in the month of December 2013.

Gearing

On 18 May 2012, the Company issued the 3.5% p.a. 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 "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 2013, the Company has the Convertible Bonds with the outstanding principal amount of HK$232,800,000 (30 June 2013: HK$232,800,000).

As at 31 December 2013, the total bank loans amounted to RMB397,397,000 (30 June 2013: RMB185,690,000), of which RMB198,151,000 was secured by cash deposited in offshore bank account (30 June 2013: RMB117,800,000). As at 31 December 2013, the Group's proportion of the total bank loans denominated in Renminbi ("RMB") and foreign currencies were approximately 59.3% and approximately 40.7% respectively as at 31 December 2013.

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 2013 (unaudited)	As at 30 June 2013 (audited)
Quick ratio (x)	**3.6**	3.2
Current ratio (x)	**4.1**	3.7
Gearing ratio *(note (a))*	**42.7%**	27.9%

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

Capital Structure

As at 31 December 2013, the total number of issued shares of the Company (the "Shares") was 1,232,572,727 Shares. Based on the closing price of HK$1.16 per Share as at 31 December 2013, the Company's market value as at 31 December 2013 was HK$1,429,784,363.

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.

PLEDGE OF ASSETS

As at 31 December 2013, the Group pledged property, plant and equipment of approximately RMB98,673,000 (30 June 2013: approximately RMB117,190,000), land use rights of approximately RMB15,662,000 (30 June 2013: approximately RMB15,848,000) and bank deposits of approximately RMB198,151,000 (30 June 2013: approximately RMB120,350,000) to secure the bank loans granted to the Group.

CONTINGENT LIABILITIES

As at 31 December 2013, the Group had no material contingent liabilities (30 June 2013: nil).

CAPITAL EXPENDITURE

During the Reporting Period, the Group's capital expenditure amounted to approximately RMB202,505,000 (30 June 2013: approximately RMB335,593,000) which was used for acquisition of properties, plants, equipment, land use rights and lease prepayments for orange plantations in Chongqing.

PLANTATIONS AND PLANTS

Orange Plantations

The Group operates approximately 76,000 mu (equivalent to 50.67 km^2) of orange plantations with fruit trees and approximately 70,000 mu (equivalent to 46.67 km^2) of plantations under construction in Chongqing.

Productivity of orange plantations

	Six months ended 31 December	
	2013	2012
Area of own orange plantations with fruit trees	**76,000 mu***	75,000 mu
Average output per mu	**1.8 tonnes***	1.9 tonnes
Area of own orange plantations under construction	**70,000 mu**	90,000 mu
Total area of own orange plantations	**146,000 mu**	165,000 mu

* Approximately 21,000 mu (equivalent to 14 km^2) of orange plantations with fruit trees is having first harvest during the Reporting Period. The average output per mu is 0.8 tonnes.

Processing Plant

The Group has a total of three highly efficient production plants strategically located in China's major citrus growing areas, Chongqing, Fujian and Hunan, with advanced equipment imported from the US, Switzerland, Italy and Germany, as well as from China.

The Group has extensive experience in successfully handling the production demands of orange juice processing plants. The involved production process is closely based on the understanding gained by the Group in the design and manufacturing process including years of research and development efforts which have allowed the Group to come up with processing equipment that deliver processed orange juice with superior quality.

Integrated business model

The Group adopts an integrated business model and is one of the few concentrated orange juice processors operating its own upstream orange plantations to enhance the value chain.

HUMAN RESOURCES AND REMUNERATION POLICY

As at 31 December 2013, the Group employed 916 employees (31 December 2012: 931 employees). The Group offered competitive remuneration package, discretionary bonuses and social insurance benefits to its employees. In addition, a share option scheme (the "Scheme") has been adopted on 7 June 2008 for, among others, the employees of the Group. The Scheme limit in respect of the grant of options to subscribe for shares in the share capital of the Company has been refreshed on 5 November 2012.

