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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 2015

FINANCIAL HIGHLIGHTS

	2015	2014	Change %
	RMB'000	*RMB'000*	(Approximately)
Consolidated statement of profit or loss and other comprehensive income			
Revenue	**470,834**	569,199	–17.3%
Gross profit	**170,198**	208,093	–18.2%
Gross profit margin	**36.1%**	36.6%	–0.5pp
EBITDA	**145,162**	196,363	–26.1%
Profit for the year	**78,025**	116,869	–33.2%
Basic and diluted EPS *(RMB cents)*	**6**	9	–33.3%
Consolidated statement of financial position			
Total cash and bank deposits	**612,922**	683,822	–10.4%
Inventories	**69,344**	30,986	123.8%
Trade receivables	**78,590**	38,205	105.7%
Bank loans	**544,794**	410,490	32.7%
Convertible bonds	**–**	229,930	–100%
Net assets value ("NAV")	**1,645,701**	1,561,638	5.4%

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 2015 (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.

BUSINESS REVIEW

During the Reporting Period, as the futures price of international frozen concentrate orange juice ("FCOJ") remained at a lower level, in the face of the competition from Brazilian imported FCOJ and the poor performance of concentrate juice drinks in the domestic market of China, the sales volume of the Group's FCOJ recorded a decline. Nevertheless, being the leading enterprise of the FCOJ in China, the Group managed to maintain stable sales to the major customers during the Reporting Period by leveraging on its leading standard of production techniques.

On the other hand, the harvest volume of the Group's own plantations remained stable. However, despite benefiting from the continued upward trend in the price of fresh oranges, the increased proportion of oranges, which were used for processing and had lower fair value, in our harvest offset the relevant positive effect. During the Reporting Period, the sales of the orange plantation business amounted to approximately RMB146,069,000, representing a decrease of approximately 9.8% as compared with the same period last year. Nevertheless, with about 70,000 mu of plantations will commence operations by the end of 2016, the harvest volume will be increased significantly in the financial year of 2017.

The net profit of the Group for the Reporting Period amounted to approximately RMB78,025,000, representing a decrease of approximately 33.2% as compared with the same period last year. The decrease in the net profit for the Reporting Period was mainly due to a decrease in gross profit from approximately RMB208,093,000 for the last year to approximately RMB170,198,000 for this year.

Along with the continuous improvement in the present economic development and living standards in China and higher consumption and education levels of Chinese people, the market has begun to focus on the healthy, nutritional and safe beverage. In choosing beverage products, with increasing health awareness in recent years, consumers generally have become more willing to buy natural and additive-free drinks which are at a higher price.

The Group has actively responded to the market trends and officially launched its own brand "Summi" 100% freshly squeezed, not from concentrate orange juice ("Summi NFCOJ") to the retail market in China during the Reporting Period. The Group uses its advanced technologies to conduct comprehensive management on the whole production process from oranges selection, harvest, juicing to packaging, and being persistent on not having any additives, making in earnest the five promise of "no water, no sugar, no artificial flavouring, no coloring and no preservative" to the consumers. In the past several months since its launch, Summi NFCOJ has been well received by the market, the momentum of expanding domestic sales network has been satisfactory. The launch of Summi NFCOJ marked a milestone on the Group's transformation from a beverage raw material supplier to a brand retail enterprise, bringing higher investment value to the shareholders of the Company (the "Shareholders").

OPERATING PERFORMANCE

Breakdown of revenue by products for the years ended 30 June 2015 and 2014 are set out as follows:

	2015		2014	
		Approximate percentage of total revenue		*Approximate percentage of total revenue*
	RMB'000		*RMB'000*	
FCOJ and related products	**280,044**	**59.5%**	353,315	62.1%
Summi NFCOJ	**13,292**	**2.8%**	–	–
Fresh oranges	**146,069**	**31.0%**	161,878	28.4%
Other products	**31,429**	**6.7%**	54,006	9.5%
Total revenue	**470,834**	**100.0%**	569,199	100.0%

FCOJ and related products

The sales of the Group's FCOJ and related products included FCOJ, orange juice pulp and orange fibre. As the futures price of international FCOJ remained at a lower level, in the face of the competition from Brazilian imported FCOJ and the poor performance of concentrate juice drinks in the domestic market of China, the sales volume of the Group's FCOJ and related products recorded a decline. Nevertheless, being the leading enterprise of the FCOJ in China, the Group managed to maintain stable sales to the major customers during the Reporting Period by leveraging on its leading standard of production techniques. Sales volume of FCOJ and related products decreased from approximately 31,292 tonnes for the last year to approximately 27,350 tonnes for this financial year. The sales amounts decreased by approximately 20.7% from approximately RMB353,315,000 for the last year to approximately RMB280,044,000 for this year.

