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 2014

FINANCIAL HIGHLIGHTS

	31 December 2014 *RMB'000* **(unaudited)**	31 December 2013 *RMB'000* (unaudited)	Change % (Approximately)
Statement of profit or loss and other comprehensive income			
Revenue	**196,485**	279,313	-29.7%
Gross profit	**59,211**	91,280	-35.1%
Gross profit margin	**30.1%**	32.7%	-2.6pp
Gain on early redemption of convertible bonds	**16,313**	–	100.0%
EBITDA	**84,375**	108,696	-22.4%
Profit for the period	**50,295**	69,028	-27.1%
Basic EPS *(RMB cents)*	**3.75**	5.65	-33.6%

	31 December 2014 *RMB'000* **(unaudited)**	30 June 2014 *RMB'000* (audited)	Change % (Approximately)
Statement of financial position			
Total cash and bank deposits	**533,844**	683,822	-21.9%
Inventories	**35,556**	30,986	14.7%
Trade receivables	**182,883**	38,205	378.7%
Bank loans	**533,990**	410,490	30.1%
Convertible bonds	**–**	229,930	-100.0%
Net assets value ("NAV")	**1,618,021**	1,561,638	3.6%

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 2014 (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

The China beverage market has recorded double-digit growth every year in the last ten years. Due to the current economic development, better standards of living, enriching material life and rising consumption and education level, more Chinese people are concerned about the health, nutrition and safety of beverages. Therefore, they tend to choose healthy drinks and are even more willing to buy natural drinks at a higher premium.

BUSINESS REVIEW AND PROSPECT

It is a transitional period of the Group in the year 2014. In response to market demand in China, the Group has put great effort in developing the Not-From-Concentrate Orange Juice (the "NFCOJ"). During the Reporting Period, capital expenditure of approximately RMB79 million was invested to further develop the NFCOJ processing plant, in order to refine and improve the NFCOJ production and packaging lines and freezer. In addition, since most of our customers signed the sales contracts in December 2014, the Group's revenue decreased by 29.7% to approximately RMB196,485,000.

With economic development in China, there are changes in consumer's eating habit and consumption concept. "No artificial colours or flavors and natural" becomes a very important factor when Chinese people are choosing their drinks. The Group adopts an integrated business model and is one of the few orange juice processors operating its own upstream orange plantations. The Group will continue to strengthen research and development, expand orange plantations and increase production capacity. With our new product – NFCOJ put onto the shelves in the major cities in China, together with the accumulation of public praise, the operation of the Group would step further.

OPERATING PERFORMANCE

Revenue

Breakdown of revenue by product for the six months ended 31 December 2014 and 2013 are set out as follows:

	Six months ended 31 December (unaudited)			
	2014		2013	
	RMB'000	***Approximate percentage of total revenue***	*RMB'000*	*Approximate percentage of total revenue*
Sales of orange juice products	**96,213**	**49.0%**	160,014	57.3%
Sales of fresh oranges	**93,825**	**47.8%**	101,404	36.3%
Sales of other products	**6,447**	**3.2%**	17,895	6.4%
Total revenue	**196,485**	**100.0%**	279,313	100.0%

During the Reporting Period, the Group's revenue dropped from approximately RMB279,313,000 for the same period last year to approximately RMB196,485,000, representing an approximately 29.7% decrease.

Sales of orange juice products

The sales of the Group's orange juice products, including frozen concentrated orange juice (the "FCOJ"), orange juice pulp and orange fibre, decreased from approximately RMB160,014,000 for the same period last year to approximately RMB96,213,000 for the Reporting Period. Sales of FCOJ decreased by approximately 35.8% from approximately RMB129,495,000 for the same period last year to approximately RMB83,184,000. Sales of orange juice pulp decreased by approximately 62.2% from approximately RMB30,519,000 for the same period last year to approximately RMB11,549,000. Sales of orange juice fibre was approximately RMB1,480,000 for the Reporting Period (31 December 2013: Nil).