The unaudited financial information for the six months ended 31 December 2013 together with the comparative figures for the corresponding periods in 2012 were as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the six months ended 31 December 2013

		Six months ended 31 December	
		2013	2012
	Notes	***RMB'000***	*RMB'000*
		(unaudited)	(unaudited)
Revenue	*2*	**279,313**	235,817
Cost of sales		**(188,033)**	(156,829)
Gross profit		**91,280**	78,988
Gain from changes in fair value of biological assets less costs to sell		**30,316**	36,670
Other revenue	*3*	**5,599**	4,485
Distribution costs		**(3,856)**	(6,764)
Administrative expenses		**(29,657)**	(30,780)
Other operating expenses		**(1,364)**	(434)
Profit from operations		**92,318**	82,165
Finance costs	*4*		
– Interest expenses		**(6,722)**	(6,719)
– Imputed interest expenses on convertible bonds		**(16,624)**	(14,972)
Profit before tax	*5*	**68,972**	60,474
Income tax credit	*6*	**56**	827
Profit for the period attributable to owners of the Company		**69,028**	61,301
Other comprehensive income			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		**(3,731)**	1,048
Total comprehensive income for the period attributable to owners of the Company		**65,297**	62,349
Earnings per share	*7*		
– Basic (RMB cents)		**5.65**	5.07
– Diluted (RMB cents)		**5.05**	4.59

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2013

	Notes	As at 31 December 2013 RMB'000 (unaudited)	As at 30 June 2013 RMB'000 (audited)
Non-current assets			
Property, plant and equipment		**240,138**	244,949
Land use rights		**24,487**	17,969
Lease prepayments for orange plantations		**648,637**	537,912
Goodwill		**56,696**	56,696
Intangible assets		**107,843**	112,044
Held-to-maturity investments	*9*	**15,727**	–
Pledged bank deposits	*10*	**170,000**	–
		1,263,528	969,570
Current assets			
Inventories		**51,835**	32,806
Biological assets		**75,835**	72,657
Lease prepayments for orange plantations		**66,825**	85,418
Trade receivables	*11*	**255,879**	66,459
Other receivables, deposits and prepayments		**19,532**	33,457
Pledged bank deposits	*10*	**28,151**	120,350
Cash and cash equivalents		**423,549**	488,913
		921,606	900,060
Current liabilities			
Trade payables	*12*	**54,197**	5,909
Other payables and accruals		**58,143**	20,484
Bank loans	*13*	**109,713**	185,690
Income tax payable		**982**	33,439
		223,035	245,522
Net current assets		**698,571**	654,538
Total assets less current liabilities		**1,962,099**	1,624,108

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(Continued)*
As at 31 December 2013

	Notes	As at 31 December 2013 RMB'000 (unaudited)	As at 30 June 2013 RMB'000 (audited)
Non-current liabilities			
Bank loans	*13*	**287,684**	–
Deferred income		**14,160**	15,340
Convertible bonds	*14*	**210,008**	199,369
Deferred tax liabilities		**28,211**	29,261
		540,063	243,970
Net assets		**1,422,036**	1,380,138
Capital and reserves			
Share capital		**10,690**	10,682
Reserves		**1,411,346**	1,369,456
Total equity		**1,422,036**	1,380,138

1. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

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

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 2013 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 30 June 2013.

2. 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. No operating segments identified by the chief operating decision maker have been aggregated in arriving at the reportable segments of the Group. 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 is an analysis of the Group's revenue, results, assets and liabilities by reportable and operating segment.

	Plantation of agricultural produce *RMB'000*	Production of processed fruits *RMB'000*	Consolidated *RMB'000*
Six months ended 31 December 2013 (unaudited)			
Segment revenue			
Sales to external customers	**101,404**	**177,909**	**279,313**
Intersegment sales	**21,310**	**69,388**	**90,698**
Segment revenue	**122,714**	**247,297**	**370,011**
Elimination			**(90,698)**
Consolidated revenue			**279,313**
Segment results	**24,294**	**68,601**	**92,895**
Unallocated gains			**4,299**
Corporate and other unallocated expenses			**(4,876)**
Finance costs			**(23,346)**
Profit before tax			**68,972**
At 31 December 2013 (unaudited)			
Assets and liabilities			
Segment assets	**890,775**	**486,446**	**1,377,221**
Corporate and other unallocated assets			**807,913**
Total assets			**2,185,134**
Segment liabilities	**37,118**	**88,409**	**125,527**
Corporate and other unallocated liabilities			**637,571**
Total liabilities			**763,098**