Summi NFCOJ

The Group has officially launched its own brand Summi NFCOJ to the retail market in China during the Reporting Period. Summi NFCOJ is an orange juice product that does not go through the concentration process, therefore it has higher nutrition than that of the concentrate orange juice and retains the original flavor of orange juice. During the Reporting Period, sales of Summi NFCOJ amounted to approximately RMB13,292,000.

Fresh oranges

The Group operates approximately 146,000 mu (equivalent to approximately 97.3 km^2) of orange plantations with orange trees in Kaixian, Chongqing, and the oranges harvested from these plantations are used for selling as premium fresh oranges or as raw materials for producing Summi NFCOJ and FCOJ and related products by the Group according to their grades. During the Reporting Period, the harvest volume of the Group's own plantations in Chongqing remained stable. However, despite benefiting from the continued upward trend in price of fresh oranges, the increased proportion of oranges, which were used for processing and had lower fair value, in our harvest offset the relevant positive effect. During the Reporting Period, the sales of the orange plantation business amounted to approximately RMB146,069,000, representing a decrease of approximately 9.8% as compared with the same period last year. With the orange trees in the plantations of nearly 70,000 mu which will reach their maturity in 2016 and the first lot of fresh oranges will be harvested by the end of 2016, the Group expects that the harvest volume of fresh oranges will be increased significantly in the financial year of 2017.

During the Reporting Period, the total orange harvest of the Group was approximately 135,357 tonnes, representing an increase of approximately 3.1% as compared with approximately 131,340 tonnes for the last year. Of which approximately 56,888 tonnes (2014: approximately 80,500 tonnes) of fresh oranges with superior quality were sold directly to the local agricultural wholesalers. During the Reporting Period, the average selling price of premium fresh oranges was approximately RMB2,600 per tonne, up approximately 23.8% as compared with approximately RMB2,100 per tonne for the last year.

Other products

The Group's other products included orange residue, orange baking fillings and other fruit juice. During the Reporting Period, sales of other products decreased by approximately 41.8% from approximately RMB54,006,000 for the same period last year to approximately RMB31,429,000.

Usage of oranges

The Group operates orange plantations and (i) the lower grade oranges are used as raw materials for producing FCOJ and related products; (ii) higher grade oranges are used as raw materials for producing Summi NFCOJ; and (iii) the premium grade oranges are sold directly to the local agricultural wholesalers. In addition to using its own plantations grown oranges, the Group also purchases oranges from independent third parties to produce FCOJ and related products. The volume of oranges growing from the self-operated farms and the volume of purchased oranges for the years ended 30 June 2015 and 2014 are set out as follows:

	2015 Approximate tonnes	2014 Approximate tonnes
Output of oranges from self-operated orange plantations		
– Fresh oranges for sale	**56,888**	80,500
– Producing Summi NFCOJ	**21,955**	–
– Producing FCOJ and related products	**56,514**	50,840
	135,357	131,340
Purchased oranges for producing FCOJ and related products	**112,984**	157,640
Total consumption of oranges	**248,341**	288,980

Gross Profit

During the Reporting Period, the Group's gross profit in the consolidated statement of profit or loss and other comprehensive income decreased by approximately 18.2% to approximately RMB170,198,000 as compared to approximately RMB208,093,000 for the last year. The gross profit margin of the Group slightly decreased to approximately 36.1% (2014: approximately 36.6%). Decrease in gross profit is attributable to the declined sales of FCOJ in the Reporting Period.

Gain from Changes in Fair Value of Biological Assets

Gain from changes in fair value of biological assets represents the net increase of fair value of the oranges when the Group's fresh oranges become mature. During the Reporting Period, the Group's gain from changes in fair value of biological assets less costs to sell was approximately RMB30,178,000 (2014: approximately RMB51,032,000).

