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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)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 30 JUNE 2014

FINANCIAL HIGHLIGHTS

	2014	2013	Change %
	RMB'000	*RMB'000*	(Approximately)
Statement of profit or loss and other comprehensive income			
Revenue	**569,199**	525,774	8.3%
Gross profit	**208,093**	198,032	5.1%
Gross profit margin	**36.6%**	37.7%	–1.1pp
EBITDA	**196,363**	174,516	12.5%
Profit for the year	**116,869**	67,074	74.2%
Basic EPS *(RMB cents)*	**9**	6	50.0%
Statement of financial position			
Total cash and bank deposits	**683,822**	609,263	12.2%
Inventories	**30,986**	32,806	–5.5%
Trade receivables	**38,205**	66,459	–42.5%
Bank loans	**410,490**	185,690	121.1%
Convertible bonds	**229,930**	199,369	15.3%
Net assets value ("NAV")	**1,561,638**	1,380,138	13.2%

The board (the “Board”) of directors (the “Directors”) 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 2014 (the “Reporting Period”). The consolidated financial statements of the Group have been reviewed by the audit committee of the Company (the “Audit Committee”) 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.

CHINA’S BEVERAGE INDUSTRY OVERVIEW

Since 2013, under the effect of the China government’s policy of consumption expansion, the domestic consumer market has stabilised and is expected to accelerate gradually. The total retail sales of social consumer goods has maintained a steady and rapid growth in recent years, which represented by a year-on-year increase of approximately 13.1% to RMB23.4 trillion in 2013. China’s beverage market has grown consistently with good supply and demand, continuing the fast growing trend of the beverage market.

INDUSTRY AND BUSINESS REVIEW

In recent years, with economic development and better standards of living, the consumption and education level of Chinese people are increasing accordingly. The growing rational consumption pattern has driven Chinese people consciously select beverage suited their needs. It is noteworthy that more and more Chinese have begun to focus on the healthy and safety issues of beverage. They have become more willing to buy natural drinks at a higher premium. Therefore, in the China’s beverage market, the popularity of traditional carbonated drinks is gradually declining, while the juice beverage market is thereby take this opportunity to accelerate its development. Between 2008 and 2012, juice beverage market maintained over a 15% annual growth. In the first half of 2014, the juice beverage market grows over 20% year-on-year. Among which the fresh squeezed fruit juice has the strongest growth, reflecting a majority of Chinese consumers are more confident over and pay more attention to fresh squeezed fruit juice with its higher nutritional value.

The Group has been committed to study and accurately grasp the market trends. The Group has already begun the research and development of the Not-From-Concentrate Orange Juice (the “NFCOJ”) in order to cope with the market development in recent years. NFCOJ is a pollution-free juice with a natural flavor that no water, no sugar, no pesticide and no additives is added. Building up on the solid foundation of its orange juice processing business, the Group invests in the development of high-quality NFCOJ products. In Chongqing, two new modern NFCOJ production and packaging lines and one exclusive NFCOJ freezer with storage capacity of forty thousand tonnes will soon be completed and is expected to commence operations in the 4th quarter of 2014. To be able to produce high quality NFCOJ products, the Group implements very strict requirements from the selection of types of orange saplings, fertilisation to harvest, from selections to procurement of raw materials, from production process to the choice of packaging materials, and from product storage to transportation, so as to ensure the preservation of the original orange juice taste and nutrition.

According to the development track of international juice beverage, with better living standards and the change of consumption concept, the fruit juice beverages with natural and high juice contents will undoubtedly become the development trend. In particular, NFC fruit juice is the most popular juice beverage in European and American markets.

It is expected that the market of NFCOJ will be significantly higher than the existing frozen concentrated orange juice (the "FCOJ") business in China. Therefore, the Group is confident that the NFCOJ business will have the opportunity to become a huge driving force for tremendous growth over the next few years.