Sales of fresh oranges

During the Reporting Period, there was a decrease in the sales quantities of fresh oranges. Therefore, sales of fresh oranges decreased by approximately 7.5% from approximately RMB101,404,000 for the same period last year to approximately RMB93,825,000.

Sales of other products

The Group's other products included orange residue and orange baking fillings. During the Reporting Period, sales of orange residue decreased by approximately 26.9% from approximately RMB1,085,000 for the same period last year to approximately RMB793,000. Sales of orange baking fillings decreased by approximately 23.0% from approximately RMB7,334,000 for the same period last year to approximately RMB5,654,000. There was no sales of grapefruit juice during the Reporting Period (31 December 2013: approximately RMB9,476,000).

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 plantations and the volume of purchased oranges for the six months ended 31 December 2014 and 2013 are set out as follows:

	Six months ended 31 December	
	2014	2013
	approximate tonnes	*approximate tonnes*
Output of oranges from own orange plantations		
– Fresh oranges for sale	**39,092**	63,127
– Oranges for processing	**19,935**	38,745
	59,027	101,872
Purchased oranges for processing	**55,790**	110,047
Total	**114,817**	211,919

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 decreased by approximately 35.1% to approximately RMB59,211,000 as compared to approximately RMB91,280,000 for the same period last year. The gross profit margin of the Group slightly decreased to approximately 30.1% (31 December 2013: approximately 32.7%).

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 RMB41,070,000 (31 December 2013: approximately RMB30,316,000). The increment was due to the increase in selling price of oranges at the point of harvest during the Reporting Period.

Gain on early redemption of convertible bonds

During the Reporting Period, the Group's gain on early redemption of convertible bonds was approximately RMB16,313,000 (31 December 2013: Nil). On 12 November 2014, the Company has early redeemed the Convertible Bonds (as defined hereinbelow), a redemption gain was then recorded and is subject to auditor's review and adjustments.

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 18.7% from approximately RMB3,856,000 for the same period last year to approximately RMB3,134,000 for the Reporting Period.

The Group's administrative expenses mainly included general office administrative expenses, salaries and amortisation etc. The administrative expenses increased by approximately 70.0% from approximately RMB29,657,000 for the same period last year to approximately RMB50,410,000 for the Reporting Period. The increase in number of staff hired resulted in the increment of administrative staff salaries during the Reporting Period. Together with the bank charges and professional expenses incurred for re-financing activities, the total amount of administrative expenses increased.

Finance Costs

During the Reporting Period, the Group's finance costs were approximately RMB14,957,000 (31 December 2013: approximately RMB23,346,000). Since the Convertible Bonds (as defined hereinbelow) issued in 2012 had been redeemed during the Reporting Period, less imputed interest incurred under the Convertible Bonds and resulted in a decrease in finance costs.

Net profit

During the Reporting Period, the Group's net profit decreased by approximately 27.1% to approximately RMB50,295,000 as compared to approximately RMB69,028,000 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 2014 (31 December 2013: Nil)

LIQUIDITY, FINANCIAL RESOURCES, GEARING AND CAPITAL STRUCTURE

Held-to-Maturity Investments

As at 31 December 2014, held-to-maturity investments amounted to approximately RMB15,727,000 (30 June 2014: approximately RMB16,010,000).

Liquidity

As at 31 December 2014, current assets amounted to approximately RMB785,763,000 (30 June 2014: approximately RMB776,607,000). Current liabilities were approximately RMB277,708,000 (30 June 2014: approximately RMB486,775,000).

Financial Resources

As at 31 December 2014, the Group had total cash and bank deposits of approximately RMB533,844,000 (30 June 2014: approximately RMB683,822,000); total bank loans of RMB533,990,000 (30 June 2014: RMB410,490,000); and there was no outstanding Convertible Bonds (30 June 2014: approximately RMB229,930,000).

As at 31 December 2014, the Group had trade receivables of approximately RMB182,883,000 (30 June 2014: approximately RMB38,205,000) and inventories of approximately RMB35,556,000 (30 June 2014: approximately RMB30,986,000). The Group had higher trade receivables as compared to last year. During the Reporting Period, the increase in trade receivables was mainly due to most of the sales was made in the month of December 2014.