	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
At 30 June 2013 (audited)			
Assets and liabilities			
Segment assets	732,062	491,953	1,224,015
Corporate and other unallocated assets			645,615
Total assets			1,869,630
Segment liabilities	6,102	33,772	39,874
Corporate and other unallocated liabilities			449,618
Total liabilities			489,492

The accounting policies of the operating 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, certain property, plant and equipment, held-to-maturity investments and other receivables which were managed in a centralised manner.

(b) all liabilities are allocated to operating segments other than bank loans, convertible bonds, income 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

	Six months ended 31 December 2013 (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)*	**–**	**16,291**	**87**	**16,378**
Additions to non-current assets *(note 2)*	**–**	**12,022**	**–**	**12,022**
Loss on disposal of property, plant and equipment	**–**	**–**	**203**	**203**
Gain from changes in fair value of biological assets less costs to sell	**(30,316)**	**–**	**–**	**(30,316)**
Government grants	**–**	**(1,300)**	**–**	**(1,300)**
Amounts regularly provided to the chief operating decision maker but not included in the measure of segment profit or segment assets:				
Bank interest income	**(8)**	**(1,686)**	**(2,285)**	**(3,979)**
Finance costs				
– Interest expenses	**–**	**5,334**	**1,388**	**6,722**
– Imputed interest expenses on convertible bonds *(note 3)*	**–**	**–**	**16,624**	**16,624**
Income tax credit	**–**	**–**	**(56)**	**(56)**

	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
Written-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)

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 bank deposits.

Note 3: Amount included the 3.5% coupon per annum and non-cash amortisation expenses of convertible bond issued in 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.

Revenue from major products

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

	Six months ended 31 December	
	2013	2012
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Sales of orange juice products	**160,014**	150,569
Sales of fresh oranges	**101,404**	83,856
Sales of other products	**17,895**	1,392
Total revenue	**279,313**	235,817

Information about major customers

The Group has identified 4 customers (31 December 2012: 2) which individually represented over 10% of the Group's total external sales.

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

	Six months ended 31 December	
	2013	2012
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Customer A[1]	**41,629**	59,421
Customer B[2]	**101,404**	57,346
Customer C[1]	**41,437**	N/A[3]
Customer D[1]	**41,335**	N/A[3]

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 external sales of the Group.

3. OTHER REVENUE

	Six months ended 31 December	
	2013	2012
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Bank interest income	**3,979**	3,579
Government grants	**1,300**	–
Others	**320**	906
	5,599	4,485

4. FINANCE COSTS

	Six months ended 31 December	
	2013	2012
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Imputed interest expenses on convertible bonds	**16,624**	14,972
Interest expenses on secured bank loans wholly repayable within five years	**6,722**	6,719
	23,346	21,691

5. PROFIT BEFORE TAX

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

	Six months ended 31 December	
	2013	2012
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Staff costs, including directors' and chief executive's remuneration:		
Wages, salaries and other benefits	**40,937**	53,824
Contributions to defined contribution plans	**3,570**	4,005
	44,507	57,829
Amortisation of land use rights	**254**	207
Amortisation of intangible assets	**4,202**	4,202
Depreciation of property, plant and equipment	**11,922**	10,632
Operating lease charges in respect of rented premises	**21,887**	29,248
Loss on disposal of property, plant and equipment	**203**	–

6. INCOME TAX CREDIT

	Six months ended 31 December	
	2013	2012
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Current tax – PRC Enterprise Income Tax ("EIT")		
Provision for the period	**994**	223
Deferred tax		
Reversal of temporary differences	**(1,050)**	(1,050)
Income tax credit	**(56)**	(827)

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 2013 and 2012.

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 for the both periods.

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 EIT 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 2013 and 2012.