OPERATING PERFORMANCE

Revenue

Breakdown of revenue by product for the years ended 30 June 2014 and 2013 are set out as follows:

	2014		2013	
	RMB'000	***Approximate percentage of total revenue***	*RMB'000*	*Approximate percentage of total revenue*
Sales of orange juice products	**353,315**	**62.1%**	378,006	71.9%
Sales of fresh oranges	**161,878**	**28.4%**	145,273	27.6%
Sales of other products	**54,006**	**9.5%**	2,495	0.5%
Total revenue	**569,199**	**100.0%**	525,774	100.0%

During the Reporting Period, the Group's revenue increased from approximately RMB525,774,000 for the last year to approximately RMB569,199,000 representing an approximately 8.3% increase.

Sales of orange juice products

In February 2012, "carbendazim" incident in Brazil had caused FCOJ future prices fell sharply. Although the future price has been gradually picked up in 2013, Brazil is still exporting much of its low cost FCOJ inventory, which affects the sales volume of the Group's FCOJ. The sales of the Group's orange juice products, including FCOJ, orange juice pulp and orange fibre, decreased from approximately RMB378,006,000 for the last year to approximately RMB353,315,000 for the Reporting Period. Sales of FCOJ decreased by approximately 2.8% from approximately RMB260,217,000 for the last year to approximately RMB252,884,000. Sales of orange juice pulp decreased by approximately 7.2% from approximately RMB95,072,000 for the last year to approximately RMB88,255,000. Since the orange fibre is used for the production of by-product, i.e. the orange baking fillings, sales of orange fibre dropped by approximately 46.4% from approximately RMB22,717,000 for the last year to approximately RMB12,176,000.

Sales of fresh oranges

During the Reporting Period, there was an increase in average selling price of fresh oranges. Sales of fresh oranges increased by approximately 11.4% from approximately RMB145,273,000 for the last year to approximately RMB161,878,000.

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 6.2% from approximately RMB2,495,000 for the last year to approximately RMB2,341,000. Orange baking fillings and grapefruit juice are newly launched products during the Reporting Period, sales were approximately RMB42,195,000 and RMB9,470,000 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 years ended 30 June 2014 and 2013 are set out as follows:

	2014 approximate tonnes	2013 approximate tonnes
Output of oranges from own orange plantations		
– Fresh oranges for sale	**80,500**	81,170
– Oranges for processing	**50,840**	61,715
	131,340	142,885
Purchased oranges for processing	**157,640**	144,188
Total	**288,980**	287,073

Gross Profit

During the Reporting Period, the Group's gross profit in the consolidated statement of profit or loss and other comprehensive income increased by approximately 5.1% to approximately RMB208,093,000 as compared to approximately RMB198,032,000 for the last year. The gross profit margin of the Group slightly decreased to approximately 36.6% (2013: approximately 37.7%).

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 RMB51,032,000 (2013: approximately RMB30,455,000). The significant increment was due to a 15.6% increase in the market price of fresh oranges noted 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 23.0% from approximately RMB7,917,000 for the last year to approximately RMB6,094,000 for the Reporting Period.

The Group's administrative expenses mainly included general office administrative expenses, salaries and amortisation etc. The administrative expenses slightly increased by approximately 4.1% from approximately RMB69,322,000 for the last year to approximately RMB72,130,000 for the Reporting Period.

Impairment Loss on Intangible Assets

During the Reporting Period, approximately RMB28,093,000 of the impairment loss of intangible assets was recognised. As the orange fibre has been used for the production of by-product, i.e. the orange baking fillings, the product mix of a certain customer changed and thus the income declined during the Reporting Period. The income declined of a certain customer impairs the assumptions of the valuation of the intangible assets. The amount is non-cash in nature and no such expense was noted in last year.

Other Operating Expenses

During the Reporting Period, the Group's other operating expenses were approximately RMB2,662,000 (2013: approximately RMB17,274,000). The amount mainly comprised of donation during the Reporting Period, while the amount for the last year mainly comprised of share option expenses (approximately RMB16,977,000) for the share options issued last year. Both expenses are one-off and non-recurring in nature.

Finance Costs

During the Reporting Period, the Group's finance costs were approximately RMB49,179,000 (2013: approximately RMB43,935,000). The increase was due to the interest incurred under the Convertible Bonds (as defined hereinbelow) issued in the last year. Among the finance costs, approximately RMB27,990,000 (2013: approximately RMB24,192,000) was the imputed interest expenses on Convertible Bonds, which is non-cash item.