Distribution Costs and Administrative Expenses

Distribution costs of the Group are mainly comprised of marketing expenses and transportation costs. The distribution costs increased from approximately RMB6,094,000 for the last year to approximately RMB20,731,000 for the Reporting Period. Increase in distribution costs is attributable to the launch of Summi NFCOJ during the Reporting Period.

The Group's administrative expenses mainly included general office administrative expenses, salaries and amortisation etc. The administrative expenses increased by approximately 13.7% from approximately RMB72,130,000 for the last year to approximately RMB82,037,000 for the Reporting Period.

Other Operating Expenses

During the Reporting Period, the Group's other operating expenses were approximately RMB1,619,000 (2014: approximately RMB2,662,000).

Finance Costs

During the Reporting Period, the Group's finance costs were approximately RMB32,733,000 (2014: approximately RMB49,179,000). The decrease was due to the early redemption of the Convertible Bonds (as defined herein below) during the Reporting Period. Among the finance costs, approximately RMB12,556,000 (2014: approximately RMB34,447,000) was the imputed interest expenses on Convertible Bonds, which is a 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. Most of the Group companies' business is exempted from the PRC enterprise income tax for the Reporting Period.

Net Profit

During the Reporting Period, the Group's net profit decreased by approximately 33.2% to approximately RMB78,025,000 as compared to approximately RMB116,869,000 for the last year.

LIQUIDITY, FINANCIAL RESOURCES, GEARING AND CAPITAL STRUCTURE

Held-to-Maturity Investments

As at 30 June 2015, held-to-maturity investments amounted to approximately RMB15,993,000 (2014: approximately RMB16,010,000).

Liquidity

As at 30 June 2015, current assets amounted to approximately RMB791,382,000 (2014: approximately RMB776,607,000). Current liabilities were approximately RMB296,985,000 (2014: approximately RMB486,775,000).

Financial Resources

As at 30 June 2015, the Group had cash and cash equivalents of approximately RMB430,922,000 (2014: approximately RMB481,652,000); total bank loans of approximately RMB544,794,000 (2014: approximately RMB410,490,000); and all Convertible Bonds were redeemed during the Reporting Period (2014: approximately RMB229,930,000).

As at 30 June 2015, the Group had trade receivables of approximately RMB78,590,000 (2014: approximately RMB38,205,000) and inventories of approximately RMB69,344,000 (2014: approximately RMB30,986,000). Although increase in trade receivables was noted, all trade receivables were not past due and no default of repayment was incurred. Increase in inventories was attributable to the inventory of Summi NFCOJ at the end of 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"). 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 10 May 2012, 18 May 2012, 15 August 2014, 18 August 2014, 6 November 2014 and 12 November 2014.

As at 30 June 2015, the total bank loans amounted to approximately RMB544,794,000 (2014: approximately RMB410,490,000), of which approximately RMB173,740,000 was secured by cash deposited in offshore bank account (2014: approximately RMB189,310,000). As at 30 June 2015, the Group's proportion of the total bank loans denominated in RMB and foreign currencies were approximately 45% and approximately 55% respectively (30 June 2014: 60% and 40% respectively).

The Board's approach to manage the 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.

	2015	2014
Quick ratio (x)	**2.1**	1.3
Current ratio (x)	**2.7**	1.6
Gearing ratio *(note (a))*	**33.1%**	41.0%

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

Capital Structure

As at 30 June 2015, the total number of issued Shares was 1,347,860,727 shares. Based on the closing price of HK$1.26 per share as at 30 June 2015, the Company's market value as at 30 June 2015 was HK$1,698,304,516.

FOREIGN EXCHANGE EXPOSURE

The Group's sales and purchases were dominated in RMB. As such, the Group has no 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 the end of the Reporting Period, the Group had pledged the following assets to banks to secure banking facilities granted to the Group:

	2015	2014
	RMB'000	*RMB'000*
Held-to-maturity investments	**15,993**	–
Property, plant and equipment	**86,395**	94,141
Land use rights	**15,105**	15,476
Pledged bank deposits	**182,000**	202,170
	299,493	311,787

CONTINGENT LIABILITIES

As at 30 June 2015, the Group had no material contingent liabilities (2014: nil).