7. 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	
	2013	2012
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Earnings for the purpose of basic earnings per share	**69,028**	61,301
Effect of effective interest on the liability component of convertible bonds	**–**	–
Earnings for the purpose of diluted earnings per share	**69,028**	61,301

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	
	2013	2012
Weighted average number of ordinary shares for the purpose of basic earnings per share	**1,221,588,343**	1,208,672,727
Effect of deemed issue of shares under the conversion of convertible bonds	**123,174,603**	123,174,603
Effect of deemed issue of shares under the Company's share option scheme for nil consideration	**22,617,692**	3,979,701
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**1,367,380,638**	1,335,827,031

The calculation of diluted earnings per share for the six months ended 31 December 2013 and 2012 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.

8. DIVIDEND

The Board does not recommend the payment of an interim dividend in respect of the six months ended 31 December 2013 (31 December 2012: HK$1.5 cents).

9. HELD-TO-MATURITY INVESTMENTS

Held-to-maturity investments comprise:

	As at 31 December 2013 *RMB'000* **(unaudited)**	As at 30 June 2013 *RMB'000* (audited)
Debt securities	**15,727**	–

The Group's held-to-maturity investments represented debt securities that are issued by unlisted overseas financial institution, and carry fixed interest at 6% per annum (30 June 2013: nil). None of these assets has been past due or impaired at the end of the Reporting Period.

10. PLEDGED BANK DEPOSITS

	As at 31 December 2013 *RMB'000* **(unaudited)**	As at 30 June 2013 *RMB'000* (audited)
Pledged bank deposits		
Pledged to secure an interest-free entrusted bank loan	**–**	2,550
Pledged by one of the Company's subsidiaries in Hong Kong to secure an interest-bearing bank loan	**179,989**	117,800
Pledged to secure an interest-bearing banking facility	**18,162**	–
	198,151	120,350
Less: Current portion of pledged bank deposits	**(28,151)**	(120,350)
Non-current portion of pledged bank deposits	**170,000**	–

As at 31 December 2013, the bank deposits of RMB198,151,000 (30 June 2013: RMB120,350,000) comprise a three-year term deposits of RMB170,000,000 (30 June 2013: RMB117,800,000) pledged by one of the Company's subsidiaries in Hong Kong to secure an interest-bearing bank loan of RMB104,300,000 (30 June 2013: RMB114,190,000) for one of the Group's PRC subsidiaries, a short-term deposits of RMB9,989,000 (30 June 2013: nil) pledged by one of the Company's subsidiaries in Hong Kong to secure an interest-bearing bank loan of RMB70,000,000 (30 June 2013: nil) for one of the Group's PRC subsidiaries, and a short-term deposits of RMB18,162,000 (30 June 2013: nil) pledged to secure an interest-bearing banking facility of RMB15,737,000 (30 June 2013: nil) of the Company.

The pledged bank deposits carry fixed interest rate ranging from 0.385% to 3.366% (30 June 2013: 3.85% to 4.77%) per annum.

11. TRADE RECEIVABLES

The Group allows a credit period of 90 days (30 June 2013: 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:

	As at 31 December 2013 *RMB'000* **(unaudited)**	As at 30 June 2013 *RMB'000* (audited)
Neither past due nor impaired	**255,879**	66,459
Less than 3 months past due	**–**	–
	255,879	66,459

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 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 payables are settled within the credit timeframe. The average credit period on purchase is 90 days or on demand (30 June 2013: 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 2013 *RMB'000* **(unaudited)**	As at 30 June 2013 *RMB'000* (audited)
Due within 3 months or on demand	**54,197**	5,909

13. BANK LOANS

	As at 31 December 2013 *RMB'000* **(unaudited)**	As at 30 June 2013 *RMB'000* (audited)
Carrying amount repayable		
On demand or within one year	**109,713**	185,690
More than one year, but not exceeding two years	**229,096**	–
More than two years, but not exceeding five years	**58,588**	–
	397,397	185,690
Less: Amounts shown under current liabilities	**(109,713)**	(185,690)
Amounts shown under non-current liabilities	**287,684**	–
Secured	**349,134**	185,690
Unsecured	**48,263**	–

Except for the RMB235,750,000 bank loan which is denominated in RMB, RMB122,306,000 bank loan which is denominated in U.S. dollars and RMB39,341,000 bank loan which is denominated in Hong Kong dollars.