Tax Expenses and 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 Global One Management Limited and its subsidiaries in November 2011, 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.

Net Profit

During the Reporting Period, the Group's net profit significantly increased by approximately 74.2% to approximately RMB116,869,000 as compared to approximately RMB67,074,000 for the last year.

LIQUIDITY, FINANCIAL RESOURCES, GEARING AND CAPITAL STRUCTURE

Held-to-Maturity Investments

As at 30 June 2014, held-to-maturity investments amounted to approximately RMB16,010,000 (2013: nil).

Liquidity

As at 30 June 2014, current assets amounted to approximately RMB776,607,000 (2013: approximately RMB900,060,000). Current liabilities were approximately RMB486,775,000 (2013: approximately RMB245,522,000).

Financial Resources

As at 30 June 2014, the Group had total cash and bank deposits of approximately RMB683,822,000 (2013: approximately RMB609,263,000); total bank loans of RMB410,490,000 (2013: RMB185,690,000); and outstanding Convertible Bonds of approximately RMB229,930,000 (2013: approximately RMB199,369,000).

As at 30 June 2014, the Group had trade receivables of approximately RMB38,205,000 (2013: approximately RMB66,459,000) and inventories of approximately RMB30,986,000 (2013: approximately RMB32,806,000). The Group had a lower trade receivables and maintained similar level of inventories as compared to last year. The decrease in trade receivables was mainly due to prompt settlements from customers during the Reporting Period.

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 30 June 2014, the Company had the Convertible Bonds with the outstanding principal amount of HK$232,800,000 (2013: HK$232,800,000).

As at 30 June 2014, the total bank loans amounted to RMB410,490,000 (2013: RMB185,690,000), of which RMB189,310,000 was secured by cash deposited in offshore bank account (2013: RMB116,740,000). As at 30 June 2014, the Group's proportion of the total bank loans denominated in Renminbi ("RMB") and foreign currencies were approximately 60.0% and approximately 40.0% respectively (2013: RMB approximately 100.0% and foreign currencies nil respectively).

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.

	2014	2013
Quick ratio (x)	**1.3**	3.2
Current ratio (x)	**1.6**	3.7
Gearing ratio *(note (a))*	**41.0%**	27.9%

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

Capital Structure

As at 30 June 2014, the total number of issued Shares was 1,336,460,727 Shares. Based on the closing price of HK$1.07 per Share as at 30 June 2014, the Company's market value as at 30 June 2014 was HK$1,430,012,978.

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 30 June 2014, the Group pledged property, plant and equipment of approximately RMB94,141,000 (2013: approximately RMB117,190,000), land use rights of approximately RMB15,476,000 (2013: approximately RMB15,848,000) and bank deposits of approximately RMB202,170,000 (2013: approximately RMB120,350,000) to secure the bank loans granted to the Group.

CONTINGENT LIABILITIES

As at 30 June 2014, the Group had no material contingent liabilities (2013: nil).

CAPITAL EXPENDITURE

During the Reporting Period, the Group's capital expenditure amounted to approximately RMB468,281,000 (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

	2014	2013
Area of own orange plantations with fruit trees	**76,000 mu***	55,000 mu
Average output per mu	**1.7 tonnes***	1.9 tonnes
Area of own orange plantations under construction	**70,000 mu**	91,000 mu
Total area of own orange plantations	**146,000 mu**	146,000 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 four 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.

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 farms to enhance the value chain in China.

HUMAN RESOURCES AND REMUNERATION POLICY

As at 30 June 2014, the Group employed 914 employees (2013: 850 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 audited financial information for the year ended 30 June 2014 together with the comparative figures for the year ended 30 June 2013 is as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 June 2014