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"). On 12 November 2014, the Company early redeemed the Convertible Bonds held by CITIC Capital China Access Fund Limited in total redemption amount of HK$274,448,000, being 118% of all the outstanding principal amount of the Convertible Bonds, in accordance with the terms and conditions of the same. Upon redemption, the Convertible Bonds have been cancelled and CITIC Capital China Access Fund Limited ceased to hold any convertible bonds issued by the Group. Details of the Convertible Bonds and the said redemption are set out in the announcements of the Company dated 9 May 2012, 18 May 2012, 15 August 2014, 18 August 2014, 6 November 2014 and 12 November 2014.

As at 31 December 2014, the total bank loans of the Group amounted to RMB533,990,000 (30 June 2014: RMB410,490,000), of which RMB162,800,000 was secured by cash deposited in offshore bank account (30 June 2014: RMB189,310,000). As at 31 December 2014, the Group's proportion of the total bank loans denominated in Renminbi ("RMB") and foreign currencies were approximately 44.1% and approximately 55.9% respectively (30 June 2014: RMB approximately 60.0% and foreign currencies approximately 40.0%).

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 2014 (unaudited)	As at 30 June 2014 (audited)
Quick ratio (x)	**2.3**	1.3
Current ratio (x)	**2.8**	1.6
Gearing ratio *(note (a))*	**33.0%**	41.0%

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

Capital Structure

As at 31 December 2014, the total number of issued shares of the Company (the "Shares") was 1,347,860,727 Shares. Based on the closing price of HK$0.88 per Share as at 31 December 2014, the Company's market value as at 31 December 2014 was approximately HK$1,186,117,440.

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 2014, the Group pledged property, plant and equipment of approximately RMB90,588,000 (30 June 2014: approximately RMB94,141,000), land use rights of approximately RMB15,291,000 (30 June 2014: approximately RMB15,476,000) and bank deposits of approximately RMB170,000,000 (30 June 2014: approximately RMB202,170,000) to secure the bank loans granted to the Group.

CONTINGENT LIABILITIES

As at 31 December 2014, the Group had no material contingent liabilities (30 June 2014: Nil).

CAPITAL EXPENDITURE

During the Reporting Period, the Group's capital expenditure amounted to approximately RMB88,377,000 (30 June 2014: approximately RMB468,281,000) 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	
	2014	2013
Area of own orange plantations with fruit trees	**76,000 mu**	76,000 mu
Average output per mu	**0.9 tonnes***	1.8 tonnes
Area of own orange plantations under construction	**70,000 mu**	70,000 mu
Total area of own orange plantations	**146,000 mu**	146,000 mu

* The harvest period was delayed in order to act in concert with the production of NFCOJ in January 2015.

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, 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 orange juice processors operating its own upstream orange plantations to enhance the value chain.

HUMAN RESOURCES AND REMUNERATION POLICY

As at 31 December 2014, the Group employed 1,012 employees (31 December 2013: 916 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 2014 together with the comparative figures for the corresponding periods in 2013 were as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the six months ended 31 December 2014

		Six months ended 31 December	
		2014	2013
	Notes	***RMB'000***	*RMB'000*
		(unaudited)	(unaudited)
Revenue	*2*	**196,485**	279,313
Cost of sales		**(137,274)**	(188,033)
Gross profit		**59,211**	91,280
Gain from changes in fair value of biological assets less costs to sell		**41,070**	30,316
Other revenue	*3*	**3,876**	5,599
Gain on early redemption of convertible bonds	*14*	**16,313**	–
Distribution costs		**(3,134)**	(3,856)
Administrative expenses		**(50,410)**	(29,657)
Other operating expenses		**(2,119)**	(1,364)
Profit from operations		**64,807**	92,318
Finance costs			
– Interest expenses	*4*	**(8,748)**	(6,722)
– Imputed interest expenses on convertible bonds		**(6,209)**	(16,624)
Profit before tax	*5*	**49,850**	68,972
Income tax credit	*6*	**445**	56
Profit for the period attributable to owners of the Company		**50,295**	69,028
Other comprehensive income (expense)			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		**10,482**	(3,731)
Total comprehensive income for the period attributable to owners of the Company		**60,777**	65,297
Earnings per share	*8*		
– Basic *(RMB cents)*		**3.75**	5.65
– Diluted *(RMB cents)*		**3.71**	5.05