CAPITAL EXPENDITURE

During the Reporting Period, the Group's capital expenditure amounted to approximately RMB150,810,000 (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.

ORANGE PLANTATIONS AND PRODUCTION FACILITY

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 orange plantations under construction in Kaixian, Chongqing. The Group expects that all of the plantations under construction will be duly operated at the end of 2016.

Productivity of orange plantations

	2015	2014
Area of own orange plantations with fruit trees	**76,000 mu**	76,000 mu
Average output per mu	**1.8 tonnes**	1.7 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

Production Facility

The Group has a total of four highly efficient FCOJ production plants and a new Not-From-Concentrate orange juice production plant, which are 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 expertise gained by the Group in the design and manufacturing process including years of research and development 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 FCOJ processors operating its own upstream orange farms to enhance the value chain in China.

HUMAN RESOURCES AND REMUNERATION POLICY

As at 30 June 2015, the Group employed 1,029 employees (2014: 914 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 2015 together with the comparative figures for the year ended 30 June 2014 is as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 June 2015

	Notes	**2015** *RMB'000*	2014 *RMB'000*
Revenue	*4*	**470,834**	569,199
Cost of sales		**(300,636)**	(361,106)
Gross profit		**170,198**	208,093
Gain from changes in fair value of biological assets less costs to sell		**30,178**	51,032
Other revenue	*5*	**6,018**	13,347
Gain on early redemption of convertible bonds		**23,342**	–
Distribution costs		**(20,731)**	(6,094)
Administrative expenses		**(82,037)**	(72,130)
Impairment loss on intangible assets		**(18,414)**	(28,093)
Other operating expenses	*6*	**(1,619)**	(2,662)
Profit from operations		**106,935**	163,493
Finance costs	*7*	**(32,733)**	(49,179)
Profit before tax	*8*	**74,202**	114,314
Income tax credit	*9*	**3,823**	2,555
Profit for the year attributable to owners of the Company		**78,025**	116,869
Other comprehensive income (expense) for the year			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		**9**	(4,691)
Total comprehensive income for the year attributable to owners of the Company		**78,034**	112,178
Earnings per share	*10*		
– Basic (RMB)		**0.06**	0.09
– Diluted (RMB)		**0.06**	0.09

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2015

	Notes	2015 *RMB'000*	2014 *RMB'000*
Non-current assets			
Property, plant and equipment		**427,117**	394,274
Land use rights		**23,655**	24,210
Lease prepayments for orange plantations		**747,997**	747,880
Goodwill		**56,696**	56,696
Intangible assets		**51,009**	75,547
Held-to-maturity investments		**15,993**	16,010
Pledged bank deposits		**170,000**	171,062
		1,492,467	1,485,679
Current assets			
Inventories		**69,344**	30,986
Biological assets		**95,831**	90,485
Lease prepayments for orange plantations		**84,432**	81,815
Trade receivables	*12*	**78,590**	38,205
Other receivables, deposits and prepayments		**20,263**	22,356
Pledged bank deposits		**12,000**	31,108
Cash and cash equivalents		**430,922**	481,652
		791,382	776,607
Current liabilities			
Trade payables	*13*	**12,063**	10,176
Other payables and accruals		**56,186**	16,849
Bank loans		**228,254**	229,734
Convertible bonds		**–**	229,930
Income tax payable		**482**	86
		296,985	486,775
Net current assets		**494,397**	289,832
Total assets less current liabilities		**1,986,864**	1,775,511
Non-current liabilities			
Bank loans		**316,540**	180,756
Deferred income		**10,620**	12,980
Deferred tax liabilities		**14,003**	20,137
		341,163	213,873
Net assets		**1,645,701**	1,561,638
Capital and reserves			
Share capital	*14*	**11,610**	11,520
Reserves		**1,634,091**	1,550,118
Total equity		**1,645,701**	1,561,638

1. GENERAL AND BASIS OF PREPARATION

The Group is principally engaged in plantation and sale of agricultural produce (formerly known as "plantation of agricultural produce"), production and sale of FCOJ and other related products (formerly known as "production of processed fruit") and production and sale of Summi NFCOJ.