	Notes	**2014** *RMB'000*	2013 *RMB'000*
Revenue	*4*	**569,199**	525,774
Cost of sales		**(361,106)**	(327,742)
Gross profit		**208,093**	198,032
Gain from changes in fair value of biological assets less costs to sell		**51,032**	30,455
Other revenue	*5*	**13,347**	9,700
Distribution costs		**(6,094)**	(7,917)
Administrative expenses		**(72,130)**	(69,322)
Impairment loss on intangible assets		**(28,093)**	–
Other operating expenses	*6*	**(2,662)**	(17,274)
Profit from operations		**163,493**	143,674
Finance costs	*7*	**(49,179)**	(43,935)
Profit before tax	*8*	**114,314**	99,739
Income tax credit (expense)	*9*	**2,555**	(32,665)
Profit for the year attributable to owners of the Company		**116,869**	67,074
Other comprehensive (expense) income			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		**(4,691)**	3,503
Total comprehensive income for the year attributable to owners of the Company		**112,178**	70,577
Earnings per share	*10*		
– Basic (RMB)		**0.09**	0.06
– Diluted (RMB)		**0.09**	0.06

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2014

	Notes	2014 RMB'000	2013 RMB'000
Non-current assets			
Property, plant and equipment		**394,274**	244,949
Land use rights		**24,210**	17,969
Lease prepayments for orange plantations		**747,880**	537,912
Goodwill		**56,696**	56,696
Intangible assets		**75,547**	112,044
Held-to-maturity investments		**16,010**	–
Pledged bank deposits		**171,062**	–
		1,485,679	969,570
Current assets			
Inventories		**30,986**	32,806
Biological assets		**90,485**	72,657
Lease prepayments for orange plantations		**81,815**	85,418
Trade receivables	*12*	**38,205**	66,459
Other receivables, deposits and prepayments		**22,356**	33,457
Pledged bank deposits		**31,108**	120,350
Cash and cash equivalents		**481,652**	488,913
		776,607	900,060
Current liabilities			
Trade payables	*13*	**10,176**	5,909
Other payables and accruals		**16,849**	20,484
Bank loans		**229,734**	185,690
Convertible bonds		**229,930**	–
Income tax payable		**86**	33,439
		486,775	245,522
Net current assets		**289,832**	654,538
Total assets less current liabilities		**1,775,511**	1,624,108
Non-current liabilities			
Bank loans		**180,756**	–
Deferred income		**12,980**	15,340
Convertible bonds		**–**	199,369
Deferred tax liabilities		**20,137**	29,261
		213,873	243,970
Net assets		**1,561,638**	1,380,138
Capital and reserves			
Share capital	*14*	**11,520**	10,682
Reserves		**1,550,118**	1,369,456
Total equity		**1,561,638**	1,380,138

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 of Hong Kong Limited 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 certain financial instruments that are measured at fair values at the end of the reporting period. 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 2014 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 30 June 2013, except for the application of new and revised IFRSs as stated in note 3 below.

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	Annual Improvements to IFRSs 2009-2011 Cycle
Amendments to IFRS 1	First-time Adoption of IFRSs – Government Loans
Amendments to IFRS 7	Disclosures – Offsetting Financial Assets and Financial Liabilities
IFRS 10	Consolidated Financial Statements
IFRS 11	Joint Arrangements
IFRS 12	Disclosure of Interests in Other Entities
IFRS 13	Fair Value Measurement
Amendments to IFRS 10, IFRS 11 and IFRS 12	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance
IAS 19 (as revised in 2011)	Employee Benefits
IAS 27 (as revised in 2011)	Separate Financial Statements
IAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures
Amendments to IAS 36	Recoverable Amount Disclosures for Non-Financial Assets (early adopted)
International Financial Reporting Interpretation Committee ("IFRIC") – Interpretation 20	Stripping Costs in the Production Phase of a Surface Mine

Except as described below, the application of the 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 financial statements.

IFRS 13 – Fair Value Measurement

The Group has applied IFRS 13 for the first time in the current year. IFRS 13 establishes a single source of guidance for, and disclosures about, fair value measurements. The scope of IFRS 13 is broad; the fair value measurement requirements of IFRS 13 apply to both financial instrument items and non-financial instrument items for which other IFRSs require or permit fair value measurements and disclosures about fair value measurements, except for share-based payment transactions that are within the scope of IFRS 2 Share-based Payment, leasing transaction that are within the scope of IAS 17 Leases, and measurements that have some similarities to fair value but are not fair value (e.g. net realisable value for the purposes of measuring inventories or value in use for impairment assessment purposes).