The bank loans at 31 December 2013 comprise a variable-rate bank loan of RMB207,360,000 (30 June 2013: RMB123,690,000) and a fixed-rate bank loan of RMB190,037,000 (30 June 2013: RMB59,450,000).

14. CONVERTIBLE BONDS

In May 2012, the Company issued HK$ settled convertible bonds with 3.5% coupon per annum due 2015 in the aggregate principal amount of HK$232,800,000 (the "2012 CB") to an independent third party. The issue of the 2012 CB was completed on 18 May 2012.

The movement of the liability and equity components of the convertible bonds for the period is set out below:

	Equity component *RMB'000*	**Liability component** *RMB'000*	**Total** *RMB'000*
At 30 June and 1 July 2013 (audited)	11,474	199,369	210,843
Interest charged during the period	–	16,624	16,624
Interest paid	–	(3,188)	(3,188)
Exchange realignment	–	(2,797)	(2,797)
At 31 December 2013 (unaudited)	11,474	210,008	221,482

No conversion of the convertible bond has occurred during the six months ended 31 December 2013.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S 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.

CREDIT FACILITY AGREEMENT AND SUBSISTING SPECIFIC PERFORMANCE OBLIGATIONS ON CONTROLLING SHAREHOLDER

On 4 October 2013, the Company entered into a credit facility agreement (the "Credit Facility Agreement") with some commercial banks, relating to a term loan facility in an aggregate sum of USD16,000,000.

Pursuant to the terms of the Credit Facility Agreement, the Company undertakes to procure that Mr. Sin Ke (being one of the controlling shareholders of the Company), his family members and the companies incorporated or invested by the Company outside the PRC, shall maintain, individually or jointly, their beneficial ownership of not less than 30% of the total issued share capital of the Company. Any breach of such undertaking shall lead to an event of default under the Credit Facility Agreement.

As at the date of this announcement, the terms of the Credit Facility Agreement and the aforesaid specific performance obligations imposed thereunder are duly complied with. Details of the Credit Facility Agreement and the specific performance obligations imposed are set out in the announcement of the Company dated 4 October 2013.

SHARE OPTIONS SCHEME

Pursuant to the Scheme adopted by the Company on 7 June 2008 and refreshed at the annual general meeting held on 5 November 2012, the Board was authorised to grant the share options to qualified participants. After the refreshment of the Scheme, 62,400,000 and 57,200,000 share options were granted to qualified participants on 4 January 2013 and 21 March 2013 respectively. During the Reporting Period, 1,000,000 share options were exercised and 109,800,000 share options were outstanding as at 31 December 2013.

CORPORATE GOVERNANCE PRACTICES

The Company commits to achieving and maintaining high standards of corporate governance, the principles of which serve to uphold transparency, accountability and independence in all aspects of business and endeavours to ensure that affairs are conducted in accordance with applicable laws and regulations. The corporate governance practices adopted by the Company is in compliance with the principles of the Corporate Governance Code (the "Code") contained in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"). The Board has reviewed the Company's corporate governance practices and is satisfied that the Company's corporate governance practices have complied with the code provisions set out in the Code throughout the six months ended 31 December 2013. The general framework of the Company's corporate governance practice is set out in the corporate governance report in the 2013 Annual Report of the Company, which is available on the website of the Company.

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 (the "Model Code") to the Listing Rules. Specific enquiry has been made of all the Directors and the Directors have confirmed that they had complied with such the required standard set out in the Model Code and such code of conduct during the Reporting Period.

AUDIT COMMITTEE

The Company established the Audit Committee which comprises three independent non-executive Directors. 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 Audit Committee is established with specific terms of references which deal clearly with the committee's authority and duties and is available on the website of the Stock Exchange and the Company.

The Audit Committee 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 2013.

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

Hong Kong, 17 February 2014

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