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2014

	Notes	As at 31 December 2014 RMB'000 (unaudited)	As at 30 June 2014 RMB'000 (unaudited)
Non-current assets			
Property, plant and equipment		**465,114**	394,274
Land use rights		**23,932**	24,210
Lease prepayments for orange plantations		**718,155**	747,880
Goodwill		**56,696**	56,696
Intangible assets		**71,346**	75,547
Held-to-maturity investments	*9*	**15,727**	16,010
Pledged bank deposits	*11*	**170,000**	171,062
		1,520,970	1,485,679
Current assets			
Inventories		**35,556**	30,986
Biological assets		**99,894**	90,485
Lease prepayments for orange plantations		**89,066**	81,815
Trade receivables	*10*	**182,883**	38,205
Other receivables, deposits and prepayments		**14,520**	22,356
Pledged bank deposits	*11*	**–**	31,108
Cash and cash equivalents		**363,844**	481,652
		785,763	776,607
Current liabilities			
Trade payables	*12*	**59,385**	10,176
Other payables and accruals		**63,787**	16,849
Bank loans	*13*	**153,873**	229,734
Convertible bonds	*14*	**–**	229,930
Income tax payable		**663**	86
		277,708	486,775
Net current assets		**508,055**	289,832
Total assets less current liabilities		**2,029,025**	1,775,511

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(Continued)*
As at 31 December 2014

	Notes	**As at 31 December 2014 RMB'000 (unaudited)**	As at 30 June 2014 RMB'000 (unaudited)
Non-current liabilities			
Bank loans	*13*	**380,117**	180,756
Deferred income		**11,800**	12,980
Deferred tax liabilities		**19,087**	20,137
		411,004	213,873
Net assets		**1,618,021**	1,561,638
Capital and reserves			
Share capital		**11,610**	11,520
Reserves		**1,606,411**	1,550,118
Total equity		**1,618,021**	1,561,638

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 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 2014 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 30 June 2014.

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 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*
Six months ended 31 December 2014 (unaudited)			
Segment revenue			
Sales to external customers	**93,825**	**102,660**	**196,485**
Intersegment sales	**11,961**	**36,300**	**48,261**
Segment revenue	**105,786**	**138,960**	**244,746**
Elimination			**(48,261)**
Consolidated revenue			**196,485**
Segment results	**50,822**	**15,871**	**66,693**
Unallocated gains			**19,010**
Corporate and other unallocated expenses			**(20,896)**
Finance costs			**(14,957)**
Profit before tax			**49,850**
At 31 December 2014 (unaudited)			
Assets and liabilities			
Segment assets	**1,002,481**	**739,807**	**1,742,288**
Corporate and other unallocated assets			**564,445**
Total assets			**2,306,733**
Segment liabilities	**10,790**	**121,523**	**132,313**
Corporate and other unallocated liabilities			**556,399**
Total liabilities			**688,712**

	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 30 June 2014 (audited)			
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

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

	Six months ended 31 December 2014 (unaudited)			
	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)*	**–**	**19,468**	**101**	**19,569**
Additions to non-current assets *(note 2)*	**–**	**87,219**	**1,158**	**88,377**
Written-off of property, plant and equipment	**–**	**8,418**	**–**	**8,418**
Gain from changes in fair value of biological assets less costs to sell	**(41,070)**	**–**	**–**	**(41,070)**
Gain on early redemption of convertible bonds	**–**	**–**	**(16,313)**	**(16,313)**
Government grants	**–**	**(11,800)**	**–**	**(11,800)**
Amounts regularly provided to the chief operating decision maker but not included in the measure of segment profit or segment assets:				
Bank interest income	**(4)**	**(673)**	**(436)**	**(1,113)**
Interest income from pledged bank deposits	**–**	**–**	**(409)**	**(409)**
Interest income from held-to-maturity investments	**–**	**–**	**(478)**	**(478)**
Finance costs				
– Interest expenses	**–**	**5,182**	**3,566**	**8,748**
– Imputed interest expenses on convertible bonds *(note 3)*	**–**	**–**	**6,209**	**6,209**
Income tax credit	**–**	**–**	**(455)**	**(455)**