IFRS 13 defines the fair value of an asset as the price that would be received to sell an asset (or paid to transfer a liability, in the case of determining the fair value of a liability) in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions. Fair value under IFRS 13 is an exit price regardless of whether that price is directly observable or estimated using another valuation technique. Also, IFRS 13 includes extensive disclosure requirements.

IFRS 13 requires prospective application. The application of IFRS 13 has not had any material impact on the amounts recognised in the financial statements.

Amendments to IAS 36 – Recoverable Amount Disclosures for Non-Financial Assets

These amendments remove the unintended consequences of IFRS 13 on the disclosures required under IAS 36. In addition, these amendments require disclosure of the recoverable amounts for the assets or cash generating units for which impairment loss has been recognised or reversed during the year. These amendments are effective retrospectively for annual periods beginning on or after 1 January 2014 with earlier application permitted, provided IFRS 13 is also applied. The Group has early adopted these amendments to IAS 36 in the current year since the amended/additional disclosures provide useful information as intended by the IASB. Accordingly, these amendments have been considered while making disclosures for impairment of non-financial assets in the respective notes to the financial statements. These amendments would continue to be considered for future disclosures.

4. REVENUE AND SEGMENT INFORMATION

Revenue represents the revenue arising on the sales of fresh oranges, orange juice products and other related products.

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 orange juice 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*
Year ended 30 June 2014			
Segment revenue			
Sales to external customers	**161,878**	**407,321**	**569,199**
Intersegment sales	**27,962**	**120,221**	**148,183**
Segment revenue	**189,840**	**527,542**	**717,382**
Elimination			**(148,183)**
Consolidated revenue			**569,199**
Segment results	**39,012**	**141,716**	**180,728**
Unallocated gains			**10,987**
Corporate and other unallocated expenses			**(28,222)**
Finance costs			**(49,179)**
Profit before tax			**114,314**
At 30 June 2014			
Assets and liabilities			
Segment assets	**920,179**	**619,642**	**1,539,821**
Corporate and other unallocated assets			**722,465**
Total assets			**2,262,286**
Segment liabilities	**10,640**	**26,422**	**37,062**
Corporate and other unallocated liabilities			**663,586**
Total liabilities			**700,648**

	Plantation of agricultural produce *RMB'000*	Production of processed fruits *RMB'000*	Consolidated *RMB'000*
Year ended 30 June 2013			
Segment revenue			
Sales to external customers	145,273	380,501	525,774
Intersegment sales	33,943	130,594	164,537
Segment revenue	179,216	511,095	690,311
Elimination			(164,537)
Consolidated revenue			525,774
Segment results	10,679	153,243	163,922
Unallocated gains			7,335
Corporate and other unallocated expenses			(27,583)
Finance costs			(43,935)
Profit before tax			99,739
At 30 June 2013			
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 and finance costs. 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 held-to-maturity investments, pledged bank deposits, cash and cash equivalents, certain property, plant and equipment 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

	Year ended 30 June 2014			
	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)*	–	**32,723**	**147**	**32,870**
Additions to non-current assets *(note 2)*	–	**185,388**	–	**185,388**
Impairment loss on intangible assets	–	**28,093**	–	**28,093**
Loss on disposal of property, plant and equipment	–	**21**	**204**	**225**
Write-off of property, plant and equipment	–	**421**	–	**421**
Write-off of inventories	**4,982**	–	–	**4,982**
Gain from changes in fair value of biological assets less costs to sell	**(51,032)**	–	–	**(51.032)**
Government grants	–	**(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	–	–	**(2,626)**	**(2,626)**
Interest income from pledged bank deposits	–	–	**(2,702)**	**(2,702)**
Interest income from advances	–	–	**(754)**	**(754)**
Interest income from held-to-maturity investments	–	–	**(633)**	**(633)**
Finance costs	–	–	**49,179**	**49,179**
Income tax credit	–	–	**(2,555)**	**(2,555)**