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 2015 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 30 June 2014, except for the application of new and revised IFRSs as stated in note 3 below.

3. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

In the current year, the Group has adopted the following new and revised IFRSs, which include IFRSs, International Accounting Standards ("IAS(s)"), amendments and Interpretations ("Int(s)"), issued by the International Accounting Standards Board (the "IASB").

Amendments to IFRS 10, IFRS 12 and IAS 27	Investment Entities
Amendments to IAS 32	Offsetting Financial Assets and Financial Liabilities
Amendments to IAS 39	Novation of Derivatives and Continuation of Hedge Accounting
Amendments to IFRSs	Annual Improvements to IFRSs 2010–2012 Cycle
Amendments to IFRSs	Annual Improvements to IFRSs 2011–2013 Cycle
Amendments to IAS 19	Defined Benefit Plans: Employee Contributions
IFRS Interpretations Committee ("IFRIC") – Int 21	Levies

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 the consolidated financial statements.

Amendments to IAS 32 Offsetting Financial Assets and Financial Liabilities

The Group has applied amendments to IAS 32 Offsetting Financial Assets and Financial Liabilities for the first time in the current year. The amendments to IAS 32 clarify existing application issues relating to the offset of financial assets and financial liabilities requirements. Specifically, the amendments clarify the meaning of "currently has a legally enforceable right of set-off" and "simultaneous realisation and settlement".

The amendments have been applied retrospectively. As the Group does not have any financial assets and financial liabilities that qualify for offset, the application of the amendments has had no impact on the disclosures or on the amounts recognised in the Group's consolidated financial statements.

Annual Improvements to IFRSs 2010–2012 Cycle

The Annual Improvements to IFRSs 2010-2012 Cycle include a number of amendments to various IFRSs, which are summarised below.

The amendments to IFRS 2 (i) change the definitions of 'vesting condition' and 'market condition'; and (ii) add definitions for 'performance condition' and 'service condition' which were previously included within the definition of 'vesting condition'. The amendments to IFRS 2 are effective for share-based payment transactions for which the grant date is on or after 1 July 2014.

The amendments to IFRS 3 clarify that contingent consideration that is classified as an asset or a liability should be measured at fair value at each reporting date, irrespective of whether the contingent consideration is a financial instrument within the scope of IFRS 9 or IAS 39 or a non-financial asset or liability. Changes in fair value (other than measurement period adjustments) should be recognised in profit and loss. The amendments to IFRS 3 are effective for business combinations for which the acquisition date is on or after 1 July 2014.

The amendments to IFRS 8 (i) require an entity to disclose the judgements made by management in applying the aggregation criteria to operating segments, including a description of the operating segments aggregated and the economic indicators assessed in determining whether the operating segments have 'similar economic characteristics'; and (ii) clarify that a reconciliation of the total of the reportable segments' assets to the entity's assets should only be provided if the segment assets are regularly provided to the chief operating decision-maker.

The amendments to the basis for conclusions of IFRS 13 clarify that the issue of IFRS 13 and consequential amendments to IAS 39 and IFRS 9 did not remove the ability to measure short-term receivables and payables with no stated interest rate at their invoice amounts without discounting, if the effect of discounting is immaterial.

The amendments to IAS 16 and IAS 38 remove perceived inconsistencies in the accounting for accumulated depreciation/amortisation when an item of property, plant and equipment or an intangible asset is revalued. The amended standards clarify that the gross carrying amount is adjusted in a manner consistent with the revaluation of the carrying amount of the asset and that accumulated depreciation/amortisation is the difference between the gross carrying amount and the carrying amount after taking into account accumulated impairment losses.

The amendments to IAS 24 clarify that a management entity providing key management personnel services to a reporting entity is a related party of the reporting entity. Consequently, the reporting entity should disclose as related party transactions the amounts incurred for the service paid or payable to the management entity for the provision of key management personnel services. However, disclosure of the components of such compensation is not required.

The Directors consider that the application of the amendments included in the Annual Improvements to IFRSs 2010-2012 Cycle has had no impact on the disclosures or the amounts recognised in the Group's consolidated financial statements.