	Six months ended 31 December 2013 (unaudited)			
	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)*	–	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)

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.

Note 3: Amount included the 3.5% coupon per annum and non-cash amortisation expenses of convertible bond issued in year 2012 up to August 2014.

Geographic information

In view of the fact that the Group mainly operates in the People's Republic of China (the "PRC") (country of domicile), 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	
	2014	2013
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Sales of orange juice products	**96,213**	160,014
Sales of fresh oranges	**93,825**	101,404
Sales of other products	**6,447**	17,895
	196,485	279,313

Information about major customers

The Group has identified 3 customers (31 December 2013: 4) 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	
	2014	2013
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Customer A[2]	**93,825**	101,404
Customer B[1]	**33,250**	41,335
Customer C[1]	**28,801**	41,629
Customer D[1]	**N/A[3]**	41,437

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	
	2014	2013
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Bank interest income	**2,000**	3,979
Government grants	**1,180**	1,300
Others	**696**	320
	3,876	5,599

4. FINANCE COSTS

	Six months ended 31 December	
	2014	2013
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Imputed interest expenses on convertible bonds	**6,209**	16,624
Interest expenses on secured bank loans wholly repayable within five years	**8,748**	6,722
	14,957	23,346

5. PROFIT BEFORE TAX

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

	Six months ended 31 December	
	2014	2013
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Staff costs, including directors' and chief executive's remuneration:		
Wages, salaries and other benefits	**36,899**	40,937
Contributions to defined contribution plans	**5,119**	3,570
	42,018	44,507
Amortisation of land use rights	**348**	254
Amortisation of intangible assets	**4,201**	4,202
Depreciation of property, plant and equipment	**15,019**	11,922
Operating lease charges in respect of rented premises	**30,063**	21,887
Loss on disposal of property, plant and equipment	**–**	203

6. INCOME TAX CREDIT

	Six months ended 31 December	
	2014	2013
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Current tax – PRC Enterprise Income Tax ("EIT")		
Provision for the period	**605**	994
Deferred tax		
Reversal of temporary differences	**(1,050)**	(1,050)
Income tax credit	**(445)**	(56)

Pursuant to the rules and regulations of the Cayman Islands and 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 2014 and 2013.

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.

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 2014 and 2013.

7. DIVIDEND

The Board does not recommend the payment of an interim dividend in respect of the six months ended 31 December 2014 (31 December 2013: Nil).

8. 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	
	2014	2013
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Earnings for the purpose of basic and diluted earnings per share	**50,295**	69,028

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	
	2014	2013
Weighted average number of ordinary shares for the purpose of basic earnings per share	**1,339,740,179**	1,221,588,343
Effect of deemed issue of shares under the conversion of convertible bonds	**–**	123,174,603
Effect of deemed issue of shares under the Company's share option scheme for nil consideration	**16,844,037**	22,617,692
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**1,356,584,216**	1,367,380,638

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

9. HELD-TO-MATURITY INVESTMENTS

Held-to-maturity investments comprise:

	As at 31 December 2014 *RMB'000* **(unaudited)**	As at 30 June 2014 *RMB'000* (audited)
Debt securities, unlisted	**15,727**	16,010

The Group's held-to-maturity investments represented debt securities that are issued by financial institution in Macau, and carried fixed interest at 6% per annum (30 June 2014: 6%), payable semi-annually, and would mature on 30 October 2023. None of these assets has been past due or impaired at the end of the Reporting Period.