	Year ended 30 June 2013			
	Plantation of agricultural produce	Production of processed fruits	Unallocated	Consolidated
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Amounts included in the measure of segment profit or segment assets:				
Depreciation and amortisation *(note 1)*	6	30,678	158	30,842
Additions to non-current assets *(note 2)*	11,374	20,744	400	32,518
Loss on disposal of property, plant and equipment	–	297	–	297
Write-off of inventories	5,820	–	–	5,820
Gain from changes in fair value of biological assets less costs to sell	(30,455)	–	–	(30,455)
Government grants	–	(2,360)	–	(2,360)
Write-off of lease prepayments for orange plantations on deregistration of a subsidiary	886	–	–	886
Amounts regularly provided to the chief operating decision maker but not included in the measure of segment profit or segment assets:				
Bank interest income	–	–	(1,656)	(1,656)
Interest income from pledged bank deposits	–	–	(4,868)	(4,868)
Finance costs	–	–	43,935	43,935
Income tax expense	–	–	32,665	32,665

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, pledged bank deposits and held-to-maturity investments.

Geographic information

In view of the fact that the Group mainly operates in the PRC (country of domicile), no geographical information is presented.

Revenue from major products

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

	2014	2013
	RMB'000	*RMB'000*
Sales of orange juice products	**353,315**	378,006
Sales of fresh oranges	**161,878**	145,273
Sales of other products	**54,006**	2,495
Total revenue	**569,199**	525,774

Information about major customers

The Group has identified 5 customers (2013: 4) which individually represented over 10% of the Group's total external sales.

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

	2014	2013
	RMB'000	*RMB'000*
Customer A[1]	**161,878**	97,617
Customer B[2]	**89,946**	101,696
Customer C[2]	**76,662**	64,396
Customer D[2]	**66,872**	N/A[3]
Customer E[2]	**66,313**	56,883

1 Revenue from plantation of agricultural produce segment.
2 Revenue from production of processed fruits segment.
3 The corresponding revenue did not contribute over 10% of the total external sales of the Group.

5. OTHER REVENUE

	2014	2013
	RMB'000	*RMB'000*
Bank interest income	**2,626**	1,656
Government grants	**2,360**	2,360
Interest income from pledged bank deposits	**2,702**	4,868
Interest income from advances	**754**	–
Interest income from held-to-maturity investments	**633**	–
Net foreign exchange gain	**1,927**	811
Refund of land use tax and real estate tax *(note a)*	**1,635**	–
Others	**710**	5
	13,347	9,700

Note:

(a) The refund was awarded to the Group by the local government as incentives unconditionally primarily to encourage the development of the Group and its contribution to the local economic development.

6. OTHER OPERATING EXPENSES

	2014	2013
	RMB'000	*RMB'000*
Donation	**2,000**	–
Equity-settled share based payments	**–**	16,977
Loss on disposal of property, plant and equipment	**225**	297
Write-off of property, plant and equipment	**421**	–
Others	**16**	–
	2,662	17,274

7. FINANCE COSTS

	2014	2013
	RMB'000	*RMB'000*
Imputed interest expenses on convertible bonds	**34,447**	30,743
Interest expenses on bank loans wholly repayable within five years	**14,732**	13,192
	49,179	43,935

8. PROFIT BEFORE TAX

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

	2014	2013
	RMB'000	*RMB'000*
Staff costs, including directors' and chief executive's remuneration:		
Wages, salaries and other benefits	**78,132**	81,916
Contributions to defined contribution plans	**7,459**	7,446
Equity-settled share-based payment expenses	**–**	16,977
	85,591	106,339
Amortisation of land use rights	**532**	415
Amortisation of intangible assets	**8,404**	8,404
Depreciation of property, plant and equipment	**23,934**	22,023
Operating lease charges in respect of rental premises	**77,226**	60,758
Less: operating lease capitalised in biological assets	**(32,785)**	(24,346)
	44,441	36,412
Auditor's remuneration	**1,070**	1,013
Write-off of inventories recognised in cost of sales	**4,982**	5,820
Write-off of lease prepayments for orange plantations on deregistration of a subsidiary	**–**	886

9. INCOME TAX CREDIT (EXPENSE)

	2014	2013
	RMB'000	*RMB'000*
Current tax – PRC Enterprise Income Tax ("EIT")		
Provision for the year	**(6,569)**	(34,766)
Deferred tax		
Reversal of temporary differences	**9,124**	2,101
Income tax credit (expense)	**2,555**	(32,665)

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 for both years.