Part 9 of Hong Kong Companies Ordinance (Cap. 622)

In addition, the annual report requirements of Part 9 "Accounts and Audit" of the Hong Kong Companies Ordinance (Cap. 622) come into operation during the financial year. As a result, there are changes to presentation and disclosures of certain information in the consolidated financial statements.

4. REVENUE AND SEGMENT INFORMATION

Revenue represents the revenue arising on the sales of fresh oranges, FCOJ and other related products and Summi NFCOJ.

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 segment identified by the chief operating decision maker has been aggregated in arriving at the reportable segments of the Group.

During the year ended 30 June 2015, one more operating segment, production and sale of Summi NFCOJ, was identified as a result of the launch of Summi NFCOJ into the retail market during the year. Given that the new business is an operating segment that is separately reviewed by the chief operating decision maker, production and sale of Summi NFCOJ is considered as a separate reportable segment.

The Group's reportable and operating segments are as follows:

1. Plantation and sale of agricultural produce

2. Production and sale of FCOJ and other related products

3. Production and sale of Summi NFCOJ

The following is an analysis of the Group's revenue, results, assets and liabilities by reportable and operating segment.

	Plantation and sale of agricultural produce *RMB'000*	Production and sale of FCOJ and other related products *RMB'000*	Production and sale of Summi NFCOJ *RMB'000*	Consolidated *RMB'000*
Year ended 30 June 2015				
Segment revenue				
Sales to external customers	146,069	311,473	13,292	470,834
Intersegment sales	41,421	893	–	42,314
Segment revenue	187,490	312,366	13,292	513,148
Elimination				(42,314)
Consolidated revenue				470,834
Segment results	20,419	86,547	(4,776)	102,190
Unallocated gains				3,658
Gain on early redemption of convertible bonds				23,342
Corporate and other unallocated expenses				(22,255)
Finance costs				(32,733)
Profit before tax				74,202
As at 30 June 2015				
Assets and liabilities				
Segment assets	928,323	410,823	313,398	1,652,544
Corporate and other unallocated assets				631,305
Total assets				2,283,849
Segment liabilities	10,638	25,674	38,762	75,074
Corporate and other unallocated liabilities				563,074
Total liabilities				638,148

	Plantation and sale of agricultural produce *RMB'000*	Production and sale of FCOJ and other related products *RMB'000*	Production and sale of Summi NFCOJ *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	–	–	27,962
Segment revenue	189,840	407,321	–	597,161
Elimination				(27,962)
Consolidated revenue				569,199
Segment results	39,012	133,312	–	172,324
Unallocated gains				10,987
Corporate and other unallocated expenses				(19,818)
Finance costs				(49,179)
Profit before tax				114,314
As 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

The accounting policies of the operating segments are identical to the Group's accounting policies. Segment results represent the profit earned by/(loss from) each segment without allocation of central administration costs, director's remuneration, certain other revenue, gain on early redemption of convertible bonds 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 2015	Plantation and sale of agricultural produce *RMB'000*	Production and sale of FCOJ and other related products *RMB'000*	Production and sale of Summi NFCOJ *RMB'000*	Unallocated *RMB'000*	Consolidated *RMB'000*
Amounts included in the measure of segment profits or segment assets:					
Depreciation and amortisation *(note 1)*	–	30,371	7,685	171	38,227
Additions to non-current assets *(note 2)*	–	9,497	56,529	321	66,347
Impairment loss on intangible assets	–	18,414	–	–	18,414
Loss on disposal of property, plant and equipment	–	489	–	–	489
Write-off of property, plant and equipment	–	977	–	–	977
Write-off of inventories	8,800	–	–	–	8,800
Gain from changes in fair value of biological assets less costs to sell	(30,178)	–	–	–	(30,178)
Government grants	–	(2,360)	–	–	(2,360)

Year ended 30 June 2015	**Plantation and sale of agricultural produce** *RMB'000*	**Production and sale of FCOJ and other related products** *RMB'000*	**Production and sale of Summi NFCOJ** *RMB'000*	**Unallocated** *RMB'000*	**Consolidated** *RMB'000*
Amounts regularly provided to the chief operating decision maker but not included in the measure of segment profits or segment assets:					
Bank interest income	**–**	**–**	**–**	**(1,529)**	**(1,529)**
Interest income from pledged bank deposits	**–**	**–**	**–**	**(866)**	**(866)**
Interest income from held-to-maturity investments	**–**	**–**	**–**	**(798)**	**(798)**
Write-off of other receivables	**–**	**–**	**–**	**114**	**114**
Finance costs	**–**	**–**	**–**	**32,733**	**32,733**
Income tax credit	**–**	**–**	**–**	**(3,823)**	**(3,823)**