10. TRADE RECEIVABLES

The Group allows a credit period of 90 days (30 June 2014: 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 2014 *RMB'000* **(unaudited)**	As at 30 June 2014 *RMB'000* (audited)
Neither past due nor impaired	**182,883**	38,205

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.

11. PLEDGED BANK DEPOSITS

		As at 31 December 2014 *RMB'000* (unaudited)	As at 30 June 2014 *RMB'000* (audited)
Pledged bank deposits			
Pledged to secure an interest-bearing bank loan		**170,000**	200,238
Pledged to secure an interest payable		**–**	1,932
		170,000	202,170
Less: Current portion of pledged bank deposits	*(a)*	**–**	(31,108)
Non-current portion of pledged bank deposits	*(b)*	**170,000**	171,062

Notes:

(a) As at 30 June 2014, short-term deposits of approximately RMB18,938,000 and RMB10,238,000 were pledged by the Company and one of the Group's subsidiary in Hong Kong, respectively, to secure interest-bearing loans of approximately RMB16,010,000 for the Company and approximately RMB9,500,000 for one of the Group's PRC subsidiary respectively. As both of the loans would mature in the year ending 30 June 2015, the bank deposits were classified as current assets as at 30 June 2014.

As at 30 June 2014, short-term deposit of approximately RMB1,932,000 was pledged by the Company to secure the short-term interest payable of the Company, and thus the bank deposit was classified as current asset as at 30 June 2014.

(b) As at 31 December 2014, a three-year term deposit of RMB170,000,000 was pledged by one of the Company's subsidiaries in Hong Kong to secure an interest-bearing long-term bank loan of RMB102,300,000. As the whole sum of deposits would mature in the year ending 30 June 2017 upon the repayment of long-term bank loan, the pledged deposits were classified as non-current assets as at 31 December 2014.

The pledged bank deposits carry fixed interest rate ranging from 0.05% to 3.37% (30 June 2014: 0.05% to 3.37%) per annum.

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 2014: 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 2014 *RMB'000* (unaudited)	As at 30 June 2014 *RMB'000* (audited)
Due within 3 months or on demand	**59,385**	10,176

13. BANK LOANS

	As at 31 December 2014 *RMB'000* (unaudited)	As at 30 June 2014 *RMB'000* (audited)
Carrying amount repayable		
Within one year	**153,873**	229,734
More than one year, but not exceeding two years	**217,142**	41,728
More than two years, but not exceeding five years	**162,975**	139,028
	533,990	410,490
Less: Amounts shown under current liabilities	**(153,873)**	(229,734)
Amounts shown under non-current liabilities	**380,117**	180,756
Secured	**453,117**	262,310
Unsecured	**80,873**	148,180
	533,990	410,490
Fixed-rate borrowings	**208,809**	187,310
Variable-rate borrowings	**325,181**	223,180
	533,990	410,490
Bank loans held-by:		
PRC companies	**235,800**	246,300
Non-PRC companies	**298,190**	164,190
	533,990	410,490

As at 31 December 2014, included in the Group's unsecured bank loans was a three-year term loan facility in an aggregate sum of USD35,000,000 (equivalent to approximately RMB217,317,000) ("Credit Facility") for the purpose of production scale expansion. The Credit Facility was jointly guaranteed by Mr. Sin Ke and the companies incorporated or invested by the Company outside the PRC. Details of the Credit Facility are set out in the announcement issued by the Company on 14 October 2014.

At the end of the Reporting Period, the effective interest rates (which are also equal to contracted interest rates) on the Group's interest-bearing bank loans are as follows:

	As at 31 December 2014	As at 30 June 2014
Fixed-rate bank loan	**2.89%–7.50%**	2.89%–5.00%
Variable-rate bank loan	**2.57%–7.80%**	2.55%–7.80%

At 31 December and 30 June 2014, bank loans were secured by certain assets of the Group. In addition, at 31 December and 30 June 2014, certain bank loans were guaranteed by a director, Mr. Sin Ke.