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.

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 2014 and 2013.

10. 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

	2014	2013
	RMB'000	*RMB'000*
Earnings for the purpose of basic and diluted earnings per share	**116,869**	67,074

Number of shares

	2014	2013
Weighted average number of ordinary shares for the purpose of basic earnings per share	**1,260,424,847**	1,209,581,221
Effect of deemed issue of shares under the Company's share option scheme for nil consideration	**12,279,025**	2,722,179
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**1,272,703,872**	1,212,303,400

The calculation of diluted earnings per share for the years ended 30 June 2014 and 2013 does not take into account the potential effect of the deemed conversion of convertible bonds into ordinary shares as it has an anti-dilutive effect on the basic earnings per share for both years.

11. DIVIDEND

	2014	2013
	RMB'000	*RMB'000*
Dividends recognised as distribution during the year:		
2014 Interim, paid – nil per share (2013: 2013 Interim, paid – HK1.5 cents (equivalent to approximately RMB1.19 cents))	**–**	14,378
2013 Final, paid – HK2.5 cents (equivalent to approximately RMB1.99 cents) per share (2013: nil)	**24,417**	–
	24,417	14,378

Subsequent to the end of the Reporting Period, no dividend has been proposed for the year ended 30 June 2014 (2013: HK2.5 cents (equivalent to approximately RMB1.99 cents) per share in respect of the year ended 30 June 2013).

12. TRADE RECEIVABLES

The Group allowed a credit period of 90 days (2013: 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:

	2014	2013
	RMB'000	*RMB'000*
Neither past due nor impaired	**38,205**	66,459

Trade receivables that were neither past due nor impaired related to all customers that had no recent history of default payment.

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

13. TRADE PAYABLES

The Group had financial risk management policies in place to ensure all payables are settled within the credit timeframe. The average credit period on purchase of goods was 90 days or on demand (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.

	2014	2013
	RMB'000	*RMB'000*
Due within 3 months or on demand	**10,176**	5,909

14. SHARE CAPITAL

	Number of shares	**Amount**	**Amount**
		HK$'000	*RMB'000*
Ordinary shares of HK$0.01 each			
Authorised:			
At 1 July 2012, 30 June 2013, and 30 June 2014	3,000,000,000	30,000	26,376
Issued and fully paid:			
At 1 July 2012	1,208,672,727	12,087	10,501
Share issued under share option scheme *(note a)*	22,900,000	229	181
At 30 June 2013 and 1 July 2013	1,231,572,727	12,316	10,682
Share issued under share option scheme *(note a)*	1,000,000	10	8
Shares issued by subscription *(note b)*	103,888,000	1,039	830
At 30 June 2014	1,336,460,727	13,365	11,520

All of the shares issued by the Company rank pari passu in all respects with other shares in issue.

Notes:

(a) During the year ended 30 June 2014, share options granted under the Share Option Scheme were exercised to subscribe for 1,000,000 (2013: 22,900,000) ordinary shares of the Company in aggregate of HK$0.01 each at a consideration of HK$1,030,000 (equivalent to approximately RMB818,000) (2013: HK$24,991,000 (equivalent to approximately RMB19,746,000)), of which HK$10,000 (equivalent to approximately RMB8,000) (2013: HK$229,000 (equivalent to approximately RMB181,000)) was credited to share capital and the balance of HK$1,020,000 (equivalent to approximately RMB810,000) (2013: HK$24,762,000 (equivalent to approximately RMB19,565,000)) was credited to the share premium account.

RMB163,000 (2013: RMB3,330,000) has been transferred from the capital reserve to the share premium.