Year ended 30 June 2014	Plantation and sale of agricultural produce *RMB'000*	Production and sale of FCOJ and other related products *RMB'000*	Production and sale of Summi NFCOJ *RMB'000*	Unallocated *RMB'000*	Consolidated *RMB'000*
Amounts included in the measure of segment profits 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)

Year ended 30 June 2014	Plantation and sale of agricultural produce *RMB'000*	Production and sale of FCOJ and other related products *RMB'000*	Production and sale of Summi NFCOJ *RMB'000*	Unallocated *RMB'000*	Consolidated *RMB'000*
Amounts regularly provided to the chief operating decision maker but not included in the measure of segment profits 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)

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 and excluded additions to lease prepayments for orange plantations, pledged bank deposits and held-to-maturity investments.

Geographical information

In view of the fact that the Group's operations and non-current assets are mainly located in the People's Republic of China (the "PRC") (country of domicile), no geographical information about the Group's revenue from external customers and non-current assets are presented.

Revenue from major products

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

	2015	2014
	RMB'000	*RMB'000*
Sales of FCOJ	**280,044**	353,315
Sales of Summi NFCOJ	**13,292**	–
Sales of fresh oranges	**146,069**	161,878
Sales of other products	**31,429**	54,006
	470,834	569,199

Information about major customers

Revenue from customers of the corresponding years contributing over 10% of the total revenue of the Group are as follows:

	2015	2014
	RMB'000	*RMB'000*
Customer A[1]	**146,069**	161,878
Customer B[2]	**80,378**	89,946
Customer C[2]	**70,550**	66,872
Customer D[2]	**50,620**	76,662
Customer E[2]	**49,249**	66,313

1 Revenue from plantation and sale of agricultural produce segment.

2 Revenue from production and sale of FCOJ and other related products segment.

5. OTHER REVENUE

	2015	2014
	RMB'000	*RMB'000*
Bank interest income	**1,529**	2,626
Government grants	**2,360**	2,360
Interest income from pledged bank deposits	**866**	2,702
Interest income from advances	**–**	754
Interest income from held-to-maturity investments	**798**	633
Net foreign exchange gain	**–**	1,927
Refund of land use tax and real estate tax *(note a)*	**–**	1,635
Others	**465**	710
	6,018	13,347

Note:

(a) During the year ended 30 June 2014, 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

	2015	2014
	RMB'000	*RMB'000*
Donation	**–**	2,000
Loss on disposal of property, plant and equipment	**489**	225
Write-off of property, plant and equipment	**977**	421
Write-off of other receivables	**114**	–
Others	**39**	16
	1,619	2,662

7. FINANCE COSTS

	2015	2014
	RMB'000	*RMB'000*
Imputed interest expenses on convertible bonds	**12,556**	34,447
Interest expenses on bank loans	**20,177**	14,732
	32,733	49,179

8. PROFIT BEFORE TAX

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

	2015 *RMB'000*	2014 *RMB'000*
Staff costs, including Directors' and chief executive's remuneration:		
Wages, salaries and other benefits	**78,843**	78,132
Contributions to defined contribution plans	**7,733**	7,459
	86,576	85,591
Amortisation of land use rights	**555**	532
Amortisation of intangible assets	**6,124**	8,404
Depreciation of property, plant and equipment	**31,548**	23,934
Operating lease charges in respect of rented premises	**83,208**	77,226
Less: operating lease capitalised in biological assets	**(34,520)**	(32,785)
	48,688	44,441
Auditor's remuneration	**1,085**	1,070
Net foreign exchange loss	**1,170**	–
Write-off of inventories recognised in cost of sales	**8,800**	4,982

9. INCOME TAX CREDIT

	2015 *RMB'000*	2014 *RMB'000*
Current tax – PRC Enterprise Income Tax ("EIT")		
Provision for the year	**(2,311)**	(6,569)
Deferred tax		
Reversal of temporary differences	**6,134**	9,124
Income tax credit	**3,823**	2,555

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 profits 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 exempted 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 exempted 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 2015 and 2014.