14. CONVERTIBLE BONDS

In May 2012, the Company issued Hong Kong dollars 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.

On 12 November 2014, the Company early redeemed the 2012 CB at an aggregate amount of HK$274,448,000 (equivalent to approximately RMB217,319,000), being 118% of all outstanding principal amount of the 2012 CB.

The movement of the liability and equity components of the 2012 CB for the period is set out below:

	Equity component	**Liability component**	**Total**
	RMB'000	*RMB'000*	*RMB'000*
At 30 June and 1 July 2014 (audited)	11,474	229,930	241,404
Interest charged during the period	–	6,209	6,209
Redemption of convertible bonds	(11,474)	(217,319)	(228,793)
Exchange realignment	–	(18,820)	(18,820)
At 31 December 2014 (unaudited)	–	–	–

No conversion of the convertible bond has occurred during the six months ended 31 December 2014.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the Reporting Period, save for the early redemption of the convertible bonds by the Company, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities. For further details of the early redemption, please refer to the announcements of the Company dated 15 August 2014, 18 August 2014, 6 November 2014 and 12 November 2014.

FACILITY AGREEMENT AND SUBSISTING SPECIFIC PERFORMANCE OBLIGATIONS ON CONTROLLING SHAREHOLDER

On 14 October 2014, the Company (as borrower), six of its non-PRC incorporated subsidiaries (as corporate guarantors) and Mr. Sin (as individual guarantor) entered into a facility agreement (the "Facility Agreement") with several financial institutions (as lender), relating to a term facility up to an amount of USD35,000,000.

Pursuant to the Facility Agreement, it would be an event of default under the Facility Agreement if (i) Mr. Sin and his family (defined as his spouse, children, step-children, parents, grandparents, and the trustees of any trust of which Mr. Sin or any of his family interests is a beneficiary or, in the case of a discretionary trust, is (to his knowledge) a discretionary object) acting in concert do not, or cease to beneficially own (directly or indirectly) 30% or more of the issued voting equity share capital of the Company or do not, or cease to exercise the power to direct the Company's policies and management, whether by contract or otherwise.

As at the date of this announcement, the terms of the Facility Agreement and the aforesaid specific performance obligations imposed thereunder are duly complied with. Details of the Facility Agreement and the specific performance obligations imposed are set out in the announcement of the Company dated 14 October 2014.

CHANGE OF CHIEF EXECUTIVE OFFICER

Mr. Liao Yuang-whang resigned from office of chief executive officer of the Company with effect from 1 December 2014 due to the need to focus on his family affairs. Mr. Sin Ke was appointed as the chief executive officer of the Company with effect from 1 December 2014. For details of the aforesaid appointment, please refer to the announcement of the Company dated 1 December 2014.

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, 11,400,000 share options were exercised and 54,000,000 share options were outstanding as at 31 December 2014.

CORPORATE GOVERNANCE PRACTICES

The Board recognises the importance of good corporate governance practices in safeguarding the interest of the shareholders of the Company. The Company commits to achieving and maintaining high standard of corporate governance, the principle 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 general framework of the Company's corporate governance practice is set out in the corporate governance report in the 2014 Annual Report of the Company, which is available on the website of the Company.

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 2014, except for deviation mentioned below:

Code Provision A.2.1

Under the Code Provision A.2.1, the roles of chairman and chief executive should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and the chief executive should be clearly established and set out in writing.

Mr. Sin Ke is currently the chairman of the Board and the chief executive officer of the Company. The Board considers that this structure will not impair the balance of power and authority between the Board and the management of the Company. The balance of power and authority is ensured by the operations of the Board, which comprises experienced and high caliber individuals and meets regularly to discuss issues relating to the operations of the Company. The Board will review the management structure regularly and consider separating the roles of the chairman and chief executive officer if and when appropriate.

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"). Specific enquiry has been made of all the Directors and the Directors have confirmed that they had complied with the required standard set out in the Model Code and 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 this announcement and the interim result of the Group for the six months ended 31 December 2014.

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

Hong Kong, 23 February 2015

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