(b) Pursuant to a subscription agreement dated 21 February 2014 and a supplemental agreement dated 5 March 2014, 103,888,000 shares were issued and allotted by the Company to Templetion Strategic Emerging Markets Fund, IV, LDC, at an issue price of HK$1.12 per share on 27 March 2014 at a consideration of HK$116,355,000 (equivalent to approximately RMB92,921,000), of which approximately HK$1,039,000 (equivalent to approximately RMB830,000) was credited to share capital and the balance of approximately HK$115,316,000 (equivalent to approximately RMB92,091,000) was credited to share premium account. These new shares were issued under the general mandate granted to the Directors at the annual general meeting of the Company held on 28 October 2013 and rank pari passu with other shares in all respects. Details of the subscription of shares are set out in the announcements issued by the Company on 24 February 2014, 5 March 2014 and 27 March 2014.

15. EVENT AFTER THE REPORTING PERIOD

The Company, Mr. Sin Ke and the bondholder entered into a supplemental deed on 15 August 2014, pursuant to which, the Company intends to purchase the 2012 convertible bonds (the "2012 CB") from the bondholder earlier than the maturity date of 18 May 2015. A total redemption amount of HK$291,658,000 (equivalent approximately RMB233,472,000) was agreed to retire all outstanding principal and accrued but unpaid interest borne under the 2012 CB. The redemption amount will be settled by way of cash with the first installment of HK$97,000,000 (equivalent to approximately RMB77,649,000) which has already been paid on 12 September 2014 and the remaining balance of HK$194,658,000 (equivalent to approximately RMB155,824,000) shall be paid on or before 30 November 2014. Details of the early redemption of the 2012 CB are set out in the announcements issued by the Company on 15 August 2014 and 18 August 2014.

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.

EARLY REDEMPTION OF THE CONVERTIBLE BONDS BY WAY OF CASH

On 15 August 2014, the Company, Mr. Sin Ke and CITIC Capital China Access Fund Limited (the "Bondholder") entered into a Supplemental Deed (the "Supplemental Deed") pursuant to which, the Company intends to purchase the 3.5% coupon convertible bonds in an aggregate principal amount of HK$232,800,000 issued by the Company to the Bondholder on 18 May 2012 (the "Bonds") from the Bondholder earlier than the maturity date of 18 May 2015. A total redemption amount of HK$291,658,000 was agreed to retire all outstanding principal and accrued but unpaid interest borne under the Bonds. The redemption amount represents a reasonable discount to the total amount due on maturity, and the redemption amount will be settled by way of cash in the following manners: (a) the first instalment of HK$97,000,000 shall be paid on or before 15 September 2014; and (b) the remaining balance of HK$194,658,000 shall be paid on or before 30 November 2014. The Bonds shall be forthwith cancelled after such purchase.

Details of the Supplemental Deed are set out in the announcement of the Company dated 15 August 2014 and 18 August 2014.

As at the date of this announcement, the first instalment of redemption amount of HK$97,000,000 has been paid by the Company.

CORPORATE GOVERNANCE PRACTICES

The Group's corporate governance practices are based on the Corporate Governance Code (the "Code") – Appendix 14 to the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"). The Company has, throughout the Reporting Period, complied with all the relevant code provisions and, where applicable, the recommended best practices as set out in the Code of the Listing Rules.

The Board will periodically review the Company's current corporate practices and procedures and will maintain and further enhance the standard of corporate governance practices of the Company, in order to ensure it is in line with international and local best practices and optimise the interests of the Shareholders, investors, employees, business partners and the community as a whole.

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 to all the Directors and the Directors have confirmed that they had complied with the Model Code and such code of conduct during the Reporting Period.

AUDIT COMMITTEE

The Audit Committee currently consists of 3 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 are available on the website of the Stock Exchange and the Company.

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 2014.

SCOPE OF WORK OF SHINEWING (HK) CPA LIMITED

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 30 June 2014 as set out in this 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 Reporting Period. 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 this announcement.

CLOSURE OF REGISTER OF MEMBERS

For the purposes of determining the Shareholders' eligibility to attend and vote at the forthcoming AGM to be held on 10 November 2014 (Monday), the register of members of the Company will be closed from 6 November 2014 (Thursday) to 10 November 2014 (Monday), both dates inclusive. During the above closure periods, no transfer of Shares will be registered. 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 4:30 p.m. on 5 November 2014 (Wednesday).

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

Hong Kong, 16 September 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.