10. EARNINGS PER SHARE

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

Earnings

	2015 *RMB'000*	2014 *RMB'000*
Earnings for the purpose of basic and diluted earnings per Share	**78,025**	116,869

Number of Shares

	2015	2014
Weighted average number of ordinary Shares for the purpose of basic earnings per Share	**1,345,393,330**	1,260,424,847
Effect of deemed issue of Shares under the Company's share option scheme for nil consideration	**29,095,494**	12,279,025
Weighted average number of ordinary Shares for the purpose of diluted earnings per Share	**1,374,488,824**	1,272,703,872

The calculation of diluted earnings per Share for the year ended 30 June 2014 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 the year.

11. DIVIDEND

	2015	2014
	RMB'000	*RMB'000*
Dividends recognised as distribution during the year:		
2013 Final, paid – HK2.5 cents (equivalent to approximately RMB1.99 cents) per Share (2015: nil)	**–**	24,417
	–	24,417

No dividend was paid or proposed during the year ended 30 June 2015, nor has any dividend been proposed since the end of the Reporting Period (2014: RMB24,417,000).

12. TRADE RECEIVABLES

The Group allowed a credit period ranging from 28 to 90 days (2014: 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:

	2015	2014
	RMB'000	*RMB'000*
Neither past due nor impaired	**78,590**	38,205

Trade receivables that were neither past due nor impaired related to 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 (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.

	2015	2014
	RMB'000	*RMB'000*
Due within 3 months or on demand	**12,063**	10,176

14. SHARE CAPITAL

	Number of Shares	**Amount**	**Amount**
		HK$'000	*RMB'000*
Ordinary Shares of HK$0.01 each			
Authorised:			
As at 1 July 2013, 30 June 2014, and 30 June 2015	3,000,000,000	30,000	26,376
Issued and fully paid:			
As at 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
As at 30 June 2014 and 1 July 2014	1,336,460,727	13,365	11,520
Share issued under share option scheme *(note a)*	11,400,000	114	90
As at 30 June 2015	1,347,860,727	13,479	11,610

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 2015, share options granted under the Share Option Scheme were exercised to subscribe for 11,400,000 (2014: 1,000,000) ordinary Shares in aggregate of HK$0.01 each at a consideration of HK$8,550,000 (equivalent to approximately RMB6,779,000) (2014: HK$1,030,000 (equivalent to approximately RMB818,000)), of which HK$114,000 (equivalent to approximately RMB90,000) (2014: HK$10,000 (equivalent to approximately RMB8,000)) was credited to share capital and the balance of HK$8,436,000 (equivalent to approximately RMB6,689,000) (2014: HK$1,020,000 (equivalent to approximately RMB810,000)) was credited to the share premium account.

RMB3,080,000 (2014: RMB163,000) 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 were 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

On 11 September 2015, the Company adopted the share award scheme (the "Share Award Scheme") under which the Board may, from time to time, award the Shares (the "Awarded Shares") to selected participants (including, without limitation, any Directors) of the Company or of any subsidiary (the "Selected Participant") pursuant to the terms of the trust deed of the Share Award Scheme. The Share Award Scheme shall be valid and effective for a period of ten years commencing on the adoption date.

The number of Awarded Shares permitted to be awarded under the Share Award Scheme throughout the duration of the Share Award Scheme is limited to 10% of the issued share capital of the Company as at the adoption date. The maximum aggregate number of Awarded Shares which may be awarded to a Selected Participant shall not exceed 1% of the issued share capital of the Company as at the adoption date.

Up to the date of this announcement, no Awarded Shares have been granted by the Board. Details of the Share Award Scheme are set out in the announcement issued by the Company on 11 September 2015.

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.

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, save for the 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.

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 2015.

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 2015 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 annual general meeting to be held on 12 November 2015 (Thursday), the register of members of the Company will be closed from 9 November 2015 (Monday) to 12 November 2015 (Thursday), 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 Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong no later than 4:30 p.m. on 6 November 2015 (Friday).

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

Hong Kong, 15 September 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.